EITI – Report: Fiscal Year (FY) 2014

27 December 2016
Préface

Mesdames, Messieurs les parties prenantes du secteur extractif,

Cher citoyen, Cher lecteur,

Le Rapport de Réconciliation EITI de Madagascar au titre de l’exercice fiscal 2014 est aujourd’hui établi et à ce titre, il confirme une fois de plus la volonté du Gouvernement de se conformer aux standards les plus élevés en matière de transparence dans le secteur extractif. Ce rapport ITIE est une manifestation concrète de bonne gouvernance et contribue alors à étendre les réformes que nous avons menées depuis et celles que nous continuerons à réaliser pour asseoir davantage notre engagement de gérer de façon optimale nos ressources minières, pétrolières et gazières.

La norme ITIE est parmi les outils à notre disposition pour instaurer cette redevabilité économique, sociale et environnementale pour le secteur extractif.

Pour rappel, l’instrument ITIE œuvre à établir un diagnostic participatif et une prise de décision inclusive. Il scrute de manière indépendante et impartiale le processus de gestion du secteur extractif et offre un cadre de référence pour améliorer le dialogue entre la population, la société civile, les collectivités décentralisées, les pouvoirs publics et les sociétés extractives.

Je voudrais par l’occasion féliciter les efforts engagés par les Ministères concernés et leurs services techniques qui ont unanimement et positivement répondu aux travaux de l’Auditeur Indépendant : « PricewaterhouseCoopers Madagascar » ; c’est un gage de leur collaboration pour relever ensemble les défis de la transparence qui sont de préserver les acquis et d’informer continuellement les citoyens.

Je voudrais également témoigner ma gratitude aux investisseurs, aux opérateurs et aux membres de la société civile qui ont participé à la réalisation de ce rapport. Notre pays se construit grâce à cette participation et disponibilité car la bonne gouvernance du secteur extractif commence par une exemplarité de l’engagement de toutes les parties prenantes.

Parfaitement conscient des problématiques soulevées dans le rapport, j’exhorte toutes les parties prenantes à poursuivre l’intensification de leurs efforts pour intégrer définitivement les exigences ITIE dans leur dispositif et leur fonctionnement. Les travaux menés actuellement sur l’amélioration du cadre qui régit le secteur extractif, et la démarche hautement participative de l’ensemble de toutes les entités concernées, sont autant d’actions qui doivent être poursuivies et encouragées pour atteindre l’objectif précité.

Il est urgent de se pencher sur des mesures structurantes qui permettront de sécuriser les acquis nés du processus ITIE :

- La modernisation et l’efficacité des systèmes de contrôle des activités extractives et le recouvrement d’informations afin d’assurer leur bonne contribution au développement du PIB pour une croissance inclusive;
- L’actualisation de la réglementation minière et pétrolière afin qu’elle puisse répondre au mieux à des besoins d’équité économique, sociale et qu’elle se mette en conformité avec les exigences de la norme ITIE ;

Ces deux points précis retiennent toute mon attention et doivent trouver une réponse adéquate avant les prochains rapports, pour que la transparence soit bénéfique à notre pays.

Malgré le caractère exigeant de la norme ITIE, je reste persuadé que le Gouvernement a fait un choix judicieux en réaffirmant l’engagement qu’il a déjà pris dans cette démarche ITIE.

ZAFILAHY Ying Vah
Champion EITI,
Ministre auprès de la Présidence chargé des Mines et du Pétrole
Preface

To all stakeholders in the extractive industry;
To our citizens and all readers,

As the EITI Reconciliation Report for Madagascar for FY 2014 is hereby produced, the Report confirms, once again, the Malagasy Government’s willingness to comply with the highest standards of transparency within the extractive industry. This report stands as a tangible expression of good governance and thus contributes extend those reforms that we conducted so far and which we shall continue to work on in order to establish our engagement for an optimal management of our mining, oil & gas resources even further.

The EITI norm represents a tool at our disposal to install the extractive sector’s economic, social and environmental accountability.
As a reminder, the EITI tool works to establish a participative diagnosis as well as inclusive decision-taking. It independently and impartially scrutinises the extractive sector’s management process and offers a framework of reference to improve dialogue between the population, civil society, decentralised authorities, public powers and extractive companies.

On this occasion, I would like to congratulate the efforts committed by related Ministries and their technical offices, whom unanimously and positively responded to the Independent Auditor’s: “PricewaterhouseCoopers Madagascar”’s work; this represents a token of their collaboration to jointly take on the challenges of transparency, which are to preserve the levels of attainment and to continuously inform our citizens.
I would also like to express my gratitude to investors, operators and to members of civil society who took part in realising this report. Our country constructs itself thanks to such a participation and availability, as a good governance for the extractive sector starts with an exemplary engagement from all stakeholders.

Being perfectly aware of the issues pointed out in the report, I am urging all stakeholders to pursue the reinforcement of their efforts so as to definitely implement EITI requirements in their system and operations. Actions such as, inter alia, current works on improving the framework ruling the extractive sector and the highly participative approach of all concerned entities, must be pursued and encouraged to attain the abovementioned objective.
It is urgent to look at structuring measures which shall allow to secure levels of attainment originating from the EITI process:

- Modernising and bringing efficiency to extractive activities’ control systems and cross referencing to ensure those elements’ proper contribution to developing GDP through inclusive growth;
- Updating oil- and mining- related regulation so that it may best respond to needs to economic and social equity and so that it becomes compliant with the EITI norms’ requirements.

Those two precise points retain all my attention and must find an adequate answer before the next reports, for transparency to benefit our country.
Despite the EITI norms being demanding, I remain persuaded on the Government’s judicial choice for reaffirming the engagement it has already taken in this EITI process.

Signed by:
ZAFILAHY Ying Vah
EITI Champion,
Presidential Minister in charge of Mining and Oil.
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<td>AERP</td>
<td>Autorisation Exclusive de Réservation de Périmètre (Exclusive authorisation for perimeter reservation - document)</td>
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<td>AMSA</td>
<td>Ambatovy Minerals Société Anonyme (company)</td>
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<td>ANDEA</td>
<td>Autorité Nationale de l’Eau et de l’Assainissement (national water &amp; sanitisation authority)</td>
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<td>ANOR</td>
<td>Agence Nationale de l’Or (national gold agency)</td>
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<td>APPAM</td>
<td>Association Professionnelle du secteur Pétrolier Amont de Madagascar (professional association for Madagascar’s upstream oil sector)</td>
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<tr>
<td>ARTEC</td>
<td>Autorité de Régulation des Technologies de Communication (telecommunications’ regulation authority)</td>
</tr>
<tr>
<td>ASM</td>
<td>Artisanal and Small-scale Mining</td>
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<tr>
<td>BCEAO</td>
<td>Banque centrale des États de l’Afrique de l’ouest (Central Bank of West African States)</td>
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<tr>
<td>BCM</td>
<td>Banque Centrale de Madagascar (Central Bank of Madagascar)</td>
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<td>BCMM</td>
<td>Bureau du Cadastre Minier de Madagascar (Mining Cadastre Office)</td>
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<tr>
<td>BTR</td>
<td>Bordereau de Transfert de Recettes (revenue transfer form)</td>
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<tr>
<td>CCPGEM</td>
<td>Cercles des Consultants pour la Promotion de la bonne Gouvernance de l'Exploitation Minière (Consultants circle for promoting good governance in mining exploitation)</td>
</tr>
<tr>
<td>CdC</td>
<td>Cour des Comptes (Malagasy Court of Audit)</td>
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<tr>
<td>CDSM</td>
<td>Consortium De Solidarité avec Madagascar (Madagascar-solidaryt consortium)</td>
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<tr>
<td>CGI</td>
<td>Code général des Impôts (Malagasy General Tax Code)</td>
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<tr>
<td>CGIM</td>
<td>Commission sur les Grands Investissements Miniers (Large Mining Investments Commission)</td>
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<tr>
<td>CIM</td>
<td>Centre d’Immatriculation de Madagascar (national registry centre)</td>
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<tr>
<td>CN</td>
<td>Comité National (National Committee)</td>
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<td>CNAPS</td>
<td>Caisse Nationale pour la Prévoyance Sociale (national social contributions organisation)</td>
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<tr>
<td>CNM</td>
<td>Comité National des Mines (National Mining Committee)</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>CSRM</td>
<td>Centre for Social Responsibility in Mining</td>
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<tr>
<td>CTD</td>
<td>Collectivité Territoriale Décentralisée (decentralised local authority)</td>
</tr>
<tr>
<td>DA</td>
<td>Droit d'accises (excise tax)</td>
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<tr>
<td>DAU</td>
<td>Document Administratif Unique (Customs document)</td>
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<tr>
<td>DD</td>
<td>Droit de douanes (Customs duties)</td>
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<tr>
<td>DFI</td>
<td>Direct Foreign Investment</td>
</tr>
<tr>
<td>DGE</td>
<td>Direction des Grandes Entreprises (managing tax centre – medium to large-sized revenue-generating companies)</td>
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<tr>
<td>DGI</td>
<td>Direction Générale des Impôts (national Tax Directorship)</td>
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<tr>
<td>DGM</td>
<td>Direction Générale des Mines (national Mining Directorship)</td>
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<tr>
<td>DIR</td>
<td>Direction Intérrégionale des Mines (Interregional Mining Directorship)</td>
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<tr>
<td>DMSA</td>
<td>Dynatec Madagascar Société Anonyme (company)</td>
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<tr>
<td>DRSEE</td>
<td>Direction de la Recherche et du Contrôle Fiscal (Directorship for Research and Tax Audit)</td>
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<tr>
<td>DRI</td>
<td>Direction Régionale des Impôts (Regional Tax Directorship)</td>
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<td>EAX</td>
<td>East African Exploration Madagascar (company)</td>
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<td>EDBM</td>
<td>Economic Development Board of Madagascar</td>
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<tr>
<td>EIE</td>
<td>Etude d'Impact Environnemental (Environmental Impact Study)</td>
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<tr>
<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
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<tr>
<td>EMEPML</td>
<td>ExxonMobil Exploration and Production Madagascar Limited (company)</td>
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<tr>
<td>EMEPMMML</td>
<td>ExxonMobil Exploration and Production Madagascar Majunga Limited (company)</td>
</tr>
<tr>
<td>EMEPNML</td>
<td>ExxonMobil Exploration and Production Northern Madagascar Limited (company)</td>
</tr>
<tr>
<td>ENEMPSI</td>
<td>Enquête Nationale sur l'Emploi et le Secteur Informel (national survey on employment and the informal sector)</td>
</tr>
<tr>
<td>ERC</td>
<td>Extrait de Registre de Commerce (Trade Registry record)</td>
</tr>
<tr>
<td>ESIA</td>
<td>Espace Sanitaire Inter-Entreprises d'Antananarivo (intercompany sanitary entity)</td>
</tr>
<tr>
<td>EURL</td>
<td>Entreprise Unipersonnelle à Responsabilité Limitée (Malagasy individual enterprise, legal form)</td>
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<tr>
<td>FA</td>
<td>Frais d'Administration (administrative fees)</td>
</tr>
<tr>
<td>FAM</td>
<td>Frais d'Administration Minière (mining administrative fees)</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>FMG</td>
<td>Franc Malgache (former local currency, prior to the Ariary)</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GIE</td>
<td>Groupement d’Intérêt Economique (economic interest group [of companies])</td>
</tr>
<tr>
<td>HILO</td>
<td>High Intensity Labour Operations</td>
</tr>
<tr>
<td>IBS</td>
<td>Impôts sur les bénéfices des sociétés (corporate income tax)</td>
</tr>
<tr>
<td>IFAC</td>
<td>International Federation of Accountants</td>
</tr>
<tr>
<td>IFPB</td>
<td>Impôts fonciers sur la propriété bâtie (Tax on built property)</td>
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<tr>
<td>IGM</td>
<td>Institut de Géologie de Madagascar (Malagasy Institute of geology)</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>INSTAT</td>
<td>Institut National de la Statistique de Madagascar (Malagasy National Institute of Statistics)</td>
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<tr>
<td>IPSAS</td>
<td>International Public Sector Accounting Standards</td>
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<td>IRCM</td>
<td>Impôt sur les Revenus des Capitaux Mobiliers (Tax on movable capital)</td>
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<td>IRSA</td>
<td>Impôt sur les Revenus Salariaux et Assimilés (Malagasy salary income tax)</td>
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<tr>
<td>ISRS</td>
<td>International Standards on Related Services</td>
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<tr>
<td>KRAOMA</td>
<td>Kraomita Malagasy (company)</td>
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<tr>
<td>LdF</td>
<td>Loi de Finances (Financial Act)</td>
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<tr>
<td>LdFR</td>
<td>Loi de Finance Rectificative (Rectificative Financial Act)</td>
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<tr>
<td>LGIM</td>
<td>Loi sur les Grands Investissements Miniers (Large mining investments law)</td>
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<tr>
<td>MCM</td>
<td>Madagascar Consolidated Mining (company)</td>
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<tr>
<td>MDTF</td>
<td>Multi Donor Fund</td>
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<tr>
<td>MECIE</td>
<td>Mise en Comptabilité des Investissements avec l’Environnement (recording environment-related investments into accounts)</td>
</tr>
<tr>
<td>MFB</td>
<td>Ministère des Finances et du Budget (Ministry of Finances and Budget)</td>
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<tr>
<td>MFPTLS</td>
<td>Ministère de la Fonction Publique, du Travail et des Lois Sociales (Ministry of civil service, employment and social laws)</td>
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<td>MGA</td>
<td>Malagasy Ariary (local currency)</td>
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<tr>
<td>MICTSL</td>
<td>Madagascar International Container Terminal Services LTD. (company)</td>
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<tr>
<td>MID</td>
<td>Ministère de l’Intérieur (Home office, Ministry of Interior)</td>
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<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>MPMP</td>
<td>Ministère auprès de la Présidence chargé des Mines et du Pétrole (Presidential Ministry in charge of Mining and Oil)</td>
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<td>NIF</td>
<td>Numéro d’Identification Fiscale (Tax identification number)</td>
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<tr>
<td>OM</td>
<td>Overall Materiality</td>
</tr>
<tr>
<td>OMERT</td>
<td>Office Malagasy d’Etudes et de Régulation des Télécommunications (Malagasy telecommunications regulatory body)</td>
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<td>OMH</td>
<td>Office Malgache des Hydrocarbures (Malagasy hydrocarbons office)</td>
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<tr>
<td>OMNIS</td>
<td>Office des Mines Nationales et des Industries Stratégiques (national technical, supervisory entity for mining)</td>
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<td>OMSI</td>
<td>Organisation Sociale Inter Professionnelle (Intercompany healthcare service)</td>
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<tr>
<td>ONE</td>
<td>Office National pour l’Environnement (national environmental office)</td>
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<tr>
<td>ORE</td>
<td>Office de Régulation de l’Electricité (national electricity regulation supervisory entity)</td>
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<td>OSC</td>
<td>Organisations de la Société Civile (Malagasy civil society organisations)</td>
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<td>OSIE</td>
<td>Organisation Sanitaire Inter-Entreprises (intercompany healthcare organisation)</td>
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<td>OSTIE</td>
<td>Organisation Tananarivienne Inter-Entreprises (regional healthcare organisation for the Antananarivo area)</td>
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<td>OV</td>
<td>Ordre de Virement (bank transfer order)</td>
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<td>PAGI</td>
<td>Projet d’Appui à la Gouvernance institutionnelle (international donors programme)</td>
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<td>PAM</td>
<td>Pan African Mining (company)</td>
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<td>PE</td>
<td>Permis d’Exploitation (exploitation permit)</td>
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<td>PEE</td>
<td>Plan d’Engagement Environnemental (Environment Engagement Plan)</td>
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<td>PGES</td>
<td>Plan de Gestion Environnementale et Sociale (Environmental &amp; social management plan)</td>
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<td>PM</td>
<td>Performance Materiality</td>
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<td>PR</td>
<td>Permis de Recherche (research permit)</td>
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<td>PRE</td>
<td>Permis Réservés aux Petits Exploitants (Small-size exploiters' permit)</td>
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<tr>
<td>PSC</td>
<td>Production Sharing Contract</td>
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<td>PwC</td>
<td>PricewaterhouseCoopers</td>
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<td>QMM</td>
<td>Qit Madagascar Minerals (company)</td>
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<tr>
<td>S.A</td>
<td>Société Anonyme (Malagasy limited liability company, legal form)</td>
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<td>S.A.R.L</td>
<td>Société A Responsabilité Limitée (Malagasy limited liability company, legal form)</td>
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<td>Acronym</td>
<td>Description</td>
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<tr>
<td>S.A.R.L.U</td>
<td>Société A Responsabilité Limitée Unipersonnelle (Malagasy, individual company, legal form)</td>
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<td>SAPETRO</td>
<td>South Atlantic Petroleum BP SAS (company)</td>
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<td>SMAE</td>
<td>Services Médicaux Autonomes d'Entreprises (autonomous, company medical services)</td>
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<td>SMIA</td>
<td>Service Médical Inter-entreprises d'Antsirabe (intercompany medical service)</td>
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<td>SMIE</td>
<td>Services Médicaux Inter-Entreprises (intercompany medical service)</td>
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<td>SMIMO</td>
<td>Service Médical Inter-Entreprises de Moramanga (intercompany medical service)</td>
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<td>SMCC</td>
<td>Société de Manutention de Marchandises Conventionnelles (company)</td>
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<td>SMMC</td>
<td>Service Médicaux Inter-Entreprises de Moramanga (intercompany medical service)</td>
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<td>SMT</td>
<td>Services Médicaux du Travail (medical company services)</td>
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<td>SONAPAR</td>
<td>Société Nationale de Participation (investment company)</td>
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<tr>
<td>SPAT</td>
<td>Société du Port à Gestion Autonome de Toamasina (Toamasina port management company)</td>
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<td>SRE</td>
<td>Service Régional des Entreprises (managing tax centre – medium to large-sized revenue-generating companies)</td>
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<tr>
<td>STC</td>
<td>Secrétaire Trésorier Comptable (public accountant Treasury secretarial)</td>
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<tr>
<td>ToR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>TTC</td>
<td>Toutes Taxes Comprises (all tax-inclusive for prices)</td>
</tr>
<tr>
<td>UEMOA</td>
<td>Union Economique et Monétaire Ouest Africaine (West African Economic and Monetary Union)</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>VAT</td>
<td>Value-added tax</td>
</tr>
<tr>
<td>WISCO</td>
<td>WUHAN Iron and Steel Co Guanxin (company)</td>
</tr>
</tbody>
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**Definitions list**

In this report, expressions below shall bear the following meanings, unless such meanings are outlined in the canvas in Annex 1.

**“Administration”:** refers to any State entity and its divisions, in other words: the State in a general manner. Thus, where we refer to State revenues, we as well refer to: governmental revenues, or to: the Administration’s revenues.

**“Fiscal year 2014”:** covers the period from 01 January 2014 to 31 December 2014. The reconciliation covers all payments effectively realised by extractive industries with the State during the period from 01 January 2014 to 31 December 2014, independently from those given taxpayers’ own financial year delimitation and closing of accounts.

**“Payment flows”:** Any payment effectively received by the Administration or any payment effectively made by the extractive sector for the benefit of collecting bodies.

**“Collecting bodies”:** Exhaustively refers to the ARTEC, the ANDEA, the CNAPS, healthcare organisations (OSTIE, AMIT, SMIMO, ESIA, OMSI, FUNHECE…), port companies and services (SPAT, SMMC and MICTSL), the DGM, the DGD, the DGI, the BCMM, the OMNIS, the ONE; domains and CTD services; and finally the registration office (‘centre d’immatriculation’), visa and work permit service offices...

**“Disbursements”:** Those are the payments effectively made by extractive companies towards the Administration. Those cover payments made in nature as well as monetarily.

**“Collected payments”:** Those are payments effectively received by the Administration. It is understood that those payments are made in nature as well as monetarily.

**“Significant payments”:** Those are defined by the National Commitee as all payments realised by extractive companies having paid administrative fees reaching or exceeding USD 5 000. Administrative fees are either paid with the OMNIS (for the Oil sector) or with the BCMM (for the Mining sector).

**“Small operators”:** Any operator exploiting either open sky mines or underground mines deepening until a regulatorily-set threshold according to the nature of their works, using artisanal techniques without transforming the minerals on the extraction site. Small operators work on small mining exploitations. This category includes associations of small mining operators and gold panners respectively regardless of membership size for such associations. Artisanal, small-scale mining exploitation in Madagascar essentially comprises of precious stones exploitation and gold panning. The Small-size Exploiter Permit (“Permis Réservé aux petits Exploitants – PRE”) confers the right to undertake all of prospective, research and exploitation activities and the authorisation for gold panning is materialised by the gold miners' card (“carte d’orpaillage”) however in general exploitation is done informally.

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1. Article 18 of the Law No. 94-027 setting the Code for hygiene & security at work plus the work environment itself as well as article 130 of the Malagasy Labour Code provide that any employer in the sense of the Labour Code must assure medical and sanitary treatment for its employees. Article 2 of Decree No. 2003-1162 organising worker-destined healthcare provides further that such healthcare is normally provided by medical worker services (“Services Médicaux du Travail – SMT”) such as intercompany medical services (“Services Médicaux Inter - Entreprises – SMIE”), or, exceptionally, by autonomous company medical services (“Services Médicaux Autonomes d’Entreprise – SAME”).
“Reconciliation”: consists of cross checking the extractive sector’s effective payments with the Administration against payments effectively received by the latter.

“State-owned enterprise (SOE)”: It is understood that under the norms in 2016, a State-owned enterprise must stand in accordance with the applicable regulation, more particularly with article 2 of Law No. 2014-014 on commercial companies with public participation (sociétés commerciales à participations publiques). Decree No. 2015-849 organising State tutorship and representation in administrative and management bodies of companies with State participation, materialises the abovementioned Law. The notion of "a company in which the State and/or its divisions holds a substantial stake" has not yet been clarified by the Decree. Therefore and until another application text brings the missing clarification, we propose to define a substantial stake as: a stake exceeding 25 per cent in the case of an SARL; and a stake reaching or exceeding 34 per cent in the case of a SA, for the needs and purpose of the EITI assignment. It remains up to the multi-stakeholder group to take an official position on this point in view of respecting EITI norms.

“Materiality threshold”: The Comité National defines this threshold, in the Terms of Reference, as the threshold covering at least 97 per cent of significant payments made during FY 2014, based on demarcation reports for previous EITI reports’ application parameters. However, this proposal on a threshold, formulated by the Comité National must be documented and emphasised on by the reconciler’s works during the preliminary analysis. The materiality threshold finally retained by the Comité National in order to execute this assignment was set at 97.5 per cent. This threshold is decided upon at assignment start, based on first data items received by the Administration and then dictates the adopted methodology to proceed to the reconciliation work.

“Artisanal techniques and small mines”: traditional methods essentially comprising of the use of manual tools and either man- or animal-based forces to extract and process mineral substance from the ground or underneath. This category includes employing High Intensity Labour Force (HILO system) as well as the use of mecanical equipements and of explosives, for which technical characteristics are specified through a decree (Arrêté).
A. Summary of this 2014 EITI report

I. Highlights from year 2014 – economic, legal and political information

1.1. Global economic framework for year 2014

The following economic data could be pointed out during year 2014 for the global extractive sector:

- Market capitalisations dropped by USD 280 billion, particularly affecting gold-mining companies;
- Record depreciation of USD 57 billion in 2013 and a 72 per cent fall in net profits to USD 20 million;
- Planned investments of USD 116 million for 2014, representing an 11 per cent in comparison to 2013, due to a slowdown in capital turnover.

According to audit and consulting firm PwC’s annual Mining report, in 2013 the global mining industry was constrained to review its planned estimates downwards in one of these last years’ most difficult operating contexts. PwC’s new study in that respect reveals that none of the 40 main mining companies affected by such difficulties escaped. Gold has registered its strongest annual decrease in more than 30 years, based on a significant downturn in overall raw material prices, bringing mining stocks to a 23 per cent fall. This situation coupled with record depreciation has hit the sector through the lowest profitability being observed over the last ten years.

2014’s economic context was marked by a continuing decreasing trend of substances exported by Madagascar: Nickel, Cobalt, Chrome and Ilmenite (assimilated to titanium dioxide) – see graphs below.

---

2014 has been a difficult year for the mining sector. From the prolonged raw material price decrease internationally, companies were forced to deploy drastic measures to improve available cash flows. The 40 largest mining industries had gone aware that this decrease in prices is not temporary, and that they must reduce costs and increase efficiency. Another strategy that was put into place was to tighten investments in the extractive sector. In 2014, the market continued to drop and those 40 main miners lost USD 156 billion, which then represented 16 per cent of their market capitalisation. Raw materials were rather pressured in 2014, Nickel was one of the rare ones to show an increase, by 15 per cent in 2014.

1.2. Legal and political landscapes in 2014

The suspension of permit awardings in Madagascar kept going on in 2014. As a reminder, the freeze in license allocations following government council (“Conseil de Gouvernement”) Note No. 34/2011-PM/SGG/SC, signed by government’s General Secretary (“Secrétaire Général du Gouvernement”), forbidding the awarding of new permits since 06 April 2011 (Annex 6). This suspension in permit awarding was actually carried on tacitly in 2014 however one may notice that there is no text with a legal value to justify for this Note.

The 2011 period indeed squeezes in the Madagascar’s transitional political period. In pursuance of Decision No. 15-HCC/D3 dated 26 Decembre 2011, Law No. 2011-014 inserting Transitional Measures in jurisdictional terms (“portant insertion dans l’ordonnancement juridique interne de la Feuille de Route”) signed by political entities on 17 September 2011 established itself in acquiring legislatory value and taking effect with regards to all. Those Transitional Measures had thus ruled for the set up of those Transitional institutions and bodies which then took effect until Institutions and bodies for the Fourth Republic would be put into place, as provided by the Malagasy Constitution’s transitory and miscellaneous provisions. It had at that time specified in its paragraph 8 that: the Transitional Government would be in charge of administering the country’s current affairs (...); that it shall not undertake new long-term engagements, which shall be of the competence of the future Government to be set up after the elections.

The Note dated from the Transition period on freezing permit awardings was justified though, given the exceptional importance of the wealth of highly specific mining resources that Madagascar holds, and which it remains important that they remain preserved for future generations. That being said, it is relevant to point out Article 88 of the Constitution which provides that (...) general provisions on Public procurement on mining resources come from an institutional act (“loi organique”). As for the existence of this institutional act; would it or not be justified that it froze permit awardings? Suspensions of permit awardings kept going on in 2014, with no text of a real legal value having confirmed this provision. As a matter of fact, the abovementioned Note not only does not bear any legal value; besides, technically, it does not bear a reason for existence whether or not such a confirmatory exists for it.

In addition we note Instruction No. 207-2013 on the management of mining titles dated 13 December 2013, issued by the Minister of Mines to the attention of all divisions at the Ministry of Mines and the Mining Cadastre Office (the “BCMM”).

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That Instruction that was displayed in the BCMM’s offices aimed at sanitising the management of mining titles within the dispatch of current affairs and the processing of movements in mining titles.

The Instruction tackles ten points which we briefly and summarily recount below:

1. Extension of permit essence (handling applications following the applicable procedures);
2. Renewals (allowing applications to be filed until 13 January 2013 for late ones);
3. Partial renunciation (handling applications following the applicable procedures);
4. Full renunciation (handling applications following the applicable procedures and refuse withdrawal requests after the Instruction has been signed);
5. Cancellation (cancelling mining permits where mining administration fees ("FAM") and mining licence fees related to years prior to 2013 were not paid);
6. FAM payments;
7. Transfers (handling applications following the applicable procedures);
8. Litigious affairs;
9. Transformation (handling applications following the applicable procedures);
10. Awarding (below is an extract of this point from the Instruction):

Free translation: ('10. Awarding :
- Deliver the title, if the Decision or Order ("Arrêté") was signed before 10 June 2010;
- Delivering a certificate of awarding of the permit, if the application was submitted before 10 June 2010 with a favourable position;
- Processing applications until issuing an opinion, if the application was submitted before 10 June 2010 and so far remains without a response;
- Awaiting for permit awardings to resume and then grant one (01) month for the transformation of those Exclusive authorisations for perimeter reservation ("AERP") into mining permits.')

The framework document on Madagascar’s national mining policy, dated 2014 was implemented by Decree No. 2015-996 dated 23 June 2015 adopting Madagascar’s general State policy with regards to mining. MADAGASCAR OIL’s PSCs on blocks OUEST MANAMBOLO 3105, MORONDAVA 3106 and MANANDAZA 3107 expired on 13 December 2014.

As per informations at our disposal, no new PSCs were awarded in 2014. As from the freeze in mining permit awardings, we observe a given inefficiency in the mining licences’ awarding system during year 2014.

II. Permits situation and Malagasy mining and oil resources level

2.1. Permit holders’ situation in Madagascar

Based on data from the BCMM and OMNIS, we note a list of 1 751 mining permit holders and 10 oil licence holders, all of such being valid as of 13 December 2014 (details of permit and licence holders in Tables 25 & 26 and in Annex 12).
2.1.1. Mining permit holders

The table below summarises taken perimeters’ situation, where the latter's 2014 FAMs were paid. 167,099 squares are taken in total, covering an estimated area of 65,273.05 sq kms for any type of permit. Mining research accounts for 79 per cent of that area. The research phases require several years and does not always result in an exploitation phase.

Table 1: Situation for perimeters taken in 2014 (source: BCMM)

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of squares</th>
<th>Area in sq km</th>
<th>Number of squares</th>
<th>Area in sq km</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRE</td>
<td>20,474</td>
<td>7,997.66</td>
<td>20,641</td>
<td>8,062.89</td>
</tr>
<tr>
<td>PR</td>
<td>132,446</td>
<td>51,736.72</td>
<td>134,704</td>
<td>52,618.75</td>
</tr>
<tr>
<td>PE</td>
<td>14,179</td>
<td>5,538.67</td>
<td>12,465</td>
<td>4,869.14</td>
</tr>
<tr>
<td>Totals</td>
<td>167,099</td>
<td>65,273.05</td>
<td>167,810</td>
<td>65,550.78</td>
</tr>
</tbody>
</table>

The map presenting Madagascar’s main mining indexes and potential is presented in Annex.

2.1.2. Oil licence holders

In Madagascar’s sedimentary basins, 17 blocks are inventoried, plus 229 other blocks listed as still available. The 229 available blocks include 225 offshore blocks as well as 4 onshore blocks. On the 17 taken blocks, ten oil companies held valid PSCs for 2014. All of those ten companies are considered in the reconciling framework however only 5 of them filled the canvass. **No new PSCs were delivered in 2014.** The table below presents those companies’ respective situations in 2014.

Table 2: Oil industry phases in 2014

<table>
<thead>
<tr>
<th>PSC holder</th>
<th>Block Name &amp; No.</th>
<th>Research/Prospection (R) or Exploitation (E)</th>
<th>PSC Application Date</th>
<th>PSC start date</th>
<th>PSC end date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madagascar OIL</td>
<td>Tsimiroro 3104</td>
<td>Exploration</td>
<td>29/03/2004</td>
<td>18/08/2004</td>
<td>15/04/2040</td>
</tr>
<tr>
<td>Madagascar OIL</td>
<td>Ouest Manabolo 3105</td>
<td>Exploration</td>
<td>23/06/2004</td>
<td>14/12/2004</td>
<td>13/12/2014</td>
</tr>
<tr>
<td>Madagascar OIL</td>
<td>Morondava 3106</td>
<td>Exploration</td>
<td>23/06/2004</td>
<td>14/12/2004</td>
<td>13/12/2014</td>
</tr>
<tr>
<td>Madagascar OIL</td>
<td>Manandaza</td>
<td>Exploration</td>
<td>23/06/2004</td>
<td>14/12/2004</td>
<td>13/12/2014</td>
</tr>
<tr>
<td>Tullow Madagascar</td>
<td>Berenty 3111</td>
<td>Exploration</td>
<td>12/10/2006</td>
<td>09/07/2007</td>
<td>08/07/2017</td>
</tr>
</tbody>
</table>

(Source: EITI canvass)

The exploration phase in the petroleum sector remains a lengthy process. At the end of year 2014, none of those companies entered exploitation phases even though their contracts had started back 2004. Below is the 2014 map (between 01/01/2014 and 31/12/2014) presenting oil licence holders’ evolution, territorial presence and exhaustive list of those licence holders. Three of company Madagascar Oil’s licence appear to expire on 13 December 2014.

Figure 1: Oil licence holder companies’ map
The below figure presents Madagascar’s oil blocks as well as companies that intervene on such blocks.

2.2. **Inventory of Madagascar’s mining potential**

Madagascar’s mining and oil production capacity is presented in Tables 3; 17; 18; 19; 34 and 35 as well as in Annexes 7 and 8.
The table below illustrates Madagascar's mining substances as well as substances that are the subject of those mining titles being disclosed in the EITI canvases:

Table 3 : Mining substances in Madagascar (mining potential)

<table>
<thead>
<tr>
<th>Mining potential</th>
<th>Substances that are the subject of research / exploitation permits (source: BCMM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarry material</td>
<td>Limestone, Marble, Pozzolanic Materials</td>
</tr>
<tr>
<td>Collector’s gems and minerals</td>
<td>Beryl, Celestite, Emerald, Garnet, Ruby, Sapphire</td>
</tr>
<tr>
<td>Mineral ores</td>
<td>Bauxite, Gold, Chrome, Copper, Iron, Nickel, Lead, Phosphophate, Platinum and Platnoid, Titanium</td>
</tr>
<tr>
<td>Industrial minerals</td>
<td>Asbestos, Barytine, Graphite, Kaolin, Mica</td>
</tr>
<tr>
<td>Energetical resources</td>
<td>Coal, Uranium</td>
</tr>
</tbody>
</table>

2.3. Studies on, and development of Madagascar’s subsoil and sedimentary basins

Madagascar’s mining and oil potential was determined thanks to « speculative studies » (see « technical glossary ») comprising of the realisation of technical reports and of various types of surveys, including seismic ones.

OMNIS is responsible for the management of potential hydrocarbon resources and contributes to developing extractive activities while drawing interest towards blocks that are susceptible of being opened in oil contracts within Madagascar’s territorial boundaries (especially studies on the Malagasy sedimentary basin’s potentialities).

For this purpose, OMNIS grants non exclusive licences to geophysics companies specialised in processing and commercialising data for exploration companies. This activity bears two objectives:

▶ **For OMNIS**: to have at disposal, recent data on the potential of oil blocks and to have a better appreciation of exploration companies’ submissions;

▶ **For oil companies**: to privilege an attractive business climate to commercialise oil contract signings.

During the length of its granted licence, a given geophysics company is responsible for commercialising the data and to partially transfer a contractual portion of its revenues as licence fees to OMNIS. The revenue portion to OMNIS usually evolves alongside the geophysics company recovering its costs. At the end of its licence, those studies’ original data is entirely returned to OMNIS.

The following Table presents the list of such realised studies as well as those geophysics companies that have intervened in Madagascar:

---

Table 4: Those various « speculative studies » instructed by OMNIS per executing providers

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Contract</th>
<th>Object</th>
<th>Block</th>
<th>Signature Date</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>TGS-NOPEC</td>
<td>Contrat n° 1</td>
<td>2D seismic acquisition, processing and commercialisation for a speculative study</td>
<td>Offshore Morondava</td>
<td>06/11/2004</td>
<td>05/11/2016</td>
</tr>
<tr>
<td></td>
<td>Contrat n° 2</td>
<td>2D seismic acquisition, speculative and Aeromagnetic processing and commercialisation</td>
<td>Offshore Cap St André – Ambilobe – Majunga</td>
<td>23/02/2006</td>
<td>22/11/2016</td>
</tr>
<tr>
<td></td>
<td>Contrat n° 3</td>
<td>Acquisition, treatment, interpretation and commercialisation on all wells drilled in Madagascar</td>
<td></td>
<td>21/12/2005</td>
<td>05/11/2016</td>
</tr>
<tr>
<td></td>
<td>Contrat n° 4</td>
<td>Non-exclusive study on seismic acquisition; processing, reprocessing, interpreting and commercialising seismic data</td>
<td>Offshore Cap Ste Marie Sud Madagascar</td>
<td>18/12/2012</td>
<td>17/12/2017</td>
</tr>
<tr>
<td></td>
<td>Contrat n° 5</td>
<td>Non-exclusive study on seismic acquisition; processing, reprocessing, interpreting and commercialising seismic data</td>
<td>Offshore Sud MORONDAVA Madagascar</td>
<td>18/12/2012</td>
<td>17/12/2017</td>
</tr>
<tr>
<td></td>
<td>Contrat n° 6</td>
<td>Non-exclusive study on seismic acquisition; processing, reprocessing, interpreting and commercialising seismic data</td>
<td>Offshore Cap d’Ambre, North Madagascar</td>
<td>18/12/2012</td>
<td>17/12/2017</td>
</tr>
<tr>
<td></td>
<td>Contrat n° 7</td>
<td>Non-exclusive study on seismic acquisition; processing, reprocessing, interpreting and commercialising seismic data</td>
<td>Exxon Mobil Offshore: CapSt André, further ends of Majunga &amp; Ampasindava</td>
<td>17/04/2013</td>
<td>16/12/2021</td>
</tr>
<tr>
<td>FUGRO GRAVITY &amp; MAGNETIC SERVICES INC.</td>
<td>Non-exclusive study: aero gravimetro-gradiometry acquisition</td>
<td>Onshore Morondava &amp; sud Cap St André</td>
<td>04/05/2012</td>
<td>03/05/2017</td>
<td></td>
</tr>
<tr>
<td>ROBERTSON GEOSPEC INTERNATIONAL LIMITED et FUGRO SERVICES AG. (CGG)</td>
<td>Non-exclusive study: reprocessing geophysical and drlling data</td>
<td></td>
<td></td>
<td>17/12/2012</td>
<td>17/12/2017</td>
</tr>
<tr>
<td>SPECTRUM</td>
<td>Non-exclusive study: reprocessing existing geophysical and drlling data</td>
<td>Onshore West coast- South-West coast &amp; South Coast</td>
<td>14/09/2009</td>
<td>13/09/2019</td>
<td></td>
</tr>
<tr>
<td>BGP International</td>
<td>Speculative, Non – Exclusive Study: 2D and/or 3D, non non exclusive 2D et/ou 3D seismic acquisition ; processing and commercialisation</td>
<td></td>
<td></td>
<td>05/04/2012</td>
<td>04/04/2017</td>
</tr>
</tbody>
</table>

III. Extractive sector revenues and contribution with regards to the Malagasy economy

Where we consider entities that have made significant payments, revenues generated by the extractive sector amount to a total of USD 60.97 million for year 2014. In terms of current price added value, extractive industries’ contribution levels at 4.18 per cent of GDP in 2014, against 3.43 per cent in 2013. According to a prospective study carried out by the World Bank5, impacts on GDP should improve, subject to large-scale mining or petroleum developments.

5 Economic contributions from industrial mining in Madagascar «Research Summary», Centre for Social Responsibility in Mining (CSRM), the University of Queensland & the World Bank, 2016
3.1. Explaining the evolution between 2013 and 2014

In the previous EITI report, information on VAT paid by extractive industry operators to their suppliers as well as information on refund applications filed with the Tax Administration were considered as payments flows. In that respect, the amount of USD 154.03 million in the section on payments to the DGI comprised on:

- effective payments flows of a total value of USD 33.36 on the one hand; and
- the VAT portion of indirect taxes on the other hand, which VAT is not effectively paid out by extractive industry operators directly towards the State extractives au profit direct de l’État. This VAT amounting to USD 120.68 million in total comprises of:
  - USD 58.63 million of non-refunded VAT; and
  - USD 62.05 million of non-recollected VAT.

However as for this 2014 report, the National Committee has ruled that those operations i.e. the abovementioned VAT do not constitute payment flows in the sense of EITI Norm 4.1 as they were not effectively paid out to the State. In order to make it easier to draw a comparison, the below table presents:

- 2013 numbers as exposed in the previous report on the one hand; and
- Those numbers after taking the EITI Committee’s new position with regards to the treatment of VAT (non refunded and non recollected – hence does not constitute a payment flow but rather a piece of information).

