



MALAWI EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

5TH MWEITI FLEXIBLE INCEPTION REPORT

COVERING TWO GOVERNMENT FINANCIAL YEARS,

2018/19 AND 2019/20



EMJ Advisory
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LIST OF ABBREVIATIONS

AER	Annual Economic Report
ASM	Artisanal and Small-scale Mining
ATI	Access to Information
BO	Beneficial Ownership
CDA	Community Development Agreement
DoM	Department of Mines
DoF	Department of Forestry
EAD	Environmental Affairs Department
ESIA	Environmental and Social Impact Assessments
EITI	Extractive Industries Transparency Initiative
ESMP	Environmental and Social Management Plans
FPIC	Free Prior and Informed Consent
FY	Financial Year
GEMMAP	Geological Mapping and Mineral Assessment Project
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
IA	Independent Administrator
MCL	Mining Claim License
MKW	Malawi Kwacha
ML	Mining License
MMA	Mines and Minerals Act
MFNR	Ministry of Forestry and Natural Resources
MoE	Ministry of Energy
MoM	Ministry of Mining
MoF	Ministry of Finance
MoEPD	Ministry of Economic Planning and Development
MRA	Malawi Revenue Authority
MSG	Multi-Stakeholder Group
MT	Materiality Threshold
MWEITI	Malawi Extractive Industries Transparency Initiative
NAO	National Audit Office
PAYE	Pay As You Earn
PEPA	Petroleum Exploration and Production Act
PSA	Production Sharing Agreement
RBM	Reserve Bank of Malawi
RFA	Roads Fund Administration
SOE	State-Owned Entities
TPIN	Tax Payer Identification Number
USD	United States dollar
VAT	Value-Added Tax
WP	Work Plan

EXECUTIVE SUMMARY

Objective of the assignment

The overall objective of this inception phase is to confirm the reconciliation scope to be covered in the fifth EITI Report for Malawi. The Multi-Stakeholder Group (MSG) is tasked with approving the materiality threshold, the reconciliation scope as well as the reporting template format in accordance with Requirements of the EITI Standard.

Scope of our work

We have carried out a preliminary analysis of the extractive sectors in Malawi in accordance with the Terms of Reference for the purpose of reviewing and confirming the scope for the reconciliation exercise for the financial years 2018/19 and 2019/20. Our preliminary analysis covers the solid minerals, oil and gas as well as the forestry sector in Malawi.

Considerations for Flexible Reporting

In view of the Covid-19 pandemic and the subsequent issuance of the EITI Board's flexible reporting guidelines for EITI Reports published in 2020, and the adoption of the same by the MSG in Malawi, we have developed a questionnaire to be completed by all reporting entities.

This questionnaire is intended to obtain information from the extractive industry in Malawi in terms of sector developments and industry outlook in light of COVID-19 and the commodity price/economic downturns. The 5th EITI report will cover and consider data and information up to June 2020 covering data of two financial years ending June 2019 and 2020 and address issues concerning the Covid-19 pandemic related to the extractives sector as of June 2021 or as recent as possible. In the report, there will be a consideration of how the reporting can help inform ongoing discussions on measures to address the impact of the interrelated factors of the COVID-19 pandemic, oil price shocks, and the global economic downturn on the extractive industries.

The Flexible Reporting questionnaire is presented in Annex 3 of this report. The findings in terms of contextual information will be included in the final fifth MWEITI Report.

Our findings and proposed scope for the exercise are set out in the relevant sections of this inception report, which is prepared solely for the MWEITI Multi-Stakeholder Group in order to assist it in the deciding on the following issues:

- the revenue streams to be reconciled;
- extractive companies to be included in the report;
- the Government Entities to be included in the report;
- the materiality threshold for the revenue streams;
- the reliability of data provided by the reporting entities;
- the degree of aggregation of data in the EITI Report; and
- General context of the Artisanal and Small-Scale Mining Sector in Malawi and how the future of the sector can be improved.

Our work included a general understanding of the extractive industry in Malawi which covers the mining sector, petroleum (oil and gas) sector and forestry sector. The work also covered the transport sector especially the railway sector where amongst other issues, we reviewed the concession arrangement between Vale and the Department of Railways. Discussions were held with several entities involved in the EITI process in order to collect relevant data and documentation necessary to the achievement of the objectives of our scoping study. The list of persons/entities contacted or involved during this phase is presented in Annex 2 of this report.

Approach and methodology

We carried out our scoping study in accordance with International Standards for Related Services (ISRS 4400, *Engagements to perform agreed upon procedures* regarding Financial Information) as well as the Terms of Reference. The scoping study involves:

- examining and reviewing MSG's work plans, any annual progress reports that have been produced by the MSG to see the progress made in achieving the objectives and any actions undertaken by the MSG to address recommendations from any previous EITI reporting exercises and validations;
- reviewing of all past EITI Reports and Validation report/s to gain an understanding of the current scope and state of EITI reporting process in Malawi and assess areas where further improvement is needed;
- collecting and examining the contextual data and providing a descriptive overview of the extractive sector in Malawi;
- reviewing the payments and revenues to be included in the EITI report in accordance with EITI Requirements;
- selecting companies and Government Entities which will be required to submit a reporting template in accordance with EITI Requirements;
- identifying revenue streams to be included in the Reporting Templates;
- reviewing the data currently available on license holders and allocation in the financial years 2018/19 and 2019/20 and assess its completeness and timeliness; and
- documenting the results of the initial phase in a scoping report which will be submitted for adoption by MSG.

Proposed scope

Materiality approach

We understand that principal revenues collected from the extractive sector in Malawi are received by DoM for specific payments and by MRA for common taxation. Therefore, the materiality analysis is based on the revenue statements provided by DoM and MRA for the two Government financial years 2018/19 and 2019/20.

Summary of revenues collected in the FY 2018/19

	(MK)	
Department of Mines	566,659,974	1.8%
Malawi Revenue Authority (excluding Forestry players)	31,297,530,465	98.2%
Total revenues	31,864,190,440	100.0%

Summary of revenues collected in the FY 2019/20

	(MK)	
Department of Mines	572,223,581	2.1%
Malawi Revenue Authority (excluding Forestry players)	27,181,615,148	97.9%
Total revenues	27,753,838,729	100.0%

The analysis of extractive revenues collected during the financial years 2018/19 and 2019/20 shows that MRA collected approximately **98%** of the total Government revenues received from the extractive sectors.

ANALYSIS OF TOP 20 REVENUE PRODUCING COMPANIES (BASED ON MRA AND DOM DATA) – FY 2018/19

No.	Company	Consolidated Reported Revenue MK	Adjustment MK	After Adjustment MK
1	Lafarge Cement Company	2,379,644,609		2,379,644,609
2	Raiply Malawi Ltd	2,145,510,247		2,145,510,247
3	Shayona Cement	2,098,000,389		2,098,000,389
4	Terrastone	1,502,368,938		1,502,368,938
5	Cement Products Ltd	1,037,134,064		1,037,134,064
6	Mota Engil Ltd	7,042,980,412	(6,338,682,371)	704,298,041
7	Vizara Plantations	471,700,651		471,700,651
8	Total Land Care	325,730,803		325,730,803
9	Rak Gas MB45	291,923,933		291,923,933
10	Strabag International Limited	269,391,665		269,391,665
11	Paladin Africa Ltd	255,301,820		255,301,820
12	Optichem 2000 (Malawi) Limited	149,653,639		149,653,639
13	Mchenga Coal Mine	143,002,368		143,002,368
14	Raiply EPZ Ltd	139,894,535		139,894,535
15	Zalewa Agriculture Lime Company	135,837,284		135,837,284
16	Lancaster Exploration Limited	125,641,639		125,641,639
17	JTI	5,429,014,004	(5,429,014,004)	-
18	Alliance One Tobacco Ltd	4,527,366,880	(4,527,366,880)	-
19	Chancellor College	2,255,428,056	(2,255,428,056)	-
20	Hamra Oil In Joint Operating Agreement With Sure stream Petroleum	103,325,144		103,325,144
*	AKL Timbers Processing	57,412,192		57,412,192
Total		30,886,263,272	(18,550,491,311)	12,335,771,962
Total reported consolidated revenues		31,864,190,440	(18,550,491,311)	13,313,699,129
* This is a company operating in the forestry sector and has been included in the list since there are a few players in the forestry sector.				