The following table outlines the evolution of extractive revenues for each of the five (06) collecting bodies within group A, in 2013 and 2014 respectively.

Table 5: Evolution of extractive revenues for each of the five (05) collecting bodies (OMNIS, DGD, DGI, BCMM, CNAPS and other organisations) within group A, in 2013 and 2014 respectively

<table>
<thead>
<tr>
<th>Currency unit: in USD thousand</th>
<th>Year</th>
<th>BCMM</th>
<th>OMNIS</th>
<th>DGI</th>
<th>DGD</th>
<th>CNAPS</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013*</td>
<td></td>
<td>6,681,70</td>
<td>7,482,05</td>
<td>154,037,37(1*)</td>
<td>3,579,38</td>
<td>3,064,36</td>
<td>17,245,87</td>
<td>192,090,73</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>6,681,70</td>
<td>7,482,05</td>
<td>33,357,37</td>
<td>3,579,38</td>
<td>3,064,36</td>
<td>17,245,87</td>
<td>171,410,73</td>
</tr>
<tr>
<td>2014</td>
<td>4,065,91(2)</td>
<td>3,385,76</td>
<td>2,010,01</td>
<td>27,872,49</td>
<td>6,685,41</td>
<td>2,591,98</td>
<td>13,484,05</td>
<td>56,600,38</td>
</tr>
<tr>
<td>Var°(2014/13)</td>
<td></td>
<td>-3,295,94</td>
<td>-5,472,04</td>
<td>-5,484,88</td>
<td>3,086,03</td>
<td>-472,38</td>
<td>-3,761,82</td>
<td>-15,401,03</td>
</tr>
<tr>
<td>Var° (2014/13) en %</td>
<td></td>
<td>-49,33%</td>
<td>-73,14%</td>
<td>-16,44%</td>
<td>86,22%</td>
<td>-15,42%</td>
<td>-21,81%</td>
<td>-21,57%</td>
</tr>
</tbody>
</table>

* On the impact of non refunded VAT and non recollected on disclosed amounts: previous reconciliation reports happened to include VAT credit amounts held by extractive entities against the Tax Administration, in tax expenses (essentially: AMSA/DMSA). The EITI Committee’s doctrinal change does significantly impact the amount for DGI-oriented payments in the above table.

Source: EITI Report 2013 – Page 11. The amount disclosed as for revenues perceived by the DGI in contains VAT paid to suppliers, having been subject to a refund application with the State in accordance with the laws applicable to those companies, but for which no refund was made to those companies within the legally prescribed delays. For informational purposes, non-refunded VAT amounted to USD 58.63 million in 2013 and non recollected VAT amounted to USD 62.05 million (EITI Report 2013 – Page 8).

Non-refunded VAT amounted to USD 52.40 million in 2014.

7 This amount of USD 4,065,91 thousand represents an FAM amount including all taxes. As a matter of fact, one highlight of year 2014 was that the BCMM suddenly modified the fiscal treatment of FAMs. The BCMM was indeed obliged to apply VAT to FAMs starting from 2014, after a tax audit on the BCMM, during which the Tax Administration reckoned that the BCMM had never correctly applied the CGI since FAMs should have been subject to VAT. Thus, the amount excluding VAT is of USD 3,385,76 thousand for 2014. The variation between 2013 and 2014 for FAM is based on amounts excluding VAT.
This significant loss of 21.57 per cent in overall revenues between 2013 and 2014 does strongly demonstrate the great economic and contextual difficulties which the extractive sector in Madagascar is faced with in 2014. We observe an increasingly weaker contribution of the extractive sector with regards to State finances. Nevertheless, for a better informational process, one must still nuance such an observation of decreasing fiscal revenues, by considering:

- At OMNIS’s level: lack of interest from several oil companies having intervened in 2014. Whereas 16 oil companies were contractors to the OMNIS in 2013, only 10 remained in 2014.
- BCMM collected payments do decrease as from the influence of several factors:
  i) in 2014, several offsettings of receivables, totalling an amount of USD 2,608,816.60 (see details in Annex 25) occurred as from FA payments gone due by miners for the previous years;
  ii) in 2014, 54 operators renounced to 717 permits that covered 123,044 mining squares overall (see details in Annex 26); and finally
  iii) FAMs amounting to USD 1,091,350.16 non yet received by the BCMM (although those were due for year 2014).
- At the DGI’s level: a drop of approximately USD 5,484 thousand in taxation revenues may be explained through the consequences of returning to a constitutional order in 2014. As a matter of fact, the transition period was marked by a very active behaviour of the Tax Administration in terms of tax adjustments. Year 2012 was most specifically dense in terms of tax adjustments.

While returning to a constitutional order in 2014, settlements of tax adjustments by the Tax Administration loosened up. Hence we may note, in an illustrative manner that Madagascar Oil had had to settle one heavy tax adjustment on VAT Reverse back in 2013, through the payment of related taxes and penalties. Besides, we draw the reader’s attention on that, apart from non-refunded VAT, the drop in taxation revenues between 2012 and 2013 was of about 50 per cent (2012: about USD 70 million; 2013: about USD 33 million).8

8 Source: EITI 2012 and 2013 reconciliation reports.
The increase of customs revenues between 2013 and 2014 is mainly led by a rise in exports from four customs entities (DYNATEC; QIT; KRAOMA; GRAPH MADA). This increase was observed to be of 86.22 per cent between 2013 and 2014, based on the canvasses and on the 2013 report.

3.2. Contribution of the extractive sector with regards to the Malagasy economy

The tables below shed a light on extractive revenues:
- The extractive sector’s contribution with regards to Madagascar’s GDP in 2014; and
- According to the collecting entity (collecting bodies; intermediaries in the extractive value chains’ logistical support; and other Administrations).

3.2.1. Extractive sector’s contribution with regards to Madagascar’s GDP in 2014

In terms of added value, extractive industries’ contribution is of up to 4.18 per cent of GDP in 2014, against 3.43 per cent in 2013.

Table 6: Extractive sector’s contribution in Madagascar’s GDP

<table>
<thead>
<tr>
<th>Year / (in USD thousand)</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extractive Industries</td>
<td>23,91</td>
<td>30,73</td>
</tr>
<tr>
<td>Total GDP</td>
<td>9 010,18</td>
<td>9 925,75</td>
</tr>
<tr>
<td>Constant-price 1984</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extractive Industries (a)</td>
<td>8,47</td>
<td>10,67</td>
</tr>
<tr>
<td>Total GDP (b)</td>
<td>247,04</td>
<td>255,24</td>
</tr>
<tr>
<td>Extractive sector’s Percentage to real GDP (a)/(b) in %</td>
<td>3.43%</td>
<td>4.18%</td>
</tr>
</tbody>
</table>

Source: INSTAT Madagascar, 2014 and EITI Report 2013

It also appears interesting to compare this data with the extractive industry’s contribution in other geographical areas:
- The mining sector contributed an average 6.6 per cent in the UEMOA area’s GDP on the period ranging from 1995 to 2012.
- The mining sector contributed an average 5 per cent in South Africa’s GDP in 2016.
- The mining sector contributed for an average 46 per cent in Gabon’s GDP in 2013 (including 44 per cent from the oil sector and 2 per cent from the mining sector respectively).

Two studies from 2016 stated that the mining sector only accounted for 2.12 per cent of the Malagasy GDP (furthermore, note that this included the production of cement and construction materials).

3.2.2. Extractive sector’s revenues as per payment destination: mining or oil sector

In Madagascar, the mining sector accounts for 92 per cent of extractive sector revenues; this leaves 8 per cent to the oil sector (the figure below does clearly exhibit the gap between revenues from the mining and oil sectors respectively).

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9 Based on data from the BCEAO and the IMF. ‘DIRECTION GENERALE DE L’ECONOMIE ET DE LA MONNAIE Direction des Etudes et de la Recherche Document d’Etude et de Recherche N° DER/14/04 IMPACTS ECONOMIQUES DU DEVELOPPEMENT DU SECTEUR MINIER DANS L’UEMOA’ by Komi AMEGANVI, January 2015.
11 Economic contributions from industrial mining in Madagascar «Research Summary», Centre for Social Responsibility in Mining (CSRM), the University of Queensland & the World Bank, 2016
Figure 2: Extractive sector revenues, where the sector has proceeded to significant payments, as per whether those revenues come from either the mining or oil sector

This gap in contribution to State revenues is presented in value terms in the table below.

Table 7: Extractive sector revenues, where the sector has proceeded to significant payments as per those revenues’ origin: either the mining or oil sector

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>AMOUNT (in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINING COMPANIES</td>
<td>56 292 172.65</td>
</tr>
<tr>
<td>OIL COMPANIES</td>
<td>4 740 000.18</td>
</tr>
<tr>
<td>Total</td>
<td>61 032 172.83</td>
</tr>
</tbody>
</table>

3.2.3. Information on small mines’ and artisanal mines’ contribution to the sector

Artisanal mining covers operations conveyed by either individuals or small groups. Being largely informal, artisanal mining exploits without planification, using often rudimentary methods and extraction tools, as an unknown resource. It distinguishes itself from small mines which are small-sized, permanent mining exploitations with a minimum level of fixed installations, using state-of-art measures, semi-industrialised or industrialised processes and being founded on the prior proof and validation of an existing substance deposit.

According to data from 1990, nearly one million individuals were employed in that small mining sector\(^2\), which equivails to the formal workforce registered with national social contributions (CNaPS) in 2012, all sectors included. Last studies estimate that the informal extractive sector eventually employs from 100,000 to 500,000 individuals in the informal sector overall (gold panning, precious stones). Finally, in a general manner, an ENEMPSI study that was realised in 2012 by the INSTAT\(^3\), established that 8 per cent of the 2.2 million Individual production units – which bear a 99 per cent informal portion – belongs to the mining extractive industry. Most attempts from those miners to organise themselves as local associations failed (Cook & Healy, 2012).

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\(^{13}\) ‘Enquête nationale sur l’Emploi et le Secteur Informel’ – ENEMPSI 2012, November 2013, Vol 1
3.2.4. Extractive sector revenues as per their perception origin for each collecting body

The table below presents the extractive industry’s revenues as for each collecting body within the Administration. Thus, we observe that a significant portion of revenue from taxation comes from the extractive sector; revenues from CTD; the DGD and the BCMM then follow. Other State management bodies are rather significant as well.

Table 8: Extractive sector revenues as per those revenues’ destinations, where the sector has made significant payments – payments received by collecting bodies (2014)

<table>
<thead>
<tr>
<th>RECEIVER</th>
<th>MINING COMPANIES</th>
<th>OIL COMPANIES</th>
<th>TOTAL AMOUNT (in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANDEA</td>
<td>1 968,54</td>
<td>0,00</td>
<td>1 968,54</td>
</tr>
<tr>
<td>ARTEC</td>
<td>895,93</td>
<td>1 147,21</td>
<td>2 043,15</td>
</tr>
<tr>
<td>ONE</td>
<td>140 381,26</td>
<td>20 513,33</td>
<td>160 894,59</td>
</tr>
<tr>
<td>OTHERS</td>
<td>393 226,35</td>
<td>708,58</td>
<td>393 934,93</td>
</tr>
<tr>
<td>DOMAINE</td>
<td>425 199,49</td>
<td>0,00</td>
<td>425 199,49</td>
</tr>
<tr>
<td>ORGANISATION SANITAIRE</td>
<td>1 468 288,81</td>
<td>89 787,72</td>
<td>1 558 076,33</td>
</tr>
<tr>
<td>DGM</td>
<td>1 618 154,63</td>
<td>0,00</td>
<td>1 618 154,63</td>
</tr>
<tr>
<td>PORT</td>
<td>2 312 578,83</td>
<td>0,00</td>
<td>2 312 578,83</td>
</tr>
<tr>
<td>CNAPS</td>
<td>2 567 667,26</td>
<td>70 233,84</td>
<td>2 637 901,12</td>
</tr>
<tr>
<td>OMNIS</td>
<td>0,00</td>
<td>3 609 326,86</td>
<td>3 609 326,86</td>
</tr>
<tr>
<td>BCMM</td>
<td>6 207 603,97</td>
<td>0,00</td>
<td>6 207 603,97</td>
</tr>
<tr>
<td>DGD</td>
<td>6 710 745,87</td>
<td>38 289,79</td>
<td>6 749 035,66</td>
</tr>
<tr>
<td>CTD</td>
<td>6 462 027,61</td>
<td>649 823,91</td>
<td>7 111 851,52</td>
</tr>
<tr>
<td>DGI</td>
<td>27 983 434,27</td>
<td>260 168,94</td>
<td>28 243 603,21</td>
</tr>
<tr>
<td>Overall Total</td>
<td>56 292 172,65</td>
<td>4 740 000,18</td>
<td>61 032 172,83</td>
</tr>
</tbody>
</table>

IV. Results from reconciliation works

The aim of the payment flow reconciliation work was to detect any potential gaps between amounts declared by extractive companies and revenues declared by the State. Gaps that were identified initially were analysed and adjusted each time the declaring parties have provided necessary justification.

The following table summarises gaps after adjustments were made for group A:

Table 9: Remaining gaps after adjustments

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total company payments (USD)</th>
<th>Total revenues to collecting bodies (USD)</th>
<th>Residual gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXTRACTIVE COMPANIES IN GROUP A</td>
<td>56 748 318,65</td>
<td>56 689 852,76</td>
<td>58 465,89</td>
</tr>
<tr>
<td>Residual gap in %</td>
<td></td>
<td></td>
<td>0,10%</td>
</tr>
</tbody>
</table>
The global non reconciled residual gap amounts to **USD 58,465.89** that is **0.10%** of total revenues declared by teh State after adjustments were made.

The gap amount is smaller than the acceptable gap threshold which we had set at 1% in accordance with the « OM » or Overall Materiality » which is the significance or materiality threshold: a threshold beyond which deviation errors alter the reader’s or information user’s judgment.

Non-conciliated adjustments and residual gaps are presented and analysed in part F / 2.3 of this report.

**V. Recommendations**

Without re-questioning information that is disclosed in this report, we issued recommendations in order to improve the implementation of the EITI process in Madagascar. Recommendations are formulated as observations alongside required actions. They are summarised as follows:

**Table 10 : Main recommendations**

<table>
<thead>
<tr>
<th>Themes:</th>
<th>Main recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability of data collected by collecting bodies</td>
<td>Certify information disclosed by declaring State entities by the Malagasy Court of Audit prior to commencing reconciliation assignments.</td>
</tr>
<tr>
<td>Harmonising the system for classifying and identifying taxpayers and operators</td>
<td>Information exchanges between the BCMM and the MFB; harmonising the identification of mining permit holders with their taxpayer identification (tax ID; statistical number and mining permit number). The BCMM must ensure that it holds each mining permit holder's fiscal information and that it proceeds to permanent cross checks with the Tax Administration in a computerised manner.</td>
</tr>
<tr>
<td>Gap between data from the Administration and other sources such as the UNCTAD with regards to exports of gold and precious stones, in quantity and value terms.</td>
<td>Request for support from countries with a commercial partnerships for sharing information on quantities and value of substances exported by Madagascar, with support from the MFB and the MAE.</td>
</tr>
<tr>
<td>Analytical account for extractives companies</td>
<td>Extend the scope of the obligation for cost accounting (« comptabilité analytique ») which is currently imposed to industrial companies within the extractive sector.</td>
</tr>
<tr>
<td></td>
<td>Referring to article 20.06.16 of the CGI: « Industrials must apply cost accounting (« comptabilité analytique ») …». This article should have its coverage extended to companies in the extractive sector.</td>
</tr>
<tr>
<td>Mining permit allocation / Mining and oil permit holders</td>
<td>Clarify those exceptional measures taken in 2011 on the freezing of permits; such measures do constitute a factor for blocking and corruption. Apply the law and regulatory measures that rule the Mining and Oil sectors.</td>
</tr>
<tr>
<td></td>
<td>Disclose the mining permit register on a working website, with the following information: permit holders; coordinates of the covered area; a copy of the allocation decree (Arrêté); permit moves history; date of application for, and allocation of given permits respectively; permit validity and covered substances. Install a compulsory legal requirement for oil companies and mining permit holders to fill-in the latest EITI canvas prior to their definite departure.</td>
</tr>
<tr>
<td></td>
<td>Follow a diagnosis from the BCMM that was accelerated by the EITI Madagascar, directives were given our on recommendations. Main recommendations may be summarised as follows:14 i) Perform a cadastral audit ; ii) Decide on either a grant or a denial based on instructions accelerated by the BCMM ; iii) Identify and regularise currently valid titles to solve exceptional situations resulting from the ban then</td>
</tr>
<tr>
<td>Pricing of substances</td>
<td>The DGM to update a substance-based pricing. Adopting a sole value base (to be updated periodically) for each substance.</td>
</tr>
</tbody>
</table>

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14 Document : EITI – Diagnosis on management of Mining titles / August 2015
<table>
<thead>
<tr>
<th>Themes:</th>
<th>Main recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The case for companies intervening in the extractive sector without holding mining permits/titles but actually make significant payments towards other entities excluding the BCMM and the OMNIS.</td>
<td>The CN of ITIE to adopt a more adequate method that would allow to include other players of the extractive sector (wholesalers, negotiations intermediaries, forwarders, speculative study providers ...) as well as companies making significant payments towards the ANOR, the DGM, OMNIS... related to mining and oil activities, within the scope of the reconciliation assignment. Overall value chains taking part in the extractive sector could be included in the reconciliation scope. Not limiting to mining permit or oil licence holders solely.</td>
</tr>
<tr>
<td>Harmonising statistics and controlling procedures</td>
<td>Organise an efficient, automated and computenised schedule for inter-Administration information exchanges in order to avoid redundant information requests to declaring administrative entities.</td>
</tr>
<tr>
<td>Automating, institutionalising and improving the EITI process</td>
<td>Conceive statistical tools on the extractive sector following sufficient periodicity, by associating all stakeholders (customs, tax, CTD, social organisations, the DGM, the INSTAT…).</td>
</tr>
<tr>
<td></td>
<td>Integrate in the law or in regulatory texts in relation in to a compulsory participation in the EITI process. Adopt the declaration and integration canvas by regulatory way on the EITI website so that it is downloadable by entities that are normally involved in the reconciliation.</td>
</tr>
<tr>
<td></td>
<td>Grant each company intervening in the extractive sector an ID allowing those companies to connect to its personal account to fill-in their own declaration canvas. By not filling their canvas, those companies may be subject to their permits/titles being suspended.</td>
</tr>
<tr>
<td></td>
<td>Elaborate an information system for all collecting bodies and extractive companies to fill-in their forms directly online.</td>
</tr>
<tr>
<td></td>
<td>Integrate and articulate given contexts and economic impacts of artisanal and small mines respectively on State revenues, with regards to that « typical » EITI assignment for flows reconciliation depending on the materiality threshold (on one or two distinctive assignments, according to opportunities available).</td>
</tr>
<tr>
<td>Transparency</td>
<td>The Petroleum Code did not provide for an obligation publish oil contracts. Contracts actually do provide for a confidentiality clause. The various approbation decrees for oil contracts and the standard contract available from the OMNIS’s website are the only items that are publicly accessible. There shows a need for clarification with regards to contract transparency (for the oil and as well as mining sector).</td>
</tr>
<tr>
<td>Disclosing real owners</td>
<td>The following cumulative criteria should condition the payment of sectorial fees:</td>
</tr>
<tr>
<td></td>
<td>- Presenting the EITI canvas duly filled (which canvas includes a query on real ownership); and</td>
</tr>
<tr>
<td></td>
<td>- Updating the real owners form.</td>
</tr>
<tr>
<td></td>
<td>Improve dispositions of the Mining Code and the Petroleum Code respectively, in relation to controlling. Insert such a principle for change in the control of the extractive company directly in the Petroleum Code (i.e. not in model PSCs only).</td>
</tr>
<tr>
<td></td>
<td>Amend Decree No. 2006-910 that applies the Mining Code, so as to apprehend the change in controls for the mining permit holder when the latter happens to be a S.A, by adding, first: the obligation to share the company’s articles of association and any related evolvement; second, the obligation to notify the BCMM with a copy of their registry of shares (“registre d’actions”) and any related evolvement.</td>
</tr>
<tr>
<td></td>
<td>The Government and State companies could spontaneously and annually publish and share with the EITI Committee/with the reconciler, their ownership levels in mining and oil &amp; gas companies operating in Madagascar, including companies owned by branches of State companies or joint operations jointed, and could thus share any change in such ownership levels throughout the declaration period, in accordance with Requirement 2.6 (c).</td>
</tr>
</tbody>
</table>
### Themes:

| Contribution to the weak fiscal pressure in the extractive sector (the 0.35% rate being relatively weak compared to the average fiscal pressure in Madagascar being 10.03%) | Increase efficiency in verifications of economic activities, where those verifications are realised by any mining and oil permit holder (for those in research as well as in exploitation phase), looking at questioning:
- Investments essentially realised in Madagascar during research phase and the opportunity to look at minimum investment spending and control its realisation assiduously;
- The amount of VAT paid to providers specialised in those phases: VAT territoriality (reverse VAT “TVA intermittente” issue) consumption essentially onsite in Madagascar during such a phase of heavy potential investments; and those providers’ fiscal registered address and registration number (abroad or in Madagascar);
- Surveillance of all exploitation permit holders’ economic activity and realised transactions (informal permit transfers; realities in declarations of sales of substances found at national and international levels – including small scale; increased control on overall value chains’ level within the negotiation of mining substances and precious stones);
- Exploitation permit holders’ good governance practices, contribution to tax revenues and proper adopted methodology on management, holding and exploitation. For informational purposes, 15% per cent of overall allocated mining squares are held by 3 per cent of mining permit holders that are natural or physical persons, being in exploitation phase whereas 2 per cent of overall allocated mining squares are held by 6 per cent of companies holding mining permits and which are in exploitation phase.

Complete the above with means of contraint and adapted and efficient sanctions. |

| Extractive industries classification | For the sake of statistics and in order to appreciate the extractive sector’s participation in the national economy in a better manner, the INSTAT could use a classification for the extractive industry, illustrated below (as inspired by the CITI & INSEE classification) to allow the public to follow GDP and fiscal pressure impact isolatedly:
- **Coal extraction**
- **Hydrocarbon extraction**: This division comprises of: crude oil production; the extraction of oil from shale deposits and oil sands as well as liquid gas and hydrocarbon production.
- **Mining minerals extracts**: This division comprises the extraction of metallic minerals, either underground, open-sky or through the mining exploitation of seabed. It also includes the ore processing and enrichment operations such as crushing, grinding, washing, drying, agglomeration, calcination, leaching or separation by gravity or flotation
- **Other extractive industries**: This division covers quarrying but also alluvial dredging, rock crushing gold mining salt marshes. Products (sand, stones etc.), manufacturing of materials (clays, gypsum, calcium, etc.), manufacture of chemicals, jewelry, etc
- **Support services to extractive industries**: This division comprises of specialised services of support to extraction, executed on behalf of third parties. It includes exploration services through classic prospection methods, such as the sampling and geological observations, as well as drilling, drilling or reforging of oil wells for metallic and non-metallic ores. The cementing of oil or gas well casings, cleaning, emptying, vacuum pumping of oil and gas wells, drainage or pumping Mines, mining excavation services, etc. It also includes complementary operations which are necessary for the preparation of raw materials (solid minerals, metal ores, quarry products, etc.) for marketing.

As per results that could come out of this classification, one may envisage a fiscal and administrative treatment so as to consider those results’ particularities. |

| CTD heads’ misknowledge of the EITI. | Train mayors and their teams on new EITI norms. |
| Small mines’ economic and social externalities | Reinforcing supervisory structures for artisanal operators through Economic interest groups / mining cooperatives. |
| Environmental and social monitoring | Study to envisage that the ONE receives environmental monitoring fees based on given extractive companies’ aggregations (those fees are currently separate from production). |
### Outreach of the EITI report

<table>
<thead>
<tr>
<th>Themes:</th>
<th>Main recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outreach of the EITI report</td>
<td>Consider missions for outreach and training linked to the disclosure or data from the EITI assignment, to benefit public and private parties.</td>
</tr>
</tbody>
</table>

### Direct payments and infranational transfers (requirements 4.6 and 5.2)

<table>
<thead>
<tr>
<th>Themes:</th>
<th>Main recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct payments and infranational transfers (requirements 4.6 and 5.2)</td>
<td>Multistakeholder group requesting for an adapted implementation for obtaining and reconciling data on payment flows and infranational transfers in accordance with Requirement 8.1.</td>
</tr>
</tbody>
</table>

Infranational governmental entities’ participation would be made easier – if not simply possible – where the involved entities would prepare upstream data.

Computerisation and sorting that data upstream represents a necessity for abide by EITI requirements. The multistakeholder group must establish the materiality of compulsory infranational transfers.

### Real ownership – EITI Requirement 2.5: A clear definition of a PEP to be established by the multistakeholder group

<table>
<thead>
<tr>
<th>Themes:</th>
<th>Main recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real ownership – EITI Requirement 2.5: A clear definition of a PEP to be established by the multistakeholder group</td>
<td>Propositions:</td>
</tr>
</tbody>
</table>

- **FATF-inspired**[^15]: Foreign Politically exposed persons (PEP) are individuals that currently hold or have previously held high-level public functions in a foreign country, such as for instance, heads of State and of governments; high-rank politicians; high-level persons in charge within public powers; judges (« magistrats ») and high-rank military servicemen/women; public company management bodies and high-levels officers at political parties.

National PEPs are individuals which hold or have previously high-level public functions in a foreign country, such as for instance, heads of State and of governments; high-rank politicians; high-level persons in charge within public powers; judges (« magistrats ») and high-rank military servicemen/women; public company management bodies and high-levels officers at political parties.

Persons that hold or have held high-level positions within or on behalf of international organisations are upper management bodies i.e. general managers/chief operating officers and their deputy managers or officers as well as members of the Board of directors and persons with equivalent positions.

- **Internal source** (Article 21 of Instruction No. 006/2007-CSBF dated 03 August 2007 on preventing and fighting money laundering and terrorism financing);


### Quasi-fiscal expenses from State companies – EITI Requirement 6.2: A clear definition to be established by the multistakeholder group

<table>
<thead>
<tr>
<th>Themes:</th>
<th>Main recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quasi-fiscal expenses from State companies – EITI Requirement 6.2: A clear definition to be established by the multistakeholder group</td>
<td>Quasi-fiscal expenses include agreements via which state companies undertake social expenses such as payments for social services, payments for public infrastructure, payments for subventions on consumables or payments for servicing national debt, etc. which are external to the process of national budget! The Multistakeholder group is due to set up a declaration process in view of attaining a level of transparency that equals the existing level for other payments and revenue flows and of including State company subsidiaries as well as joint operations.</td>
</tr>
</tbody>
</table>

B. Introduction

I. Aims of the report

The mission aims at producing an exhaustive reconciliation report that covers a complete disclosure of revenues of the Malagasy State from extractive industries, as well as the disclosure of all significant payments made to the government by oil, gas and mining companies in 2014.

The EITI Norm for 2016 comprises of seven (07) requirements with 02 of them mainly concerning the Administration as well as the multi-stakeholder group (requirements being under 1-Multi-stakeholder group oversight and 7-Results and impacts) and five (05) concerning the reconciler and entities to be reconciled. Despite the new norms' adoption after the Terms of Reference, those new norms were taken into account in this report.

We reproduced requirements for those 05 requirements which this report essentially looks to solve. The reconciler constantly bore those requirements in mind throughout the execution of its mission so that expected results allow to state out whether Madagascar does – or not – comply with those transparency requirements for the extractive sector.

- **EITI Requirement 2 – Contracts and licenses**: (i) Legal framework and fiscal regime; (ii) License allocations; (iii) Register of licenses; (iv) Contracts; (v) Beneficial ownership; (vi) State participation.
- **EITI Requirement 3 – Exploration and production**: (i) Exploration; (ii) Production; (iii) Exports; (iv) Punctuality, exhaustiveness and reliability.
- **EITI Requirement 4 – Revenue collection**: (i) Comprehensive disclosure of taxes and revenues; (ii) Sale of the state’s share of production or other revenues collected in kind; (iii) Infrastructure provisions and barter arrangements; (iv) Transportation revenues; (v) Transactions related to state-owned enterprises; (vi) Subnational payments; (vii) Level of disaggregation.
- **EITI Requirement 5 – Revenue allocations**: (i) Distribution of extractive industry revenues; (ii) Subnational transfers; (iii) Revenue management and expenditures.
- **EITI Requirement 6 – Social and economic spending**: (i) Social expenditure by extractive companies; (ii) Quasi-fiscal expenditures; (iii) The contribution of the extractive sector to the economy.

Those norm requirements were handled in the report as follows:

- **Flow reconciliation**: May we assure that the extractive sector’s contribution to State revenues is clearly apprehended by the latter, so that such a State overall may accurately acknowledge its revenues from the sector and that such revenues are provided with satisfactory detail (as for revenue components and taxpayers’ identities). Such a point should go on until a sample testing of how the State and its decentralised local authorities (“Collectivités territoriales décentralisées” or “CTD”) manage that contribution from the extractive sector to State revenues.
- **Contextually**: This is a very rich analysis pan, which observes the following mainly: (i) that the legal framework that is applicable to the extractive sector is transparent; (ii) that mining license hold and operations stage constitute publicly transparent and available information, and finally (iii) it is possible to outline the level of contribution from the extractive sector in Madagascar’s economy and employment.

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16 Requirement 4 of the 2016 EITI Standard.
This report summarises information on reconciling fiscal and non-fiscal revenues coming from the extractive sector in Madagascar. It constitutes an integral part of the process of implementing the EITI. Extractive companies and collecting bodies (collecting organisations; intermediaries that provide logistical support the extractive sector value chain) reported on payments that are outlined in the Requirement 4.1 of the EITI Standard.

Declaring entities were solicited to report on other contextual information such as production, exportation, employment, social expenses and other data provided for by the EITI Standard.

II. Report scope and limitations

Firm PricewaterhouseCoopers Madagascar was selected to be the Independent Administrator to elaborate the EITI Report for Fiscal Year (FY) 2014.

2.1. Report scope

The Independent Administrator’s works mainly consisted of collecting, confronting and compiling the following items for FY 2014:

- Payments made to the State and declared by extractive companies holding mining or oil titles in Madagascar on the one hand; and
- Revenues from those companies as declared by the State on the other hand.

The assignment was conducted as per ISRS (International Standards on Related Services) 4400 norms on “engagements to perform agreed-upon procedures regarding financial information”. Throughout our mission, we made sure to comply with the IFAC’s (International Federation of Accountants) Code of Ethics. Works were conducted according to the ToR included in the Request for Proposals and the reconciler’s contract. Those ToR were priorly approved by the National EITI Committee in Madagascar and constitute the agreed procedures to conduct the mission.

2.2. Report limitations

The agreed procedures do not aim at:

- Performing an audit, nor some limited examination of extractive revenues. As a matter of fact, no assurance work is provided in the report. Our assignment’s ToR do not involve auditing and certifying the data that is included in this report;
- Nor detecting illegal acts or irregularities except those to which we were confronted;
- Nor verifying data shared by the administrations nor performing surveys on those extracted and exported products. This report does not substitute itself to a certification of the accounts of the State, of collecting bodies and/or its deconcentrated and decentralised administrations and of state-owned enterprises (SOEs).

Nevertheless, the conciliated information handles data that is audited and/or attested by the declaring parties.

Unless indicated otherwise, the amounts presented in this report are expressed in US Dollars. The exchange rate used is the rate published by the Central Bank of Madagascar as of 31 December 2014: 1 USD = 2,596.73 MGA.
This report comprises (07) parts summarised below, as well as detailing annexes for information that were collected during the reconciliation works:

(a) Report summary
(b) Introduction
(c) Methodological approach
(d) Legal, fiscal framework and reforms in relation to the extractive sector
(e) Contextual information and overall view of the extractive sector
(f) Reconciliation results
(g) Recommendations

This report takes into consideration data which has been provided to us up until 24 October 2016. Confirmations and information received past that date were taken into account in that including them would not impact the data and/or the reconciliation works.

III. Assessment of transparency levels as disclosed through the on-site reconciliation

The table below presents: the reconciliation levels that were realised with regards to objectives set by the ToR, on the one hand; and groups of entities and contributions from each of those groups with regards to total payments, on the other hand.

<table>
<thead>
<tr>
<th>Table 11: Confronting ToR objectives with reconciliation results and coverage threshold reached by each group of entities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group of entities</strong></td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td><strong>Reconciliation objectives, see Materiality report</strong></td>
</tr>
<tr>
<td>Entities in Group</td>
</tr>
<tr>
<td>Group A: Group of companies that cover 97.5% of payments, where those companies have to fill-in the declaration canvas.</td>
</tr>
<tr>
<td>Group B: Group of companies that cover 96% of payments alongside group A.</td>
</tr>
<tr>
<td>Group C: Group of companies that cover 100% of payments.</td>
</tr>
<tr>
<td><strong>A l’issue de la réconciliation réalisée</strong></td>
</tr>
<tr>
<td>Entities in Group</td>
</tr>
<tr>
<td>40</td>
</tr>
<tr>
<td>Non participating</td>
</tr>
<tr>
<td>2.61%</td>
</tr>
<tr>
<td>Total amount of flows received by the State in % of total coverage</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

After the reconciliation, having taken into account rectifications of some adjustments of data from the BCMM and the DGI, on the one hand; and having extended the volume of reconciled flows with collecting bodies overall on the other hand, setting of the various groups has evolved as exposed below.

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17 Details on the approach for perimeter selection in part C.
As a consequence, we include the observation that group A should be composed of 44 entities instead of 65, as well as that some of the reconciled entities should have been in groups B and C respectively.

<table>
<thead>
<tr>
<th>Group of entities</th>
<th>Group A</th>
<th>Group B</th>
<th>Group C</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of entities. Reorganising groups.</td>
<td>Reconciled</td>
<td>Should have been reconciled</td>
<td>Shouldn’t have been reconciled</td>
<td>Not reconciled</td>
</tr>
<tr>
<td></td>
<td>44</td>
<td>6</td>
<td>91</td>
<td>141</td>
</tr>
<tr>
<td>Total amounts received by the State (in USDm)</td>
<td>56.42</td>
<td>3.07</td>
<td>0.05</td>
<td>0.26</td>
</tr>
<tr>
<td>Payments coverage</td>
<td>92.53%</td>
<td>5.03%</td>
<td>0.08%</td>
<td>0.43%</td>
</tr>
<tr>
<td>Total cumulated amount</td>
<td>97.56%</td>
<td>98.07%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Annexes 2 and 19 respectively outline lists of those 65 entities from group A as set at the start of the assignment and of those 44 entities in group A as well however as resulting from reconciliation works. Annex 22 illustrates a comparison between groups A – B and C according to stages of assignment start and end.

**3.1. Extractive companies covered in this report, materiality threshold**

This report covers revenues received by collecting bodies and coming from all extractive companies that held an valid/active title as of 31 December 2014 and that have made significant payments, based on data transmitted by OMNIS and the BCMM solely. On such a basis, a starting list of 141 entities – both companies and individuals – was identified.

**3.1.1. Entities in group A that had to be reconciled**

Entities whose total payments were received by the Administration and declared by the latter as exceeding USD 40,054.99 were retained to submit a declaration (group A then comprised of 65 entities) (the « materiality threshold »). That is the materiality threshold, that was approved by the EITI committee and which was taken into consideration by the reconciler to perform reconciliation works.

Annex 2 of this report presents the list of those 65 declaring entities.

We do however point out the following comments:

⚠️ The entities’ level of mobilisation did not allow us to reconcile all necessary entities to reach the level of coverage that was required by the ToR. **As a matter of fact, only 40 entities could be reconciled, so as to attain**

---

18 The materiality threshold reflects the cumulation of the following two criteria: (i) the total amount paid by the the entity that has last contributed the least to State revenues (via the collecting bodies) in comparison to other entities that have made bigger payments and (ii) the sum of: that entity's contribution plus those other entities, allows to cover 97.5 per cent of total amounts received by the State from entities that have made significant payments.

19 It is reminded that at this stage of the assignment as well as for the needs of setting the materiality threshold, total payment flows received by the « Administration » were defined as those coming from the OMNIS, the BCMM, the Tax and Customs Administrations respectively and the ONE. On this point, the report on FY 2014 thus represents the first report that has integrated revenues received by the ONE in the materiality study.
a **92.96 per cent** coverage, against the aim of **97.5 per cent** as set out by the ToR. Out of the 65 retained entities that were retained in the initial materiality study:
- 40 entities filled the declaration canvas;
- 5 entities explicitly announced that they would not participate;
- 20 entities could not get identified despite deployed diligences.

Non-participating and/or non-identified entities represent 5.04 per cent of total payments to verify for the assignment. In order to astrain those non-declaring entities, the Minister in charge of Mining and Oil issued a decree (Arrêté ministériel) to request that those companies take part in the EITI²⁰.

As from rectifications that were realised by the reconciler on some of the data from the Administration²¹ after the materiality report was validated, it came out that:
- 10 entities were included in group A and were thus reconciled *a fortiori* even though they should not have been part of group A²² (they eventually appeared to be below the significance level);
- 12 entities were included in groups B and C (within the 141 entities) even though they went through below the USD 5,000²³ significance level;

The data that was obtained initially in order to set the materiality threshold (sources: the BCMM; the ONE; the DGI and the DGD) was added to the data that was transmitted by all other collecting bodies throughout the length of our mission.

### 3.1.2. Entities from groups B and C (unilateral, disaggregated state disclosure)

For extractive companies whose total contribution is lower than the USD 40 054.99 threshold, revenues are reported on through collecting bodies’ disaggregates, unilateral disclosure (group B, corresponding to 0.5 per cent of the coverage threshold cumulating groups A and B’s coverage to 98 per cent).

One final, aggregated, overall self-declaration from the State must be made on the remaining 2 per cent. Hence, the 2015 EITI Report shall cover 100 per cent of Significant Payments (exceeding USD 5 000) (group C).

Nevertheless and given the above:

²⁰ The Minister’s decree (Arrêté du ministre) n°22727 / 2016 setting the obligation for downstream oil and mining companies in Madagascar to participate in the EITI within the framework of the EITI report 2014 was adopted in 25 October 2016, that is after the reconciler’s assignment had ended. The decree (Arrêté) set the deadline for returning the canvasses at the date of 20 October. Notwithstanding the debate that could have occurred on the legally constraining character of this decree (Arrêté) had it been issued on time, we faced quite a sensitive mobilisation from extractive entities while performing our reconciliation (only 40 entities took part, out of the 65 entities that were initially targeted).

²¹ This coverage rate as set by the Comité National was calculated on the basis of provisional numbers on 2014 revenues as transmitted by collecting bodies during the design/planning phase. While we had the opportunity to collect refining corrections from collecting bodies, we however do not guarantee that those corrections are finally accurate (as from the absence of certification of those bodies’ accounts by the National Court of Audit (Cour des Comptes)). However, during our reconciliation work we deployed necessary means of diligence until we could could access justification items for payments.

²² As an illustration: the BCMM has initially shared with us those amounts received by entities in 2014; however, after performing some verifications and after some exchanges between the reconciler and the BCMM, it appeared that the BCMM had not actually received those sums but had offset some receivables resulting from sums unduly received in previous years so that those covered/concerned entities were not even considered as having made significant payments anymore.

²³ As a reminder, some entities had made excess payments during previous years and that the BCMM had opéré des compensations de créance so that some mining entities that were used to pay off FAs that clearly exceeded the significance/materiality threshold find themselves paying either nothing or nearly nothing in 2014. For the year 2014, this use of FA credits amounted to MGA 6 774 392 340.00 that is USD 2 608 816.60.