ANALYSIS OF TOP 20 REVENUE PRODUCING COMPANIES (BASED ON MRA AND DOM DATA) – FY 2019/20

No.	Company	Consolidated Reported Revenue MK	Adjustment MK	After Adjustment MK
1	Shayona Cement	2,873,519,095		2,873,519,095
2	Cement Products Ltd	2,204,760,307		2,204,760,307
3	Raiply Malawi Ltd	1,677,786,510		1,677,786,510
4	Terrastone	1,415,956,136		1,415,956,136
5	Lafarge Cement Company	984,766,066		984,766,066
6	Hamra Oil In Joint Operating Agreement With Sure stream Petroleum	683,683,729		683,683,729
7	Lotus Africa Ltd (Formerly Paladin Africa Ltd)	669,634,235		669,634,235
8	Vizara Plantations	497,387,021		497,387,021
9	Mota Engil Ltd	3,735,949,667	(3,355,081,170)	380,868,497
10	Total Land Care	260,159,904		260,159,904
11	Master Stone Breakers	237,441,156		237,441,156
12	Raiply Epz Ltd	198,062,558		198,062,558
13	Zalewa Agriculture Lime Company	154,017,206		154,017,206
14	Optichem 2000 (Malawi) Limited	149,171,498		149,171,498
15	Rak Gas MB45	148,739,066		148,739,066
16	Mchenga Coal Mine	85,443,636		85,443,636
17	JTI	4,783,343,544	(4,781,593,544)	1,750,000
18	Alliance One Tobacco Ltd	3,926,979,157	(3,926,979,157)	-
19	Chancellor College	2,282,864,531	(2,282,864,531)	-
20	Difference Construction Limited	71,487,006		71,487,006
*	AKL Timbers Processing	61,283,260.56		61,283,260.56
	Total	27,102,435,287	(14,346,518,402)	12,755,916,885
	Total reported consolidated revenues	27,753,838,729	(14,346,518,402)	13,407,320,327

* This is a company operating in the forestry sector and has been included in the list since there are a few players in the forestry sector.

5th MWEITI Flexible Inception Report

Covering the two Government financial years 2018/19 and 2019/20

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Mining sector

In making proposition as to which reporting companies should be included in the reconciliation scope for the 5th MWEITI report, the following considerations have been made:

- Chancellor College being an institution of learning, its license might be acquired to aid learning activities and therefore not necessarily involved in actual mining activities. Therefore the total reported revenues have to be excluded from the scope.
- The mining element for Mota Engil Limited activities account for 10% and therefore out of the total reported total revenues, only 10% of it is related to mining activities.
- JTI Company is fully engaged in agricultural activities and therefore the total reported revenues are not related to mining activities.
- Alliance One Tobacco is fully engaged in agricultural activities and therefore the total reported revenues are not related to mining activities.

The analysis of extractive revenues collected during the two financial years 2018/19 and 2019/20 shows that the mining sector contributed **73.3% and 73.7%**, respectively of the total Government revenues from the extractive sectors:

Sector	FY 2018/19		FY 2019/20	
	Government Receipts (MWK)	%	Government Receipts (MWK)	%
Mining	9,757,019,374	73.3%	9,880,218,278	73.7%
Oil & Gas	416,431,328	3.1%	832,422,795	6.2%
Forestry	3,140,248,427	23.6%	2,694,679,254	20.1%
Total	13,313,699,129	100.0%	13,407,320,327	100.0%

Based on these revenue structures and considering the amount of work to be covered during the production of the 5th MWEITI report which will cover two financial years, we recommend including companies which made payments over a materiality threshold of MWK200,000,000. This threshold will result in coverage of at least 89% for the FY 2018/19 and 92% for the FY 2019/20 of the total payments to DoM and MRA in the two financial years.

Based on the materiality approach detailed above, we identified 7 mining companies that should form part of the reconciliation exercise for the 5th MWEITI Report covering two financial years 2018/19 and 2019/20. However, after consideration of some special cases, the MSG included two additional companies, Nyala Mining Limited and Ilomba Granite Mining. Total revenues from these mining companies is however, below the threshold of MWK200 million.

For the Financial Year 2018/19

No.	Mining Company	Commodity (ies)	Total Revenues MK	Threshold ≥ 200,000,000 MK
1	Lafarge Cement Company	Limestone	2,379,644,609	✓
2	Shayona Cement	Limestone	2,098,000,389	✓
3	Terrastone	Rock aggregate	1,502,368,938	✓
4	Cement Products Ltd	Limestone	1,037,134,064	✓
5	Mota Engil Ltd	Rock aggregate, gold, platinum group, base metals	704,298,041	✓
6	Strabag International Ltd	Rock aggregate	269,391,665	✓
7	Paladin Africa Ltd	Uranium	255,301,820	✓
8	* Nyala Mining Limited	Gemstones	2,373,782	✓
9	* Ilomba Granite Mining	Granite	-	✓
	Total		8,248,513,308	
	Total Government receipts		9,757,019,374	
	Coverage		85%	

5th MWEITI Flexible Inception Report

Covering the two Government financial years 2018/19 and 2019/20

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For the Financial Year 2019/20

No.	Mining Company	Commodity (ies)	Total Revenues MK	Threshold ≥ 200,000,000 MK
1	Shayona Cement	Limestone	2,873,519,095	✓
2	Cement Products Ltd	Limestone	2,204,760,307	✓
3	Terrastone	Rock aggregate	1,415,956,136	✓
4	Lafarge Cement Company	Limestone	984,766,066	✓
5	Lotus Africa Ltd (Formerly Paladin Africa Ltd)	Uranium	669,634,235	✓
6	Mota Engil Ltd	Rock aggregate, gold, platinum group and base metals	380,868,497	✓
7	Master Stone Breakers	Rock aggregate	237,441,156	✓
8	* Nyala Mining Limited	Gemstones	980,351	✓
9	* Ilomba Granite Mining	Granite	100,000	✓
	Total		8,768,025,843	
	Total Government receipts		9,880,218,278	
	Coverage		89%	

Oil and Gas sector

We recommend including Oil & Gas companies that made payments over MWK100,000,000 as well as companies with State Shareholding. With this information, we have identified two oil and gas companies which should be included in the reconciliation scope for the 5th Malawi EITI Report covering FY 2018/19 and FY 2019/20, detailed as follows:

No.	Company	Commodity	Total Revenues FY 2018/19 MK	Total Revenues FY 2019/20 MK
1	RAK GAS MB45	Hydrocarbons	291,923,933	148,739,066
2	HAMRA Oil Holdings Limited	Hydrocarbons	103,325,144	683,683,729
	Total		395,249,077	832,422,795

Forestry Sector

For scoping purposes and considering that there are a few players in the forestry sector, the number of companies to be included in the exercise is proposed as follows:

No		Total Revenues FY 2018/19 (MWK)	Total Revenues FY 2019/20 (MWK)
1	RAIPLY Malawi Limited	2,145,510,247	1,677,786,510
2	VIZARA plantations	471,700,651	497,387,021
3	Total Land Care	325,730,803	260,159,904
*	RAIPLY EPZ Limited	139,894,535	198,062,558
4	AKL Timber Processing and Lord IT	57,412,192	61,283,261
	Total	3,140,248,428	2,694,679,254
*	<i>This company is part of RaiPLY Malawi but deals with exports</i>		

The revenue figures in the table are a consolidated position from the Malawi Revenue Authority (MRA) and the Department of Mines (DoM). At the time of producing this draft report statement of revenues from the Department of Forestry had not yet been received.

5th MWEITI Flexible Inception Report

Covering the two Government financial years 2018/19 and 2019/20

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For the Financial Year 2018/19

Sector	Designation	Total Government receipts		Revenues above MT "to be reconciled"		Revenues below MT "unilateral disclosure by Gvt Entities"	
		Value	%	Value	%	Value	%
		(a)		(b)	(b)/(a)	(c)	(c)/(a)
Mining	∑ revenues (MKW)	9,757,019,374	73.29%	8,248,513,308	61.96%	1,508,506,066	11.33%
	Nb of companies	354	98.06%	9	1.94%	345	95.57%
Oil & Gas	∑ revenues (MKW)	416,431,328	3.13%	395,249,078	2.97%	21,182,250	0.16%
	Nb of companies	3	0.83%	2	0.55%	1	0.28%
Forestry	∑ revenues (MKW)	3,140,248,428	23.59%	3,140,248,428	23.59%	-	0.00%
	Nb of companies	4	1.11%	4	1.11%	-	0.00%
Total	∑ revenues (MKW)	13,313,699,130	100%	11,784,010,814	88.51%	1,529,688,316	11.49%
	Nb of companies	361	100%	15	4.16%	346	95.84%