Those excess payments resulted from a Note from the government (Note gouvernementale) deciding that given the freeze in mining permits transmissions and obtention, the government had decided that such a freeze had adverse financial consequences with regards to mining operators whom, where they eventually could not transmit those to any third party, not fully benefiting as permit owners. Therefore, the government had then decided for retroactively free FAs during those years so that, as a consequence, the BCMM made reimbursements for FAs that were unduly paid by mining permit holders, by way of offsetting receivables on previous years (including year 2014). That compensation is not considered a payment flow for the purpose of this assignment.
Only 40 entities out of group A’s 65 entities could be reconciled;

From this, 25 entities that could not be reconciled from group A were hence handled the same way as group B’s, in the absence of other options. Those 25 entities remain fully part of group A however the reconciler relied the state’s disaggregated disclosure for each of those 25 entities.

3.2. Public entities covered by this report

Based on the retained perimeter of extractive companies and payment flows for 2014, the following were exhaustively called upon for declaring received payments from extractive companies:

- The ARTEC, the ANDEA, the CNaPS, health organisations (OSTIE; AMIT; SMIMO; ESIA; OMSI...), the SMMC, MICTSL, the SPAT as for those who were, on the one hand, were subject to an exhaustive reconciliation; and
- Domain offices and CTDs as for those whom were subject to a partial reconciliation; and
- Registry offices, resident visa & work permit services for those whom could not be tackled for reconciliation.

3.3. Updating the materiality threshold

The update in the materiality threshold matches with the actual threshold once the reconciler has completed the reconciliation assignment.

As a matter of fact, the materiality threshold is initially set on the basis of data received by the reconciler from the Administration solely, prior to any reconciliation process with group A entities or even any process of interacting with the Administration, in order to improve reliability on such data.24

After the reconciler went through its mission, the latter consisting of (i) realising those reconciliation works for those 65 entities that were initially targeted and had accepted to take part in the study and (ii) enlarging the number of entities within the Administrations and other organisations/structures having received payments on behalf of the State (collecting bodies overall), the materiality threshold must be at USD 57 274.09 (group A would then comprise of 44 entities allowing to cover 97.56 per cent of payments).

3.4. Data exhaustivity and reliability

3.4.1 Data exhaustivity

Out of 65 entities, 40 extractive companies (62 per cent) that were retained within the 2014 reconciliation perimeter submitted their declaration forms.25

All collecting bodies submitted their declaration forms for those extractive companies that were retained within the perimeter of the report.

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24 See later below as, given mistakes from the the BCMM and the DGI, the latter have rectified some data after the EITI Committee’s validation of the materiality report.

25 The Minister’s decree (Arrêté du minister) n°22727 / 2016 setting the obligation for downstream oil and mining companies in Madagascar to participate in the EITI within the framework of the EITI report 2014 was adopted on 25 October 2016, that is after the reconciler’s assignment had ended. The decree (Arrêté) set the deadline for returning the canvasses at the date of 20 October. Notwithstanding the debate that could have occurred on the legally constraining character of this decree (Arrêté) had it been issued on time, we faced quite a sensitive mobilisation from extractive entities while performing our reconciliation (only 40 entities took part, out of the the 65 entities that were initially targeted).
Based on the above, we may reasonably conclude on that this EITI Report covers Madagascar’s extractive sector revenues for year 2014 in a satisfactory manner. Nevertheless, you shall find our recommendations to improve reconciliation levels in the report.

3.4.2. Data reliability

The reconciler made the necessary to use its professional judgment to determine the level of reliability of data that was transmitted by mining companies, oil companies and collecting bodies. In this framework, the reconciler complied with the data assurance procedures as adopted by the National Committee as described in sub-section 1.8 of the ToR.

For doing so, the reconciler systematically solicited the following guarantees from group A entities and collecting bodies through the canvas to be filled:

- A request for declaring entities to provide detailed information per payment so that each transaction may be reconciled;
- A request to one of the company’s high-level people in charge or to a high-rank civil servant of each collecting body to certify that the filled form constitutes a full and accurate collection;
- A request for companies to provide a confirmation letter from their external auditor attesting that the information that they have transmitted is complete and compliant with the company’s audited financial statements. The Multistakeholder group may decide to introduce and spread such a procedure throughout upcoming times so that the confirmation may become part of the normal work plan of the company’s auditor. Where some companies would not be bound by law to have an external auditor and may then not provide that confirmation letter as a guarantee, it should be required that it is clearly alerted of and any planned or developing-stage reforms shall be mentioned accordingly;
- On this point, we draw the reader’s attention on that, even at times where some given reconciled entities were legally required to have an external auditor to certify their accounts, the reconciler was faced with reluctance from the those entities as for either (i) submitting the canvas to their statutory auditor for signature, or (ii) sharing a copy of their certified financial statements with us.
- Asking those declaring public entities to obtain a certification attesting the accuracy of government disclosures from their external auditor (or equivalent) where applicable and where possible.

On this point, we draw the reader’s attention on that those relevant Malagasy institutions malgaches (National Assembly (Assemblée National) and the Malagasy Court of Audit (Cour des Comptes)) have not yet (as in 2016) proceeded to the certification of their accounts for 2014.

The reconciler applied its faculties for judgment and applied the appropriate international professional norms as much as possible while developing its procedure to provide a sufficient basis for publishing this EITI report exhaustively and reliably.

Reconciliation works, between declarations from the State and those from companies retained in the reconciliation perimeter and taking the details on receipt-based payment flows, did not point out any significant variances that may affect the reliability of data reported in this report.

Given the above, we did not point out for any item that may question extractive sector revenues’ credibility as reported by collecting bodies in this report.
C. Methodology approach

I. Phasing of the reconciliation process

In accordance with the Terms of Reference, the reconciliation process was conducted by going through the following steps:

- A preliminary analysis in order to determine the scope of reconciliation, preceded by an update of the declaration canvasses as per EITI norms and directives from the National Committee;
- Data collection with the Administration and with companies. Data collection with the Administration was made as per a specific canvas for each entity in the Administration. For companies, data collection was made through the declaration canvas;
- Alignment, leading to stating first deviations between data from the Administration and companies’ one. This is followed by the identification of sources of deviations and of necessary readjustments both at Administration-and company-level;
- Analysis and explanation of those deviations, retaining all means of proof for supporting those explanations;
- Reconciliation works leading to the writing of a final report.

1.1. Phase 1: Preliminary analysis / Framework defining

The preliminary analysis looked at the extractive industry’s payment flows (downstream mining and oil). This step allowed to do such analysis is the following:

- Identifying payment flows to retain within the reconciliation perimeter;
- Integrating contextual information that is awaited by the National Committee, in the report;
- Determining the list of entities and companies that are due to make a declaration according to the materiality threshold that is agreed with the National Committee;
- Providing advice on declaration canvasses to the National Committee;
- Updating canvasses as per new 2016 norms and
- Identifying each of those entities’ contact details and physical address.

The reconciler had to submit a work plan to the multistakeholder group.
This work plan determines main required action and related methodology in order to hand-in the final report and make it comprehensible.
In general manner, the reconciler exposes the following points in the report:
- Its process for writing-up canvasses to the attention of entities (flow and contextual data collection canvas) as well as the canvas for the Administration;
- Its process for distributing canvasses and for collecting data with entities and administrations and finally
- Its working process so as to perform the reconciliation as required by the EITI 2016 norm.

After the work plan was approved, the reconciler collected the list of all permit holders as of 31 December 2014 from the BCMM and OMNIS and identified permit holders who proceeded to payments exceeding USD 5,000 in accordance with the definition of so-labelled significant payments as expected by the ToR.
The next step aims at obtaining an exhaustive listing of payments made by extractive sector intervenors with other deemed relevant entities of the Administration, including: collecting bodies as defined at the beginning of this report\(^{26}\). Based on list No. 1 of all entities that have made Significant Payments to the BCMM, the reconciler re-exhibited list No. 2 – slightly reduced – of entities known by tax offices.

That List No. 2 integrates all three entities groups that are included within the framework of the study: group A; group B and group C. Those three groups shall be presented in detail in the report.

Starting from that list No. 2, the reconciler then determined the number of entities to be included in group A, that is: entities that must fill the canvas.

Group A’s number of entities and entity components may only be outlined during Phase 2 of data collection with the Administration.

Group A is then obtained by considering payments made by entities within that List No. 2 that cover 97,5 per cent of overall payment flows received by collecting bodies (as per data disclosed by the Administration itself).

### 1.2. Phase 2: Collecting reconciliation data

Data collection concerns data that are disclosed by collecting bodies first, then data to be obtained from entities (then constituting the reconciliation process, which is based on group A entities filling the canvas solely).

Collection goes through the following steps:

- Collecting and processing data on overall mining permit holders and oil licenses holders from the BCMM and OMNIS (Count = 1,616\(^{27}\));
- Only entities making Significant Payments from entities mentioned above get retained (Count = 141);
- Confronting those 141 above mentioned entities with the Tax Administration’s database in order to only retain those that are known by the Tax Administration (Number of entities not known by the Tax Administration as from an unknown NIF = 7);
- Sharing the list of those 141 entities (after verifying and completing their Tax Administration identification) to all of those predefined collecting bodies;
- The first collecting bodies (in addition to OMNIS and the BCMM) that had transmitted data are the Tax Administration, the Customs Administration and the ONE. On this base, the Materiality threshold could be obtained (Count from materiality threshold\(^{28}\) = 65);
- Transmitting the canvasses by e-mail to those 65 companies, preceded by a training on filling-up the canvasses. Collecting those canvasses allowed to perform the first reconciliation based on participating entities that were identified and collaborative.
  
  Canvasses were transmitted by e-mail, eventually by mail for those most reluctant Antananarivo-based entities; it was overall necessary for the reconciling team to physically meet those companies.
  
  Finally, a verification with the Trade Court was necessary in order to check on whether those entities (still) existed (obtaining their respective RCS);
- Ending the collection process by visiting twelve (12) Municipalities and the connecting Public Treasury entities (“Trésor public de rattachement”) to five (05) entities that were considered as most representative (sampling

\(^{26}\) A prior harmonisation of data obtained from the BCMM/OMNIS with DGI data (Company name, Statistical card number [STAT], tax identification number [NIF], Mining title reference, Petroleum block No., Company purpose) was required. As a matter of fact, the work was based on each operator’s tax identification number; however none of the BCMM nor the OMNIS do collect NIF numbers in their respective computerised databases.

\(^{27}\) Including 1606 mining permit holders (including 508 that have paid mining administration fees in 2014) and 10 oil license holders.

\(^{28}\) This number of entities was obtained before the BCMM and the Tax Administration provided us with corrections on their respective data.
focused on those 4 private companies and that one public company that had most contributed to State revenues: Ambatovy; Dynatec; QMM; Kraoma; Holcim).
This collection was realised by restoring canvas to those local decentralised authorities and to the Treasury and by following a specially conceived methodology for filling those canvasses with the agent in charge at the concerned Administration alongside.

Declaring entities were asked to fill their respective canvasses using receipt details and per payment date as written in their audited financial statements for year 2014.

1.3. Phase 3: Initial reconciliation

We performed the following works in order to identify first deviations:
- Confronting companies’ data with the State’s;
- Identifying those deviations.

1.4. Phase 4: Deviations survey

After identifying deviations, we undertook the following works in order to explain such deviations:
- Collecting the variances justification;
- Obtaining confirmation and explanations for those deviations from declaring parties;
- Correcting the declaration canvas.

II. Reconciler diligence

2.1. Improving reliability of information obtained from collecting bodies:

In order to improve the reliability of information obtained from the Administration, from public entities, from decentralised authorities and from collecting bodies overall, the following measures were taken:
- Involving authorized people within those declaring public entities that are in charge of the information producing and the data validation;
- Asking for data disclosure to each of those public entities;
- Disclosing detailed data per payment to allow confrontation with company data;
- Confirmation requests;
- Live exchanges with people in charge at public entities, as much as necessary.

2.2. Improving reliability of information obtained from companies:

Data obtained from companies was made reliable after the following procedures were put into place:
- Involving given companies’ legal representatives in producing information;
- Obtaining confirmation on the reliability and accuracy of disclosed data as presented in audited financial statements, from those legal representatives;
- Disclosing details on data per payment by specifying receipt receipt numbers as well as payment data and place where applicable;
- Approving data by controlling payment justification items;
Live meetings with accounting departments at pretty much all entities in order to perform controls and verifications.

Those deployed measures allowed us to grant sufficient reliability to data disclosed by companies on the one hand and collecting bodies on the other hand.

### III. Coverage perimeter

The assignment’s Terms of Reference explicitly elaborate on the mission’s perimeter as follows:

« ... It is imperative to clearly define the scope of application of the EITI declaration, in accordance with the EITI Standard as well as with objectives agreed upon by the Multistakeholder group and its expectations with regards to the EITI process. » « The Multistakeholder group wishes, to this effect, the reconciler performing a detailed study consisting of delineating the application perimeter and to suggest perfecting improvements on that perimeter so that exhaustive data may be obtained ». « The reconciler shall examine companies and State entities that are due to make a declaration (in accordance with EITI Requirement n° 4.2.), and after which the reconciler shall collect necessary data in order to produce the reconciliation report. »

A materiality study has been pursued by the reconciler and approved by the National EITI Committee. Results from the materiality study came out as follows:

- Determination of companies in Group A (covering 97.5 per cent of total payments), companies in Group B (covering between 97.5 per cent and 98 per cent) and companies in Group C (between 98 per cent and 100 per cent of payments);
- Determination of the corresponding materiality threshold;
- Inclusion of flows to be reconciled in accordance with norm 4.1 (b).

#### 3.1. Materiality study results:

Results from the materiality study may be summarised as follows:

**Table 12: Materiality study results**

<table>
<thead>
<tr>
<th>Extractive sector</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payment flows</strong></td>
<td>Overall payments made by extractive companies, including BCMM and/or OMNIS payments, exceed USD 5,000</td>
</tr>
<tr>
<td><strong>Collecting bodies</strong></td>
<td>All collecting bodies from the Administration, directly receiving payments from the extractive sector</td>
</tr>
<tr>
<td><strong>Number of entities to reconcile</strong></td>
<td>65 entities (at least 50 companies)</td>
</tr>
<tr>
<td><strong>Payment coverage target</strong></td>
<td>97.5 per cent</td>
</tr>
</tbody>
</table>

#### 3.2. Accounting year, payment stream and entity type, applicable thresholds

The reconciliation exercise concerns payments made by extractive industries in 2014 to Administration and its divisions. Flows that were taken into consideration are listed hereafter:
State taxes;
- Local taxes;
- Sector-based licence fees;
- Withholding taxes;
- Voluntary donations and contributions (in kind or in cash);
- Other payments.

The report concerns all entities that have intervened in the extractive or downstream oil sector having made significant payments i.e. exceeding USD 5,000 to OMNIS or the BCMM. A given entity may be a physical person or a legal entity, as long as that entity was a license or permit holder as of 31 December 2014.

The reconciler has verified declaration canvasses as per the following thresholds:
- « OM – Overall Materiality » which represents the significance or materiality threshold, beyond which errors, deviations or inaccuracies do modify the judgment of readers and/or information users. It is established at 1.0 per cent of the total amount of payments made by each entity;
- « PM – Performance Materiality » which represents the threshold on which verification works shall be based. It has been established at 50 per cent of the Overall Materiality.

3.3. Non-participating entities

Non-participating entities account for 5.62 per cent of total payments as for companies retained by the reconciliation via the declaration canvas.

3.4.1. Entities that expressly did not wish to take part in the process

Those entities represent 2.61 per cent of total payments from entities that were retained by the reconciliation via the declaration canvas.

Table 13: Those five entities that expressly did not wish to take part in the process

<table>
<thead>
<tr>
<th>DENOMINATION</th>
<th>SECTOR</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAN TIN POLYCHROME S.A.</td>
<td>MINING</td>
<td>NAN TIN POLYCHROME SA did not fill its canvas but transmitted a copy of its termination letter.</td>
</tr>
<tr>
<td>RED GRANITI MADAGASCAR S.A.R.L.</td>
<td>MINING</td>
<td>As for year 2013, company RED GRANITI MADAGASCAR did not wish to take part in the reconciliation exercise.</td>
</tr>
<tr>
<td>NIKO RESSOURCES</td>
<td>OIL</td>
<td>Company NIKO RESOURCES did not wish to take part as it has already abandoned its activities in Madagascar.</td>
</tr>
<tr>
<td>GALLOIS Etablissement</td>
<td>MINING</td>
<td>Company GALLOIS Etablissement was in restructuring during the period of the assignment.</td>
</tr>
<tr>
<td>EXXON MOBIL</td>
<td>OIL</td>
<td>Company EXXON MOBIL did not wish to take part as it has already abandoned its activities in Madagascar.</td>
</tr>
</tbody>
</table>

See Annex 5. This letter mentions contractual links between entities OPHIR, NAN TIN POLYCHROME S.A and Mr Willy Rakotomalala on the one hand, and that entity NAN TIN POLYCHROME S.A. abandoned its activities as from the resiliation of its contractual relationships with OPHIR and Mr Willy Rakotomalala on the other hand.
In **bold**: those four (4) entities that should have been reconciled as they belong to group A in any case.

Annex 20 provides known identification items in relation to each of those entities.

The reconciler approached OMNIS so as to find out whether some oil entities had left the Malagasy territory during 2014 and which data was available, if applicable. OMNIS confirmed that no oil companies abandoned any blocks in 2014.

### 3.4.2. Non-identified entities

The table below presents the list of non-identified entities. Those entities represent 3.04 per cent of total payments made by companies that were retained by the reconciliation via the declaration canvas.

**Table 14: Twenty (20) entities that could not be identified**

<table>
<thead>
<tr>
<th>DENOMINATION</th>
<th>SECTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPLORER S.A.R.L.</td>
<td>MINING</td>
</tr>
<tr>
<td>VATOSOA MINING S.A.</td>
<td>MINING</td>
</tr>
<tr>
<td>CHRYSOCOLLE -</td>
<td>MINING</td>
</tr>
<tr>
<td>PINK VALLEY S.A.R.L.</td>
<td>MINING</td>
</tr>
<tr>
<td>AVOZO S.A.R.L.</td>
<td>MINING</td>
</tr>
<tr>
<td>TAOUIF Mohamed</td>
<td>MINING</td>
</tr>
<tr>
<td>PETRA OF MADAGASCAR S.A.R.L.</td>
<td>MINING</td>
</tr>
<tr>
<td>FARASANDS S.A.R.L.</td>
<td>MINING</td>
</tr>
<tr>
<td>INTERNATIONAL MINING CORPORATION LTD</td>
<td>MINING</td>
</tr>
<tr>
<td>M.B GOLD COMPANY S.A.R.L.U.</td>
<td>MINING</td>
</tr>
<tr>
<td>ACCRINGTON MINERALS S.A.</td>
<td>MINING</td>
</tr>
<tr>
<td>MASINA INDUSTRY GROUP MADAGASCAR S.A.R.L.</td>
<td>MINING</td>
</tr>
<tr>
<td>CALIBRA RESOURCES &amp; ENGINEERS MADAGASCAR</td>
<td>MINING</td>
</tr>
<tr>
<td>MINERAL PRODUCTS INTERNATIONAL GROUP</td>
<td>MINING</td>
</tr>
<tr>
<td>ACCESS MADAGASCAR S.A.R.L.</td>
<td>MINING</td>
</tr>
<tr>
<td>MADAGASCAR MINING RESOURCES LTD S.A.R.L.</td>
<td>MINING</td>
</tr>
<tr>
<td>BAO MA S.A.R.L.U.</td>
<td>MINING</td>
</tr>
<tr>
<td>MADAGASCAR ENERGY INTERNATIONAL LTD</td>
<td>OIL</td>
</tr>
<tr>
<td>MADAGASCAR INTERNATIONAL TAK MINING</td>
<td>MINING</td>
</tr>
<tr>
<td>MADAGASCAR PETROLEUM INTERNATIONAL LTD</td>
<td>OIL</td>
</tr>
</tbody>
</table>

In **bold**: those ten (10) entities that should have been reconciled as they belong to group A in this case.

Annex 21 provides known identification items in relation to each of those entities.

### 3.4. Gaps and adjustments

Any identified gap between companies’ declarations and collecting bodies’ was investigated and explained through the consultation of supporting documents. Following those works, adjustments were performed according to case: either **i)** directly in the Administration’s data, or **ii)** in company canvasses, or **iii)** in both.
3.5. **Exchange rate**

The exchange rate retained to convert MGA data into USD was the rate disclosed by the Central Bank of Madagascar as of 31 December 2014: 1 USD = 2,596.73 MGA.

3.6. **Companies included in the reconciliation**

Group A gathered 65 entities. It contained companies having paid more than USD 5,000 to the BCMM and the OMNIS, whose declaration canvas must be filled and for which payments allow to cover 92.96 per cent of total payments received by collecting bodies.

Groupe B is constituted by companies that allow to shift payment coverage from 92.96 per cent to 98 per cent. Group B entity payments are subject to disaggregated, unilateral disclosure from collecting bodies.

Group C allows to cover 100 per cent of payments disclosed by the Administration.
D. Legal, fiscal framework and reforms in relation with the extractive sector

I. Applicable regulatory framework for the extractive sector

1.1. Legal framework and fiscal regime for the extractive sector

The very first sectorial mining policy was published through Decree No. 98/394 dated 28 May 1998. The State’s role is well defined as a regulator but not as a producer of mining activity. This policy got passed on by another one in 2003, so that one of the Government’s objectives was to favour on-site development of precious & semi-precious stones cutting activities in accordance with international norms as for the export of those raw products by setting up the Madagascar’s Institute of Gemmology (IGM).


Those legislative texts allowed for setting up new structures, such as the Bureau du Cadastre minier (BCMM), the Institute of Gemmology, National gold agency (ANOR) and the Environmental Unit for Mining (Cellule environnementale minière).

A new mining policy just got adopted with the new regime, put into place in August 2014. This policy’s main axes and objectives tackling Artisal & Small-scale Mining (ASM)/gold mining reinforce those directions and objectives from the first two policies mentioned above; they follow:

- Integrating artisanal mines and small mines in the formal sector, and incentivising towards local value-add;
- Supporting local transformation and the generation of value-add from minerals;
- Promoting and adding value to the gold chain/sector;
- Cohabitation between mining activities, environmental preservation.

The Malagasy Constitution remains, inevitably, a common legislative text to the mining and oil sectors. **Malagasy Constitution as of 11 December 2010** shows a preamble that refers to sustainable development. In accordance with its article 37, the State assures liberty of entrepreneurship within the limits of respecting the general interest, public order, acceptable standards of behaviour and the environment. It also assures capital and investment security (article 38). State institutions and decentralised local authorities (CTDs) are responsible for environmental protection and socioeconomic development.

Below is the list of State taxes, local taxes (decentralised) and other payments for taxes, various duties, withholdings... for which the reconciler interrogated entities using the canvas, as those payments are susceptible of applying to the extractive sector (mining and oil):
Table 15: List of State taxes, local taxes and other payments

<table>
<thead>
<tr>
<th>A. State Taxes</th>
<th>B. Local Taxes</th>
<th>C. Sectorial duties and fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income tax (CIT)</td>
<td>Temporary export tax 'Taxe conjoncturelle sur l’exportation'</td>
<td>Amount paid for the bank guarantee valid as of 31.12.2014 for minimum works and budget engagements</td>
</tr>
<tr>
<td>Withholding tax (WHT)</td>
<td>Tax on built property 'Impôts fonciers sur la propriété bâtie (IFPB)'</td>
<td>CTDs participation (see : Article 45 - Petroleum Code) 1/2.500 of the overall amount of minimum engagements</td>
</tr>
<tr>
<td>Direct tax on hydrocarbons</td>
<td>Land tax 'Impôts fonciers sur les terrains (IFT)'</td>
<td>Mining usage fee 'Redevance minière'</td>
</tr>
<tr>
<td>Tax on real estate profit</td>
<td>Additional cents to tax on built property 'Centime additionnelle à l’IFPB'</td>
<td>Mininf admin fees 'Frais d’administration minière'</td>
</tr>
<tr>
<td>Deed registration tax</td>
<td>Annex tax on built property 'Taxe annexe à l’IFPB (TAFB)'</td>
<td>Fees for environmental impact assessment and tracking 'Frais d’évaluation et de suivi de l’impact environnemental'</td>
</tr>
<tr>
<td>Lease registration tax</td>
<td>Professional tax 'Taxe professionnelle (TP)'</td>
<td>Domain usage fees 'Redevances domaniales'</td>
</tr>
<tr>
<td>Land registration tax</td>
<td>Additional cents to Professional tax 'Centime additionnelle à la TP'</td>
<td>Admin fees paid to the OMNIS 'Frais d’administration payé à l’OMNIS'</td>
</tr>
<tr>
<td>Tax on company tourism vehicles</td>
<td>Additional tax to registration duty 'Taxe additionnelle aux droits d’enregistrement'</td>
<td>Training fees paid to the OMNIS 'Frais de formation payé à l’OMNIS'</td>
</tr>
<tr>
<td>Import and petroleum products VAT</td>
<td>Public road tax 'Droits de voiries'</td>
<td>Land hire</td>
</tr>
<tr>
<td>VAT 'TVA à l’importation et TVA sur les produits pétroliers (TVP)'</td>
<td>Construction permit 'Permis de construire'</td>
<td>Entry rights and infrastructure usage fees 'Droits d’entrée et redevances pour usage infrastructures' : Port</td>
</tr>
<tr>
<td>Net VAT 'TVA nette' (amount actually paid to Tax Authorities - where applicable)</td>
<td>Subcontracting tax 'Taxe de sous-traitance'</td>
<td>Entry rights and infrastructure usage fees 'Droits d’entrée et redevances pour usage infrastructures' : Rail</td>
</tr>
<tr>
<td>VAT denied refund</td>
<td>Publicity tax 'Taxe sur la publicité'</td>
<td>Entry rights and infrastructure usage fees 'Droits d’entrée et redevances pour usage infrastructures' : Electricity</td>
</tr>
<tr>
<td>Non-refunded VAT</td>
<td>Mining usage fee 'Ristourne minière'</td>
<td>Other entry rights and infrastructure usage fees 'Droits d’entrée et redevances pour usage infrastructures'</td>
</tr>
<tr>
<td>Customs duties and taxes on petroleum products 'Droits de douanes et Taxes sur les produits pétroliers (TPP)'</td>
<td>Quarry usage fee 'Redevances carrière'</td>
<td>Used water fees 'Redevances sur les eaux usées (REU)'</td>
</tr>
<tr>
<td>Port duties on imported goods</td>
<td>Other local taxes (nature and amount in annex)</td>
<td>Domestic waste fees 'Redevance sur les ordures ménagères (ROM)'</td>
</tr>
<tr>
<td>Excise tax 'Droit d’accises'</td>
<td></td>
<td>Water pumping fees 'Redevances de pompage d’eau (ANDEA)'</td>
</tr>
<tr>
<td>-- A. State Taxes --</td>
<td>-- B – Local Taxes --</td>
<td>-- C – Sectorial duties and fees --</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Customs stamp duty</td>
<td>Télécommunication usage fees 'Redevances télécommunication'</td>
<td></td>
</tr>
<tr>
<td>Non-resident income tax 'IR non résident' or 'TFT'</td>
<td>Frequency fees 'Redevances de fréquence'</td>
<td></td>
</tr>
<tr>
<td>Tax on movable capital 'Impôts sur les revenus de capitaux mobiliers (IRCM)'</td>
<td>Regulation tax 'Taxe de régulation'</td>
<td></td>
</tr>
<tr>
<td>Royalties on sea traffic 'Redevance sur les flux maritimes'</td>
<td>Testing fees 'Frais de test'</td>
<td></td>
</tr>
<tr>
<td>Royalties on road usage 'Redevance sur usage de la route (RUR)'</td>
<td>Compliance duty 'Droit de conformité (DGM)'</td>
<td></td>
</tr>
<tr>
<td>Other State taxes (nature and amount in annex)</td>
<td>Compliance certification 'Certificat de conformité (Mise en compatibilité - ONE)'</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>-- D – Other payments --</th>
<th>-- F - Donations --</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends paid to the State</td>
<td>Cash</td>
</tr>
<tr>
<td>Tax on dividends</td>
<td>In kind (Expert or justificative-based assessment)</td>
</tr>
<tr>
<td>Penalties</td>
<td>Donations to public investment Programme (PIP)</td>
</tr>
<tr>
<td>Administrative taxes : Driving license</td>
<td>-- G - Government production portion (Oil companies)</td>
</tr>
<tr>
<td>Administrative taxes : Visa rights</td>
<td>Revenues on government's production portion</td>
</tr>
<tr>
<td>Administrative taxes : Foreigner ID card</td>
<td>Revenues on State-owned company's production portion</td>
</tr>
<tr>
<td>Administrative taxes : Working permit</td>
<td>-- H - Primes diverses</td>
</tr>
<tr>
<td>Administrative taxes : Car tax disk</td>
<td>Signatory bonuses paid to the State Primes de signatures payées à l'Etat</td>
</tr>
<tr>
<td>Other common payments (nature and amounts in annex)</td>
<td>Signatory bonuses paid to the State Primes de signatures payées à l'Etat</td>
</tr>
<tr>
<td>Fees for permit obtention</td>
<td>Signatory bonuses paid to the State Primes de signatures payées à l'Etat</td>
</tr>
<tr>
<td>Application fees (BCMM)</td>
<td>-- I - Compulsory social expenditures - defined by a contract with the government or by an environmental book</td>
</tr>
<tr>
<td>Other payments (nature and amounts in annex)</td>
<td>Social expenses in kind, expert- or justificative-based assessment 'Dépenses sociales en nature (Evaluation expert ou sur justificatifs)'</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E - Withholdings</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary income tax 'Impôts sur les revenus salariaux et assimilés (IRSA)'</td>
<td>Social expenses for the Public Investment Programme (PIP)</td>
</tr>
<tr>
<td>National pensions 'CNaPS'</td>
<td>-- J - Transport expenditures</td>
</tr>
</tbody>
</table>
Regulatory references for each of those inventoried payments are listed below, in accordance with their respective categories as per the above:

**A. State taxes -- :**

i) Corporate income tax (IR) - see : CGI - Article 01.01.01;  
ii) Withholding tax on non resident/non registered suppliers: recalling on the evolution of related legislation (Art 01.01.05 III, 01.01.10 1°, 01.01.14 II Al6 b, 20.05.01 & 20.05.02 du CGI): Financial Act (LdF) 2013, that 5% withholding only applied to (1) importations or exportations of goods; (2) sales of local products to local industrials and exporters; Financial Act 2014, where the Tax Administation looked to consider (3) sales of tobacco leaves to accredited collectors so that the 5% withholding applied. Financial Act 2015 went further and generalised those operations to which the 5% withholding applies. Therefore and as specified above, taxable operations for non registered persons and entities also include (1) importations or exportations of goods and to (2) any transaction on goods and/or services with registered persons or entities;  
iii) Direct tax on hydrocarbons (IDH) - see : CGI Article 01.01.26 & Petroleum Code - Art 46 - Art 47 - Art 49;  
iv) Tax on real estate profit (IPVI) - see : CGI - Article 01.05.01;  
v) Deed registration tax - see : CGI - Article 02.01.02 - Article 02.01.03;  
vi) Lease registration tax - see : CGI - Article 02.02.12;  
viii) Tax on company tourism vehicles (TVST) - see : Cancelled;  
ix) Import and petroleum products VAT (TVP) - see : CGI - Article 06.01.18;  
x) Deductible and net VAT (payable VAT) - see : legal text source N/A;  
xii) Non-collected VAT - see : Note 13°;  
xiii) Non-refunded VAT - see : Note 3;  
xiii) Customs duties and taxes on petroleum products (TPP) - see : Customs Code « Code des douanes » - Article 265;  
xiv) Port duties on imported goods - see : Note 4;  
xv) Port duties on exported goods - see : Note 4;  
xvi) Excise tax - see : CGI - Article 03.01.01;  
xvii) Non-resident income tax (TFT) - see : CGI - Article 01.01.01 & Article 01.01.05;  
xviii) Tax on movable capital (IRCM) - see : CGI - Article 01.04.01;  
xix) Royalties on sea traffic - see : Decree N°2012-391 - Article 14;  
xx) Other State taxes (nature and amounts in annex) - see : legal text source N/A.

**B – Local taxes :**

i) Tax on built property (IFPB) - see : CGI - Article 10.02.01 & Art 10.02.06.;  
ii) Land tax (IFT) - see : CGI - Article 10.01.01.;  
iii) Additional cents to tax on build property - see : text cancelled;

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Please see Annex 1 for the notes.
iv) Annex tax on built property (TAFB) - see : CGI – text cancelled;
v) Professional tax (TP) - see : CTD Resources : law N°94-007 - Article 23. not recalled in Law N°2014-020 on decentralised local authorities;
vii) Additional tax to Professional tax- see : CTD Resources : see Art 56 of Law N°1994-007 ; Loi n°2014-020 does not recall the additional cent - Law was only published on 20 August 2014 ;
vii) Additional tax to registration duty - text :cancelled;
viii) Rolling tax text :cancelled ; Publicity tax - see : Law N° 2014 – 020 Article 202 and Article 203 ;
ix) Quarry usage fee - see : Law n°2014 -020- Art. 228 ;
ixi) Other local taxes (nature and amount in annex)- source text : N/A.

C - Sectorial duties and fees:
i) Amount paid for the bank guaranté valid as of 31.12.2014 for minimum works and budget engagements - see - Law 96-018, Petroleum Code - Article 3;
i) CTDs participation : see - Article 45 - Petroleum Code - /2.500 of the overall amount of minimum engagementsMining usage fee - see : Decree 2006 - 910 - Article 284 ;
iii) Mining admin fees - see : Note 5;
iv) Domain usage fees - see : Note 6;
v) Admin fees paid to the OMNIS - see : Note 7 ;
vi) Training fees paid to the OMNIS - see : Note 7 ;
vii) Land hire - see : Note 8 ;
i) Entry rights and infrastructure usage fees: Road - see : Decree 2014 - 788 / Article 31 & Article 33 ;
x) Entry rights and infrastructure usage fees: Other entry rights and infrastructure usage fees - see: Customs Code - Art. 264 ;
xii) Used water fees (REU) - see : Note 9 ;
xiii) Domestic waste fees (ROM) - see : Note 9 ;
xiv) Water pumping fees (ANDEA) - see : Note 9 ;
xv) Telecommunication usage fees - see : Note 10 ;
xvi) Frequency fees - see: Note 10 ;
xvii) Regulation tax - see: Note 10 ;
xviii) Testing fees; Compliance duty: Compliance duty- see : Payment for obtention of compliance certificate.

D - Other payments:
i) Dividends paid to the State- see : CGI -Article 01.01.03 physical persons) - CGI Double Tax Treaty between France & Madagascar-Article 10; CGI Double Tax Treaty between Mauritius & Madagascar - Article 10 ;
ii) Tax on dividends - see : CGI - Article 20.01.51 ;
iii) Penalties - see : CGI - Article 20.01.51 ;
iv) Administrative taxes : Visa rights - see : Note 11 ;
v) Administrative taxes : Foreigner ID card - see : Note 12 ;
v) Administrative taxes : Work permit - see : Note 12 Administrative taxes : Car tax disk - see : Note 14 ;
ix) Other sector-based payments (nature and amounts in annex) (Note b) - text : N/A.
E - Withholdings:
   i) Salary income tax (IRSA) - see : CGI - Article 01.03.01 - Article 01.03.02 ;
   ii) CNaPS - see : Social Code « Code de Prévoyance Sociale – CPS » Article 33 ; Article 34 & Article 35 ;
   iii) Other withholdings (nature and amounts in annex)(Note b) - text : N/A.

F - Donations (Voluntary Contributions) - see : Note 15 in canvas:
   i) In cash - see : CGI - Article 01.01.10.8 & Article 01.01.10.9 ;
   ii) In kind (Expert or justificative-based assessment) - see : CGI - Article 01.01.10.8 ;
   iii) Donations to public investment Programme (PIP) - see : Text N/A.

G - Government's production share (oil companies) - see : Note 16 in canvas:
   i) Revenues on government's production share - see : Text N/A;
   ii) Revenues on State-owned company production share - see : Text N/A.

H – Various premiums - see: Note 17 in canvas

I - Social expenses made compulsory by the law, a contract with the government or technical specifications on environmental requirements - see Note 18 in canvas

J - Transportation expenses - see Note 19 in canvas/

1.2. Mining sector

1.2.1. Mining sector governance

Key players in governance for the mining sector are the following in 2014:

- the Ministry of Mines;
- the Mining Cadastre Office («Bureau du Cadastre Minier de Madagascar - BCMM»);
- the National gold agency («National gold agency (Agence de l’Or) - ANOR») that was created in 2015;
- the Mining Inspection entity;
- decentralised local authorities (“Collectivités Territoriales Décentralisées” or “CTD”);
- groupings such as the association for developing the mining sector « CCPGEM » which also aims at federating small-size; stone-specialised and touristic exploiters, through the common aim of developing those operating sectors in an innovative manner;
- Civil society.

Initial inventory as for permit allocation procedures: In the mining sector, those different permit types are obtained at the Mining Cadastre Office («Bureau du Cadastre Minier de Madagascar - BCMM»). Being granted a permit requires, inter alia a technical opinion, the publication of a legal Decision as well a check on the payment of administrative fees. The allocation of new permits has been suspended since 06 April 2011 which has so far not been lifted yet.

Permit and licence register: For the mining sector, a register is available at the Mining Cadastre Office («Bureau du Cadastre Minier de Madagascar - BCMM»). It is accessible upon request and allows the consultation of data on mining square localisation; request/application and allocation dates, etc.
1.2.2. The case for small mines

1.2.2.1. Contribution of the extractive sector to the economy: estimates on activities of the informal sector

As a preliminary remark, we remind that « Requirement 6.3 - The contribution of the extractive sector to the economy » as for the 2016 Standard requires that « an estimate of informal sector activity, including but not necessarily limited to artisanal and small scale mining » should be provided.

Consequently, we shall start by outlining those legal definitions that are necessary for a comprehension of the informal mining sector – which is also designed as « small mining » which tends to be understood rather mistakingly.

The definition of a « small-scale, artisanal mining exploitation » is quite subject to debates. It is defined by the 2005 Mining Code as follows:

- « Artisanal techniques and small mines: traditional methods that essentially comprise of the use of manual tools and human or animal strength for the extraction and treatment of ground- or underground-based mineral substances. This category includes the use of High Intensity Labour Force (HILO system) and of mechanical equipments and explosives for which technical characteristics are set out in Decree (Arrêté) form »;
- « Small exploiters: all mines’ exploiters, either open-sky or underground up until depths set out by regulatory means according to the nature of their works, using artisanal techniques, without on-site transformation of minerals. Small mining exploitations constitute small exploiters/operators’ activities. This category includes groupings of small-size miners and gold-mining groups regardless of their membership headcounts »;
- Article 11 of the Mining Code expressly mentions the issue of the informal sector by providing the following: « In the aim of favouring the integration of small national exploiters in the formal cycle/process and to direct foreign investments towards developing and modernising mining activities, only physical persons of Malagasy citizenship and legally-constituted, Malagasy citizen-composed groups that make use of artisanal techniques can acquire and hold mining permits that are destined to small-size exploiters ».
- We also remind that the old Mining Code had as well brought concrete elements that allow to characterise « small mines », within that same law. In that, «all open-sky or underground – for depths below 20 metres underground - miners that use artisanal techniques and that employ 20 employees at most, without transformating mineral substances on-site; Small mining exploitations constitute small exploiters/operators’ activities ». However, 2005’s new Mining Code referred those precision elements to new regulations that have not yet come out.

Once those definitions are set, note that small-scale, artisanal mining exploitation in Madagascar essentially comprises of precious stones’ exploitation and gold-mining. Permits destined to small miners ("Permis Réservé aux petits Exploitants – PRE"), confer the right to undertake all of prospection, research and exploitation activities simultaneously, and the gold-mining card ("carte d’orpaillage") materialises the authorisation to perform gold mining activities, however in general exploitation this happens in an informal manner.

1.2.2.2. The case for small-scale, gold mining activity in Madagascar

The exploitation of alluvial, auriferous deposits in Madagascar has been going on for more than a century; more than 80 per cent of the country’s gold production comes from such a source (Cook & Healy, 2012). The gold value chain is
normally covered/followed-upon by the National gold agency («National gold agency (Agence de l’Or) - ANOR»), a State agency that operates independently from the BCMM.

Gold miners are supposed to obtain/have obtained a permit from the Municipality in which they operate. Collectors and exporters are also expected to do so.

For the reader’s understanding, we have outlined some essential elements of the Malagasy [Positive-, Latin-inclined] law in relation to the above matter, as the legal and regulatory framework allows to structure value chains between gold extraction and various subsequent transactions. However, it remains to study further on the effective implementation of those texts as well as on the efficiency of related controls until the last local transaction or until exporting.

- Article 68 of the Mining Code (2005) provides that gold-mining activities are destined to those holders of gold mining authorisations delivered by relevant Municipalities.
- Article 69 provides that gold miners pay a duty to the relevant Municipality for the delivery of that gold mining authorisation.
- Article 72 indicates that those gold mining authorisations do not constitute a mining permit. They are subordinated to the mining permit holder's agreement.
- Article 58 of Decree No. 2006-910 provides for mayors to grant and register gold mining authorisations, and to send the list of currently active gold miners in their respective areas to the National gold agency (ANOR) on a quarterly frequency.
- Decree No. 2015-663 creating the ANOR31 provides that the ANOR (i) delivers collectors’ cards (« cartes de collecteurs ») as well as authorisations for collection and melting (« agréments des comptoirs de collecte et de fonte »); for processing laboratories and gold refining, as well as proceeds for constantly updating the list of gold miners and collectors in each Municipality and of sector players.

Licence fees (“redevance”) of 2 per cent are applied to gold and are split as follows: 0.6 per cent going towards State revenues, whereas 1.4 per cent towards decentralised territorial authorities. Most of mining exploitation is informal. Costs and difficulties in relation to regulatory compliance actually encourage miners to operate informally (Cook & Healy, 2012).

Fortunately, alluvial gold production in Madagascar does not make use of mercury nor cyanure, which reduces this activity’s adverse effects on ecosystems. Nevertheless, the environment does suffer from the anarchical mode of exploitation of small mines. One may indeed observe that most rushes towards precious stones in Madagascar are always located inside or near protected areas.

1.2.2.3. The case for small mining for precious stones in Madagascar

Precious stones deposits in Madagascar were not exploited until the early 1990’s. The country disposes of a wide variety of preciols. The same licence fees rate applies to those precious stones even though most of them are exploited and traded in an informal manner. Licence fees are thus rarely received from the miners themselves.

On a higher level in the value chain, permits are required for legally exporting those stones. Such exports (mainly towards Asia, Sri Lank and Thailand) are now largely formal and legal, even though some high-value stones are subject to trafficking (Cook & Healy, 2012).

Rushes towards precious stone sites are generally much larger than towards gold. One may find that while tens of thousands of miners converge towards a given site hoping to make substantial findings, this is much less probable on alluvial, auriferous sites.

31 The official, legal Journal (“Journal officiel”) did not allow to find this Decree as from a material error at the national printhouse (“Imprimerie nationale”) (directly transiting from issue No. 2015-654 to issue No. 2015-683).
The Malagasy government has suspended the delivery of new mining permits for sapphire in 1999 and for ruby in 2004 so as to reiterate its control on the national market for precious which is increasingly becoming illegal; this suspension however ended up reinforcing the informal sector rather (Cook & Healy, 2012). A similar effect occurred after a second forbiddance for exporting precious stones at the start of year 2008: in the absence of any national lapidary industry, such a forbiddance then threatened the survival of tens, if not hundreds of thousands of miners; it as well made exports illegal and rather made legitimate buyers go away. The government was faced with a heavy political price for this as well (Cook & Healy, 2012).

Besides, Minister Ying Vah Zafilahy in charge for Mining and Oil, declared in 2016 that the World Bank would bring its support to formalise the sector of gold mines and small-size mining in Madagascar.

### 1.2.3. Mining sector’s legal framework

**Mining Code, as from Law No. 99-022 dated 19 August 1999,** as amended by Law No. 2005-021 dated 17 October 2005 (hereinafter named Mining Code); plus Decree of application No. 2006-910 dated 19 December 2006. The current Mining Code follows from various laws ruling the sector (Law dated 31 July 1896; the Ordonnance No. 60-090 dated 05 September 1960; the Ordonnance No. 62-103 dated 01 October 1962 and Law No. 90-017 dated 20 July 1990). The Mining Code applies to all mineral resources, to the exclusion of water and liquid or gaseous hydrocarbons, which are subject to special laws respectively. It sets the common law mining regime and offers rights and guarantees to investors. It provides for the content of administrative procedures in the Code as well as the role of various public institutions at national, regional and local levels. The adoption of this Code has allowed to improve the permits system, which in principle would make a case-by-case approach to mining contract conclusion rather useless. Mining conventions must however be concluded for the exploitation of radioactive substances and minerals in addition to the acquisition of a mining permit. The Mining Code also dedicates the State’s disengagement from the exploration of mining deposits.

The Mining Code hence supervises all mining exploitations, except for those rules by the following specific legislations:

- The Agreement for Establishment: “*Convention d’Établissement*”, signed by the Malagasy State, represented by OMNIS and Qit-Fer et Titane Inc, supervising QMM’s ilmenite project. This convention was promulgated in the Official, legal news Journal («Journal officiel») and is accessible on the EITI Madagascar website.<sup>32</sup> It especially provides for participation of the State in the project through the OMNIS, which holds 20 per cent of capital; and

- The Law on Large mining investments: “*Loi sur les Grands Investissements Miniers – LGIM*” which covers companies whose initial investment amount exceeds MGA 50 billion. To date, only the Ambatovy project operates under the LGIM regime. Besides, several sectorial texts apply to the Mining Sector.

The special, law on large mining investments “*La loi spéciale sur les grands investissements miniers*” No. 20/2001 dated 30 July 2001, as amended by Law No. 22-2005 dated 27 July 2005 (hereinafter named the LGIM); and its Decree of application No. 784-2003 dated 08 July 2003. The LGIM sets out a special regime that is more favourable, for mining investments amounting to a minimum of FMG 1 000 000 000 000. It sets out the eligibility threshold; conditions and procedures for eligibility certification, as well as the content for fiscal advantages as for tax, customs, foreign exchange and legal guaranteeing issues. This law aims at promoting large mining investments in Madagascar through higher incentives than those from common law that are provided for by the Mining Code. The LGIM is largely inspired by provisions of mining contracts negotiated with QMM when all mining investments were.

subject to individually negotiated contracts. The aim was to set up a special regime that would apply to all large mining investments. The Decree of application of the LGIM specifies the measures of application for eligibility certification and sets up the Large Mining Investments Commission “Commission des Grands Investissements Miniers – CGIM” that is responsible for certification controlling and follow up. It is about supporting the implementation of the policy framework for mining exploitation in member countries of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF).

**The Decree on recording environment-related investments in accounts No. 99-954 dated 15 December 1999 (hereinafter named MECIE).** This text sets rules and procedures to follow in view of accounting for environmental-related investments and specifies the nature; authorisation attributions and degrees of authority for authorised institutions or bodies. The Decree applies to all investments. It especially determines measures and procedures for environmental impact studies and for allocating environmental permits, as well as follow up measures.

**The decree (Arrêté interministériel) on mining sector regulation as for environmental protection No. 12032/2000 dated 06 November 2000 (hereinafter named Arrêté No. 12032/2000).** This decree (Arrêté) specifies provisions of the Minig Code, of the MECIE and of the Environment Chart for environmental protection in the mining sector (“charte de l’environnement en matière de protection de l’environnement dans le secteur minier »). It clarifies the procedures for elaborating and following up on environmental impact studies for each permit type, as well as for allocating environmental discharge (“quitus environnemental”). It specifies administrative authorities’ competences in terms of environmental protection with regards to the mining sector. It include forms and directives for the environmental permit application in its annexes.

**The Law providing for the Environment Chart (“loi portant Charte de l’environnement”) No. 90-033 dated 21 December 1990, as amended by Law No. 97- 012 dated 06 June 1997 and Law No. 2004-015 dated 19 August 2004 (hereinafter named the Environment Chart).** It is a framework document that sets main principles in terms of environmental protection and conditions for executing the national environmental policy. It asserts that the environment constitutes a priority State preoccupation and includes in its objectives the promotion of sustainable development, the rehabilitation and conservation of the Malagasy biodiversity heritage and the maintenance of a balance between population growth and resource development.

**Decree (Arrêté interministériel) No. 21895 /2007 setting recovery of mining licence fees and rebates.**

**Decree (Arrêté interministériel) No. 14.421 / 2008** setting transitory measures for the recovery of licence fees and rebates on mining substances destined for exportation.

**Decree (Arrêté interministériel) No. 6927 /2009** setting recovery of mining licence fees and rebates for “E”-type permits and integrated mining activities.

**The Law No. 2015-005 reorganising the Code for managing Protected areas (“Code de Gestion des Aires Protégées”)**. Protected Areas may be subject to a reclassification, either upwards or downwards, according to some well determined criteria. The aim is especially to take into consideration a coherent combination of the preservation of prime environmental sites and of the evidence of mineral wealth and often-related jobs.

**The Framework document for Madagascar’s national mining policy, 2014 (“Document Cadre de la Politique minière Nationale de Madagascar de 2014”)** (hereinafter named National Mining Policy). This document sets the National Mining Policy’s main directions. One of this Policy’s main strategic directions is the improvement of the governance of mineral resources to maximise investments as well as outcomes of sustainable development in the mining sector.

The new Policy works around nine (09) axes : the promotion of investments and of public-private partnerships; the modernisation of the legal and fiscal framework; the reinforcement in control systems; efficient/effective management of revenues and monetary flows in the mining sector; improvement in sector governance; the integration of artisanal mines and small-scale mining into the formal sector and incentivising towards local valorisation; support to local
transformation and mineral value-add; promotion and valorisation of the gold stream; cohabitation between mining activities and environmental preservation and identifying « large-size mines ».

1.2.4. Fiscal framework for the mining sector

In Madagascar, the mining sector's fiscal framework is ruled by three (03) main regimes: the common law regime; the regime provided for by the LGIM and the Agreement for Establishment (“Convention d’Etablissement”). The table below sets out descriptions of those three regimes.

Table 16: Three fiscal regimes ruling the mining and oil sector in Madagascar

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<tr>
<td>Corporate income tax (CIT) ('Impôts sur les revenus (IR))</td>
<td>10 % : 6th to 10th year of effective exploitation</td>
<td>25% : AMSA &amp; subcontractors</td>
<td>Mining sector: 20%</td>
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<tr>
<td>Direct tax on hydrocarbons ('Impôt direct sur les hydrocarbures (IDH))</td>
<td>N/A</td>
<td>N/A</td>
<td>Oil sector: 0% (compris dans IDH)</td>
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<tr>
<td>Non-resident income tax ('IR non résident' or 'TFT' (IRNR))</td>
<td>Works: 3,5% Services: 15,75%</td>
<td>4,50%</td>
<td>Mining sector: 10%</td>
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<tr>
<td>WHT on local on registered suppliers</td>
<td>N/A</td>
<td>N/A</td>
<td>Oil sector: 0 % (included in IDH)</td>
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<tr>
<td>Salary income tax ('Impôt sur les revenus salariaux et assimilés ' (IRSA))</td>
<td>Rate in accordance with common law rate, without exceeding 35% for expatriates</td>
<td>Rate in accordance with common law rate, without exceeding 35% for expatriates</td>
<td>For nationals and expatriates: Up until MGA 250,000 = MGA 2 00 Above MGA 250,000 = 20 %</td>
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<tr>
<td>Tax on movable capital ('Impôts sur les revenus de capitaux mobiliers (IRCM))</td>
<td>10%</td>
<td>10%</td>
<td>Mining sector : 20 %</td>
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<tr>
<td>Tax on real estate profit ('Impôts sur les plus values immobilières (IPVI))</td>
<td>Rate in accordance with common law rate</td>
<td>Rate in accordance with common law rate</td>
<td>Oil sector: 0 % (compris dans IDH)</td>
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<tr>
<td>Value-added tax (VAT)</td>
<td>0%</td>
<td>20%</td>
<td>20%</td>
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<tr>
<td>Deed registration tax (' Droits d'enregistrement des actes et des mutations)</td>
<td>Long-term leases: 50% discount on rates</td>
<td>Duty for company incorporation or extension: from 0 % de 2%, capped at MGA 10 million For all other acts in consequence of those acts above: 0 %</td>
<td>Fixed duty: MGA 2,000 Proportional duty: Commercial lease: 2 % Residential lease: 1 % Company incorporation or extension acts: 0,5 %</td>
</tr>
<tr>
<td>Land tax ('Impôts fonciers sur les terrains (IFT))</td>
<td>N/A</td>
<td>1%</td>
<td>1%</td>
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<tr>
<td>Additional cents to tax on build property ('Centime additionnelle à l’IFPB)'</td>
<td>2%</td>
<td>1 % capped at MGA 200 million per year</td>
<td>5 à 10 %</td>
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<tr>
<td>Annex tax on built property</td>
<td>2%</td>
<td>1 % capped at MGA 200 million per</td>
<td>Abrogated</td>
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### Main fiscal particularities from specific legislative texts, so as to create mining sector investment incentives are:

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<td>‘Taxe annexe à l’IFPB’ (TAFB)</td>
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<td>Tax on insurance contracts</td>
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<tr>
<td>‘Taxe sur les contrats d’assurance</td>
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<td>(risques)</td>
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<tr>
<td>Mining usage fee</td>
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<td>‘Redevance minière’</td>
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<td>Mining rebates</td>
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<td>‘Ristourne minière’</td>
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<tr>
<td>Mining admin fees</td>
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<tr>
<td>‘Frais d’administration minière’ (FAM)</td>
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<tr>
<th><strong>Main fiscal particularities from specific legislative texts, so as to create mining sector investment incentives are:</strong></th>
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#### Within the Agreement for Establishment (“Convention d’Etablissement”) (for which only one entity actually prevails in Madagascar):

- A decrease in the rate for Tax on movable capital (IRCM);
- A decrease in the taxable base for the Non-resident income tax (TFT);
- 0% VAT;
- Exemption from registration duty;
- A lower, unique rate for the Tax on insurance contracts;
- A decrease in the rate for the Tax on build property (IFPB);
- A stable fiscal framework.

#### Within the LGIM (for which only one entity actually prevails in Madagascar):

- A decrease in the taxable base for the Non-resident income tax (TFT);
- The right to VAT credit refunds;
- A decrease in rates and a capping in amounts for registration duty;
- A decrease in rates and a capping in amounts for the IFPB;
- A stable fiscal framework.

### 1.3. Oil sector

#### 1.3.1.Oil sector governance

Main players of governance in the oil sector are:

- The Ministry that is responsible for Hydrocarbons (currently under management by the Ministry for Mining and Oil);
- OMNIS as a technical body, in charge of regulation on the one hand and as a national company in charge of contracting with international oil companies on the other hand;
- The Malagasy Hydrocarbons Office “Office Malgache des Hydrocarbures – OMH” in charge of regulating the downstream oil sector;
- Groupings such as the Professional association for Madagascar’s upstream oil sector: the “Association Professionnelle du secteur Pétrolier Amont de Madagascar – APPAM”;
- Organisations of the Malagasy Civil Society « Organisations de la Société Civile – OSC ».

**Inventory of Permit allocation procedures:** In the oil sector, hydrocarbon mining titles « titres miniers d’hydrocarbures » are granted by OMNIS upon procurement.

**Permit and licence register:** There is currently no register similar to the mining sector’s permit and licence register for the oil sector. However, the OMNIS’s website outlines map showing overall available blocks as well as blocks that have made contracts with OMNIS – a copy of this map being included in this report. Names of contracting parties are available.

**OMNIS is the technical body that manages the hydrocarbon-aspect in mining**[^33], defined as areas where, overall, prospection, research, exploration, exploitation, transformation and hydrocarbon transportation activities occurs[^34]. However, as per Article 1 of Law No. 99-003 changing the denomination of OMNIS; Articles 4 and 5 of Decree No. 99-697 modified by Decree No. 2004-273 setting articles of association for OMNIS and related signatures/stamps, lawmakers distinguished two fields in which OMNIS bears a mission:

- **In the mining field:** valuating basic geological data and acting as the office for mining promotion
- **In the hydrocarbon field:** setting up the National Policy in terms of exploration and exploitation.

Articles of the Petroleum Code only enunciate the attributions of OMNIS as a technical body or as a national company[^35]. The technical body shall refer all prospection, research, exploration, exploitation, transformation and hydrocarbon transportation activities in the mining sector to a national company in charge of downstream hydrocarbon activities, either to the latter solely or in association with other oil companies which are under its tutorship according the Article 3 of the Petroleum Code. Then, as per Article 9 of the Petroleum Code, that technical body shall propose to the President of the republic to issue a mining title to perform upstream[^36] activities in the national mining field, after acknowledgment with the Ministry in charge of Mining on the requested mining perimeter’s situation.

**OMNIS intervenes more in allocating mining titles for hydrocarbons as indicated above. The BCMM manages mining permits for mineral substances.**

It is clear that a **distinction is expressively made between the mining title for hydrocarbons and the mining title for mineral substances**, through Article 9 of the Petroleum Code that provides for conflict resolution in case of overlap. Besides that, hydrocarbon research, prospection, exploration and exploitation may cover either part or all of a mining perimeter following Article 17 of the Petroleum Code.

[^33]: See Article 3 of the Petroleum Code pétrolier (Law No. 96-018 dated 04/09/1996)
[^34]: Hydrocarbons in a solid, liquid or gaseous form are all considered since no precision is given as per their nature.
[^35]: As a matter of fact, following Article 96 of the Petroleum Code: until effective set up of the national company, the technical body is authorised to act in the name of and on behalf of the national company.
[^36]: Upstream activities are: hydrocarbon prospection, research, exploration, exploitation, transformation and transportation activities, for liquid, sold or gaseous products.
1.3.2. Oil sector legal framework

The upstream oil sector is ruled by the Petroleum Code and by a Decree dated 1997, as well as by oil contracts signed by OMNIS with companies. A revision of the Code is currently underway.

1.3.3. Oil sector fiscal framework

At the production phase, a tax which itself exempts from three (03) other taxes is applied. During exploration phase, the common law regime, as provided for by the General Tax Code (CGI) is applied. Main measures taken by the Petroleum Code are:

- Direct tax on hydrocarbons (« Impôt direct sur les hydrocarbures – IDH ») set at the rate of the common regime corporate income tax (« Impôt sur le Revenu – IR »), that exempts oil companies from paying the IR and the IRCM;
- Exemption from tax on dividends;
- Common law taxes and duties for all other taxes: VAT; IRSA, etc.

The Petroleum Code does not provide a stable tax framework. However, such a stability is more or less provided by the following documents:

- Law No. 2007-036 dated 14 January 2008 on Investments in Madagascar – Article; and
- Model Production Sharing Contrats (« PSC ») do not include this principle for fiscal stability, however based on our experience, we consider that those PSCs are always subject to discretionary negotiation. Thus, in practice it is quite frequent that those PSCs include a clause for legal, fiscal and economic framework stability, implying that in case of changes in such a framework, the parties undertake to amend the PSC for rebalancing.

II. Reminder on applicable budgeting processes and audit procedures in Madagascar

2.1. Applicable budgeting processes in Madagascar


Budget preparation lasts for ten (10) months, from January to October. The preparation of draft Financial Acts is indeed launched in January with a Communication at Government Council on the processus for setting the Budget and is ended by filing the budget year at the Assembly (« Assemblée Nationale »), by 30 October of the preceding year. Through the Direction générale du budget, the Ministry of Finances and Budget (« MFB ») elaborated a Guidance manual for setting the Budget following the logic of program-based budgeting « Guide d’élaboration du budget suivant la logique du budget de programme », in June 2015, tackling the process of budget elaboration as well as the budget preparation and scheduling at institutional and ministerial level in a detailed manner, plus an assistance in reading budgetary documentation. Such document may be downloaded from the Direction Générale du Budget’s website. ³⁸

Budget preparation starts with a presentation of the government’s main budgetary directions and perspectives to all institutions and Ministries. This latter then elaborates their sectorial policies in adequation with the State’s General Policy (« Politique Générale de l’Etat »). From sectorial policies, action plans come out, in coherence with the State

General Policy, along with a multi annual performance plan and budgetary perspectives. Those elements are transcribed in the Orientation document for Budget elaboration (“Document d’Orientation pour l’Elaboration du budget”).

On the MFB’s side, this latter determines main macroeconomic aggregates and sets credits to allow to each Institution and Ministry per spending category, main sections and per financing type. It then proceeds to adjustments should there be any incoherences between notified credits and budgeting perspectives envisaged by Institutions and Ministries. Information in relation to budget and spending, Financial Acts, both initial and rectificative as well as related annexes are accessible online.

2.2. Auditing procedures that apply to private companies

Companies with private shareholding solely, operating in Madagascar are ruled by the local Company Law No. 2003-036 dated 10 December 2003. This Law provides that companies must close their accounts and present their Financial Statements in accordance with accounting rules for private companies as set out by the Plan Comptable Général 2005 (« PCG 2005 »), at the end of each accounting period.

Account audited by one or more Statutory auditors is compulsory for “sociétés anonymes (SA)” and for “sociétés à responsabilités limitées (SARL)” that respond to the following criteria, which are non cumulative: i) turnover exceeding MGA 100 million; or ii) with a share capital above MGA 20 million; or iii) with a headcount above 50. Notwithstanding this, individual or unipersonal companies (“sociétés individuelles ou unipersonnelles”) that do not respond to the above criteria are not under the obligation to present Financial Statements nor to have their company’s accounts audited. Whereas it is a regulatory requirement to file accounting documents at the Trade Court (« Tribunal du commerce »), no sanctions were provided for against people in charge a company level/companies’ public officers (“mandataires sociaux”) in case of non compliance to the latter requirement.

Most mining permits are held by companies that are incorporated as a form of limited liability companies: Sociétés à Responsabilité Limitée (SARL), or as individual enterprises: Société à Responsabilité Limitée Unipersonnelles (SARLU).

2.3. Auditing procedures that apply to State companies

Besides private companies, there are state-owned enterprises (SOEs) which are ruled by the Company Law No. 2003-036 dated 10 December 2003; Law No. 2014-014 dated 04 September 2014 on Commercial Companies with State ownership and Decree No. 2015-849 organising State tutorship and representation in SOEs’ administrative and management boards.

Collecting bodies, local decentralised authorities and public institutions’ accounts are held following a revenue-expenses form. Those accounts are presented in a way that they allow for a budget follow up; public accounts are held in a cash-based accounting system (“comptabilité de trésorerie”) and hence do not present a statement for commitments; receivables and debts. Those entities are under financial tutorship of the Ministry of Finances and Budget.

The Financial Court (Tribunal Financier)39 controls budgetary execution for local decentralised authorities; for public institutions or bodies. Where more than 50 per cent of share capital is held by the State or its divisions, those entities shall be controlled by the Financial Court (Tribunal Financier).

39 Law No. 2001-025 on the Administrative Court (Tribunal Administration) and the Financial Court (Tribunal Financier).
The national Court of Audit or “Cour des Comptes” (“CdC”) expresses judgments on public accounts, ensures for a proper use of public money and informs citizens on this. It is competent for verifying compliance revenues and expenses for public accountants; State-owned companies; for public organisations and for national public institutions. Budgetary execution is wrapped up by the draft Institutional act (Loi de règlement) to be submitted to Parliament. The draft Institutional act (Loi de règlement) for year 2014 will only be submitted to Parliament in May 2017.

III. Beneficial ownership in Madagascar – Requirement 2.5 of the EITI Standard 2016

The EITI Standard stipulates that for the issue of beneficial ownership, « [the] multi-stakeholder group should agree an appropriate definition of the term beneficial owner. The definition should be aligned with [Requirement 2.5] (f)(i) and take international norms and relevant national laws into account (Requirement 2.5 [d] [ii]). Madagascar currently does not have a public register for ultimate beneficiaries of companies that tender for, operate in or invest in extractive assets. Control principles are however tackled as follows:

As for the Petroleum Code:
The only related reference is the following: The contracting party must notify the Technical body within thirty (30) days following any change in internal control of the company or in the mother company. This change must not affect obligations provided for by the contract. Failing this, the new holder may not benefit from the transferor’s rights.

As for the model Production Sharing Contract (PSC): two references to beneficial ownership.

- **An affiliate (“Affiliée”)** means a legal entity which controls or is controlled by a Contractor to the given contract, or by a legal entity which controls or is controlled by a Contractor.
  
  For the needs of this Contract, control means directly or indirectly holding majority votes or interest in a legal entity that is controlled by being exercised in general assemblies or that gives rights to appoint Committee members or between authorities ruling the given entity.

- The sale or transfer for interests, rights or obligations in relation to the Contract may not be realised without prior notification to and approval from OMNIS. The same goes for all direct or indirect interest transfers of a Contractor’s shares, including the transfer of shares or property that may change overall control on the Contractor.
  
  To this end, OMNIS shall automatically be the receiver of the new Contract of association that will govern Contractor rights and obligations.

The Mining Code only refers to controlling principles through Article 70 of Decree No. 2006-910.

**Article 70:** The Mining Cadastral Office [the BCMM] proceeds to the constitution of a file in which are recorded all essential information on each mining permit holder such as the identity of the holder; legal status; articles of association in the case of company; address as well as necessary information on its agent.

The holder of a currently valid Mining permit or authorisation, except for AERP holders, no longer has to provide reference items for that registered information for as long as that information does not change afterwards, except where those reference items have limited effect in time.

The holder must notify the Bureau du Cadastre Minier with all modifications of such registered information that are opposable.

Thus, a S.A.R.L that holds a mining permit shall have to inform the BCMM of any control change (share sale) in the company as soon as those changes involve a change in the company’s articles of association.

Nevertheless, if the permit holder is a S.A, one must note that control change (share sale) does not involve a change in articles of association. Hence the change in control is not correctly apprehended by mining regulations.
In order to improve those dispositions (with regards to S.A’s), it would be convenient that the BCMM requires a copy of the permit holding S.A’s share register so that at each change in the latter’s shareholdership, the company would have to notify the BCMM with a copy of its share register.

The Company Law (articles 189 to 191) refers to company control principles through the definition of a group of companies:

A group of companies is an ensemble of companies that are linked through various links that allow one of them to control others. Control of a company is the effective holding of decision powers within that company. A physical person or legal entity is presumed to bear control over a company where: 1° it holds, either directly or indirectly through an intermediary, more than half of a company’s voting rights; or 2° where it has at its disposal, more than half of a company’s voting rights as from one or several agreements concluded with other shareholders of the company; or 3° where it determines, in fact, decisions in this company’s general meetings, through its held voting rights. It is presumed to exercise such control where it has at its direct or indirect disposal, a fraction of voting rights exceeding 40 per cent and that no other shareholder holds a fraction exceeding its own, either directly or indirectly.

Within the implementation of Requirement 2.5 of the EITI Standard 2016, we reckon that it would be appropriate for the National Committee to put a working group on ultimate beneficiaries into place, so as to start works on necessary approaches to undertake in order to launch a study on ultimate beneficiaries. Such a study would aim at proposing some actions for disclosing ultimate beneficiary information as well as necessary reforms to support that approach.

For information, the European Union’s Fourth Directive on Money Laundering provides that a “beneficial owner” means any natural person(s) who ultimately owns or controls the customer and/or the natural person(s) on whose behalf a transaction or activity is being conducted and includes at least:

(a) in the case of corporate entities (i) the natural person(s) who ultimately owns or controls a legal entity through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in that entity, including through bearer shareholdings, or through control via other means, other than a company listed on a regulated market that is subject to disclosure requirements consistent with Union law or subject to equivalent international standards which ensure adequate transparency of ownership information. A shareholding of 25 per cent plus one share or an ownership interest of more than 25 per cent in the customer held by a natural person shall be an indication of direct ownership. A shareholding of 25 per cent plus one share or an ownership interest of more than 25 % in the customer held by a corporate entity, which is under the control of a natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership;
(ii) if, after having exhausted all possible means and provided there are no grounds for suspicion, no person under point (i) is identified, or if there is any doubt that the person(s) identified are the beneficial owner(s), the natural person(s) who hold the position of senior managing official(s), the obliged entities shall keep records of the actions taken in order to identify the beneficial ownership under point (i) and this point.

The country does not bear a register of ultimate beneficiaries that is accessible to the public. However, the Mining Code and the Petroleum Code provide for measures that allow, in a perfectible manner though, for public powers to get to identify those ultimate beneficiaries.

IV. Current mining, oil and auditing reforms

Projects for reforming the Oil and Petroleum codes respectively were announced by the Government in 2014. The World Bank has brought technical assistance to the Ministry in charge of Mining and Oil for drafting the Oil Code and Mining
Code in Madagascar. A two-day (25 & 26 March 2015) workshop organised by OMNIS and the Presidential Ministry in charge of Mining and Oil has presented a draft Petroleum Code to overall stakeholders. Works aiming to drafting the new Mining Code and Petroleum Code are still undergoing, we may thus only report on the matter through a summary of the substance of elements that were debated upon in 2014 in relation to such drafts. Back in 2014 (as well as at the date of this report) those drafts had not been submitted to the approval of any institutional instance (Government Council (Conseil de Gouvernement); Ministers’ Council (Conseil des Ministres), National assemblies (Assemblées Nationales)…).

As for the draft of Mining Code, we outline around ten themes that were covered, including: mining taxation; mining permits; the mining foundation (“fondation minière”); the environment; companies local content and social responsibility; land & real estate security (“sécurisation foncière”), transparency; institutions in the mining industry; information and participation of the public; advantages for national investors.

Thus, those themes seem not to include a project for a national mining company even though it represented one key aspect in the Ministry’s proposals during the launch of the process of drafting that new Mining Code. In the same way as the project for a national oil company, such a company would have similar articles of association to other companies and would bear rights to explore, exploit mineral resources; coordinate joint ventures; raise some funding … The draft Mining Code would eventually pursue objectives of better managing mining exploitations as well as normalising small exploitants that operated in the informal sector.

As for the draft of Petroleum Code, one of the reform’s backbone is to separate management and regulation bodies from commercial ones. In that, commercial roles shall belong to the national company, which shall be able to pursue its own exploration works but shall as well as able to work in partnership with foreign companies looking to work in Madagascar. Nevertheless, all future investors would not be under the obligation to work with the national company. Various political engagements taken by the President of the Republic and the tutoring Minister combine towards submitting draft Mining and Petroleum codes by early 2017.

As for the auditing of private and State-participation entities,
No reforms on the abovementioned laws are planned in the short- and medium-term respectively.

Thinking directions could include:
- An obligation for mining companies to have specific documents such as yearly paid taxes and duties information canvasses certified by their statutory auditors,
- The adoption of International Public Sector Accounting Standards (IPSAS40) which shall smoothen the production of financial data for public entities.

While the current Petroleum Code did not especially look at PSC transparency, draft PSCs that were discussed in February 2015 provided for measures around putting a summary of PSC informations at the public’s disposal (a 30-day delay following the date of filing a request for information, the Administration then putting at the public’s disposal...).

40 IPSAS: https://www.ipsasb.org/ (Normes internationales du secteur public)
E. Contextual information and extractive sector overview

I. Madagascar’s potential

Historically, Madagascar’s mining exploitation was initially limited to artisanal extraction of gold and precious stones. In that period from 2005 to 2012 was a pivotal one as it showed to launch two (02) industrial mining projects: QIT Madagascar (QMM) and Ambatovy. Despite the slowdown in investments after global difficulties for the mining sector plus the local socioeconomic context, research activities kept going on in the country. Those research operations led to a better knowledge of the Malagasy underground and its sedimentary basins.

Deposits were studied and deepened further:

For the mining sector: i) Extracts of ilmenite on the East coast and near Toliara; ii) Coal extraction in Sakoa; iii) Extracts of iron minerals in Soalala; iv) Gold mines in Bestiaka, Maevatanana and Dabolava; v) Bauxite in Manantenina; vi) Rare earths in Ampasindava and in Fotadrefo;

For the oil sector: i) On-shore oil research project in Tsimiroro; ii) Various underground and sedimentary basins value-add studies.

Undergrounds knowledge progressively consolidates throughout results from research undertaken in the extractive sector. Madagascar’s undergrounds do contain the following mineral substances:

- Non metallic mineral substances such as Clay, marble and limestone used for construction, public works and energy purposes;
- Mineral substances for industrial use: iron, chromium, manganese, vanadium, titanium, zirconium, ilmenite;
- Base metals: copper, iron, lead, aluminum, tin, cobalt and nickel;
- Precious metals: gold, silver and platinum;
- Precious and semi-precious stones: beryl, sapphire, emerald, ruby, pink quartz, topaz, tourmaline, amethyst, aquamarine;
- Energy minerals such as coal, lignite, graphite;
- Other mineral substances such as mercury, lithium, magnesium, radium and rare earths, uranium, vanadium.

II. Estimating the contribution from artisanal and small-scale mining

There are two (02) subgroups of actors in the value chain for artisanal and small-scale extraction:

- Direct actors: mining artisans; negotiators and buyers or shops; and
- Indirect actors: members of the Administration and those living and working around the site.

The graph below summarises the artisanal and small-scale mining value chain in Madagascar.

Figure 3: Artisanal and small-scale mining value chain in Madagascar

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41 Document: The economic implications of the industrial mining exploitation in Madagascar – Research Summary / World Bank (The University of Queensland/ SMI CSRM/ World Bank Group)
Mining artisans are found on the top of the value chain; they are most numerous. They organise themselves in 3- to 4-people groups and make use of manual methods or of rather rudimental tools in their mining operations. Negotiators or «businessmen» are intermediaries between buyers and mining artisans. This is the value chain’s most margin-generating activity. Buyers are mainly foreigners. In general, 80 per cent of locally purchased products are exported.

Then, only some transforming companies (jewellers or lapidaries), do purchase products to turn them into jewellery.42

We present below graphs and tables outlining key information on artisanal, small-mining product exports as registered with the one-stop shop during 2014.

### 2.1. The case for precious stones

Precious stones’ exports as registered with the MPMP’s one-stop shop in 2014 are shown below:

#### Table 17: Precious stones’ exports as registered with the MPMP guichet unique in 2014

<table>
<thead>
<tr>
<th>MINING SUBSTANCES</th>
<th>Quantities in grams</th>
<th>Value in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerald (Precious stone in raw form)</td>
<td>14 645</td>
<td>20 990</td>
</tr>
<tr>
<td>Ruby (Raw precious stones)</td>
<td>73 147</td>
<td>24 956</td>
</tr>
<tr>
<td>Sapphire (Raw precious stones)</td>
<td>4 533 206</td>
<td>1 796 928</td>
</tr>
<tr>
<td>Emerald (Tailored stones)</td>
<td>87</td>
<td>2 229</td>
</tr>
<tr>
<td>Ruby (Tailored stones)</td>
<td>4</td>
<td>89</td>
</tr>
<tr>
<td>Sapphire (Tailored stones)</td>
<td>665</td>
<td>69 063</td>
</tr>
<tr>
<td>Gangue</td>
<td>104 856</td>
<td>108</td>
</tr>
<tr>
<td>Corundum</td>
<td>95 449 256</td>
<td>2 549 720</td>
</tr>
<tr>
<td>Fine gemstones in raw form</td>
<td>35 733 492</td>
<td>2 214 626</td>
</tr>
<tr>
<td>Fine gemstones on gangue</td>
<td>9 132</td>
<td>1 276</td>
</tr>
<tr>
<td>Fine gemstones in tailored form</td>
<td>10 989</td>
<td>61 223</td>
</tr>
<tr>
<td>Fine gemstones, industrial type</td>
<td>91 093 988</td>
<td>5 976 389</td>
</tr>
<tr>
<td>Mixed industrial type stones in raw form</td>
<td>924 062 824</td>
<td>1 058 573</td>
</tr>
<tr>
<td>Industrial type, worked stones</td>
<td>49 637 669</td>
<td>461 368</td>
</tr>
<tr>
<td>Industrial type stones on gangue</td>
<td>66</td>
<td>0</td>
</tr>
<tr>
<td>Silver jewellery</td>
<td>1 980</td>
<td>10 103</td>
</tr>
<tr>
<td>Total Precious stone Exports (a)</td>
<td>1 200 725 987</td>
<td>14 247 642</td>
</tr>
<tr>
<td>TOTAL 2014 EXPORTS (b)</td>
<td>1 976 716 870</td>
<td></td>
</tr>
<tr>
<td>Percentage in total exports (a)/(b)</td>
<td>0.72%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: MPMP/DGM/One-Stop Shop, 2014*

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42 Bibliography analysis and recommendations synthesis on artisanal and small-scale mining operation in Madagascar, GIZ, November 2015.
Overall, precious stone exports range at USD 14,247,642 that is 0.72 per cent of Madagascar’s exports in 2014. Industrial type, fine gemstones in raw form; Fine gemstones in raw form; corindon; emerald and sapphire are the main exported substances. However such numbers are of limited interest only, in that most exports of such substances are often done in an illicit manner.

A number of 666 send-offs were made to 26 countries in 2014. Hong-Kong represents Madagascar’s top buyers in terms of precious stones. Behind Hong-Kong, there are: Thailand; Sri Lanka; India and China. The USA and France rank as 6th and 7th respectively. Other countries account for 4.11 per cent of overall foreign buys. The graph below shows the share of such exports per destination country.

Figure 4 : Exports per destination country

2.2. The case of gold production in Madagascar

Estimates on Madagascar’s gold exports from 2010 to 2014 are presented in the table below, following UNCTAD (United Nations Conference for Trade and Development) data.

Table 18: Estimates on Madagascar’s gold exports from 2010 to 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold, non-monetary (excluding gold ores and concentrates) (in USD thousand)</td>
<td>43.97</td>
<td>62.95</td>
<td>75.71</td>
<td>48.27</td>
<td>45.77</td>
</tr>
</tbody>
</table>

Source : www.unctadstat.unctad.org

Illegal gold exploitation and exporting does constitute one striking aspect for small-scale mining. As a matter of fact, there was no formally registered gold export in Madagascar until the first semester of 2012. After that, around 150 kilograms of gold were legally exported, such an amount then doubling licence fees and rebates received by
the mining administration in April 2012 (MGA 168 million worth of licence fees against MGA 77.04 million in the previous month).

Following the above experience, it was decided at Ministers’ Council (Conseil des Ministres) that gold exports be forbidden. Furthermore Ministers’ Council gave the Central Bank the exclusive right of exporting gold.

However despite such a forbiddance of gold exports, it was evaluated by the United Nations that Madagascar had exported USD 18 million USD worth of gold in 2012 (and USD 23.96 million worth of precious stones)\(^4\), corresponding to approximately 600 kg of gold potentially representing more than MGA 790 million worth of licence fees\(^4\). Those figures should however be nuanced if we consider that:

- in 2011: around USD 250 million worth of gold and precious stones, combined, were eventually imported from into foreign countries, mainly the USA and the United Arab Emirates (UAE) (Dubai) from Madagascar\(^4\), as per another documentary source;
- in 2012: exports towards the rest of the world was finally estimated at USD 75.21 million, following updated UNCTAD data;
- in 2014: exports towards the rest of the world was valued at USD 45.77 million in 2014 against USD 48.27 million in 2013, representing USD 915,400 worth of licence fees shortfall (which is the equivalent of 2 per cent of total export value).

The liberalisation of gold exports in 2012 does partly explain the significant fall in export value between 2012 and 2013/2014 as per UNCTAD data. Gold exports were then allowed for the Central Bank exclusively during the first semester of 2012 and starting from year 2013.

Data highlighting gold and precious stones exports were retranscribed below, depending on information availability and sources. We note that it remains very difficult to get harmonised, reliable and comparable data.