For the Financial Year 2019/20

Sector	Designation	Total Government receipts		Revenues above MT "to be reconciled"		Revenues below MT "unilateral disclosure by Gvt Entities"	
		Value	%	Value	%	Value	%
		(a)		(b)	(b)/(a)	(c)	(c)/(a)
Mining	∑ revenues (MKW)	9,880,218,278	73.69%	8,768,025,843	65.40%	1,112,192,435	8.30%
	Nb of companies	347	98.02%	9	2.54%	338	95.48%
Oil & Gas	∑ revenues (MKW)	832,422,795	6.21%	832,422,795	6.21%	-	0.00%
	Nb of companies	3	0.85%	2	0.56%	1	0.28%
Forestry	∑ revenues (MKW)	2,694,679,254	20.10%	2,694,679,254	20.10%	-	0.00%
	Nb of companies	4	1.13%	4	1.13%	-	0.00%
Total	∑ revenues (MKW)	13,407,320,327	100%	12,295,127,892	91.70%	1,112,192,435	8.30%
	Nb of companies	354	100%	15	4.24%	339	95.76%

With regards to extractive companies, which are not included in the reconciliation scope, we are recommending a unilateral disclosure by Government Entities in accordance with EITI Requirement 4.1.d.

Proposed scope

Materiality approach – Trend Analysis

Details	2015/16	2016/17	2017/18	2018/19	2019/20
Total revenue from extractive sector (MK)	5,346,000,000	11,459,000,000	16,401,000,000	13,313,699,130	13,407,320,327
Materiality determined (MK)	33,000,000	125,000,000	100,000,000	200,000,000	200,000,000
Number of companies selected (all sectors)	16	18	17	13	13
Coverage Achieved	90%	96%	95%	89%	92%
Materiality as a percentage of total revenues	0.62%	1.09%	0.61%	1.50%	1.49%

Conclusion

For the 5th MWEITI report covering the Financial Years 2018/19 and 2019/20, we are proposing a materiality threshold of K200,000,000.

This will cover at least 89% of the total revenues for FY 2018/19 and 92% of the total revenues for FY 2019/20 (as analysed on page 10).

In arriving at this proposed materiality threshold, the following have been considered:

- The challenges with COVID-19 pandemic as this will affect the process of gathering information for reconciliation purposes and other contextual information.
- The 5th MWEITI report will cover two sets of data for the two financial years, 2018/19 and 2019/20 and the reconciliation processes will be done concurrently and this is likely to require more time.

Additional Proposed Scope

Mining sector

Petroleum Training Fund

As we engage the DoM on various aspects of the process, we intend to obtain information and related guidelines and provisions on the operation of the Fund. Such information will include such issues as transfers into the Fund, payments made out of the Fund, utilisation of the funds withdrawn and the outstanding balances at the end of the two financial years. We also intend to obtain more details on whether funds withdrawn from the Fund were utilised on mining related activities.

Other Contextual Information

We intend to engage the Ministry of Mines through the DoM for the provision of several information which will include but not limited to the following:

- Mining licenses
 - As we engage the DoM to get an overview of the extractive sector developments including an update on potential and opening of new mining activities like Mkango Resources and how the extractive sector will look like and the industry outlook in light of COVID-19, we also intend to obtain more details on the mining licenses as follows:
 - Details of any proposed regulatory developments including the new role of the RBM in gold marketing;
 - Updated information on the progress regarding the formation of the Mining SoE and the Mining Regulatory Authority;
 - Information regarding any sale or changes in ownership of mines such as Kayerekera and Chimwazulu mines;
 - Details of potential mining projects, new mining licenses/prospective licenses issued, mining licenses/contracts awarded or transferred, details of the main Oil and Gas exploration projects, details of any delays or postponements of licenses or contract awards, details of alternative approaches to licensing in light of social distancing requirements, update on the audit of the licensing process by the Auditor General, ACB, details of any suspended licenses or operations in view of COVID-19 or due to violations of rules and regulations and details of the mining agreements signed and whether all of them are publicly disclosed.
- Development Agreements with mining companies

Details of any development agreements between the Government of Malawi and mining companies such as Mawei Mining-heavy sands project, Mwalawanga Mining Limited from which we will be able to obtain such details as the key terms of the agreements.
- Project level reporting

We also intend to engage the DoM as well as the MRA in order to get information on why extractive companies and reporting entities are still unable to disclose on project level, and finally discuss with them possible solutions to this challenge.
- Artisanal and Small-Scale Mining (ASM) sector

General context of the Artisanal and Small-Scale Mining Sector in Malawi and how the future of the sector can be improved.
- Follow up on the updated information regarding allegations of bribery and corruption involving some senior officers at the Ministry of Mining pertaining to the renewal of the mining license.