Table 19: Gold and precious stone exports

<table>
<thead>
<tr>
<th>Sources</th>
<th>Gold exports</th>
<th>Precious stone exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNCTAD Stats</td>
<td>USD 18 million then corrected to USD 75.212 million by the same source (2012 data)</td>
<td>USD 23.96 million (2012 data)</td>
</tr>
<tr>
<td></td>
<td>USD 45.77 million (2014 data)</td>
<td></td>
</tr>
<tr>
<td>EITI Report 2013 extract</td>
<td>150 kilograms of gold were legally exported during th second semester of 2012</td>
<td>N/A</td>
</tr>
<tr>
<td>Centre for Social Responsibility in Mining (CSRM), the University of Queensland &amp; the World Bank, 2016</td>
<td>USD 250 million (2011 data)</td>
<td></td>
</tr>
</tbody>
</table>

\(^4\) That is, USD 28.39 million in 2014 as well as USD 45.77 million for precious stone and gold exports respectively (source UNCTAD Stat).


One must note that the USD 18 million figure was since then updated by the UNCTAD and may thus not be valid anymore. It was estimated as per UNCTAD stats that UAE imported USD 9.8 million (around 327 kg) and USD 16.3 million (around 543 kg) from Madagascar in 2012 and 2013 respectively. Based on such partial data which only cover the UAE, one may estimate a shortfall for the State and local authorities, amounting to nearly USD 326,000.

\(^4\) Economic contributions from industrial mining in Madagascar «Research Summary», Centre for Social Responsibility in Mining (CSRM), the University of Queensland & the World Bank, 2016.
From the above, it results the biggest difficult to know exactly the production and export volumes for minerals given:
- The very heavy weight of the informal sector as for « gold and precious stones » minerals;
- The Malagasy Administration’s deficiency in terms of controls capacity and/or efficiency (as for customs; specialised institutions; controls on gold panners’ real production and sales, to whom and for which value; applicable tax treatment of such transactions).

**2.3. A case study on small mines**

**Illustrative Case: Gold mine in Antanimbary**

The Municipality of Antanimbary is the largest gold producer in the Maevatana region.

The Municipality includes 50 collectors, each of which manages to extract 50 gr of gold per week that is, in total nearly 2,5 Kg of raw gold.

Exploitation in Antanimbary occurs alongside of the Ikopa river (Vavaranon/Ikopa).

In the past, mining artisans used to immerse in the river to reach alluvial deposits. However since recent years they have been deviating the river’s trajectory by creating artificial barrages in order to easily reach alluvial deposits.

**Artisanal gold miners:**

Gold miners bear gold mining cards (“carte d’orpaillleurs”) issued by the Municipality. The Municipality only receives revenues from gold miners from the issuing of those cards.

**Collectors:**

Les collectors self-declare their collections and therefore pay rebates on the latter to the Municipality.

However, the Municipality keeps complaining on those self-declarations from collectors do not report on the real collected value (hence creating shortfalls for CTDs which one should appropriately apprehend).

Gold miners in the Municipality of Antanimbary do not hold mining permits but do eventually illicitly exploit legal permit holders’ perimeters as such permit holders may not be physically present on the site.

As per the same source of information: a person in charge at the Municipality, there is no other company pursuing exploitation works in Antanimbary; only operators using artisal techniques are physically present.

**Illustrative Case: Gold mine in Brieville**

The Municipality of Brieville, as for Manakana and Andriamena is considered a « mining valley » where both formal and informal microenterprises cohabit with the KRAOMA.

Not all revenues from minerals do actually end up as revenues to the Municipality of Brieville, mainly due to trafficking in the artisanal mining sector.

Municipalities should take part in the mission for drafting the revised Mining Code. Specialised experts in CTD-related knowledge and that would be concerned in efficient decentralisation should be assigned in order to maintain CTDs’ interest, so that such experts’ work may defend the need for a balanced budget between CTDs and the central State.

**Small-scale mining exploitation:**

Small-scale mining production remains a large source of employment in this area.

The lack of professional, specialised labour does constitute a major harm.

It is rather difficult to estimate the number of jobs created by mining exploitation as well as production volumes.

It is recommended that some education as well as a reinforcement in the rule of law be done in those decentralised areas, through the presence of institutions with means that are necessary, in order to ensure a formalisation of this economy as well as good governance.

Artisanal mines are established without considering environmental impact.

In addition to the insufficient surveillance and application of national environmental laws and policies, it should be noted the lack of knowledge from miners of such laws and of the impact of their operations on the environment.

**III. Current state for permit moves and allocation**

It is necessary to differentiate permit holding (e.g. add-up in substance; Transfer; donation…) and permit allocation.

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46 Reminder towards the Mining Code: « An authorization for gold mining does not constitute a mining permit. Gold minig authorisations are subject to approval from the mining permit holder. It does not authorise for any indemnisation in case of eviction of the gold miner should the mining permit holder not give approval ». 
3.1. Permit moves in the mining sector

During year 2014, the MPMP granted a number of 1,683 requests in mining permit moves. According to individual cases, those requests may:

i) Involve property transfers (Transfer or donation), or
ii) Not involve property transfers which is the case for permit cancellation; abandonment; allocation confirmation; extension of substances; amendments; rectification; renunciation; renewal or transformation.

Among registered moves, we summarise in the table below permits that were subject to granted requests during 2014.

<table>
<thead>
<tr>
<th>Move type</th>
<th>E</th>
<th>PRE</th>
<th>R</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CANCELLATION</td>
<td>37</td>
<td>375</td>
<td>267</td>
<td>679</td>
</tr>
<tr>
<td>TRANSFER</td>
<td>1</td>
<td>6</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>TRANSFER / TRANSFORMATION</td>
<td>8</td>
<td>2</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>TRANSFER/TRANSFORMATION/EXTENSION OF SUBSTANCE(S)</td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>PERMIT ALLOCATION CONFIRMATION</td>
<td></td>
<td>3</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>ABANDONMENT</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>DONATION</td>
<td></td>
<td>2</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>DONATION / RENEWAL</td>
<td></td>
<td>4</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>EXTENSION OF SUBSTANCE(S)</td>
<td></td>
<td>7</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>EXTENSION OF SUBSTANCES / AMENDMENTS</td>
<td></td>
<td></td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>EXTENSION OF SUBSTANCES / PARTIAL AMENDMENTS</td>
<td>2</td>
<td>2</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>RECTIFICATION</td>
<td>2</td>
<td>21</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>PARTIAL PERMIT RENUNCATION</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>FULL PERMIT RENUNCINATION</td>
<td>37</td>
<td>2</td>
<td>681</td>
<td>720</td>
</tr>
<tr>
<td>PERMIT RENEWAL</td>
<td>4</td>
<td>3</td>
<td>19</td>
<td>26</td>
</tr>
<tr>
<td>PERMIT RENEWAL / TRANSFER / TRANSFORMATION</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>PERMIT TRANSFORMATION</td>
<td>7</td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>PERMIT TRANSFORMATION TOWARDS A 625m² square</td>
<td>2</td>
<td>63</td>
<td></td>
<td>65</td>
</tr>
<tr>
<td>PARTIAL TRANSFORMATION</td>
<td>3</td>
<td>95</td>
<td></td>
<td>98</td>
</tr>
<tr>
<td>Grand Total</td>
<td>108</td>
<td>410</td>
<td>1165</td>
<td>1683</td>
</tr>
</tbody>
</table>

(Source: BCMM)

3.2. Permit allocation in the mining sector

The freeze in permit allocations « l'octroi de permis » following Note No. 34/2011-PM/SGG/SC, signed by the Malagasy Government Council’s General Secretary has been forbidding the issuing of new permits since 06 April 2011.47

This suspension in permit issuing has lasted during year 2014 and no legally valid text has so far enforced that Note. This latter does indeed not bear any legislative value!

We may however recall on the Instruction No. 207-2013 dated 13 December 2013 on the management of mining titles, issues by the Ministry of Mining as directed to Directorships at the Ministry of Mines and the BCMM overall. This Instruction’s provisions especially include that:

- Mining titles may be delivered if the related Decision or decree (Arrêté) was signed before 10 June 2010;

47 Annex 6
Title issuance attestations may be delivered if the requesting application was filed with a favourable opinion before 10 June 2010.

We observe that company « MPUMALANGA MINING RESOURCES S.A.U » obtained a mining permit issuing confirmation in 2014. Historically speaking and as recalled by the EITI Report 2011, company MPUMALANGA had obtained research permits with a 5-years validity on 23 May 2011. The company indicates that those research permits had been confirmed through decrees (Arrêtés ministériels) No. 029/2014, 031/2014 and 032/2014. However we understand that this issuing confirmation could be realised in accordance with the abovementioned Instruction No. 207-2013.

Apart from those permit issuing confirmations, no new mining permits were issued.

Furthermore, based on Instruction No. 207-2013 we observe those 26 mining permit moves from BCMM data as summarised in the table below (donations, Transfers). Those transfers were granted by the MPMP on 24 January 2014.

### Table 21: Permit transfers as registered in the BCMM’s database in 2014

<table>
<thead>
<tr>
<th>Permit No.</th>
<th>Type</th>
<th>Former permit holder</th>
<th>New permit holder</th>
<th>Number of sq</th>
<th>Substances</th>
<th>Filing data</th>
</tr>
</thead>
<tbody>
<tr>
<td>23842</td>
<td>R</td>
<td>GOLD SAND S.A.R.L.</td>
<td>MAINLAND MINING LTD</td>
<td>144</td>
<td>Limestone-Ilmenite-Monazite</td>
<td>08/06/2007</td>
</tr>
<tr>
<td>4946</td>
<td>R</td>
<td>BLUE GOLD RESOURCES <em>MADAGASCAR</em> S.A</td>
<td>MAEVATANANA GOLD</td>
<td>33</td>
<td>Crystal-Gold</td>
<td>17/11/2008</td>
</tr>
<tr>
<td>18702</td>
<td>E</td>
<td>MARCEL ALBAN ZOEL</td>
<td>POWER STAND DEVELOPPEMENT</td>
<td>32</td>
<td>Graphite</td>
<td>16/03/2012</td>
</tr>
<tr>
<td>13478</td>
<td>R</td>
<td>RAKOTONIRAINY Odon Clément</td>
<td>SUGUNA VENTURES S.A.R.L.</td>
<td>32</td>
<td>Iron Oxide-Gold</td>
<td>21/05/2012</td>
</tr>
<tr>
<td>39757</td>
<td>E</td>
<td>RAKOTONIRAINY Odon Clément</td>
<td>SUGUNA VENTURES S.A.R.L.</td>
<td>32</td>
<td>Iron Oxide-Gold</td>
<td>21/05/2012</td>
</tr>
<tr>
<td>28219</td>
<td>E</td>
<td>CLASSIC REAL STONES S.A.R.L</td>
<td>MADAGASCAR MINING EMERGING S.A.R.L.</td>
<td>160</td>
<td>Gold-Nickel-Beryl-Crystal</td>
<td>15/01/2013</td>
</tr>
<tr>
<td>28220</td>
<td>E</td>
<td>CLASSIC REAL STONES S.A.R.L</td>
<td>MADAGASCAR MINING EMERGING S.A.R.L.</td>
<td>32</td>
<td>Gold-Nickel-Beryl-Crystal</td>
<td>15/01/2013</td>
</tr>
<tr>
<td>28221</td>
<td>E</td>
<td>CLASSIC REAL STONES S.A.R.L</td>
<td>MADAGASCAR MINING EMERGING S.A.R.L.</td>
<td>16</td>
<td>Gold-Nickel-Beryl-Crystal</td>
<td>15/01/2013</td>
</tr>
<tr>
<td>22037</td>
<td>E</td>
<td>RABEZORO Anjanisitraka</td>
<td>MALAGASY MINE INTERNATIONAL S.A.R.L.</td>
<td>64</td>
<td>Béryl-Garnel-Or-Emeraude-Quartz</td>
<td>11/04/2013</td>
</tr>
<tr>
<td>Permit No.</td>
<td>Type</td>
<td>Former permit holder</td>
<td>New permit holder</td>
<td>Number of sq</td>
<td>Substances</td>
<td>Filing data</td>
</tr>
<tr>
<td>-----------</td>
<td>------</td>
<td>----------------------</td>
<td>-------------------</td>
<td>--------------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>22038</td>
<td>E</td>
<td>RABEZORO Anjarisitraka</td>
<td>MALAGASY MINE INTERNATIONAL S.A.R.L.</td>
<td>64</td>
<td>Béryl-Garnet-Or-Emeraude-Quartz</td>
<td>11/04/2013</td>
</tr>
<tr>
<td>26179</td>
<td>E</td>
<td>RAZANAKONDEVO Benjamin</td>
<td>MALAGASY HEJING INVESTMENT COMPANY</td>
<td>64</td>
<td>Corundum-Gold-Sapphire-Emerald</td>
<td>07/11/2013</td>
</tr>
</tbody>
</table>

(Source: BCMM)

Mining permit characteristics and classifications are summarised in the table below.

**Table 22: Mining permit characteristics and classifications**

<table>
<thead>
<tr>
<th>Eligible person or entity</th>
<th>Physical person or a legal entity ruled by Malagasy laws</th>
<th>Physical person of Malagasy citizenship</th>
<th>Physical person or a legal entity ruled by Malagasy laws</th>
<th>Physical person or a legal entity ruled by Malagasy laws</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum quota per permit holder</td>
<td>38 400 sq or 15 000 km</td>
<td>256 sq or 100 km2</td>
<td>25 600 sq or 10 000 km2</td>
<td>2 560 sq or 1 000 km2</td>
</tr>
<tr>
<td>Permit rights</td>
<td>Prospection, transformation into a mining permit</td>
<td>Prospection, research and exploitation within the defined perimeter, for substances that are covered by the permit, using artisanal techniques only</td>
<td>Prospection, research and exploitation within the defined perimeter, for substances that are covered by the permit</td>
<td>Prospection, research and exploitation within the defined perimeter, for substances that are covered by the permit</td>
</tr>
<tr>
<td>Validity</td>
<td>Three (03) months, non renewable</td>
<td>Eight (08) years, renewable either one or several times for four (04) years per renewal</td>
<td>Five (05) years, renewable two (02) times for three (03) years per renewal</td>
<td>Forty (40) years, renewable either one or several times for twenty (20) years per renewal</td>
</tr>
<tr>
<td>Environmental aspects</td>
<td>PEE or EIE if a sensitive area</td>
<td>PEE or EIE if a sensitive area</td>
<td>EIE</td>
<td></td>
</tr>
<tr>
<td>Evolution</td>
<td>May be partially or fully transformed into a mining permit during its validity period</td>
<td>May be partially or fully transformed into PR ou PE during its validity period</td>
<td>May be partially or fully transformed into PE during its validity period</td>
<td></td>
</tr>
<tr>
<td>Product sold</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
</tr>
</tbody>
</table>

Procedures for granting mining permits are summarised as per the below:
**Table 23: Procedures for mining permit allocation**

<table>
<thead>
<tr>
<th>Procedures for mining permit allocation</th>
<th>Required application documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Application filing</td>
<td>Application items required for being granted a mining permit (PRE: Small-size operators; PR: Research and PE: Exploitation)</td>
</tr>
<tr>
<td>2 Processing the application; technical opinion and preparing the deed</td>
<td>Item category</td>
</tr>
<tr>
<td></td>
<td>Three (03) ID photos</td>
</tr>
<tr>
<td></td>
<td>Application form, duly filled and signed</td>
</tr>
<tr>
<td></td>
<td>AERP where applicable</td>
</tr>
<tr>
<td></td>
<td>Certified sample map</td>
</tr>
<tr>
<td>3 Deed to be signed by the relevant Ministry or Director</td>
<td>Engagement letter for PEE</td>
</tr>
<tr>
<td></td>
<td>Engagement letter for EIE</td>
</tr>
<tr>
<td>4 Publication in the Official, legal news Journal («Journal officiel»)</td>
<td>Localisation map</td>
</tr>
<tr>
<td></td>
<td>Reference map</td>
</tr>
<tr>
<td></td>
<td>Proxy</td>
</tr>
<tr>
<td></td>
<td>Police criminal record (less than 03 months old)</td>
</tr>
<tr>
<td></td>
<td>National ID certified copy</td>
</tr>
<tr>
<td></td>
<td>Residence certificate (less than 03 months old)</td>
</tr>
<tr>
<td></td>
<td>Certified copy of the professional cadrd mentioning current</td>
</tr>
<tr>
<td></td>
<td>Certified copy of the Trade Registry Extract (“Extrait RCS”)</td>
</tr>
<tr>
<td></td>
<td>Certified copy of fiscal situation (“Etat 211 bis”)</td>
</tr>
<tr>
<td></td>
<td>Certified copy of the company’s articles of association</td>
</tr>
<tr>
<td>5 Preparation of the mining title</td>
<td>Non compulsory for companies; ** for sensitive areas; *** for the proxy where applicable</td>
</tr>
<tr>
<td>6 Mining title to be signed by the BCMM Director</td>
<td>Mining title issuing</td>
</tr>
</tbody>
</table>

**3.3. Licence allocation in the oil sector**

Procedures for the oil sector are presented in the table below:

**Table 24: Procedures for allocating hydrocarbon mining titles**

<table>
<thead>
<tr>
<th>Procedure for allocating petroleum blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Petroleum block promotion</td>
</tr>
<tr>
<td>2 Issuing international requests for proposals</td>
</tr>
<tr>
<td>3 Offer submissions</td>
</tr>
<tr>
<td>4 Offer assessments</td>
</tr>
<tr>
<td>5 Negotiations</td>
</tr>
<tr>
<td>6 Oil contract conclusion and signature between the OMNIS and the given Oil Company</td>
</tr>
<tr>
<td>7 Request for oil contract approval to the President of the Republic</td>
</tr>
<tr>
<td>8 Request of hydrocarbon mining title allocation to the President of the Republic</td>
</tr>
<tr>
<td>9 President of the Republic’s contract approval and promulgation of the approving Decree</td>
</tr>
<tr>
<td>10 Mining permit allocation and promulgation of the Presidential Decree for hydrocarbon mining title allocation</td>
</tr>
</tbody>
</table>
3.4. Licences and permits register

3.4.1. Mining permit register

Mining permit registers in Madagascar are accessible upon request to the Bureau de Cadastre Minier de Madagascar. Annex 13 presents a PRE-, R- and E- type permit register of which fees were paid in 2014 according to the BCMM. This register includes: the permit holder’s name; the permit allocation date; the date of validity expiration; the number of occupied squares as well as the mineral substance(s) covered by the permit.

Delays in updating of the BCMM registry were noted in case of renewal, processing, leasing, transfer and extension of permit substances. For information, the website of the BCMM has not been functional during the period of our interventions. Below is a table summarizing the types of licenses valid in 2014, the legal form of the entity holding these licenses, the number of entities and the number of mining squares.

Table 25: Summary of valid mining permits in 2014

<table>
<thead>
<tr>
<th>Permit type</th>
<th>Holding entity’s legal form</th>
<th>Numbr of entities</th>
<th>Number of mining squares</th>
</tr>
</thead>
<tbody>
<tr>
<td>AERP</td>
<td>Physical person</td>
<td>167</td>
<td>17 571</td>
</tr>
<tr>
<td>PE</td>
<td></td>
<td>47</td>
<td>5 087</td>
</tr>
<tr>
<td>PRE</td>
<td></td>
<td>1 163</td>
<td>69 610</td>
</tr>
<tr>
<td>PR</td>
<td></td>
<td>75</td>
<td>127 597</td>
</tr>
<tr>
<td>AERP</td>
<td>Company (EURL; SARL or SA type)</td>
<td>14</td>
<td>4 592</td>
</tr>
<tr>
<td>PE</td>
<td></td>
<td>107</td>
<td>16 083</td>
</tr>
<tr>
<td>PRE</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PR</td>
<td></td>
<td>178</td>
<td>597 173</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>1751</td>
<td>837 713</td>
</tr>
</tbody>
</table>

The table presents the following observations:

- 83 per cent of permit holders are physical persons;
- 86.52 of squares are in research phase;
- 107 mining companies hold exploitation permits (6 per cent of overall permit holders are « companies » in exploitation phase and cover 2 per cent of overall granted mining squares);
- 47 physical persons hold exploitation permits (3 per cent of overall permit holders are « individuals; physical persons » and cover 15 per cent of overall granted mining squares).

Names, application dates, permit allocation dates, permit durations and covered raw materials and substances for the overall 1,751 permits are outlined in Annex. Regarding the coordination of each of those permits, the BCMM confirmed that such information is available upon request (see articles 220 & 221 of the Mining Code).

However, the country is not obliged to disclose copies either of permits or of PSCs.

3.4.2. Oil sector

The table below presents the register for Production Sharing Contracts (PSCs) for those companies that are covered by the 2014 reconciliation:
Table 26: register for Production Sharing Contracts for those companies that are covered by the 2014 reconciliation.

<table>
<thead>
<tr>
<th>PSC holder(s)</th>
<th>Name and Block No.</th>
<th>Exploration Type</th>
<th>PSC request date</th>
<th>PSC start date</th>
<th>PSC end date</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXXON MOBIL</td>
<td>Cap St Andre – 2002</td>
<td></td>
<td>17/12/2004</td>
<td>07/02/2005</td>
<td>06/06/2015</td>
</tr>
<tr>
<td></td>
<td>Majunga Profond - 2001 B</td>
<td></td>
<td>19/03/2001</td>
<td>27/04/2001</td>
<td>06/06/2015</td>
</tr>
<tr>
<td>Madagascar OIL</td>
<td>Tsimiroro 3104</td>
<td></td>
<td>29/03/2004</td>
<td>18/08/2004</td>
<td>15/04/2040</td>
</tr>
<tr>
<td></td>
<td>Ouest Manabolo 3105</td>
<td></td>
<td>23/06/2004</td>
<td>14/12/2004</td>
<td>13/12/2014</td>
</tr>
<tr>
<td></td>
<td>Morondava 3106</td>
<td></td>
<td>23/06/2004</td>
<td>14/12/2004</td>
<td>13/12/2014</td>
</tr>
<tr>
<td></td>
<td>Manandaza</td>
<td></td>
<td>23/06/2004</td>
<td>14/12/2004</td>
<td>13/12/2014</td>
</tr>
<tr>
<td></td>
<td>Belo Profond</td>
<td></td>
<td>25/04/2007</td>
<td>30/07/2007</td>
<td>29/07/2021</td>
</tr>
<tr>
<td>Tullow Madagascar</td>
<td>Berenty 3111</td>
<td></td>
<td>12/10/2006</td>
<td>09/07/2007</td>
<td>08/07/2017</td>
</tr>
<tr>
<td>Meil Sakaraha</td>
<td>Sakaraha 3113</td>
<td></td>
<td>07/10/2005</td>
<td>04/08/2006</td>
<td>03/08/2018</td>
</tr>
<tr>
<td></td>
<td>Bekodoka 2104</td>
<td></td>
<td>07/10/2005</td>
<td>15/11/2005</td>
<td>14/11/2017</td>
</tr>
<tr>
<td>Afren- EAX</td>
<td>Antsiranana 1101</td>
<td></td>
<td>02/11/2006</td>
<td>30/07/2007</td>
<td>29/07/2017</td>
</tr>
</tbody>
</table>

3.4.3. Contract disclosure

The Petroleum Code has not provided any obligation for oil contracts publication. Those contracts bear confidentiality clauses. The various approval Decrees for oil contracts as well as the standard oil contract, available in the OMNIS’s website48, are the only items of information that are made available to the public.

3.5. Information on extractive companies’ beneficial ownership

Within this report’s framework, the National Committee wished to anticipate for extractive companies’ disclosure of beneficial owners. For this purpose, we outline information obtained on capital structures for companies that have filled the canvasses’ section on capital mapping:

Table 27: Capital structure for companies covered by the 2014 reconciliation

<table>
<thead>
<tr>
<th>Company name</th>
<th>Shareholders</th>
<th>% shares</th>
<th>Beneficial owner/ Legal owner</th>
<th>Stock exchange-listed</th>
<th>Stock exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMICOH RESOURCES</td>
<td>Crown energy ventures corporation</td>
<td>100,0%</td>
<td>Crown energy ab (publ.)</td>
<td>Yes</td>
<td>Nbg equity - stockholm</td>
</tr>
<tr>
<td>AMBATOVY MINERALS S.A.</td>
<td>Madagascar minerals investments limited (b.v.i.)</td>
<td>40,0%</td>
<td>Sherritt international corporation (canada) 181 bay street, 26th floor, brookfield place, toronto on m5j 213</td>
<td>Yes</td>
<td>Toronto stock exchange (tax)</td>
</tr>
</tbody>
</table>

48 www.omnis.mg
<table>
<thead>
<tr>
<th>Company name</th>
<th>Shareholders</th>
<th>% shares</th>
<th>Beneficial owner/ Legal owner</th>
<th>Stock exchange-listed</th>
<th>Stock exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summit ambatovy minerals resources investment bv</td>
<td>27.5% Sumitomo corporation (Japan) 1-8-11 Harumi Chuoku Tokyo 104 8610 Japan</td>
<td>Yes</td>
<td>Tokyo stock exchange (TSE) Nagoya Securities Exchange (NSE) Fukuoka Securities Exchange (FSE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea resources corporation</td>
<td>27.5% Korea resources corporation (Korea) 199 Hyeoksin-ro, Wonju-si, Gangwon-do, 26464, Republic of Korea</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Snc-lavalin madagascar venture inc.</td>
<td>5.0% Snc Lavalin Groupe Inc 455 Boul, René-Lévesque Ouest Montréal, Québec, Canada, H2Z 1Z3</td>
<td>Yes</td>
<td>Toronto stock exchange (TSX)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal of Madagascar Ltd</td>
<td>99.0% Wolverton Place St Peter Port Guernsey #48810</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rasoamahenina Daniel Ramanantsoa</td>
<td>1.0% Malagasy Lot AVB Avarabohitra Itaosy NE 12/10/1950 CIE# 101 211 042 964</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Madagascar minerals investments limited (b.v.i.)</td>
<td>40.0% Sheritt International Corporation (Canada) 181 Bay Street, 26th Floor, Brookfield Place, Toronto ON M5J 2I3</td>
<td>Yes</td>
<td>Toronto stock exchange (TSX)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summit ambatovy minerals resources investment bv</td>
<td>27.5% Sumitomo Corporation (Japan) 1-8-11 Harumi Chuoku Tokyo 104 8610 Japan</td>
<td>Yes</td>
<td>Tokyo stock exchange (TSE) Nagoya Securities Exchange (NSE) Fukuoka Securities Exchange (FSE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea resources corporation</td>
<td>27.5% Korea resources corporation (Korea) 199 Hyeoksin-ro, Wonju-si, Gangwon-do, 26464, Republic of Korea</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Snc-lavalin madagascar venture inc.</td>
<td>5.0% Snc Lavalin Groupe Inc 455 Boul, René-Lévesque Ouest Montréal, Québec, Canada, H2Z 1Z3</td>
<td>Yes</td>
<td>Toronto stock exchange (TSX)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**COAL MINING MADAGASCAR S.A.R.L.**

<table>
<thead>
<tr>
<th>Company name</th>
<th>Shareholders</th>
<th>% shares</th>
<th>Beneficial owner/ Legal owner</th>
<th>Stock exchange-listed</th>
<th>Stock exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOLCIM Madagascar S.A.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holcim (Outre-mer)</td>
<td>99.6% Zi n° 1 Rue d’Armagnac 97420 Le Port La Réunion</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holcim (Réunion)</td>
<td>0.4% Zi n° 1 Rue d’Armagnac 97420 Le Port La Réunion</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holcim investments (France)</td>
<td>0.0% 49 Avenue Georges Pompidou 92 300 Levallois-Perret France</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company name</td>
<td>Shareholders</td>
<td>% shares</td>
<td>Beneficial owner/ Legal owner</td>
<td>Stock exchange-listed</td>
<td>Stock exchange</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>----------</td>
<td>-------------------------------</td>
<td>-----------------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Bni-madagascar</td>
<td>0.0%</td>
<td>74, rue du 26 juin 1960 analakely 101- antananarivo</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Holcibel S.A.</td>
<td>0.0%</td>
<td>2 rue de Fabriques 7034 Obour Belgique</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>IRON ORE CORPORATION OF MADAGASCAR S.A.R.L.</td>
<td>Cline mining corporation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Malagasy holdings limited</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>MADAGASCAR CONSOLIDATED MINING S.A.</td>
<td>NASSCO (National Supply and Services Company)</td>
<td>20.0%</td>
<td>MALAGASY STATE</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yoxford holdings ltd</td>
<td>80.0%</td>
<td>Yoxford holding ltd, based in Mauritius is 100% held by pttml in Thailand which is 100% held by ptt. The latter is 100% held by ptt public company ltd, a Thai State company.</td>
<td>Yes</td>
<td>ptt public company ltd is listed on the set50 index, stock exchange of thailand</td>
</tr>
<tr>
<td>MAINLAND MINING LTD S.A.R.L.U</td>
<td>Hong kong Sino Africa Resource Investment Limited</td>
<td>100.0%</td>
<td>Hong Kong</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>MINVEST MADAGASCAR S.A.U.</td>
<td>Sté rochnu investments ltd</td>
<td>100.0%</td>
<td>A company ruled by Mauritius laws, headquartered at vuna house 53, duperre street, quatre bornes maurice</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>MPUMALANGA MINING RESOURCES S.A.U</td>
<td>Tata africa (mauritius) mining projects</td>
<td>100.0%</td>
<td>-</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>PROCHIMAD MINES &amp; CARRIERES &quot;P.M.C&quot; SA</td>
<td>Prochimad s.a</td>
<td>44.3%</td>
<td>-</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ubp madagascar</td>
<td>34.0%</td>
<td>-</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Charles ANDRIANTSITOHAINA</td>
<td>16.8%</td>
<td>-</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ldom</td>
<td>5.0%</td>
<td>-</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Niaina andriantsitohaina</td>
<td>0.0%</td>
<td>-</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Louis J J M GIRAUD</td>
<td>0.0%</td>
<td>-</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>QIT MADAGASCAR MINERALS S.A.</td>
<td>Rio tinto qit madagascar minerals ltd</td>
<td>80.0%</td>
<td>Qmm ltd bermuda</td>
<td>N/a</td>
<td>N/a</td>
</tr>
<tr>
<td></td>
<td>Omnis (Malagasy State)</td>
<td>20.0%</td>
<td>General Manager (« Directeur général ») OMNIS</td>
<td>N/a</td>
<td>N/a</td>
</tr>
<tr>
<td>MADAGASCAR CHROMIUM COMPANY LTD S.A.R.L.U</td>
<td>Nd</td>
<td>Nd</td>
<td>Nd</td>
<td>Nd</td>
<td>Nd</td>
</tr>
<tr>
<td>UNIVERSAL EXPLORATION MADAGASCAR</td>
<td>Malagasy Exploration and Mining Pty Ltd (NGM Ltd)</td>
<td>100.0%</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>SOMIDA S.A.</td>
<td>Danie USSENO</td>
<td>48.2%</td>
<td>-</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Karl bertil akesson</td>
<td>24.1%</td>
<td>-</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Elsa constentia akesson</td>
<td>24.1%</td>
<td>-</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Société PIM SA</td>
<td>1.3%</td>
<td>-</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Société SCIAMA SA</td>
<td>0.0%</td>
<td>-</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Société SPSM SA</td>
<td>2.0%</td>
<td>-</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Société SOMIA SA</td>
<td>0.2%</td>
<td>-</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Société SLAMI SA</td>
<td>0.0%</td>
<td>-</td>
<td>NO</td>
<td></td>
</tr>
</tbody>
</table>
We observe a weak engagement of extractive companies to disclose their beneficial owners. The country does not dispose a register for beneficial owners that is accessible to the public. However, both the Mining Code and the Petroleum Code provide measures that give public powers the possibility to get known those beneficial owners, even though such measures remain still perfectible.

### 3.6. Government’s policy and National Committee’s position on beneficial ownership

Neither the government nor lawmakers have yet outlined their respective positions on disclosing extractive sector companies’ beneficial owners. The National Committee, as far as it is concerned, is still working on the best...
strategy to adopt for disclosing beneficial ownership in accordance to EITI Standard 2.5. The National Committee studies for the best approach for companies to confirm the accuracy of beneficial ownership information. Based on canvasses, we point out in the table below some permit and PSC holders that are stock exchange-listed. For those, we list links to access to various reports that emphasise on operations realised in Madagasacar as well as related financial information:

Table 28: Report on financial information and/on operations realised in Madagascar by some companies covered in the reconciliation

<table>
<thead>
<tr>
<th>Company name</th>
<th>Shareholders</th>
<th>% Shares</th>
<th>Beneficial owner/ Legal owner</th>
<th>Listed</th>
<th>Stock exchange</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMICOH RESOURCES</td>
<td>CROWN ENERGY VENTURES CORPORATION</td>
<td>100,0%</td>
<td>CROWN ENERGY AB (publ.)</td>
<td>YES</td>
<td>NGM Equity - Stockholm</td>
<td><a href="http://crownenergy.se/2b/uploads/383/crown_energy_ar2014_eng_fin.pdf">http://crownenergy.se/2b/uploads/383/crown_energy_ar2014_eng_fin.pdf</a></td>
</tr>
<tr>
<td>AMBATOVY MINERALS S.A.</td>
<td>Madagascar Minerals Investments Limited (B.V.I.)</td>
<td>40,0%</td>
<td>Sherritt International Corporation (Canada) 181 Bay Street, 26th Floor, Brookfield Place, Toronto ON M5J 2T3</td>
<td>YES</td>
<td>Toronto Stock Exchange (TSX)</td>
<td><a href="http://www.sherritt.com/English/Investor-Relations/Reports/Quarterly-Report/default.aspx">http://www.sherritt.com/English/Investor-Relations/Reports/Quarterly-Report/default.aspx</a></td>
</tr>
<tr>
<td></td>
<td>Korea Resources Corporation</td>
<td>27,5%</td>
<td>Korea Resources Corporation (Korea) 199 Hyeoksin-ro, Wonju-si, Gangwon-do, 26464, Republic of Korea</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>DYNATEC MADAGASCAR S.A.</td>
<td>Madagascar Minerals Investments Limited (B.V.I.)</td>
<td>40,0%</td>
<td>Sherritt International Corporation (Canada) 181 Bay Street, 26th Floor, Brookfield Place, Toronto ON M5J 2T3</td>
<td>YES</td>
<td>Toronto Stock Exchange (TSX)</td>
<td><a href="http://www.sherritt.com/English/Investor-Relations/Reports/Quarterly-Report/default.aspx">http://www.sherritt.com/English/Investor-Relations/Reports/Quarterly-Report/default.aspx</a></td>
</tr>
<tr>
<td></td>
<td>Korea Resources Corporation</td>
<td>27,5%</td>
<td>Korea Resources Corporation (Korea) 199 Hyeoksin-ro, Wonju-si, Gangwon-do, 26464, Republic of Korea</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Company name</td>
<td>Shareholders</td>
<td>% Shares</td>
<td>Beneficial owner/ Legal owner</td>
<td>Listed</td>
<td>Stock exchange</td>
<td>Link</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------------------------------------------------</td>
<td>----------</td>
<td>--------------------------------</td>
<td>--------</td>
<td>----------------------------</td>
<td>---------------------------------------------------------</td>
</tr>
<tr>
<td>MADAGASCAR CONSOLIDATED MINING S.A.</td>
<td>NASSCO (National Supply and Services Company)</td>
<td>20,0%</td>
<td>ETAT MALAGASY</td>
<td>NO</td>
<td>-</td>
<td>financier_none.pdf/</td>
</tr>
<tr>
<td></td>
<td>YOXFORD HOLDINGS Ltd</td>
<td>80,0%</td>
<td>Yoxford holding ltd, based in Mauritius is 100% held by ptml in Thailand which is 100% held by ptt. The latter is 100% held by ptt public company ltd, a Thai State company.</td>
<td>YES</td>
<td>PTT Public company Ltd is listed on the SET50 Index, Stock Exchange of Thailand</td>
<td><a href="http://ptt.listedcompany.com/misc/ar/20150318-ptt-ar2014-en.pdf">http://ptt.listedcompany.com/misc/ar/20150318-ptt-ar2014-en.pdf</a></td>
</tr>
<tr>
<td>TOTAL EXPLoration</td>
<td>Branch</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

### 3.7. State ownership in extractive companies (EITI Standard 2.6)

The State owns company KRAOMA who intervenes in Chrome extraction.

Besides, the State holds the following:
- 20 per cent in company QIT MADAGASCAR SA through the OMNIS, and
- 20 per cent in company MADAGASCAR CONSOLIDATED MINING S.A. through NASSCO.

The above information was obtained as companies covered in the reconciliation shared that data in their respective canvasses. However, it could be relevant that the State itself would communicate, either spontaneously or upon request from the reconciler, on whether it holds shares in other extractive companies. Company NASSCO « National Supply and Services Company » is a « Société Anonyme avec conseil d’administration » ruled by Malagasy laws, registered on 01/07/1985, with a noticeable State shareholding. Even though that company’s Trade Register “RCS” record dated 08 November 2016 outlines a list of members of its Board of directors, we currently have no means to get to know about the company’s actual ownership without accessing to its shares register. As a company bearing a Board of directors, following the law NASSCO should have at least four shareholders.

Based on information shared through the canvasses and OMNIS filings, we observe that mining, oil and gas companies operating in the country were not granted any loans nor loan guarantees by the State and/or SOEs (EITI Standard 2.6).

- We observed as well that State entities with ownership in extractive entities did not receive any dividends.
The Government does collect any material revenue payments from extractive activities, as from queries to address to OMNIS, the BCMM and all entities through specifically designed canvasses. The reconciler concluded that there were no financial transactions between the State and SOEs, as from queries addressed to OMNIS, KRAOMA and reconciled entities.

Applicable practice on financial relationships between the Government and SOEs are provided by texts outlined below:

- Law No. 2014-014 on commercial companies with public participation (sociétés commerciales à participations publique);
- Decree No. 2015-849 organising State tutorship and representation in administrative and management bodies of companies with State participation, materialises the abovementioned Law;
- local Company Law No. 2003-036 dated 10 December 2003;
- Law No. 2001-025 on the Administrative Court (Tribunal Administration) and the Financial Court (Tribunal Financier) provides that the Financial Court control companies where the State holds 50 per cent of the share capital;
- The National Court of Audit (Cour des Comptes) is competent for verifying compliance of revenues to SOEs;
- The draft Institutional act (Loi de règlement) for year 2014 will only be submitted to Parliament in May 2017.

IV. Extractive sector’s contribution to the economy

This part looks to help the reader figuring out a clear picture of the extractive sector in Madagascar, with regards to other components of the national economy as well as taking other perspectives into account for comparison.

4.1. Comparing extractive sector tax and customs revenues with State revenues and comparing fiscal pressure levels

The tables below highlight extractive sector revenues as per the following variables:

- Extractive sector-generated tax and customs revenues vs. overall State revenues;
- Extractive sector-generated weight of tax revenues in terms of the Malagasy State’s GDP to release the extractive sector fiscal pressure rates (based on significant payments solely).

The table below underlines the fiscal pressure rate in Madagascar in 2014, plus the extractive sector’s participation in reaching that fiscal pressure level (for those entities that have made significant payments solely). We hence observe that this rate bears a relatively low value: 0.35%, in comparison to the average fiscal pressure rate in Madagascar which is for 10.03%.

Such a difference in the fiscal pressure rate may be explained by the following:

- A wide operator elasticity of which only a very small number actually entered to exploitation phase – (in 2014, no oil company and less than 9 per cent of all permit holders were concerned);
- Most permit holders are in exploration; prospection and research. During this phase, those entities are weakly fiscalised as they do not generate any profit49.

49 Note nevertheless that where the company performs dense research and prospection activities, it remains taxable, independently from the absence of profit; hence, according to the Malagasy General Tax Code (CGI) the following apply: (i) salary income tax (IRSA) which is directly withheld by the employing company given its payroll, and (ii) the MGA 100,000 minimum tax + 5‰ of gross annual revenue prior to any taxtates (we recall that any percentage take on revenues assumes realised sales – such sales may hence not occur during research...).
Table 29: Reconciled entities’ contribution in fiscal pressure (2014)

<table>
<thead>
<tr>
<th>Fiscal Pressure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extractive sector-generated tax and customs revenues in USD</td>
<td>34 992 638.87</td>
</tr>
<tr>
<td>Madagascar’s overall tax and customs revenues in USD</td>
<td>995 482 780.27</td>
</tr>
<tr>
<td>GDP (current price terms) in USD</td>
<td>9 925 752 773.68</td>
</tr>
<tr>
<td>Fiscal pressure in Madagascar</td>
<td>10.03%</td>
</tr>
<tr>
<td>Extractive sector’s contribution to fiscal pressure</td>
<td>0.35%</td>
</tr>
</tbody>
</table>

Source: INSTAT Madagascar, 2014, plus our reconciliation works based on licensed entities that made significant payments (EITI Canvas)

The graphs below compare contributions of four (0.4) distinct groups’ respective to fiscal pressure to best illustrate the situation in the extractive sector since the average is not sufficiently representing the actual situation.

Table 30: Fiscal pressure per group of companies

<table>
<thead>
<tr>
<th>Group of companies</th>
<th>Contribution to fiscal pressure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal pressure as for the extractive sector</td>
<td>0.353%</td>
</tr>
<tr>
<td>DYNATEC MADAGASCAR S.A; HOLCIM Madagascar S.A; AMBATOVY MINERALS S.A</td>
<td>0.333%</td>
</tr>
<tr>
<td>MADAGASCAR OIL</td>
<td>0.003%</td>
</tr>
<tr>
<td>Remaining</td>
<td>0.016%</td>
</tr>
</tbody>
</table>

It appears from the above that most (0.333 per cent) of the extractive sector’s contribution to fiscal pressure (0.353 per cent) comes from three mining entities.

Figure 5: Illustrating the above table on fiscal pressure contribution

(Key: largest area: DYNATEC & HOLCIM & AMBATOVY; second-largest: MADAGASCAR OIL; smallest: remainder in the extractive sector)
Table 31: Extractive sector’s tax and customs revenues as regards to State budget – Canvas

<table>
<thead>
<tr>
<th>Extractive sector revenues within national budget</th>
<th>2014 (in USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax and customs revenues(^{30})</td>
<td>34,99</td>
</tr>
<tr>
<td>Total State Budget (Rectificative Financial Act (LdFR 2014))(^{31})</td>
<td>1,413.50</td>
</tr>
<tr>
<td>Extractive sector’s share in national budget</td>
<td>2.48%</td>
</tr>
</tbody>
</table>

The above table compares tax and customs revenues from companies that have made significant payments with regards to the total State revenues, in terms of percentage.

The figure below allows to observe the evolution of the extractive sector since 2011 (Sources LFR 2011; 2012; 2013 & 2014 and corresponding reconciliation reports).

Figure 6: Evolution of the extractive sector as regards to national budget since 2011

4.2. Comparing the extractive sector’s GDP contribution to other sectors’

From analysing sector-based GDP breakdown (see Table below), it may be observed that the extractive sector’s share (4.18 per cent) in Madagascar’s GDP is non-negligible in comparison to the energy sector’s (1.75 per cent) and to the manufacturing sector’s (1.54 per cent – textile, free zones (ZEF)). However, it remains that this portion from the extractive sector is quite weak compared to the services sector’s (53 per cent), agriculture’s (30 per cent) and to the agro-industrial sector’s (35 per cent – agro-industry, foods and drinks industries).

Those results are quite in contradictory with regards to the common line designating natural resources exploitation as the foundation of the African economy. As illustrated by the figure below, like for African countries, Madagascar’s GDP is majorly constituted of services and agricultural products\(^{52}\).

---

\(^{30}\) Total revenues declared by reconciled entities through their respective declarations canvasses plus Tax and Customs Administrations’ self-declarations.

4.2.1. Extractive sector participation comparison with regards to GDP (in value terms)

We may note that the secondary sector (where one may find the extractive sector) represents 17 per cent of GDP where this latter is mostly constituted by the tertiary sector (53 per cent). [Units are in USD million]

**Figure 7: Comparing the three sectors’ GDP contribution**

![Diagram showing contribution of three sectors to GDP]

(Key: first bar: primary sector; second bar: secondary sector and third bar: tertiary sector)

*Source:* INSTAT Madagascar, 2014

By going into more detail within the secondary sector, we observe that the extractive industry (which includes cement and construction materials production) represents 28 per cent of the secondary sector against 9 per cent for Free Zones (ZEF) industries and 35 per cent for agro-industrial overall (3 per cent + 14 per cent + 18 per cent), or even 11 per cent for the energetic industries.

---

Based on BCEAO and IMF data. DIRECTION GENERALE DE L’ECONOMIE ET DE LA MONNAIE Direction des Etudes et de la Recherche Document d'Etude et de Recherche N° DER/14/04 IMPACTS ECONOMIQUES DU DEVELOPPEMENT DU SECTEUR MINIER DANS L’UEMOA Par Komi AMEGANVI Janvier 2015. Such a report even concludes that, with regards to the UEMOA though, « as from the results of analysing GDP contribution, estimates show that mining resources do contribute to countries of the Union’s socioeconomic development. Those results show that a 1 per cent raise in the mining sector lead to an average 0.00 per cent decrease in poverty (column 4.5). Those numbers imply that a 6.6 per cent expansion in mining (corresponding to the mining sector share of GDP creation within the UEMOA between 1995 and 2012; See Tableau 1), would extract 0.6 per cent of the population out of poverty which is non negligible. However when compared to other sector such effects show to be rather weak, still. As a matter of fact, the impact on poverty appears to be five times weaker when coming from mining, in comparison to agriculture, as well as three times weaker when compared to services’ and 1.5 times to twice weaker in comparison to manufacturing and construction respectively ». 
Figure 8: Individual industries’ participation within the secondary sector

(Key: from left to right: Agro-industrial; Extractive industries; Energy; Food industries; Drinks industries; Tobacco industries; greasy substances industries; Pharmaceuticals; Textile industries; Leather industries; Wood industries; Construction materials; Metallic industries; Transport materials; Electrical appliances; Paper industry; Other; Industrial Free Zones (ZFIs))

Source: INSTAT Madagascar, 2014

4.2.2. Extractive industry growth’s contribution within secondary sector growth

In 2014, secondary sector growth mainly came from extractive industries. Nevertheless, information that we collected from the INSTAT do not allows us to identify which are those substances and which transformations within the extractive industries have actively participate in developing the secondary sector. As a matter of fact, added value from extractive industries went from USD 8.47 million to 10.67 million from 2013 to 2014, i.e. a 25.09 per cent of increase. The graph below illustrates this situation.

\(^{53}\) National Institute of Statistics (Institut National des Statistiques) - 2014
**Figure 9: Secondary sector divisions’ growth rate**

(Key: from top to bottom: Industrial Free Zones (ZFIs); Others; Paper industry; Electrical appliances; Transport materials; Metallic industries; Construction materials; Wood industries; Leather industries; Textile industries; Pharmaceuticals; Greasy substances industries; Tobacco industries; Drinks industries; Food industries; Energy; Extractive industries; Agro-industrial)

Source: INSTAT Madagascar, 2014

Such a comparison with other key industries allows to better apprehend the extractive industry’s contribution to GDP in Madagascar. In 2014, extractive industry added a value represented more than a third of the agricultural division’s contribution.

**4.2.3. Three (03) activity sectors’ and overall economic growth in 2013 & 2014 (INSTAT data)**

In the context of economic rebound in 2014, the Malagasy economy reached a 3.3 per cent growth rate, representing a one-point progression from the previous year’s. The three sector contributed to it positively, however the secondary sector constituted a driver in this GDP growth, with a 8.5 per cent growth rate.

**Figure 10: Three (03) activity sectors’ and overall economic growth in 2013 & 2014**
(Key: left to right: Economic growth; Primary sector growth; Secondary sector growth; Tertiary sector growth)

Source: INSTAT Madagascar, 2014

4.3. Direct foreign investment (DFI) contribution

DFI flows registered a decrease from USD 797.08 million to USD 101.09 million between 2007 and 2014 i.e. a USD 695.99 million strain. This latter resulted from the following factors:

- A significant fall in investments from the two main mining projects (AMBATOVY; QMM) which both went into exploitation phase;
- Absence of new, large mining projects during this period;
- Weak investments from sectors outside extractive activities.

The graph below presents the evolution of DFIs as well as the extractive sector's share in overall DFIs.

Figure 11: Extractive sector’s contribution to DFIs

4.4. Contribution to overall tax revenues

The table below presents sums paid by the overall extractive sector to the DGI and to the DGD in 2014. Non refunded VAT (VAT credit) is not considered as a payment flow.

Table 32: Reconciliation-considered companies’ contribution to tax revenues

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extractive companies tax revenues</td>
<td>34,995&lt;sup&gt;44&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total DGI + DGD</td>
<td>995,485&lt;sup&gt;35&lt;/sup&gt;</td>
</tr>
<tr>
<td>Extractive sector’s contribution</td>
<td>3.51%</td>
</tr>
</tbody>
</table>

Revenues from the extractive sector do represent 3.51 per cent of overall tax revenues.

<sup>34</sup> Extractive companies’ canvasses
<sup>35</sup> Malagasy Customs’ official website: www.douanes.gov.mg
4.5. Employment contribution

The table below confronts the number of formal jobs in the extractive sector with the total formal jobs in Madagascar.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of extractive sector employees</td>
<td>4 600</td>
<td>5 583</td>
<td>983</td>
</tr>
<tr>
<td>Number of employees registered with the CNaPS</td>
<td>576 048</td>
<td>577 673</td>
<td>1625</td>
</tr>
<tr>
<td>Extractive sector contribution</td>
<td>0,80%</td>
<td>0,97%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Caisse Nationale de Prévoyance Sociale (CNaPS) – 2014 data

The following table shows a gender- and nationality-based classification:

<table>
<thead>
<tr>
<th></th>
<th>Foreigners</th>
<th>Malagasy</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Headcount</td>
<td>15</td>
<td>62</td>
<td>819</td>
</tr>
<tr>
<td>Percentage</td>
<td>0,27%</td>
<td>1,11%</td>
<td>14,67%</td>
</tr>
<tr>
<td></td>
<td>1,38%</td>
<td>98,62%</td>
<td>100,00%</td>
</tr>
</tbody>
</table>

Source: Caisse Nationale de Prévoyance Sociale (CNaPS) – 2014 data

The sector employs 85.06 per cent of men and 14.94 per cent of women. The tendency towards male gender may be explained by the fact that men’s physical condition is better adapted for most operations in mining exploitation.

V. Production and exports

The table below presents production volumes and values per basis material as disclosed by companies.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Place of extraction / production per Region</th>
<th>Basis material</th>
<th>Extraction/Production</th>
<th>Exports</th>
<th>Export value in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>QIT MADAGASCAR MINERALS S.A.</td>
<td>Anosy</td>
<td>Ilmenite</td>
<td>333 735,82</td>
<td>69 161 615,18</td>
<td>353 646,00</td>
</tr>
<tr>
<td>QIT MADAGASCAR MINERALS S.A.</td>
<td>Anosy</td>
<td>Zircon</td>
<td>27 275,00</td>
<td>18 110 600,00</td>
<td>28 200,00</td>
</tr>
<tr>
<td>KRAOMA S.A.</td>
<td>Betsiboka</td>
<td>Chromite</td>
<td>123 978,00</td>
<td>N/D</td>
<td>N/D</td>
</tr>
<tr>
<td>HOLCIM MADAGASCAR S.A.</td>
<td>Vakinankaratra</td>
<td>Cipolin</td>
<td>164 218,00</td>
<td>1 454 527,06</td>
<td>N/D</td>
</tr>
</tbody>
</table>

*While it is estimated that on this, 100,000 to 500,000 are employed through the informal sector (Economic contributions from industrial mining in Madagascar «Research Summary», Centre for Social Responsibility in Mining (CSRM), the University of Queensland & the World Bank, 2016).*
We besides made a comparison between 2013 and 2014 in order to build an appreciation of the evolution of exports from one year to another. The table below presents such comparison.

Calculation methods that were used to reach production volumes and values disclosed in this Report result from internal procedure manuals that are well specific to each concerned company. Those manuals are technical elements to which the reconciler has access upon request to given entities that are covered.

Table 36: Evolution of exports between 2013 and 2014 (Source: Canvasses)

<table>
<thead>
<tr>
<th>COMPANIES</th>
<th>Region of origin</th>
<th>Product Type</th>
<th>2013</th>
<th>2014</th>
<th>Volume Variation in tons</th>
<th>Variation in value in USDm</th>
<th>Portion on total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DYNATEC MADAGASCAR S.A.</strong></td>
<td>Alaotra Mangoro &amp; Atsinanana</td>
<td>Cobalt</td>
<td>2 067,00</td>
<td>2 908,00</td>
<td>40,9%</td>
<td>86,94%</td>
<td>4,21%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nickel</td>
<td>25 507,00</td>
<td>36 242,00</td>
<td>42,09%</td>
<td>92,08%</td>
<td>28,63%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amsul</td>
<td>68 570,00</td>
<td>111 840,00</td>
<td>42,09%</td>
<td>92,08%</td>
<td>28,63%</td>
</tr>
</tbody>
</table>
The table below summarises activity phases for those companies that have filled canvasses, according permits held (Research: R-type permit holders; Research and exploitation: R- & E- type permit holders).

We observe that Malagasy mining industrial actors are mostly interested in industrial minerals. Among companies that held research permit, some are awaiting for environmental authorisations and exploitation permits such as Madagascar Chromium Company.

### Table 37: Companies outline as per activity phases (Source: Canvasses)

<table>
<thead>
<tr>
<th>Company name</th>
<th>Activity phase</th>
<th>Substance</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRON ORE CORPORATION MADAGASCAR</td>
<td>Research</td>
<td>Iron</td>
</tr>
<tr>
<td>MADAGASCAR RESOURCES</td>
<td>Research</td>
<td>Ilmenite-Zirconium-Leucoxene-Rutile-Basalt-Limestone-Guano</td>
</tr>
<tr>
<td>MADAGASCAR WISCO GUANGXIN KAM WAH RESOURCES SAU</td>
<td>Research</td>
<td>Iron</td>
</tr>
<tr>
<td>MINVEST</td>
<td>Research</td>
<td>Gold</td>
</tr>
<tr>
<td>M'PUMALANGA MINING RESOURCES S.A.U</td>
<td>Research</td>
<td>Chrome</td>
</tr>
<tr>
<td>SOCIETE MADAGASCAR CHROMIUM COMPANY</td>
<td>Research</td>
<td>Nickel, Chrome, Fer, Copper, Lead, , Platinum,Gold,Graphite,Rare earths,Quartz piezzo,Garnet</td>
</tr>
<tr>
<td>INDUSTRIE MINIERE SINO-AFRIQUE S.A.R.L.</td>
<td>Research</td>
<td>Lead, Copper, Gold, Silver, zinc, nickel, Green Beryl, Crystal</td>
</tr>
<tr>
<td>AMSA</td>
<td>Research &amp; exploitation</td>
<td>Nickel - Cobalt – Copper - Chrome - Zinc – Platinum</td>
</tr>
<tr>
<td>COAL MINING MADAGASCAR</td>
<td>Research &amp; exploitation</td>
<td>Ruby-Sapphire-Alexandrite-Chrysoberyl-Zircon-Garnet-Copper-Earth coal</td>
</tr>
<tr>
<td>DMSA</td>
<td>Research &amp; exploitation</td>
<td>Limestone</td>
</tr>
<tr>
<td>HOLCIM</td>
<td>Research &amp; exploitation</td>
<td>Cipolin</td>
</tr>
</tbody>
</table>
Madagascar’s underground is reputed for its large mineral reserves. This explains the sharing of mining research and exploitation throughout the country. The table below summarizes extraction or production per raw material and place of origin.

Among companies holding both research & exploitation permits, only six (06) have made a declaration to the reconciler on their extraction or production figures.

Table 38: List of companies that have made declarations on extraction and production

<table>
<thead>
<tr>
<th>Company name</th>
<th>Activity phase</th>
<th>Substance</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRAOMA</td>
<td>Research &amp; exploitation</td>
<td>Chromite</td>
</tr>
<tr>
<td>MADAGASCAR CONSOLIDATED MINING S.A.</td>
<td>Research &amp; exploitation</td>
<td>Coal - Copper - Nickel - Cobalt - Silver - Gold - Vanadium - Zinc - Platinum</td>
</tr>
<tr>
<td>MAINLAND</td>
<td>Research &amp; exploitation</td>
<td>Zircon – Ilmenite</td>
</tr>
<tr>
<td>PROCHIMAD</td>
<td>Research &amp; exploitation</td>
<td>dolomie-kaolin</td>
</tr>
<tr>
<td>QMM</td>
<td>Research &amp; exploitation</td>
<td>ILMENITE – ZIRCONIUM</td>
</tr>
<tr>
<td>RECHERCHES MINIERES DE MADAGASCAR</td>
<td>Research &amp; exploitation</td>
<td>Gold, Platinum, Nickel, Copper, Cobalt, Corindon.</td>
</tr>
<tr>
<td>TOLIARA SANDS</td>
<td>Research &amp; exploitation</td>
<td>Ilmenite – Zircon-Leucoxene-Rutile-Basalt-Limestone-Guano</td>
</tr>
<tr>
<td>UNIVERSAL EXPLORATION</td>
<td>Research &amp; exploitation</td>
<td>Nickel – Cobalt-Platinum-Copper-Gold</td>
</tr>
<tr>
<td>SOMIDA</td>
<td>Research &amp; exploitation</td>
<td>Mica</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company name</th>
<th>Place of extraction/production per Municipality of origin</th>
<th>Place of extraction/production per Region</th>
<th>Base material</th>
</tr>
</thead>
<tbody>
<tr>
<td>QMM</td>
<td>Mandena Municipality Ampasinampohina</td>
<td>Anosy</td>
<td>Ilmenite</td>
</tr>
<tr>
<td>QMM</td>
<td>Mandena Municipality Ampasinampohina</td>
<td>Anosy</td>
<td>Zircon</td>
</tr>
<tr>
<td>KRAOMA</td>
<td>Brieville</td>
<td>Betsiboka</td>
<td>Chromite</td>
</tr>
<tr>
<td>HOLCIM</td>
<td>Alatsainay Ibity</td>
<td>Vakinankaratra</td>
<td>Cipolin</td>
</tr>
<tr>
<td>HOLCIM</td>
<td>Andranomanelatra</td>
<td>Vakinankaratra</td>
<td>Argile</td>
</tr>
<tr>
<td>HOLCIM</td>
<td>Tritriva</td>
<td>Vakinankaratra</td>
<td>Pouzzolane</td>
</tr>
<tr>
<td>AMSA</td>
<td>Extraction: Morarano Gare</td>
<td>Extraction: Alaotra-Mangoro</td>
<td>Minerals</td>
</tr>
<tr>
<td>AMSA</td>
<td>Production: Morarano Gare</td>
<td>Production: Alaotra-Mangoro</td>
<td>Mineral ore</td>
</tr>
<tr>
<td>DMSA</td>
<td>Production: Amboditandroho</td>
<td>Production: Atsinanana</td>
<td>Nickel</td>
</tr>
<tr>
<td>DMSA</td>
<td>Production: Amboditandroho</td>
<td>Production: Atsinanana</td>
<td>Cobalt</td>
</tr>
<tr>
<td>PROCHIMAD</td>
<td>Sahatsiho-Ambohimanjaka</td>
<td>Amoron’i Mania</td>
<td>Dolomie</td>
</tr>
<tr>
<td>PROCHIMAD</td>
<td>Sahatsiho-Ambohimanjaka</td>
<td>Amoron’i Mania</td>
<td>Calcite</td>
</tr>
<tr>
<td>PROCHIMAD</td>
<td>Sahatsiho-Ambohimanjaka</td>
<td>Amoron’i Mania</td>
<td>Kaolin</td>
</tr>
</tbody>
</table>
VI. Distribution of extractive industry revenues

6.1. Direct payments (Requirement 4.6) and Subnational payments (Requirement 5.2)

6.1.1. Direct subnational payments (Requirement 4.6)

It is required that multi-stakeholder groups establish whether direct payments, within the scope of the agreed benefit streams, from companies to subnational government entities, are material. Where material, the multi-stakeholder group is required to ensure that company payments to subnational government are disclosed and reconciled in the EITI Report. The table below summarises direct payments and corresponding aggregated amounts. For informational purposes, State entities receiving direct payments are essentially the ANDEA, the ARTEC, CTDs, the BCMM, OMNIS, OSTIE, ONE, CNAPS, the port (SPAT; SMMC), the ORE and ADEMA.

6.1.2. Subnational transfers (Requirement 5.2)

Where transfers between national and subnational government entities are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism, the multi-stakeholder group is required to ensure that material transfers are disclosed. Thus, the revenue sharing mechanism would have to be disclosed. It seems that practical issues in terms of administration and public accounting make it difficult to obtain amounts that are actually shared amongst State entities. Further practical difficulties seem to make it even more difficult to reconcile those subnational transfers (timing and logistical difficulties, plus issues for the reconciler in terms of access to information given the multiplicity of beneficiary State entities and their respective archiving procedures).

The Mining Code, Article 53 (new) provides that — « Mining administration fees apply per annum, per mining square and on each delivered permit, in order to cover for services and for the management of rights attached to mining permits, for the benefit of: the Bureau du Cadastre Minier, the National Mining Committee; the national gold agency ("National gold agency (Agence de l’Or) – ANOR"); the General Budget for the central mining Directorship (Direction Centrale chargée des Mines); the covered regional Mining Directorship; the Mining Inspection entity; covered Autonomous Province(s); and covered Local decentralised authorities. »

The Decree of application (see Article 90) of the Mining Code sets out the share of such fees amongst beneficiaries — « In application of provisions of article 53 (new) of the Mining Code, Decree No. 2006–910 applying the Mining Code sets out annual mining administrative fees to be split amongst beneficiaries as per the following respective shares: 

- 68 per cent to the Bureau du Cadastre Minier including 8 per cent to mining controlling and inspection entities, and the Environmental Unit (Cellule environnementale);
- 5 per cent to the National Mining Committee;
- 2 per cent to the national gold agency (ANOR);
- 1 per cent to the General Budget (Budget Général), for: the central mining Directorship (Direction Centrale chargée des Mines); the covered regional Mining Directorship; the Mining Inspection entity;
- 5 per cent to covered Autonomous Province(s);
- 7 per cent to covered Regions where applicable; and
- 12 per cent to covered Municipalities.”
The Mining Code, Article 119 (new) provides that « revenues from mining licence fees are shared amongst: the Bureau du Cadastre Minier, the National gold agency (Agence de l’Or); the National Mining Committee; the General Budget for the central mining Directorship (General Budget (Budget Général) on behalf of the central mining Directorship (Direction Centrale chargée des Mines)), de the covered regional Mining Directorship, the Mining Inspection entity. Shares on splitting mining licence fees are set out in the Decree of application for the Mining Code. Rebate revenues are split amongst the Autonomous Province, the Region and the covered Municipality’s respective budgets as follows: for the Municipality: 60 per cent; 30 per cent for the Region; 10 per cent for the Autonomous Province. »

Decree of application No. 2006-910 dated 19 August 2006 for the Mining Code, stipulates in its Article 294 that: « Mining licence fee and rebate rates are of 0.60 per cent and 1.40 per cent respectively. Revenue sharing for mining licence fees are set out as follows:
· 10 per cent for the Bureau du Cadastre Minier: with 5 per cent to the Malagasy Institute of gemmology (“Institut de Gemmologie de Madagascar – IGM”) and 3 per cent to inspection, control and mining activity promotion services as well as to actions for Information - Education – Communication (IEC);
· 15 per cent to the national gold agency (ANOR);
· 10 per cent to the National Mining Committee (CNC);
· 65 per cent for the general Budget for the central mining Directorship (General Budget (Budget Général) pour le compte de the central mining Directorship (Direction Centrale chargée des Mines)); the covered regional Mining Directorship and the Mining Inspection entity.

Rebates are split amongst Autonomous Province, the Region and the relevant Municipality following their respective budgets as follows:
· 10 per cent for the Autonomous Province;
· 30 per cent for the Region;
· 60 per cent for the Municipality. »

The Petroleum Code, its article 45 provides that: « Any contracting company must contribute 1/2500 of the overall amount of minimum exploration works engagements, to be shared amongst all regional authorities (“Collectivités”) that are covered by the exploration mining title and which disposition is valid throughout the length of exploration and the sum being payable at the start of exploration works. Measures for the receipt of that sum shall be set out through regulatory means. »
6.2. **Tracking revenue destination (direct payments; direct transfers)**

Revenues to extractive entities are received by various collecting bodies who then transfer those to the Treasury. The table below synthesises collecting bodies through which first payments go, as well as the final destination of those payments from the extractive sector.

**Table 39: Extractive sector revenue destinations**

<table>
<thead>
<tr>
<th>EXTRACTIVE COMPANY PAYMENTS (NATURE OF PAYMENT OBLIGATION)</th>
<th>FINANCE MANAGEMENT</th>
<th>AMOUNT (in USD)</th>
<th>EXTRACTIVE SECTOR REVENUE DESTINATION</th>
<th>SHARE</th>
<th>CALCULATED AMOUNT (in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Direct payment to a State entity ( Requirement 4.6)</td>
<td></td>
<td></td>
<td>Subnational transfers where applicable (Requirement 5.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(56) Water pumping fees 'Redevances de pompage d’eau (ANDEA)'</td>
<td>ANDEA</td>
<td>1 968,54</td>
<td>100,00%</td>
<td>1 968,54</td>
<td></td>
</tr>
<tr>
<td>(57) Telecommunication usage fees 'Redevances télécommunication', (58) Frequency fees 'Redevances de fréquence'</td>
<td>ARTEC</td>
<td>1 377,69</td>
<td>100,00%</td>
<td>1 377,69</td>
<td></td>
</tr>
<tr>
<td>(43) Mining admin fees 'Frais d’administration minière' (to be split)</td>
<td>BCMM</td>
<td>6 193 914,56</td>
<td>BCMM</td>
<td>68,00%</td>
<td>4 211 861,90</td>
</tr>
<tr>
<td>(56) Water pumping fees 'Redevances de pompage d’eau (ANDEA)'</td>
<td></td>
<td></td>
<td>NATIONAL GOLD AGENCY (AGENCE DE L’OR)</td>
<td>2,00%</td>
<td>123 878,29</td>
</tr>
<tr>
<td>(57) Telecommunication usage fees 'Redevances télécommunication', (58) Frequency fees 'Redevances de fréquence'</td>
<td></td>
<td></td>
<td>NATIONAL MINING COMMITTEE (COMITE NATIONAL DES MINES)</td>
<td>5,00%</td>
<td>309 695,73</td>
</tr>
<tr>
<td>(43) Mining admin fees 'Frais d’administration minière' (to be split)</td>
<td></td>
<td></td>
<td>BUDGET GENERAL</td>
<td>1,00%</td>
<td>61 939,15</td>
</tr>
<tr>
<td>(56) Water pumping fees 'Redevances de pompage d’eau (ANDEA)'</td>
<td></td>
<td></td>
<td>AUTONOMOUS PROVINCES (PROVINCES AUTONOMES)</td>
<td>5,00%</td>
<td>309 695,73</td>
</tr>
<tr>
<td>(57) Telecommunication usage fees 'Redevances télécommunication', (58) Frequency fees 'Redevances de fréquence'</td>
<td></td>
<td></td>
<td>REGIONS</td>
<td>7,00%</td>
<td>433 574,02</td>
</tr>
<tr>
<td>(43) Mining admin fees 'Frais d’administration minière' (to be split)</td>
<td></td>
<td></td>
<td>MUNICIPALITIES</td>
<td>12,00%</td>
<td>743 269,75</td>
</tr>
<tr>
<td>(73) Fees for permit obtention, (74) Application fees</td>
<td>BCMM</td>
<td>79 136,00</td>
<td>BCMM</td>
<td>100,00%</td>
<td>79 136,00</td>
</tr>
</tbody>
</table>
## EXTRACTIVE COMPANY PAYMENTS (NATURE OF PAYMENT OBLIGATION)

<table>
<thead>
<tr>
<th>FINANCE MANAGEMENT</th>
<th>AMOUNT (in USD) (a)</th>
<th>EXTRACTIVE SECTOR REVENUE DESTINATION</th>
<th>SHARE (b)</th>
<th>CALCULATED AMOUNT (in USD) (a) x (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Direct payment to a State entity (Requirement 4.6)</td>
<td></td>
<td>Subnational transfers where applicable (Requirement 5.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(48) Land hire, (50) Entry rights and infrastructure usage fees 'Droits d’entrée et redevances pour usage infrastructures': Road, (54) Used water fees 'Redevances sur les eaux usées (REU)', (55) Domestic waste fees 'Redevance sur les ordures ménagères (ROM)', (59) Regulation tax 'Taxe de régulation', (80) Cash donations, (81) Donations in kind, (82) Donations to public investment Program (PIP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(46) Admin fees paid to the OMNIS 'Frais d’administration payé à l’OMNIS', (60) Testing fees 'Frais de test'</td>
<td>OMNIS 3 521 964,56</td>
<td>100,00%</td>
<td>3 521 964,56</td>
<td></td>
</tr>
<tr>
<td>(78) Company medical insurance 'Organisation sanitaire d’entreprise'</td>
<td>ORGANISATION SANITAIRE 1 554 272,80</td>
<td>100,00%</td>
<td>1 554 272,80</td>
<td></td>
</tr>
<tr>
<td>(44) Fees for environmental impact assessment and tracking 'Frais d’évaluation et de suivi de l’impact environnemental', (62) Compliance certification 'Certificat de conformité (Mise en compatibilité - ONE)'</td>
<td>ONE 160 892,71</td>
<td>100,00%</td>
<td>160 892,71</td>
<td></td>
</tr>
<tr>
<td>(14) Port duties on imported goods, (15) Port duties on exported goods, (16) Inspection duty 'Droit d’inspection', (21) Royalties on sea traffic 'Redevance sur les flux maritimes'</td>
<td>PORT 2 317 139,48</td>
<td>100,00%</td>
<td>2 317 139,48</td>
<td></td>
</tr>
<tr>
<td>(49) Entry rights and infrastructure usage fees 'Droits d’entrée et redevances pour usage infrastructures': Port</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(77) National pensions 'CNaPS'</td>
<td>CNaPS 2 636 733,03</td>
<td>100,00%</td>
<td>2 636 733,03</td>
<td></td>
</tr>
<tr>
<td>(ii) Subnational payments (Requirement 4.6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(13) Customs duties and taxes on petroleum products 'Droits de douanes et Taxes sur les produits pétroliers (TPP)', (17) Excise tax 'Droit d’accises', (18) Customs stamp duty, (22) Royalties on road usage 'Redevance sur usage de la route (RUR)'</td>
<td>DGD 6 665 414,59 BUDGET GENERAL</td>
<td>100,00%</td>
<td>6 665 414,59</td>
<td></td>
</tr>
<tr>
<td>(0) Fines, (1) Corporate income tax (CIT) 'Impôts sur les revenus (IR)', (2) Withholding tax (WHT) 'Impôts sur les revenus intermittents (IRI)', (3) Direct tax on hydrocarbons 'Impôt direct sur les hydrocarbures (IDH)', (4) Tax on real estate profit 'Impôts sur les plus values immobilières (IPVI)'</td>
<td>DGI 28 230 512,68 BUDGET GENERAL</td>
<td>100,00%</td>
<td>28 230 512,68</td>
<td></td>
</tr>
<tr>
<td>EXTRACTIVE COMPANY PAYMENTS (NATURE OF PAYMENT OBLIGATION)</td>
<td>FINANCE MANAGEMENT</td>
<td>AMOUNT (in USD)</td>
<td>EXTRACTIVE SECTOR REVENUE DESTINATION</td>
<td>SHARE (b)</td>
</tr>
<tr>
<td>------------------------------------------------------------</td>
<td>--------------------</td>
<td>----------------</td>
<td>---------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>(i) Direct payment to a State entity (Requirement 4.6)</td>
<td></td>
<td></td>
<td>Subnational transfers where applicable (Requirement 5.2)</td>
<td></td>
</tr>
<tr>
<td>(5) Deed registration tax 'Droits d’enregistrement des actes', (6) Lease registration tax 'Droits d’enregistrement bail', (8) Tax on company tourism vehicles 'Taxes sur les véhicules de tourisme des entreprises (TVST)', (9) Import and petroleum products VAT 'TVA à l’importation et TVA sur les produits pétroliers (TVP)', (10) Net VAT 'TVA nette' (amount actually paid to Tax Authorities - where applicable), (11) VAT denied refund, (19) Non-resident income tax 'IR non résident' or 'TFT', (20) Tax on movable capital 'Impôts sur les revenus de capitaux mobiliers (IRCM)'</td>
<td>DGM 1 589 917,62</td>
<td>COMITE NATIONAL DES MINES</td>
<td>3,00%</td>
<td>47 697,53</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CADASTRE MINIER</td>
<td>3,00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>NATIONAL GOLD AGENCY</td>
<td>4,50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>BUDGET GENERAL</td>
<td>19,50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PROVINCES AUTONOMES</td>
<td>7,00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>REGIONS</td>
<td>21,00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>MUNICIPALITIES</td>
<td>42,00%</td>
</tr>
<tr>
<td>(45) Domain usage fees 'Redevances domaniales'</td>
<td>DOMAINE 425 199,49</td>
<td>AUTRES 393 934,93</td>
<td>MID (Ministère de l’Intérieur)</td>
<td>100,00%</td>
</tr>
</tbody>
</table>

Various State entities (non significant payments)

|                                                            |                    |                | ORE (Office de Régulation de l’Electricité) |            |                                   |
|                                                            |                    |                | ADEMA (Aéroports de Madagascar) | 100,00% | 393 934,93 |
|                                                            |                    |                | CIM (Centre Immatriculateur de Madagascar) |          |                                   |
|                                                            |                    |                | MID (Ministère de l’Intérieur) |          |                                   |
### EXTRACTIVE COMPANY PAYMENTS (NATURE OF PAYMENT OBLIGATION)

<table>
<thead>
<tr>
<th>FINANCE MANAGEMENT</th>
<th>AMOUNT (in USD) (a)</th>
<th>EX extractive sector revenue destination</th>
<th>SHARE (b)</th>
<th>CALCULATED AMOUNT (in USD) (a) x (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Direct payment to a State entity (Requirement 4.6)</td>
<td></td>
<td>Subnational transfers where applicable (Requirement 5.2)</td>
<td>MFPTLS (Ministère de la Fonction Publique, du Travail et des Lois Sociales)</td>
<td>MPMP</td>
</tr>
</tbody>
</table>
| Subnational transfers where applicable (Requirement 5.2) | Subnational transfers where applicable (Requirement 5.2)  
(Ministère de la Fonction Publique, du Travail et des Lois Sociales)  MPMP | | | |

**TOTAL :** 60,973,706,94

**TOTAL :** 60,973,706,94

### 6.3. State tax and local taxes allocation

State taxes are directly received by State entities and directly paid in the Public Treasury’s account. Where given State entities do not bear an account with the Treasury, revenues are deposited in a bank account held within local primary banks.

### VII. Extractive industry revenues allocation within the Administration

#### 7.1. Budgeting and expense lead

Revenues perceived by the Public Treasury are re-allocated towards each State entity. Each of those State entities is subject to the Ministry of Finance and Budget’s (MFB) financial tutorship and has a public accountant at its disposal. Expenses are authorised in accordance to the Financial Act 2014 as voted by Parliament. The current fiscal frames used do not provide a given taxpayer’s industry name; it remains impossible to identify specifically the use of extractive industry revenues.

#### 7.2. Revenue and expense control

According to article 276 of Insitutional Act (Loi organique) No. 2004-036 dated 01 October 2004: the National Court of Audit (Cour des Comptes) judges at first and last resort the accounts of the principal accountants of the State and the subsidiary budgets, the autonomous provinces (autonomous provinces) and the public bodies attached to them and the national public institutions. The National Court of Audit (Cour des Comptes) judges upon public accountants’ accounts; assures proper use of public money and informs citizens on such. It is competent for verifying public accountants’, State-owned enterprises’ (SOEs), decentralised authorities’, public organs’ and national public institutions’ compliance in terms of revenues and expenses. Budgetary execution is wrapped up by the draft Institutional act (Loi de règlement) that is submitted to parliamentary vote. It however does not play such a full-time role due to delayed receipt of State division-linked public accountants’ reporting. To illustrate this default, we note for instance that the draft Institutional act (Loi de règlement) for 2014 has not yet been approved and shall only be submitted to Parliament in May 2017.

The system for classifying extractive sector revenue does not follow international standards suggested by the IMF.

---

57 Institutional act (Loi organique) n° 2004-036 dated 1st October 2004 on organisation; allocations; functioning and applicable procedures at Supreme Court and its three constituting courts.
7.3. Local decentralised authorities’ (CTD) revenues

Local decentralised authorities (‘Collectivités Territoriales Décentralisées’) include: i) Autonomous Provinces (Provinces autonomes) ; ii) Regions and iii) Municipalities.

7.3.1. Provinces autonomes (Provinces autonomes)’ revenues:

The Autonomous Province directly benefits from the extractive sector through receipt of the following revenue shares:

- 5 per cent of the BCMM administrative fees
- 10 per cent of mining rebates.

7.3.2. Regions

A given region directly benefits from the extractive sector through receipt of the following revenue shares:

- 7 per cent of the BCMM administrative fees
- 30 per cent of mining rebates.

7.3.3. Municipalities

A given municipality directly benefits from the extractive sector through receipt of the following revenue shares:

- 12 per cent of the BCMM administrative fees
- 60 per cent of mining rebates
- 100 per cent of local taxes
- 100 per cent of quarry licence fees.

Quarry licence fees (“redevances de carrières”) are those licence fees received by municipalities in relation to quarries that are exploited within a given extractive company. For instance: where a quarry of gravels is required for maintenance of access roads to the mines.

The graph below presents shares of revenues from extractive sectors, within the Administration.

---

Figure 12: Shares of revenues from extractive sectors, within the Administration

- **MINING COMPANIES**
  - MINING COMPANIES
  - IR/TFT
  - IRCM
  - IRSA
  - vat

- **STATE TAXES**
  - General Receivership at the Public Treasury ('Receveur Général du Trésor Public') - Account of the Treasury at the BCM for the DGE

- **LOCAL TAXES**
  - Municipality's Treasury or Tax centre ('Centre fiscal') in Antananarivo if established in Antananarivo

- **CUSTOMS**
  - Customs

- **REBATES**
  - Receiver: District Chief ('Chef d'Arrondissement Administratif')

- **MINES**
  - Receiver: CTD of the extraction area

- **BCMM**
  - BCMM: 10 %
  - Autonomous Province: 10 %
  - National gold agency (Agence de l'Or): 15 %
  - Region: 30 %
  - Municipality: 60 %

- **FAM**
  - National Mining Committee: 5 %
  - General Budget (Budget Général): 1 %
  - Autonomous Province: 5 %
  - Region: 7 %
  - Municipality: 12 %
F. Reconciliation results

The tables below present the results of reconciliation works.

I. Total flows and total residual gap

The table below synthethises reconciliation results:

Table 40 : Reconciliation results

<table>
<thead>
<tr>
<th>Industry</th>
<th>Company (USD)</th>
<th>Administration (USD)</th>
<th>Residual gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINING COMPANIES</td>
<td>53 620 751.00</td>
<td>53 563 202.37</td>
<td>57 548.63</td>
</tr>
<tr>
<td>OIL COMPANIES</td>
<td>3 127 567.65</td>
<td>3 126 650.39</td>
<td>917.26</td>
</tr>
<tr>
<td>OVERALL TOTAL</td>
<td>56 748 318.65</td>
<td>56 689 852.76</td>
<td>58 465.89</td>
</tr>
<tr>
<td>Residual gap (%)</td>
<td></td>
<td></td>
<td>0.10%</td>
</tr>
</tbody>
</table>

II. Reconciled entities

2.1. Payment flows per company, including paid-in amounts, received amounts and gaps.

2.1.1. Mining companies

The table below lists out mining companies that have filled the canvas; and presents the reconciliation results.
### Table 41: Reconciliation results for mining companies that have filled the canvas

<table>
<thead>
<tr>
<th>LIST OF MINING COMPANIES</th>
<th>INITIAL CANVASSES</th>
<th>ADJUSTMENTS</th>
<th>ADJUSTED CANVASSES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Company (ENT) Initial</td>
<td>Administration (ADM) Initial</td>
<td>Initial gap</td>
</tr>
<tr>
<td>AMBATOVY MINERALS S.A.</td>
<td>10 235,85</td>
<td>4 332,80</td>
<td>5 903,05</td>
</tr>
<tr>
<td>CAPRICORN ENTERPRISES MADAGASCAR</td>
<td>57,19</td>
<td>57,27</td>
<td>-0,09</td>
</tr>
<tr>
<td>CLASIC REAL STONES S.A.R.L.</td>
<td>4,01</td>
<td>125,29</td>
<td>-121,29</td>
</tr>
<tr>
<td>COAL MINING MADAGASCAR S.A.R.L.</td>
<td>26,57</td>
<td>41,22</td>
<td>-14,65</td>
</tr>
<tr>
<td>COPAX RESOURCES S.A.R.L.</td>
<td>23,12</td>
<td>28,20</td>
<td>-5,08</td>
</tr>
<tr>
<td>DYNATEC MADAGASCAR S.A.</td>
<td>20 883,26</td>
<td>16 241,95</td>
<td>4 641,31</td>
</tr>
<tr>
<td>ENERGIZER RESOURCES (Minerals) S.A.R.L.</td>
<td>168,36</td>
<td>45,32</td>
<td>123,05</td>
</tr>
<tr>
<td>GOLD SAND S.A.R.L.</td>
<td>339,06</td>
<td>455,96</td>
<td>-116,90</td>
</tr>
<tr>
<td>GRAPH-MADA S.A.R.L.</td>
<td>268,92</td>
<td>92,12</td>
<td>176,80</td>
</tr>
<tr>
<td>HOLCIM Madagascar S.A.</td>
<td>7 639,20</td>
<td>8 792,31</td>
<td>-1 153,11</td>
</tr>
<tr>
<td>INDUSTRIE MINIERE SINO-AFRIQUE S.A.R.L.</td>
<td>73,55</td>
<td>73,62</td>
<td>-0,07</td>
</tr>
<tr>
<td>IRON ORE CORPORATION OF MADAGASCAR</td>
<td>40,66</td>
<td>49,81</td>
<td>-9,16</td>
</tr>
<tr>
<td>KHAOMA S.A.</td>
<td>4 118,10</td>
<td>1 034,86</td>
<td>3 083,24</td>
</tr>
<tr>
<td>LABRADOR MADAGASCAR</td>
<td>209,34</td>
<td>223,33</td>
<td>-13,99</td>
</tr>
<tr>
<td>MAD'AUS S.A.R.L.</td>
<td>314,79</td>
<td>389,97</td>
<td>-55,18</td>
</tr>
<tr>
<td>MADAGASCAR CHROMIUM COMPANY LTD</td>
<td>36/0,34</td>
<td>0,19</td>
<td>36,67</td>
</tr>
<tr>
<td>MADAGASCAR CONSOLIDATED MINING S.A.</td>
<td>177,78</td>
<td>144,06</td>
<td>33,73</td>
</tr>
<tr>
<td>MADAGASCAR RESOURCES S.A.R.L.</td>
<td>33,90</td>
<td>0,16</td>
<td>33,74</td>
</tr>
<tr>
<td>MADAGASCAR WISCO GUANGXIN KAM WAH S.A.</td>
<td>911,16</td>
<td>208,86</td>
<td>702,30</td>
</tr>
<tr>
<td>MAINLAND MINING LIO S.A.R.L.</td>
<td>2,44,56</td>
<td>2,50,51</td>
<td>2,80,06</td>
</tr>
<tr>
<td>MPUMALANGA MINING RESOURCES S.A.U</td>
<td>225,13</td>
<td>175,21</td>
<td>49,92</td>
</tr>
<tr>
<td>NOVA RESOURCES S.A.R.L.</td>
<td>200,26</td>
<td>295,16</td>
<td>-94,90</td>
</tr>
<tr>
<td>PAM Madagascar S.A</td>
<td>114,12</td>
<td>123,36</td>
<td>-9,24</td>
</tr>
<tr>
<td>PAM SAKOA COAL S.A.</td>
<td>62,21</td>
<td>/3,16</td>
<td>8,44</td>
</tr>
<tr>
<td>PKOCHIMA MINES &amp; CARRIERES &quot;P.M.C&quot; SA</td>
<td>45,11</td>
<td>54,00</td>
<td>-8,90</td>
</tr>
<tr>
<td>QIT MADAGASCAR MINERALS S.A.</td>
<td>8 831,47</td>
<td>4 384,62</td>
<td>4 466,85</td>
</tr>
<tr>
<td>RAHELMANJIMBY Kija Tantely Andranitiana</td>
<td>42,62</td>
<td>44,38</td>
<td>-1,77</td>
</tr>
<tr>
<td>RECHERCHE MINIERES DE MADAGASCAR</td>
<td>1,13</td>
<td>1,13</td>
<td>0,00</td>
</tr>
<tr>
<td>SOMIDA S.A.</td>
<td>30,93</td>
<td>28,40</td>
<td>2,53</td>
</tr>
<tr>
<td>TAN LALUM KARE EARTH (MALAGASY)</td>
<td>185,11</td>
<td>254,35</td>
<td>-69,24</td>
</tr>
<tr>
<td>TOLVARA SANUS S.A.R.L.</td>
<td>220,01</td>
<td>173,72</td>
<td>46,29</td>
</tr>
<tr>
<td>UNIVERSAL EXPLORATION MADAGASCAR</td>
<td>15,05</td>
<td>120,57</td>
<td>-105,52</td>
</tr>
<tr>
<td>YAT WHA Bertrand fock Olivier Marc Hang-Ly</td>
<td>46,60</td>
<td>60,54</td>
<td>-13,94</td>
</tr>
</tbody>
</table>
## 2.1.2. Oil companies

Table 42: Reconciliation results for oil companies that have filled the canvas

<table>
<thead>
<tr>
<th>LISTE OF OIL COMPANIES</th>
<th>INITIAL CANVASSES</th>
<th>ADJUSTMENTS</th>
<th>ADJUSTED CANVASSES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Company (ENT)</td>
<td>Admin (ADM)</td>
<td>Initial</td>
</tr>
<tr>
<td>AMICOH RESOURCES</td>
<td>0,74</td>
<td>136,15</td>
<td>-135,41</td>
</tr>
<tr>
<td>MADAGASCAR OIL</td>
<td>1 997,57</td>
<td>1 425,81</td>
<td>571,76</td>
</tr>
<tr>
<td>SAPETRO</td>
<td>110,51</td>
<td>110,51</td>
<td>0,00</td>
</tr>
<tr>
<td>STERLING ENERGY LTD</td>
<td>104,64</td>
<td>154,07</td>
<td>-49,43</td>
</tr>
<tr>
<td>TOTAL EXPLORATION</td>
<td>47 173,27</td>
<td>333,19</td>
<td>46 840,08</td>
</tr>
<tr>
<td>TULLOW MCAR</td>
<td>17,14</td>
<td>309,66</td>
<td>-292,52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49 403,86</strong></td>
<td><strong>2 469,38</strong></td>
<td><strong>46 934,48</strong></td>
</tr>
</tbody>
</table>

## 2.1.3. Comments

The following adjustments were made as for overall State declaration canvasses:

- Non existing data
- Erroneous data
- Reclassifyings
- Lack of exhaustive data.

The following adjustments were made as for overall company declaration canvasses:

- Payments disclosed but outside reconciliation
- Payments made off-reviewing period
- Payments not declared in the canvases
Reclassifyings
Payments disclosed excluding VAT instead of inclusive of all taxes.

2.2. Company-level adjustments

Adjustments on companies’ side are synthesised as follows:

Table 43: Company-level adjustments

<table>
<thead>
<tr>
<th>Adjustments made</th>
<th>Total in USD</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>No payment made</td>
<td>-2 544 604.37</td>
<td>(a)</td>
</tr>
<tr>
<td>Payments off-study</td>
<td>-1 059 438.79</td>
<td>(b)</td>
</tr>
<tr>
<td>Payments off-covered period</td>
<td>-448 919.80</td>
<td>(c)</td>
</tr>
<tr>
<td>Cut-off issues</td>
<td>-354 888.18</td>
<td>(c)</td>
</tr>
<tr>
<td>Payments excluding taxes</td>
<td>4 132 006.57</td>
<td>(d)</td>
</tr>
<tr>
<td>Non declared payments</td>
<td>64 531.55</td>
<td>(e)</td>
</tr>
<tr>
<td>Reclassifyings</td>
<td>-3 052 727.83</td>
<td>(f)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-3 264 040.85</td>
<td></td>
</tr>
</tbody>
</table>

(a) Mining licence fees compensations through VAT- and BCMM credits were adjusted as they are not subject of effective disbursements during the above-reviewed period.
(b) Adjustments are in relation to declaration errors. They essentially consist of payments made outside our study coverage and do not constitute tax payments.
(c) Payments disclosed during 2015 were excluded from the canvas.
(d) Declared administrative and processing fees are VAT exclusive, declarations were hence adjusted consequently.
(e) Payments were omitted by companies, thus the data presents a gap between payments settlement by freight forwarders and effective forwarding fees by those companies as well not including thirteenth (13th) pay months in salary declarations and not declaring sectorial fees expenses either.
(f) Reporting errors.

The Reconciler concluded that some transportation revenues (port- and handler-based) exist and are considered significant, hence such revenues were reconciled as well. However the multistakeholder group would have to adopt an official position on this matter.

2.2.1. Mining companies

2.2.1.1. Adjustments made on company canvasses in relation to payments made to: the BCMM; the DGM; the DGD and the DGI

The table below presents adjustments made on company canvasses in relation to payments made to: the BCMM; the DGM; the DGD and the DGI.
### Table 44: Detailed adjustments at company-level: mining companies (BCMM; DGM; DGD & DGI)

<table>
<thead>
<tr>
<th>Mining companies</th>
<th>BCMM</th>
<th>DGM</th>
<th>DGD</th>
<th>DGI</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMBATOVY MINERALS S.A.</td>
<td>16,452.20</td>
<td>(1926,026.93)</td>
<td>260,572.84</td>
<td>(50,327.80)</td>
</tr>
<tr>
<td>CLASSIC REAL STONES S.A.R.L.</td>
<td>113,529.91</td>
<td>-</td>
<td>7,944.08</td>
<td>-</td>
</tr>
<tr>
<td>COAL MINING MADAGASCAR S.A.R.L.</td>
<td>4,297.34</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UYNA TEC MADAGASCAR S.A</td>
<td>18,069.74</td>
<td>14,826.34</td>
<td>-</td>
<td>45,268.29</td>
</tr>
<tr>
<td>ENERGIZER RESSOURCES (Minerals) S.A.R.L.</td>
<td>(129,833.14)</td>
<td>-</td>
<td>-</td>
<td>4,028.38</td>
</tr>
<tr>
<td>GRAPH-MADA S.A.R.L.</td>
<td>1,216.55</td>
<td>488.54</td>
<td>(133,170.10)</td>
<td>(23,598.67)</td>
</tr>
<tr>
<td>HOLCIM Madagascar S.A.</td>
<td>-</td>
<td>-</td>
<td>579,182.89</td>
<td>696,460.71</td>
</tr>
<tr>
<td>INDUSTRIE MINIERE SINO-AFRIQUE S.A.R.L.</td>
<td>-</td>
<td>73,01</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IRON ORE CORPORATION OF MADAGASCAR S.A.R.L.</td>
<td>8,261.90</td>
<td>-</td>
<td>-</td>
<td>152,88</td>
</tr>
<tr>
<td>KRAOMA S.A.</td>
<td>-</td>
<td>32,413.27</td>
<td>(61,743.76)</td>
<td>(2,919,550.56)</td>
</tr>
<tr>
<td>LABRAUDIR MADAGASCAR -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,003.57</td>
</tr>
<tr>
<td>MADAOUST S.A.R.L.</td>
<td>59,341.80</td>
<td>(204,785.88)</td>
<td>-</td>
<td>(1,113,42)</td>
</tr>
<tr>
<td>MADAGASCAR CHROMIUM COMPANY LTD S.A.R.L.U</td>
<td>(367,801.60)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MADAGASCAR CONSOLIDATED MINING S.A.</td>
<td>18,098.54</td>
<td>-</td>
<td>-</td>
<td>(50,820.20)</td>
</tr>
<tr>
<td>MADAGASCAR RESSOURCES S.A.R.L.</td>
<td>(33,754.00)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MADAGASCAR WISCO GUANGXIN KAM WAH RESSOURCES</td>
<td>45,814.17</td>
<td>(45,814.17)</td>
<td>-</td>
<td>(329,971.91)</td>
</tr>
<tr>
<td>MAINLAND MINING LTD S.A.R.L.U</td>
<td>-</td>
<td>1,078.28</td>
<td>58,872.88</td>
<td>115,53</td>
</tr>
<tr>
<td>NOVA RESOURCES S.A.R.L.U</td>
<td>(7,268.65)</td>
<td>-</td>
<td>58,872.88</td>
<td>-</td>
</tr>
<tr>
<td>PAM SAKOA COAL S.A.</td>
<td>-</td>
<td>-</td>
<td>14,275.92</td>
<td>-</td>
</tr>
<tr>
<td>PROCHIMAD MINES &amp; CARRIERES &quot;P.M.C&quot; SA</td>
<td>-</td>
<td>-</td>
<td>14,275.92</td>
<td>-</td>
</tr>
<tr>
<td>QIT MADAGASCAR MINERALS S.A.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(121,952.58)</td>
</tr>
<tr>
<td>RECHERCHES MINIERES DE MADAGASCAR S.A.R.L.</td>
<td>(17,851.87)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SOMIDA S.A.</td>
<td>(1,733.59)</td>
<td>3,098.23</td>
<td>-</td>
<td>147,72</td>
</tr>
<tr>
<td>TANETY LAVA S.A.R.L.</td>
<td>62,996.15</td>
<td>-</td>
<td>-</td>
<td>(123,23)</td>
</tr>
<tr>
<td>TANTALUM RARE EARTH (MALAGASY) S.A.R.L.U</td>
<td>10,617.66</td>
<td>-</td>
<td>10516,51</td>
<td>8,001,28</td>
</tr>
<tr>
<td>TOLIARA SANDS S.A.R.L.</td>
<td>(27,237.24)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UNIVERSAL EXPLORATION MADAGASCAR S.A.R.L.</td>
<td>87,595.71</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>(139,136.79)</td>
<td>(1,922,011.32)</td>
<td>736,451.26</td>
<td>(2,732,266.71)</td>
</tr>
</tbody>
</table>
2.2.1.2. **Adjustments made on company canvasses in relation to payments made to the CNaPS; Port services; local decentralised authorities (CTDs) and other collecting bodies**

The table below presents adjustments made on company canvasses in relation to payments made to CTDs; CNaPS; Port services and to other collecting bodies:

**Table 45: Detailed adjustments at company-level: mining (CTDs; CNaPS; Port services & other collecting bodies)**

<table>
<thead>
<tr>
<th>MINING COMPANIES (in USD)</th>
<th>CTD</th>
<th>CNAPS</th>
<th>PORT</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMBATOVY MINERALS S.A.</td>
<td>110 135,88</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DYNATEC MADAGASCAR S.A</td>
<td>7 556,82</td>
<td>-</td>
<td>(448 777,06)</td>
<td>(54 002,05)</td>
</tr>
<tr>
<td>ENERGIZER RESSOURCES (Minerals) S.A.R.L.</td>
<td>-</td>
<td>2 738,39</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GOLD SAND S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3 865,07</td>
</tr>
<tr>
<td>GRAPH-MADA S.A.R.L.</td>
<td>(8 903,51)</td>
<td>(1 288,69)</td>
<td>-</td>
<td>(488,54)</td>
</tr>
<tr>
<td>HOLCIM Madagascar S.A.</td>
<td>68 324,14</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IRON ORE CORPORATION OF MADAGASCAR S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 153,96</td>
</tr>
<tr>
<td>KRAUMA S.A.</td>
<td>(123,15)</td>
<td>-</td>
<td>84 222,86</td>
<td>(251 032,40)</td>
</tr>
<tr>
<td>MADAGASCAR WISCO GUANGXIN KAM WAH RESSOURCES S.A.U.</td>
<td>(325 641,43)</td>
<td>(3 091,39)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MAINLAND MINING LTD S.A.R.L.U</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1 078,28)</td>
</tr>
<tr>
<td>PAM Madagascar S.A.</td>
<td>-</td>
<td>(3 255,85)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PAM SAKOA COAL S.A.</td>
<td>-</td>
<td>(106,38)</td>
<td>-</td>
<td>(299,58)</td>
</tr>
<tr>
<td>QIT MADAGASCAR MINERALS S.A.</td>
<td>(34 551,49)</td>
<td>-</td>
<td>-</td>
<td>(32 220,37)</td>
</tr>
<tr>
<td>RECHERCHES MINIERES DE MADAGASCAR S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>167,52</td>
</tr>
<tr>
<td>SOMIDA S.A.</td>
<td>(1 501,50)</td>
<td>6 525,04</td>
<td>(315,39)</td>
<td>892,56</td>
</tr>
<tr>
<td>TANTALUM RARE EARTH (MALAGASY) S.A.R.L.U</td>
<td>810 878,92</td>
<td>-</td>
<td>-</td>
<td>2 673,04</td>
</tr>
<tr>
<td>UNIVERSAL EXPLORATION MADAGASCAR S.A.R.L.</td>
<td>-</td>
<td>4 385,50</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>626 174,68</strong></td>
<td><strong>5 906,61</strong></td>
<td><strong>(364 869,59)</strong></td>
<td><strong>(330 369,05)</strong></td>
</tr>
</tbody>
</table>
2.2.2. Oil companies:

2.2.2.1. Adjustments made on company canvasses in relation to payments made to: the OMNIS; the DGD and the DGI

Table 46: Detailed adjustments at company-level: oil companies (OMNIS; DGD & DGI)

<table>
<thead>
<tr>
<th>OIL COMPANIES</th>
<th>OMNIS</th>
<th>DGD</th>
<th>DGI</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMICOH RESOURCES</td>
<td>136 149,76</td>
<td>8 521,50</td>
<td>(9 105,76)</td>
</tr>
<tr>
<td>STERLING ENERGY LTD</td>
<td>49 445,78</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL EXPLORATION</td>
<td>332 333,74</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TULLOW MCAR</td>
<td>289 485,62</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>807 414,91</td>
<td>8 521,50</td>
<td>(9 105,76)</td>
</tr>
</tbody>
</table>

2.2.2.2. Adjustments made on company canvasses in relation to payments made to the CNaPS; Port services; local decentralised authorities (CTDs) and other collecting bodies

The table below presents adjustments made on company canvasses in relation to payments made to CTDs; the CNaPS; Port services and to other collecting bodies:

Table 47: Detailed adjustments at company-level: mining (CTDs; CNaPS; Port services & other collecting bodies)

<table>
<thead>
<tr>
<th>MINING COMPANIES</th>
<th>CTD</th>
<th>CNaPS</th>
<th>PORT</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>STERLING ENERGY LTD</td>
<td>32 285,77</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TULLOW MCAR</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16 963,64</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>32 285,77</td>
<td>-</td>
<td>-</td>
<td>16 963,64</td>
</tr>
</tbody>
</table>

2.3. Administration-level adjustments

Table 48: Detailed adjustments at Administration-level: mining

<table>
<thead>
<tr>
<th>Adjustments made</th>
<th>Total in USD</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erroneous data</td>
<td>(1 901 514,06)</td>
<td>(a)</td>
</tr>
<tr>
<td>Inexisting data</td>
<td>8 403 405,62</td>
<td>(b)</td>
</tr>
<tr>
<td>Insufficient data for reconciliation</td>
<td>8 161 912,80</td>
<td>(c)</td>
</tr>
<tr>
<td>Reclassifying</td>
<td>50 458,51</td>
<td>(d)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>14 714 262,88</td>
<td></td>
</tr>
</tbody>
</table>

(a) Adjustments following errors in data received from the Administration.
(b) Adjustments following unavailable data from the Administration
(c) Adjustments following insufficient data from the Administration
(d) Data classification error
2.3.1. Mining:

2.3.1.1. Adjustments on the following collecting bodies’ respective canvasses: BCMM; DGM; DGD and the DGI

Table 49: Administration-level adjustments: mining

<table>
<thead>
<tr>
<th>COMPANIES</th>
<th>BCMM</th>
<th>DGM</th>
<th>DGD</th>
<th>DGI</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMBATOVY MINERALS S.A.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3 953 689,89</td>
</tr>
<tr>
<td>COAL MINING MADAGASCAR S.A.R.L.</td>
<td>14 573,41</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>COPAX RESOURCES S.A.R.L.</td>
<td>5 000,13</td>
<td>-</td>
<td>-</td>
<td>144,10</td>
</tr>
<tr>
<td>DYNATEC MADAGASCAR S.A</td>
<td>-</td>
<td>14 826,34</td>
<td>-</td>
<td>2 382 420,24</td>
</tr>
<tr>
<td>GOLD SAND S.A.R.L.</td>
<td>113 575,46</td>
<td>-</td>
<td>-</td>
<td>555,90</td>
</tr>
<tr>
<td>GHAPH-MADA S.A.R.L.</td>
<td>8 864,93</td>
<td>488,54</td>
<td>-</td>
<td>16 904,47</td>
</tr>
<tr>
<td>HOLCIM Madagascar S.A.</td>
<td>-</td>
<td>(0,00)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>INDUSTRIE MINIERE SINO-AFRIQUE S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,93</td>
</tr>
<tr>
<td>IRON ORE CORPORATION OF MADAGASCAR S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>259,94</td>
</tr>
<tr>
<td>KRAOMA S.A.</td>
<td>-</td>
<td>(67 878,24)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MADAGASCAR RESSOURCES S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>129,01</td>
</tr>
<tr>
<td>MADAGASCAR WISCO GUANGXIN KAM WAH RESSOURCES S.A.U.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28 925,80</td>
</tr>
<tr>
<td>MAINLAND MINING LTD S.A.R.L.U</td>
<td>18 449,24</td>
<td>1 078,28</td>
<td>-</td>
<td>6 199,17</td>
</tr>
<tr>
<td>MPUMALANGA MINING RESOURCES S.A.U</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>42 069,29</td>
</tr>
<tr>
<td>NOVA RESOURCES S.A.R.L.U</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>711,95</td>
</tr>
<tr>
<td>PAM Madagascar S.A</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23 229,89</td>
</tr>
<tr>
<td>PAM SAKOA COAL S.A.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8 604,13</td>
</tr>
<tr>
<td>QIT MADAGASCAR MINERALS S.A.</td>
<td>-</td>
<td>-</td>
<td>260 952,75</td>
<td>1 789 010,63</td>
</tr>
<tr>
<td>RECHERCHES MINIERES DE MADAGASCAR S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(17,74)</td>
</tr>
<tr>
<td>SOMIJA S.A.</td>
<td>-</td>
<td>1 613,57</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TANETY LAVA S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11 169,51</td>
</tr>
<tr>
<td>TANTALUM RARE EARTH (MALAGASY) S.A.R.L.U</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(59 411,54)</td>
</tr>
<tr>
<td>TOLIARA SANDS S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>529,44</td>
</tr>
<tr>
<td>UNIVERSAL EXPLORATION MADAGASCAR S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(11 2/0,58)</td>
</tr>
<tr>
<td>YAT WHA Bernard Fock Olivier Marc Hang-Ly</td>
<td>13 980,88</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>(174 444,05)</td>
<td>(49 871,51)</td>
<td>260 952,75</td>
<td>8 193 840,46</td>
</tr>
</tbody>
</table>
### 2.3.1.2. Adjustments on the following collecting bodies’ respective canvasses: CTDs, ports and other collecting bodies

Table 50: Detailed adjustments with collecting bodies: mining (in USD)

<table>
<thead>
<tr>
<th>COMPANIES</th>
<th>CTD</th>
<th>PORT</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMBATOVY MINERALS S.A.</td>
<td>112 140,32</td>
<td>-</td>
<td>250 738,43</td>
</tr>
<tr>
<td>DYNATEC MADAGASCAR S.A</td>
<td>2 862 849,65</td>
<td>(1 488 367,49)</td>
<td>390 687,18</td>
</tr>
<tr>
<td>GOLD SAND S.A.R.L.</td>
<td>8,32</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GRIAPH-MAIA S.A.R.L.</td>
<td>-</td>
<td>-</td>
<td>2 456,22</td>
</tr>
<tr>
<td>HOLCIM Madagascar S.A.</td>
<td>155 818,81</td>
<td>(45 757,80)</td>
<td>50 365,92</td>
</tr>
<tr>
<td>KRAOMA S.A.</td>
<td>6 644,55</td>
<td>-</td>
<td>23 117,94</td>
</tr>
<tr>
<td>LABRADOR MADAGASCAR -</td>
<td>-</td>
<td>-</td>
<td>1 012,17</td>
</tr>
<tr>
<td>MADAGASCAR CONSOLIDATED MINING S.A.</td>
<td>1 167,44</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MADAGASCAR WISCO GUANGXIN</td>
<td>784,06</td>
<td>-</td>
<td>227,15</td>
</tr>
<tr>
<td>MAINLAND MINING LTD S.A.R.L.U</td>
<td>110 694,12</td>
<td>-</td>
<td>11 147,87</td>
</tr>
<tr>
<td>MPUMALANGA MINING RESOURCES S.A.U</td>
<td>279 431,05</td>
<td>-</td>
<td>11 911,72</td>
</tr>
<tr>
<td>NOVA RESOURCES S.A.R.L.U</td>
<td>26 314,87</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>QIT MADAGASCAR MINERALS S.A.</td>
<td>1 610,49</td>
<td>-</td>
<td>3 725,18</td>
</tr>
<tr>
<td>QIT MADAGASCAR MINERALS S.A.</td>
<td>2 071 416,56</td>
<td>(1 534 125,29)</td>
<td>898 615,72</td>
</tr>
</tbody>
</table>

**TOTAL**                                      | **6 462 027,61**| **(1 534 125,29)**| **898 615,72** |
2.3.2. Oil:

2.3.2.1. Adjustments on the following collecting body's canvas: the DGI

Table 51: Administration-level adjustments: oil

<table>
<thead>
<tr>
<th>COMPANIES</th>
<th>DGI</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMICOH RESOURCES</td>
<td>737.20</td>
</tr>
<tr>
<td>MADAGASCAR OIL</td>
<td>38.51</td>
</tr>
<tr>
<td>TOTAL EXPLORATION</td>
<td>5 790.45</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6 586.16</td>
</tr>
</tbody>
</table>

2.3.2.2. Adjustments on the following collecting bodies’ respective canvasses: CTDs, ports and other collecting bodies

Table 52: Detailed adjustments with collecting bodies: oil (in USD)

<table>
<thead>
<tr>
<th>COMPANIES</th>
<th>CTD</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>MADAGASCAR OIL</td>
<td>569 319.30</td>
<td>708.58</td>
</tr>
<tr>
<td>STERLING ENERGY LTD</td>
<td>32 285.77</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL EXPLORATION</td>
<td>48 218.85</td>
<td>168.54</td>
</tr>
<tr>
<td>TOTAL</td>
<td>649 823.91</td>
<td>877.12</td>
</tr>
</tbody>
</table>

III. State’s disaggregated self declaration

Table 53: State’s disaggregated self declaration

<table>
<thead>
<tr>
<th>COMPANIES (data in USD)</th>
<th>BCMM</th>
<th>CNAPS</th>
<th>DGI</th>
<th>DGM</th>
<th>ONE</th>
<th>HEALTHCARE ORGANISATION</th>
<th>Overall total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANDRIAMAMPANDRISON Jean Jacques</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>6 050.69</td>
<td>812.30</td>
<td>0.00</td>
<td>6 862.99</td>
</tr>
<tr>
<td>ANDRIANANTANDRO Faly</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>46.36</td>
<td>0.00</td>
<td>0.00</td>
<td>46.36</td>
</tr>
<tr>
<td>ANDRIANIRINA Andry Harisoa</td>
<td>9 533.25</td>
<td>0.00</td>
<td>1 024.03</td>
<td>802.55</td>
<td>0.00</td>
<td>0.00</td>
<td>10 438.43</td>
</tr>
<tr>
<td>ARSENE LOYUS &amp; Cie Sa</td>
<td>7 963.25</td>
<td>0.00</td>
<td>561.77</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>8 786.53</td>
</tr>
<tr>
<td>AVANA RESOURCES S.A.R.L.U.</td>
<td>22 388.13</td>
<td>0.00</td>
<td>6 555.13</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>28 932.28</td>
</tr>
<tr>
<td>BLUE GOLD RESOURCES &quot;MADAGASCAR&quot; S.A</td>
<td>7 958.00</td>
<td>383.84</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>8 341.84</td>
</tr>
<tr>
<td>BLUE SUN MINING COMPANY S.A</td>
<td>10 617.66</td>
<td>0.00</td>
<td>6 998.30</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>17 615.96</td>
</tr>
<tr>
<td>BRIGHT STAR EXPLORATION S.A</td>
<td>9 391.75</td>
<td>219.47</td>
<td>98.66</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>9 709.98</td>
</tr>
<tr>
<td>CHAUMAD S.A.R.L.</td>
<td>5 308.83</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>5 308.83</td>
</tr>
<tr>
<td>COMPANIES (data in USD)</td>
<td>BCMM</td>
<td>CNAPS</td>
<td>DGI</td>
<td>DGM</td>
<td>ONE</td>
<td>HEALTHCARE ORGANISATION</td>
<td>Overall total</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>DAVID MINING CORPORATION S.A.R.L.</td>
<td>8 076,93</td>
<td>0,00</td>
<td>123,23</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>8 200,16</td>
</tr>
<tr>
<td>EGECORE S.A.R.L.U.</td>
<td>2 395,63</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>2 395,63</td>
</tr>
<tr>
<td>ESAMA MINERALS S.A.R.L.</td>
<td>13 070,22</td>
<td>148,54</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>123,82</td>
<td>13 342,59</td>
</tr>
<tr>
<td>FINEBRIDGE (AFRICA) MINING LTD S.A.R.L.</td>
<td>10 079,38</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>10 079,38</td>
</tr>
<tr>
<td>GARICA Manuel Jean Philippe</td>
<td>5 605,74</td>
<td>0,00</td>
<td>246,64</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>5 852,38</td>
</tr>
<tr>
<td>GENERAL MINING OF MADAGASCAR S.A.R.L.</td>
<td>18 500,22</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
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<td>0,00</td>
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<td>0,00</td>
<td>6 414,96</td>
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</table>
### IV. Other results

Donations are defined as made on a strictly voluntary basis, delivered to (i) a local community (or to one of its members), (ii) and/or to a decentralised local authority (CTD). Unless the donator matches one of those two precited cases, company clients, suppliers or business partners are excluded from donators. Donations may be made directly with the given community or through charities... ».

<table>
<thead>
<tr>
<th>COMPANIES (data in USD)</th>
<th>BCMM</th>
<th>CNAPS</th>
<th>DGI</th>
<th>DGM</th>
<th>ONE</th>
<th>HEALTHCARE ORGANISATION</th>
<th>Overall total</th>
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<td>0.00</td>
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</table>
As for compulsory expenditures, they are mandated by law or by a contract between given extractive companies and the Government. The table below specifies those «voluntary donations» and «compulsory social expenses» made by extractive companies in 2014.

Table 54: Voluntary donations and compulsory social expenses

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<th>COMPANIES</th>
<th>VOLUNTARY DONATIONS</th>
<th>COMPULSORY SOCIAL EXPENSES</th>
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<td>AMBATOVY MINERALS S.A.</td>
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<td>2 644 162,71</td>
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<td>HOLCIM Madagascar S.A.</td>
<td>68 324,14</td>
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<td>KRAOMA S.A.</td>
<td>1 139,20</td>
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<tr>
<td>MADA-AUST S.A.R.L.</td>
<td>1 167,14</td>
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<td>MADAGASCAR CONSOLIDATED MINING S.A.</td>
<td>784,06</td>
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<tr>
<td>MADAGASCAR OIL</td>
<td>523 498,26</td>
<td>45 821,03</td>
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<td>MADAGASCAR WISCO GUANGXIN KAM WAH RESSOURCES S.A.U.</td>
<td>110 694,12</td>
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<td>STERLING ENERGY LTD</td>
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<td>TANTALUM RARE EARTH (MALAGASY)</td>
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<td>Total</td>
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</table>

4.1. Donations

Table 55: Description of donations made by extractive companies (see Canvasses)

<table>
<thead>
<tr>
<th>Company name</th>
<th>Description</th>
<th>Beneficiaries</th>
<th>Value of realised infrastructures (in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMBATOVY MINERALS S.A. (amount: USD 56 866,11)</td>
<td>Construction works for a diversion weir and for the canal in Ambolomaro – Moramanga</td>
<td>Ambolomaro Fokontany - Ambohibary rural municipality</td>
<td>35 483,72</td>
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<tr>
<td></td>
<td>Construction works for wells with manual pumping systems INDIA MARK Ill and handwash installations</td>
<td>Fokontany Berano - Municipality Andasibe</td>
<td>10 630,44</td>
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<tr>
<td></td>
<td>Ampitambe EPP (public school) rehabilitation plus construction of 40 tables&amp;benches</td>
<td>Ampitambe Fokontany - Ambohibary rural municipality</td>
<td>2 957,57</td>
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<td>Rehabilitation works for the Ampitambe clinic</td>
<td>Ambolomaro Fokontany - Ambohibary rural</td>
<td>600,76</td>
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<tr>
<td>Company name</td>
<td>Description</td>
<td>Beneficiaries</td>
<td>Value of realised infrastructures (in USD)</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>DYNATEC MADAGASCAR S.A (amount: USD 161 244,78)</td>
<td>Reconstruction works for the Fanovana’s two bridges, post-cyclone Giovanna</td>
<td>Fanovana Fokontany - Ambatovola rural municipality</td>
<td>756,72</td>
</tr>
<tr>
<td></td>
<td>Various materials purchases for building stairs</td>
<td>Andasibe municipality</td>
<td>3 512,49</td>
</tr>
<tr>
<td></td>
<td>Various materials purchases for mine-access road shortcut</td>
<td>Andasibe municipality</td>
<td>2 924,41</td>
</tr>
<tr>
<td></td>
<td>Construction of two local fountains in Cité Vohitsara Toamasina</td>
<td>Cité Vohitsara - Analakininina Fokontany</td>
<td>5 946,74</td>
</tr>
<tr>
<td></td>
<td>Water access spot &amp; Eco-school Analabe by the SAINT GABRIEL NGO</td>
<td>Fokontany Berano/Amboakarivo/Analabe</td>
<td>2 525,70</td>
</tr>
<tr>
<td></td>
<td>Rehabilitation of Lycée (high school) II’s land</td>
<td>Toamasina II</td>
<td>1 353,87</td>
</tr>
<tr>
<td></td>
<td>CSB electricity and securing works</td>
<td>Vohitrambato rural municipality</td>
<td>3 597,79</td>
</tr>
<tr>
<td></td>
<td>Construction of the bridge linking H18/1 to H19b</td>
<td>Vohitrambato rural municipality</td>
<td>3 835,59</td>
</tr>
<tr>
<td></td>
<td>Solar panel setup and CSB securing</td>
<td>Vohitrambato rural municipality</td>
<td>3 201,51</td>
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<td></td>
<td>Community house rehabilitation</td>
<td>Vohitrambato rural municipality</td>
<td>5 004,47</td>
</tr>
<tr>
<td></td>
<td>Vohitrambato EPP (public school) rehabilitation</td>
<td>Vohitrambato rural municipality</td>
<td>12 605,01</td>
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<tr>
<td></td>
<td>Grid making and installation for the Vohitrambato CSB’s P.S</td>
<td>Vohitrambato rural municipality</td>
<td>2 970,30</td>
</tr>
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<td></td>
<td>Rehabilitation works for 17 wells in Vohitrambato</td>
<td>Vohitrambato rural municipality</td>
<td>21 821,91</td>
</tr>
<tr>
<td></td>
<td>Rehabilitation works for and standard upgrades to CSB (health centre) II</td>
<td>Vohitrambato rural municipality</td>
<td>1 950,53</td>
</tr>
<tr>
<td></td>
<td>Construction works for a road portion in Moramanga and hospital access road (Change order 1)</td>
<td>Moramanga municipality</td>
<td>15 621,52</td>
</tr>
<tr>
<td></td>
<td>Laying out the Centre de Formation Agricole de Brickaville (cooking premises; new office’s electrical installation; ceiling repairs; roof fixings)</td>
<td>Brickaville municipality</td>
<td>34 360,43</td>
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<tr>
<td></td>
<td>Construction of the Maison de la nutrition and of community site</td>
<td>Ampihaoana Fokontany</td>
<td>3 050,41</td>
</tr>
<tr>
<td></td>
<td>Equipments for the wood workshop at Moramanga’s Lycée Technique Professionnel (LTP) (professional high school)</td>
<td>Moramanga municipality</td>
<td>23 712,97</td>
</tr>
<tr>
<td></td>
<td>Sanitation works for the beach Corridor</td>
<td>Analakininina Fokontany</td>
<td>10 371,79</td>
</tr>
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<td></td>
<td>Construction works for classrooms, with furniture and sanitary facilities for the Analabe Tsararivotra school</td>
<td>Analabe Fokontany</td>
<td>2 620,59</td>
</tr>
<tr>
<td>Company name</td>
<td>Description</td>
<td>Beneficiaries</td>
<td>Value of realised infrastructures (in USD)</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>QIT MINERALS MADAGASCAR</td>
<td>Various rehabilitation works for the Ankarefo site</td>
<td>Ankarefo Fokontany</td>
<td>34 588.03</td>
</tr>
<tr>
<td></td>
<td>Various rehabilitation works in the city of Taolagnaro (pavements; plantations etc.)</td>
<td>Fort-Dauphin urban municipality</td>
<td>25 796.39</td>
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<tr>
<td></td>
<td>Construction of 08 roof-covered bus stops in the city of Fort–Dauphin</td>
<td>Fort-Dauphin urban municipality</td>
<td>12 965.75</td>
</tr>
<tr>
<td></td>
<td>Donations: boats and engines to fishermen</td>
<td>Fort-dauphin fishermen’s Group</td>
<td>34 347.35</td>
</tr>
<tr>
<td></td>
<td>Various donations in kind to communities (Rice; participation in Malagasy artisanal product purchases; various equipments etc.)</td>
<td>Various communities</td>
<td>15 364.29</td>
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<tr>
<td></td>
<td>Cash donations for the Red Cross’s 50th anniversary</td>
<td>Red Cross</td>
<td>924.24</td>
</tr>
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<td></td>
<td>Donations to Civil Protection (« Corps de Protection civile »)</td>
<td>Fort-Dauphin Corps de protection civil</td>
<td>770.20</td>
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<td></td>
<td>Participation to the training on maintenance for the ORT’s (Office Régional du Tourisme) (regional tourism office) website and FERIA subsidies</td>
<td>Office Régional du Tourisme (regional tourism office)</td>
<td>2 580.17</td>
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<td></td>
<td>School fee subsidies for students at the Lycée Clairefontaine (high school)</td>
<td>Lycée Clairefontaine (high school)</td>
<td>279 281.72</td>
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<td></td>
<td>Contribution to some associations’ and social organisations’ respective budgets</td>
<td>Various social organisations</td>
<td>66 527.90</td>
</tr>
<tr>
<td>MADAGASCAR WISCO GUANGXIN KAM WAH RESOURCES SAU</td>
<td>SATP’s construction of a paved road in Ambôhibao</td>
<td>Ambôhibao municipality</td>
<td>6 905.73</td>
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<tr>
<td>(amount: USD 110 694.12)</td>
<td>Various construction works in the Soalala municipality (EPP; roads etc)</td>
<td>Soalala municipality</td>
<td>103 788.39</td>
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<tr>
<td>MADAGASCAR CONSOLIDATED MINING S.A.</td>
<td>Contribution to participation in 54th Independence anniversary celebrations</td>
<td>Région Atsimo Andrefana region</td>
<td>784.06</td>
</tr>
<tr>
<td>(amount: USD 784.06)</td>
<td>Contribution to financial aid at municipality-level</td>
<td>Fotadrevo/Maniry rural municipalities</td>
<td>1 167.74</td>
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<tr>
<td>MADA-AUST SARL</td>
<td>Water tower construction</td>
<td>Ambanja</td>
<td>19.25</td>
</tr>
<tr>
<td>(amount: USD 1 167.74)</td>
<td>Financial aid for teachers’ remuneration in the Anorotsangana municipality</td>
<td>Ambanja</td>
<td>1 559.85</td>
</tr>
<tr>
<td>TANTALUM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company name</td>
<td>Description</td>
<td>Beneficiaries</td>
<td>Value of realised infrastructures (in USD)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td><strong>Financial aid for an event for the Sambirano municipality</strong></td>
<td>Ambanja</td>
<td>7,70</td>
<td></td>
</tr>
<tr>
<td><strong>Financial aid for a FJKM temple celebration</strong></td>
<td>Antsirabe</td>
<td>385,10</td>
<td></td>
</tr>
<tr>
<td><strong>Aid for High School teachers’ remuneration</strong></td>
<td>Ambanja</td>
<td>1 732,95</td>
<td></td>
</tr>
<tr>
<td><strong>2 rice bags</strong></td>
<td>Ambanja</td>
<td>46,21</td>
<td></td>
</tr>
<tr>
<td>TOLIARA SANDS (amount: USD 12 538,41)</td>
<td>Financing the ADFA (Australian Doctors For Africa) NGO’s charity actions – a humanitarian operator in Madagascar</td>
<td>ADFA</td>
<td>10 940,68</td>
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<tr>
<td><strong>Financial aid for an event for the urban municipality of Toliara</strong></td>
<td>Toliara</td>
<td>405,73</td>
<td></td>
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<tr>
<td><strong>Rice donations for the urban municipality of Toliara</strong></td>
<td>Toliara</td>
<td>346,53</td>
<td></td>
</tr>
<tr>
<td><strong>Sheet metal Donation for the construction of the Fokontany’s office</strong></td>
<td>Tsiafanony Fokontany</td>
<td>214,32</td>
<td></td>
</tr>
<tr>
<td><strong>Aide à la construction de terrain de football</strong></td>
<td>Ankehaka Fokontany</td>
<td>64,55</td>
<td></td>
</tr>
<tr>
<td><strong>Donation: Reserve lightbulbs for public lighting</strong></td>
<td>Tsongobory Fokontany</td>
<td>153,34</td>
<td></td>
</tr>
<tr>
<td><strong>Food donation for irrigation canal groups of workers</strong></td>
<td>Tsinjoriate Fokontany</td>
<td>413,26</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rehabilitation of former staff accommodation for the Environment House (« maison de l’environnement ») Ibity</td>
<td>Ibity municipality</td>
<td>4 504,41</td>
</tr>
<tr>
<td></td>
<td>lavonarivo EPP (public school) extension works</td>
<td>Iaronarivo EPP (public school)</td>
<td>8 530,10</td>
</tr>
<tr>
<td></td>
<td>Contribution to the rehabilitation of the Bemololo EPP (public school)</td>
<td>Bemololo EPP (public school)</td>
<td>15 528,11</td>
</tr>
<tr>
<td>KRAOMA S.A. (amount: USD 1 139,20)</td>
<td>Various donations in kind to communities (Medication; books; school supplies etc.)</td>
<td>Various communities</td>
<td>1 139,20</td>
</tr>
<tr>
<td>MADAGASCAR OIL (amount: USD 523 498,34)</td>
<td>Drinkable water, sanitation improvement &amp; hygiene infrastructure set-up in the Beravina municipality (2nd &amp; 3rd payment tranches)</td>
<td>Beravina municipality</td>
<td>36 045,33</td>
</tr>
<tr>
<td></td>
<td>Construction of 5 classrooms</td>
<td>Ankondromena rural municipality</td>
<td>80 016,04</td>
</tr>
<tr>
<td></td>
<td>Public market Construction in Folakara Ankondromena</td>
<td>Ankondromena rural municipality</td>
<td>6 935,05</td>
</tr>
<tr>
<td></td>
<td>Table &amp; chair construction</td>
<td>Ankondromena rural municipality</td>
<td>6 845,70</td>
</tr>
<tr>
<td></td>
<td>Solar panel + package purchase</td>
<td>Ankondromena rural municipality</td>
<td>4 099,39</td>
</tr>
<tr>
<td></td>
<td>Contribution to drilling works, Folakara project</td>
<td>Ankondromena rural municipality</td>
<td>3 851,00</td>
</tr>
</tbody>
</table>
### Social Expenditures Mandated by Law

#### Table 56: Social Expenditures Mandated by Law

<table>
<thead>
<tr>
<th>Company name</th>
<th>Description</th>
<th>Beneficiaries</th>
<th>Value of realised infrastructures (in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>QIT MADAGASCAR MINERALS S.A. (amount: USD 1,594,034.08)</td>
<td>Gallions Bay fishery project</td>
<td>Community</td>
<td>112,700.59</td>
</tr>
<tr>
<td></td>
<td>Biodiversity conservation and natural resource community management</td>
<td>Community</td>
<td>60,668.81</td>
</tr>
<tr>
<td></td>
<td>Fast Track KM 2014 project</td>
<td>Community</td>
<td>35,072.10</td>
</tr>
<tr>
<td></td>
<td>PDI quarry &amp; PDI Mandena project</td>
<td>Community</td>
<td>33,212.56</td>
</tr>
<tr>
<td></td>
<td>PAP’S huts rehabilitation programme in Ilafitsinanana</td>
<td>Community</td>
<td>33,732.45</td>
</tr>
<tr>
<td></td>
<td>Support to disturbance acknowledgment</td>
<td>Community</td>
<td>113,438.12</td>
</tr>
<tr>
<td></td>
<td>Construction activities training of Ilafitsinanana’s relocated population</td>
<td>Community</td>
<td>13,828.49</td>
</tr>
<tr>
<td></td>
<td>Project for elaborating and realising a simplified layout and management plan</td>
<td>Community</td>
<td>48,139.72</td>
</tr>
<tr>
<td></td>
<td>Integrated internal product development</td>
<td>Community</td>
<td>71,850.06</td>
</tr>
<tr>
<td></td>
<td>Development project in the Ambaniala &amp; Esavibe areas</td>
<td>Community</td>
<td>59,550.92</td>
</tr>
<tr>
<td></td>
<td>Service providing fees for support to financial education</td>
<td>Community</td>
<td>1,985.96</td>
</tr>
<tr>
<td></td>
<td>QMM participation to the opening of two FIVOY payment counters in rural municipalities</td>
<td>Community</td>
<td>10,628.75</td>
</tr>
<tr>
<td>Company name</td>
<td>Description</td>
<td>Beneficiaries</td>
<td>Value of realised infrastructures (in USD)</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------------------------------------------</td>
<td>---------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>QMM participation in credit development with CAE education</td>
<td>Community</td>
<td>38,509.97</td>
<td></td>
</tr>
<tr>
<td>Sustainable forest management project financing</td>
<td>Community</td>
<td>51,541.15</td>
<td></td>
</tr>
<tr>
<td>Financing the Ambatotsinianana site protection project</td>
<td>Community</td>
<td>39,658.16</td>
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<tr>
<td>Financing the Mahabo forest sustainable management project</td>
<td>Community</td>
<td>57,765.55</td>
<td></td>
</tr>
<tr>
<td>Supporting the RIO TINTO team in regularising the real estate situation; community relations methodology and approach review, Characterising territory use and socioeconomic aspects</td>
<td>Community</td>
<td>73,222.21</td>
<td></td>
</tr>
<tr>
<td>Joint project with the PACT</td>
<td>Community</td>
<td>272,915.92</td>
<td></td>
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<tr>
<td>Reinforcing community communication and good governance implementation</td>
<td>Community</td>
<td>87,563.69</td>
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<tr>
<td>Expenses for installing the Ankarafana landfills</td>
<td>Community</td>
<td>188,143.24</td>
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<tr>
<td>Joint project with the GIZ</td>
<td>Community</td>
<td>121,973.79</td>
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<tr>
<td>Joint project with the ACT</td>
<td>Community</td>
<td>22,589.55</td>
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<tr>
<td>Support to the FIMPIAP association</td>
<td>Community</td>
<td>4,323.37</td>
<td></td>
</tr>
<tr>
<td>Real Estate process communication coordination</td>
<td>Community</td>
<td>9,797.94</td>
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<tr>
<td>HIMO works</td>
<td>Community</td>
<td>7,544.62</td>
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</tr>
<tr>
<td>Various forms of support to social and environmental development</td>
<td>Community</td>
<td>18,681.14</td>
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<tr>
<td>Fishery programme support</td>
<td>Community</td>
<td>4,813.75</td>
<td></td>
</tr>
<tr>
<td>Moramanga market rehabilitation project as per agreement No. 0084 12/DMSA-AMSA/PDG/pa du 06/12/2013</td>
<td>Moramanga municipality</td>
<td>19,433.77</td>
<td></td>
</tr>
<tr>
<td>Civil protection unit creation project as per agreement No. 0088-12/DMSA-AMSA/PDG/pa</td>
<td>Toamasina municipality</td>
<td>533.75</td>
<td></td>
</tr>
<tr>
<td>ZEREN/NH3 Ammonia storage destruction project in Toamasina, following agreement No. 12_13/DMSA-AMSA/PDG/pa</td>
<td>Toamasina municipality</td>
<td>567,845.30</td>
<td></td>
</tr>
<tr>
<td>Poultry farm construction project following agreement No. 0211_12/DMSA-AMSA/PDG/pa</td>
<td>Toamasina &amp; Moramanga municipalities</td>
<td>618,700.13</td>
<td></td>
</tr>
<tr>
<td>Moramanga urban waste management improvement programme following agreement No 0087-12/DMSA-AMSA/PDG/pa</td>
<td>Moramanga municipality</td>
<td>15,314.52</td>
<td></td>
</tr>
<tr>
<td>Toamasina urban waste management improvement programme following agreement No. 0086-12/DMSA-AMSA/PDG/pa</td>
<td>Toamasina municipality</td>
<td>40,850.42</td>
<td></td>
</tr>
<tr>
<td>Company name</td>
<td>Description</td>
<td>Beneficiaries</td>
<td>Value of realised infrastructures (in USD)</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>---------------------------------------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td><strong>MAINLAND MINING LTD S.A.R.L.U</strong></td>
<td>Bazar Be project in Toamasina following agreement No. 0212-DMSA-AMSA-PDG/pa</td>
<td>Toamasina municipality</td>
<td>1 381 484.81</td>
</tr>
<tr>
<td>(amount: USD 277 917.76)</td>
<td>R5S (national road) maintenance and repairs</td>
<td>Malagasy State</td>
<td>269 570.00</td>
</tr>
<tr>
<td></td>
<td>Classroom construction</td>
<td>MAHASOA, Ampasimbe</td>
<td>5 969.00</td>
</tr>
<tr>
<td></td>
<td>Building two drills and a lavatory</td>
<td>Fort-Dauphin urban</td>
<td>2 378.76</td>
</tr>
<tr>
<td>(amount: USD 3 236,86)</td>
<td>Financing for building classrooms at the CEG (school) Manakana and school supplies purchasing</td>
<td>Manakana/Andriamena municipality</td>
<td>3 236.86</td>
</tr>
<tr>
<td><strong>MPUMALANGA MINING RESOURCES S.A.U</strong></td>
<td>Financial contribution for FRAM teachers remuneration</td>
<td>FRAM TEACHERS</td>
<td>12 939.35</td>
</tr>
<tr>
<td>(amount: USD 45 821,03)</td>
<td>Financial contribution to social activities: reforestation plant purchases, pitting, plantation, Melaky games, etc</td>
<td>Melaky games organisation committee/Rural municipality of Ankondromena</td>
<td>11 983.69</td>
</tr>
<tr>
<td></td>
<td>Contribution to governmental mission expenses in the Menabe region</td>
<td>Menabe region</td>
<td>3 851.00</td>
</tr>
<tr>
<td></td>
<td>Various social and environmental expenses (plants donation; indemnisation of planted lands, etc)</td>
<td>Melaky region</td>
<td>10 134.46</td>
</tr>
<tr>
<td></td>
<td>Contribution to municipality development through donations in kind (school supplies; construction materials)</td>
<td>ANKONDROMENA MUNICIPALITY</td>
<td>6 912.54</td>
</tr>
<tr>
<td><strong>TOTAL EXPLORATION</strong></td>
<td>Municipal investment programme for the Morafenobe municipality – Furniture provision and delivery to stage-based accommodation and the community house (« tranompokonolona ») - Countout N°3</td>
<td>AGETIPA</td>
<td>1 839.24</td>
</tr>
<tr>
<td>(amount: USD 48 218,85)</td>
<td>Municipal investment programme for the Morafenobe municipality – Furniture provision and delivery to the stage-based accommodation and the community house (« tranompokonolona ») (Fees/invoices paid)</td>
<td>AGETIPA</td>
<td>177.79</td>
</tr>
<tr>
<td></td>
<td>Municipal investment programme for the Morafenobe municipality – Furniture provision and delivery to the stage-based accommodation and the community house (« tranompokonolona ») (Fees/invoices paid, reference No. DP N°2 &amp; 3, Contract (Marché) n°02/AG/TEPMG/2011)</td>
<td>AGETIPA</td>
<td>177.79</td>
</tr>
<tr>
<td></td>
<td>Support to rural development microprojects in the Andramy and Morafenobe municipalities</td>
<td>ONG CITE</td>
<td>19 956.64</td>
</tr>
<tr>
<td></td>
<td>Support to rural development microprojects in the Andramy and Morafenobe municipalities</td>
<td>ONG CITE</td>
<td>19 956.64</td>
</tr>
<tr>
<td></td>
<td>Jeux du Melaky Kelifela II 2014 Ambatomaly</td>
<td>JEUX DU MELAKY</td>
<td>6 110.76</td>
</tr>
<tr>
<td><strong>STERLING ENERGY LTD</strong></td>
<td>Contribution to an environmental impact study and to social development</td>
<td>Ambilobe municipality plus those impacted by the project</td>
<td>32 285.77</td>
</tr>
<tr>
<td>(amount: USD 32 285,77)</td>
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</tbody>
</table>
4.3. Results at decentralised authorities-level

4.3.1. Mining rebates

The table below presents the reconciliation between rebates paid by given companies and related receipts from beneficiary municipalities and regions for the concerned year.

Table 57: Rebates reconciliation for 2014

<table>
<thead>
<tr>
<th>Municipality/ Region</th>
<th>Mining company</th>
<th>Amount paid by company</th>
<th>Amount received by municipality/region in USD</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vakinakaratra region</td>
<td>Holcim</td>
<td>9 659,88</td>
<td>9 659,88</td>
<td>-</td>
</tr>
<tr>
<td>Faritany Antananarivo</td>
<td>Holcim</td>
<td>3 219,96</td>
<td>3 219,96</td>
<td>-</td>
</tr>
<tr>
<td>Andranomanelatra municipality</td>
<td>Holcim</td>
<td>2 228,42</td>
<td>2 228,42</td>
<td>-</td>
</tr>
<tr>
<td>Tritriva municipality</td>
<td>Holcim</td>
<td>4 836,11</td>
<td>4 836,11</td>
<td>-</td>
</tr>
<tr>
<td>Ibity municipality</td>
<td>Holcim</td>
<td>12 255,23</td>
<td>12 255,23</td>
<td>-</td>
</tr>
<tr>
<td>Anosy region</td>
<td>QMM</td>
<td>279 384,63</td>
<td>279 384,63</td>
<td>-</td>
</tr>
<tr>
<td>Autonomous Province</td>
<td>QMM</td>
<td>93 128,21</td>
<td>93 128,21</td>
<td>-</td>
</tr>
<tr>
<td>Ampasy Nahampoana municipality</td>
<td>QMM</td>
<td>279 384,63</td>
<td>279 412,36</td>
<td>27,73</td>
</tr>
<tr>
<td>Mandromodromotra municipality</td>
<td>QMM</td>
<td>139 692,31</td>
<td>141 617,81</td>
<td>1 925,50</td>
</tr>
<tr>
<td>Fort-Dauphin urban municipality</td>
<td>QMM</td>
<td>139 692,31</td>
<td>139 692,31</td>
<td>-</td>
</tr>
</tbody>
</table>

- Part of rebates for 2013 were only received at the beginning of 2014, which explains the gap for the Mandromodromotra municipality.
- The gap for the Ampasy Nahampoana municipality is non significant.

4.3.2. Quarry extraction rebates

The table below presents rebate amounts from quarry-based extraction as paid by company AMSA to the rural municipality of Ambohibary in 2014.

Table 58: Reconciliation of quarry-based extraction rebates for year 2014

<table>
<thead>
<tr>
<th>Municipality Ambohibary</th>
<th>Mining company</th>
<th>Amount paid by company</th>
<th>Amounts received by municipalities/regions</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AMSA</td>
<td>55 274,21</td>
<td>55 274,21</td>
<td>-</td>
</tr>
</tbody>
</table>
4.3.3. Mining administrative fees

The table below summarises payments transferred for mining administrative fees for year 2014 for municipalities. We observe that there is at least a two-year delay between the BCMM’s receipt of those administrative fees by the BCMM and the transfer of those revenues to beneficiary municipalities.

Table 59: Revenue sharing transfers for year 2014

<table>
<thead>
<tr>
<th>Transfer order No.</th>
<th>Date</th>
<th>Amount in USD</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1ère Vague</td>
<td>293/2016/RGA</td>
<td>05/04/2016</td>
<td>319 224,65</td>
</tr>
<tr>
<td>2ème Vague</td>
<td>717/2016/RGA</td>
<td>19/09/2016</td>
<td>226 812,08</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>546 036,73</td>
</tr>
</tbody>
</table>
The table below allows a better appreciation of financial flows as well as information streams, from permit holders’ FAM payments to the receipt of respective shares of those FAMs by municipalities.

**Table 60: FAM financial flows and information streams**

<table>
<thead>
<tr>
<th>Financial Flows</th>
<th>Information Streams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual administration fee payouts, based on occupied perimeters.</td>
<td>Processing FAM in accounts.</td>
</tr>
<tr>
<td></td>
<td>Calculating each municipality’s share based on:</td>
</tr>
<tr>
<td></td>
<td>- Delineating the municipal perimeter (Home Office)</td>
</tr>
<tr>
<td></td>
<td>- Mining perimeter occupation</td>
</tr>
<tr>
<td></td>
<td>Preparing and transmitting the following filing components to the Public Treasury:</td>
</tr>
<tr>
<td></td>
<td>- List of beneficiary municipalities</td>
</tr>
<tr>
<td></td>
<td>- Municipalities’ respective shares</td>
</tr>
<tr>
<td></td>
<td>- Municipalities’ open accounts at the Public Treasury or with primary banks</td>
</tr>
<tr>
<td></td>
<td>Verifying account- and account holder information.</td>
</tr>
<tr>
<td></td>
<td>- Where it is a 1st category Municipality – the municipality disposes of an account with the Public Treasury: « Transfert » (Transfer)-labelled</td>
</tr>
<tr>
<td></td>
<td>- Where it is a 2nd category Rural Municipality – the municipality disposes of an account with primary banks : « Virement » (wire)-labelled</td>
</tr>
<tr>
<td>Observations:</td>
<td>Summary of observations:</td>
</tr>
<tr>
<td>✓ Each permit holder pays its FAM with the BCMM or with the BCMM’s Provincial Representations.</td>
<td>✓ The file containing each municipality’s share does not detail payments made by each permit holder respectively</td>
</tr>
<tr>
<td></td>
<td>✓ The description for the funds transfer from the Treasury does not specify whether the funds represent FAM shares as well the covered year</td>
</tr>
<tr>
<td></td>
<td>✓ Wrong bank account or name</td>
</tr>
<tr>
<td></td>
<td>✓ Delay in wiring or transferring the funds to municipalities</td>
</tr>
<tr>
<td></td>
<td>✓ Municipality treasury officer does not manage to identify receipt of those share of FAM nor to determine the corresponding fiscal year</td>
</tr>
<tr>
<td></td>
<td>✓ Municipality indicates that it did not receive their share</td>
</tr>
</tbody>
</table>
### G. Follow-up on past recommendations and eventual complements

#### Table 61 : Follow-up on past recommendations

<table>
<thead>
<tr>
<th>Section</th>
<th>Observations</th>
<th>Recommendation</th>
<th>Followed/ No followed through 2013/14 recommendation follow up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary adhesion from extractive companies</td>
<td>Extractive companies often find it difficult to make part or all of information and data on paid taxes accessible. One may note, from this, a rather controversial behaviour in the EITI even though it is voluntary. As a matter of fact it is generally observed that there is persistent wary against towards the Tax Administration or third parties, whether or not it is justified. Extractive companies fear for that information to generate problems or controversial issues that may affect their brand, reputation or interest or may be used towards other ends than transparency.</td>
<td>We consider that dialogue, respect and trust between the Tax Administration and extractive companies do constitute the essence of transparency, thus we recommend that those principles be observed throughout time by extractive companies and the public Administration from now on, in order to guarantee for an integration of the EITI process.</td>
<td>Not followed through. Recommendation maintained. We observed that not all companies adhered to the EITI process. The absence of institutionalisation of the EITI in regulation represents a flaw. The absence of a legal order or any other text making participation compulsory allows to those companies to not take part of the EITI process.</td>
</tr>
<tr>
<td>Improving the reconciliation perimeter</td>
<td>One company included in the reconciliation framework was bought back by another company at a date after the reconciliation period. We thus found difficulties in obtaining a canvas duly filled and signed by a competent person in charge for that case. Former employees of the acquired company, whom were the only individuals with a good knowledge of that company’s activities and payments, are not available anymore whereas employees of the acquiring company are quite hesitant to sign a document that they cannot certify is accurate given the lack of complete and adequate information.</td>
<td>We recommend that the EITI exclude dissolved companies (or those who stopped their activities) from the reconciliation. Furthermore, the legal processes into place should be able to constrain all companies that are dissolved and/or have stopped operating to share necessary financial information to the EITI process before leaving Madagascar.</td>
<td>Not followed through. Recommendation maintained. Complement to recommendations: A company that is included in the reconciliation has stopped operating in 2014 (EXXON). We did not get its canvas. Furthermore, it could be interesting to add entities that make significant payments to the DGM and the ANOR in the reconciliation perimeter (such extension will enlarge the reconciler’s modalities of intervention).</td>
</tr>
</tbody>
</table>
## Recommendations for companies and the Administration altogether (5.1.2 in previous report)

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Details</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distinguishing revenues per sector for companies with several activity streams</strong></td>
<td>Some companies in the reconciliation perimeter happen to perform several activities, including those in relation to extractive industries. They bear a registered NIF with Tax Administration entities. Declarations and payments in relation to such activities altogether are linked to that NIF. Thus, for some declarations on taxes, it was not possible to separate mining activity-related payments from activities that are not included in the reconciliation (e.g. IRSA). As a matter of fact, the Tax Administration’s data does not make any distinctions per activity.</td>
<td>Not followed through. Recommendation maintained.</td>
</tr>
<tr>
<td><strong>Setting up means of following-up on specific fiscal and customs regimes to the mining industry</strong></td>
<td>Some mining companies that were volunteers for the EITI process do benefit from a specific customs and tax regime. However, some non-payments for custom duties and VAT on imports were observed as non-compliant with their special regimes, still. Those mistakes may be due to a misknowledge of specific regimes that apply to those projects. Payments from those companies are based on freight forwarded invoices not specifying the nature of goods cleared at customs. Moreover, some declarations were not available during the reconciliation audit in order to evaluate whether exemption applied.</td>
<td>No comment on this recommendation.</td>
</tr>
<tr>
<td>Recommendations for mining and oil companies that are covered by the reconciliation (5.1.3 in previous report)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reliability and exhibition of basic data for reconciliation</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Companies were provided with filling-up guidance at the same time as the canvas to be filled. A preparation workshop was held for assignment preparation. The schedule was communicated beforehand and intervention dates were agreed in advance with key personnel at companies. We however noted that completed data was not exhaustive and that most canvasses had been modified following observations from the reconciler on mistakes or omissions. Besides that, we were faced with non-availability from several correspondents as well as with deferrals of on-site intervention at the reconciler’s for some companies. We recommend to each of those companies that are concerned that:  
- They refer to the filling-up guidance prior to establishing their respective canvasses  
- They are represented by an adequate and competent person for filling-up the canvas during the preparation workshop for the reconciliation assignment  
- They better organise themselves internally so that they timely put data and justification items at reach. |
| **Partially followed through.** Recommendations maintained.  
- Few companies took part in the canvas preparation and presentation workshop whereas it was organised in order to facilitate the handling of the declaration canvas.  
- It could be necessary to conduct awareness activities on companies from Asia. It could be necessary for the reconciler to practice Chinese languages and the canvas should be written in Chinese as well. Indeed, some interlocutors from Chinese entities did not sufficiently manage English nor French language.  
- Some companies did not wish to take part. Some newly retained companies took delays in transmitting information, and some of those companies did not participate. Some companies that were retained in the 2014 reconciliation perimeter submitted declaration canvasses with significant delays. |
<table>
<thead>
<tr>
<th><strong>Canvas certification by an independent auditor</strong></th>
<th>There yet isn’t an effective process for prior reliability of the canvas by an independent auditor. It was indeed required that prior to any reconciliation, an independent auditor would have to confront declared and/or paid amounts by a given entity and/or the Administration with recorded amounts. In that case, the reconciler could then directly collect and exhaustively establish amounts for duties, licence fees and taxes declared and paid.</th>
<th>We recommend to each company that they have their respective canvasses certified alongside its Annexes, in the same way as Financial statements, during their independent auditors’ intervention. One must note that Financial statements on the one hand and the canvases on the other hand are independent documents, in that one reports on the company’s financial situation and the other reports on the company’s fiscal situation.</th>
<th>Not followed through. Recommendation maintained. We obtain some canvasses certified by independent auditors (a small minority). Furthermore, it should be noted that we did not receive any Statutory Auditor certification for targeted companies (despite requested/required by the canvas). This recommendation should be extended to the Administration and its divisions.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Access to information and sensibilising executive staff</strong></td>
<td>The EITI organised information and sensibilisation meetings for each Directorate representing the Administration, so as to bring all intervenors to the same level of information and to ensure that work went well during data collection. We however observed that the Administration’s sensibilisation for adhering to the EITI process did not reach executive staff at some of the Administration’s directorships, despite the nomination of dedicated correspondents to facilitate collection. From this, some executive staff members got wary if not hostiles when faced with auditors, and demanded for letters to be sent to their respective Directors so that the latter may disclose approval on information disclosure, despite the Ministry of Finance’s released Note. This has created a blockage to a timely data collection.</td>
<td>We recommend that the Administration’s directorships get involved in sensibilising their staff at all levels. We especially recommend to the EITI that it reinforces sensibilisation in relation to the reconciliation assignment for main correspondents within Administration.</td>
<td>Followed through. Efforts to be maintained. Administrative entities were collaborative. The reconciler did not encounter any particular blockage. No comment on the recommendation.</td>
</tr>
</tbody>
</table>
### Reliability of data for reconciliation

Data that was obtained on payments made by extactive industries, from the Interregional Directorship of Mining ("Direction Interrégionale des Mines – DIM") in Antananarivo was especially difficult to obtain. Collection was especially delayed by the use of manual registers and the absence of a computerised database, which did not allow for exhaustive listing of payments made by extractive industries. Likewise, the loss on data in relation to revenues collected by the DIM in Toamasina from January to March 2012 as well as the absence of an appropriate archiving system led to payments made extractive companies in that context not being taken into account.

We recommend to each Directorship that:
- they equip themselves with an adequate software allowing for data registration;
- they establish a database including all relevant information such as company name; payment flow type (rebates, taxes, ...); period and payment reference;
- they regularly update information in their possession; that they put a data archive system into place.

- Partially followed through. Recommendation maintained.

### Data follow-up on non-refunded VAT

Our information request in relation to non-refunded VAT for mining companies was made with the "Direction générale des entreprises" (DGE), who redirected our request to the Ministry of Finance. Nevertheless, we were faced with difficulties in obtaining such data, which in the end could not be retraced.

We recommend to each Directorship that:
- they establish a database on non-refunded VAT per company;
- they ensure follow up and regular updating of such information.

- Partially followed through. Recommendation maintained.

### Data follow-up on non-refunded VAT

Our information request in relation to non-refunded VAT for mining companies was made with the "Direction générale des entreprises" (DGE), who redirected our request to the Ministry of Finance. Nevertheless, we were faced with difficulties in obtaining such data, which in the end could not be retraced.

We recommend to each Directorship that:
- they establish a database on non-refunded VAT per company;
- they ensure follow up and regular updating of such information.

- Partially followed through. Recommendation maintained.

### Data follow-up on non-refunded VAT

The data archive system is not yet operational.

- The data archive system is not yet operational.
<table>
<thead>
<tr>
<th>Traceability of payments from extractive industries</th>
<th>Confirmations on payments received by the Revenue Service in Antananarivo (&quot;recette générale d’Antananarivo – RGA&quot;) occurred through references from the revenue transfer forms (&quot;Bordereau de Transfert de recettes – BTR&quot;). BTRs are transmitted by the “Services régionaux d’entreprise” (SRE) and by tax centres. Nevertheless, we observed that those BTRs did not clearly specify: taxing companies’ names; amounts and nature of paid taxes. Only overall amounts of paid taxes are mentioned. Thus, we found it impossible to retrace amounts paid by mining and oil companies with the SREs and tax centres in those BTRs requested by the RGA.</th>
<th>We recommend to each SRE and tax centre that: - they precisely fill-in all information in BTRs, such as taxpayer names; nature of taxes; amounts; covered period and payment reception date.</th>
<th>Not followed through. Recommendation maintained.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traceability of payment flows from mining revenues as provided for in applicable regulation.</td>
<td>Methods for splitting payments of mining licence fees and rebates, and mining administrative fees to those concerned entities are rather dissimilar in confrontation to those provided for by the Mining Code and its application texts. This thus does not assure for traceability and cohesion in managing mining revenues received by mining, decentralised administrations (Municipalities, region), especially where seeing so many beneficiaries for those revenues.</td>
<td>We recommend to put a system into place, allowing to improve traceability of received payments as split among revenue beneficiaries as provided for by applicable regulations. At each ultimate beneficiary level, subaccounts dedicated to each revenue type could be put into place for instance, including definitions for procedures of transmission of corresponding sharing justification items.</td>
<td>Not followed through. Recommendation maintained. Complementarily, we recommend technical support and trainings on public accounting principles and practice to STCs working in Municipalities especially in rural zones.</td>
</tr>
</tbody>
</table>
| Reliability of data from decentralised authorities | Data received from the Administration was subject to several modifications. This could be partly due to a lack of mastering the registration software and to the lack of an adequate registration and archiving system for justification items. We indeed observed that some administrative and financial staff in Municipalities & regions do not master principles of treasury and readings of bank statements. Hence that staff rarely maintains a follow up on reception of payments that they are beneficiaries of, which impedes them from knowing the origin and nature of such revenues. This has delayed the collection of data and information. | We recommend:  
- to the Treasury: - that it requires each payment to be accompanied by a detailed statement retracing the origin and nature of such revenues;  
- that it informs revenue agents at Municipality & region-level of different payment types to be received from extractive industries, alongside payment periodicity and circuit;  
- To the Ministry of Decentralisation: - that it organises a training to treasury accounting pour State revenue agents, for an improved public treasury practice;  
- To the Region & Municipalities: - that they put a reliable data registration and justification items archiving system into place. | Not followed through.  
Recommendation maintained. |
| Reconciling companies’ data with non-State entities | Licence fees are paid in lump sums by non State entities such as the the managing company for the port of Toamasina (« société de gestion du Port de Toamasina SPAT »), MICTSL, to covered decentralised authorities concernées. Documentation transmitted to the latter does not allow to perform a verification of payments per company. It is thus quite tedious to perform our reconciliation with data from mining and oil companies on this. | We recommend to decentralised authorities that they obtain an exploitable statement allowing to verify and follow up on their revenues. | Partially followed through.  
Recommendation maintained. |
## Recommendations for the Customs and the national Registrations ("Service de Renseignement des Immatriculations – SRI") (5.1.5 & 5.2.3 in previous report)

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Details</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Updating databases with companies’ information</td>
<td>Data collection would have to occur per entity, which requires each entity’s tax identification number (NIF). However, as information at the SRI was not updated, data collection with the Administration got difficult. At customs level, extractive industries’ registered NIFs were not coherent against the SRI’s. This could be due to various changes in company NIFs in the past years or to an input error. A given company may indeed be found in the SIGTAS database with a similar name but with a different NIF. From this, we identified companies using import lists.</td>
<td>We recommend: ► To the SRI: - that it keeps information in its possession up to date; - that it restores the table matching data with customs’ which would allow to link each company’s new NIF to its former one where applicable. ► To Customs: - that they sensibilise importers to provide up-to-date NIFs in their declarations; - that they update and clean up their database. Not followed through. Recommendation maintained.</td>
</tr>
<tr>
<td>Follow-up on customs duties; taxes on petroleum products and VAT on importations paid out by extractive industries</td>
<td>Data collection with the Customs occurred based in extractive companies’ respective tax identification numbers (NIF). In the SYDONIA system, data registration is based on the declaring party’s references as mentioned on the related form (&quot;Document Administratif Unique – DAU&quot;). This situation led to some difficulties in our reconciliation works, in that: where some companies use subcontractors to handle their exports and imports, those subcontracted operations are then registered under subcontractors’ names with the Customs, that is, not under the ultimate beneficiary’s name. This does not allow to ensure follow up and exhaustive traceability of payments made by extractive industries.</td>
<td>We recommend to the Customs that it includes the declaring parties’ and ultimate beneficiaries’ references (companies’ respective NIF number) in its database. Not followed through. Recommendation maintained.</td>
</tr>
</tbody>
</table>
### Recommendations for the BCMM, the Ministry de la Decentralisation, Regions and Municipalities (5.1.6 in previous reports)

| Traceability of FAM allocation per company at Municipalities' & regions' level | Administrative fees paid by companies are registered in the BCMM’s system. Shares of those payments amongst different beneficiaries, including Municipalities & regions, is calculated automatically by an internal software at a given date and following delineation of the exploitation permit. Beneficiary Municipalities/regions’ respective share is directly sent into their respective accounts, without prior opinion from the BCMM. Besides that, shares of Municipalities/regions that do not hold bank accounts are directly kept on standby holding without alerting the given Municipality or Region. This generates a flaw in the follow up, management and traceability of their funds within State divisions where they do not follow up on the reception of funds at banks. | We recommend:  
► To the BCMM: - that it notifies beneficiary entities of the fund send-off beforehand, providing them with relevant details such as the period covered by the FAM; payment send-off date; transferred amount; paying person or entity, - that it approaches beneficiary Municipalities/regions whose share is held in standby, in the absence of bank account information.  
► To Municipalities / régions: - that they file the Municipality’s approved bank account number with the BCMM, with such details duly approved by the Ministry of Decentralisation, - that it ensures with the BCMM that FAMs are effectively paid in operators’ perimeter so that Municipalities may reclaim their share. | Not followed through. Recommendation maintained. |
| Ultimate beneficiary and payment of mining administration fees | Some transferred permits are still registered under transferor names in the BCMM’s database, still being in processed. This has created difficulties in the materiality study as well as in reconciliation works. As a matter of fact, only gaps identified on mining administrative fees do essentially result from that payments made by the real owners of mining permits are registered under the names of former owners. | We recommend to the BCMM that it distinguishes payment flows per real owner, during the reconciliation works. | Not followed through. Recommendation: updates should be done at the day of filing the application for a permit transfer. |
## Recommendations for the Tax Administration (5.1.7 in previous report)

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Description</th>
<th>Recommendation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Matching paid registration duties to declaring companies</strong></td>
<td>It was been particularly difficult to reconcile some companies’ registration duties (DE) for year 2011 with data from the Tax Administration. As a matter of fact, for some tax centres DE were indeed not registered under the name of the paying organisation but rather under the name of the officer processing payment reception at the Administration.</td>
<td>We recommend to tax centres that they directly link all duties and taxes paid and received to those physical persons or legal entities that effectively made payments for such. This would allow to obtain an exhaustive list of their fiscal situation.</td>
<td>Not followed through. The case occurs when registration duties are paid by the company’s tax advisor on its behalf. Recommendation maintained.</td>
</tr>
<tr>
<td><strong>Making data at the Tax Administration reliable</strong></td>
<td>Data at Tax Administration offices was modified several times. As a matter of fact, periods to which payments are linked are not always correctly or sufficiently data-filled in the employed softwares. This is particularly noticed for non periodical taxes such as fines and penalties, the Non-resident income taxes (TFT; IRNR) at the DGE, and some taxes at the SRE at smaller tax centres. Besides that, VAT refunds are processed manually and are not reported in the DGE’s computerised system. Those facts have delayed information collection.</td>
<td>We recommend to each entity in the Tax Administration that:  ► they correctly fill-in the periods in relation to each payment in the registration software  ► they fill-in all data in relation to a given company in the same computerised system.</td>
<td>Partially followed through. Data migration between different tax centers is not always reliable. The information system (SIG) heterogeneous can lead to anomalies. Recommendation maintained.</td>
</tr>
<tr>
<td>Recommendations for the EDBM and the Ministry of Interior (5.1.8 in previous report)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Setting up a monitoring tool for visa fees and resident cards</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data on duties paid for visa and resident card delivery could not be identified per company, with the EDBM and the Ministry of Interior. The latter two’s databases indeed do not allow to sort information per company. Data is registered by visa category and registration number. However, manual registers showing company names are available, however data would have to be collected in a sequential manner. We nevertheless would verify justification items for payments of visa and resident card delivery duties with those reconciled companies.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| We recommend:  
  ► centralising data in relation to visa and resident card delivery either at the EDBM or at the Ministry of Interior,  
  ► registering all information (identity, address, payment date, paid amount, duration, employing company …) on those expatriates and their respective employing companies in the database,  
  ► setting up that given software to allow for an analysis of granting visas and resident cards, per company. |
| Not followed through. Recommendation maintained. |

<table>
<thead>
<tr>
<th>For the INSTAT; the Ministry in charge of the Economy; the Ministry in charge of the extractive sector (5.2.4 in previous report)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Analysis of the extractive sector’s economic contribution</strong></td>
</tr>
<tr>
<td>There is limited reliable official data on the current contribution of the mining sector. Such statistical information would constitute important decision-making tools, especially to lighten up the debate on legislation for the extractive sector.</td>
</tr>
</tbody>
</table>
| We recommend to the Ministry in charge of the extractive sector, to the the Ministry in charge of the Economy as well as to the INSTAT to:  
  ► proceed to the realisation of an annual study on the effective contribution of the mining and upstream oil sector following an updated structure. |
| Not followed through. Recommendation maintained. |
Annexes

Annexe n°1. Reconciliation Canvas
Annexe n°2. List of 65 entities to reconcile
Annexe n°3. Decree (Arrêté) No. 22727 / 2016 setting mandatory participation for Extractive Companies
Annexe n°4. PRE-, R- ad E-type mining permit register
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Annexe n°6. Note freezing mining permits
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