The 4th MWEITI report included an issue on the allegations of bribery and corruption involving some senior officers at the Ministry of Mining pertaining to the renewal of the mining license. As we engage the DoM on various aspects of the process, we intend to follow up on the current status of this matter. Where a need arises, we may have to engage the Anti-Corruption Bureau (ACB).

Forestry Sector

VIZARA Plantations

During our engagement with the officials at the Department of Forestry (DoF), it was established that the DoF has on several occasions engaged the company to resolve the issue of whether the company operates in agriculture or forestry sector. Considering the nature of products that the company deals in, but also that their permits are processed by the DoF, it was resolved that the company is one of the players in the forestry sector and therefore has to comply with EITI requirements and be able to complete the reporting templates.

During the actual reconciliation process, we intend to engage management of the company and confirm this position. They will also be required to complete the reporting templates in an effort to comply with the EITI Reporting Requirements. This will ensure that going forward this matter does not arise.

RAIPLY Malawi Limited

During the production of the 4th MWEITI report that covered the financial year 2017/2018, it was established that in May 2020, the company and the Government of Malawi agreed on a new Concession Agreement where Raiply Limited is now the ultimate owner of the trees in Chikangawa Forest and all the risks including fire were transferred to the company. The DoF undertook a stock count of all the trees in the forest and cost them. It is expected that the company will pay to the Government an amount between MK13 billion to MK14 billion for the trees. This will be paid within a period of less than 10 years. Besides payment for the trees, the new agreement also requires the company to pay 10USD/hectare as an opportunity cost for the use of the land. One of the reasons for the change in the agreement was that Government was losing a lot of money through fires which meant a large number of trees would be sold as wood rather than timber.

During the actual reconciliation process, we intend to re-engage the DoF in order to obtain any updated information on the new concession agreement and on the effects of this new concession agreement. We will also engage management of the company to confirm their position.

Forest Development Fund

As we engage the DoF on various aspects of the process, we intend to obtain information and related guidelines and provisions on the operation of the Fund. The information will include such issues as transfers into the Fund, payments made out of the Fund, utilisation of the funds withdrawn and the outstanding balances at the end of the two financial years. We also intend to obtain more details on whether funds withdrawn from the Fund were utilised on forest related activities.

Transport Sector

Ministry of Transport and Public Works/ Malawi Railways Fund/ Roads Fund Administration

As we engage the Ministry of Transport and Public Works, we will also engage the Malawi Railways and the Roads Fund Administration. All these three institutions are key players in the operation of this Fund. We will obtain information and related guidelines and provisions on the operation of the Fund and this information will include transfers into the Fund, payments made out of the Fund, utilization of the funds withdrawn and the outstanding balances at the end of the two financial years. We also intend to obtain more details on whether funds withdrawn from the Fund were utilized on railways related activities.

Other focus areas

We also intend to obtain detailed information on:

- Any changes to extractive commodities transportation arrangements in light of the COVID-19 crisis;
- The volumes transported on the corridor and the COVID-19 related disruptions; and
- Updated information on the Concession Agreements signed by the Government with CEAR and Vale Logistics Limited.

Other Contextual Information

The Environmental Affairs Department

We intend to engage the Environmental Affairs Department for the provision of several information which will include but not limited to the following:

- Shifts in Regulatory rules or enforcement related to environmental protection, climate mitigation, FPIC due to COVID-19 pandemic;
- The extent on how Environmental and Social Reporting within the extractive communities is being addressed;
- The Mines and Minerals Act highlight a number of environmental related issues such as CDAs, Community Engagement Plans, Gender issues and Environmental Rehabilitation. We intend to find out and report on the timelines when these provisions are expected to start;
- A summary of compliance trends to ESIA/ESMP and whether companies in the extractive industry are complying, the frequency of compliance monitoring, the cost of compliance monitoring and then reporting on any gaps; and
- The assessment made by the Department of the actual enforcement/compliance and implementation of these regulations.
 - Accounting for ESIA's for all the licenses under Cadastre and whether a report was produced on the enforcement and monitoring;
 - Details on total fines and payments made for non-compliance and how these were utilized.

Payment flows

Based on our scoping study for the two financial years 2018/19 and 2019/20, the payment streams exceeding a materiality threshold of MWK 200,000,000 will be included in the reconciliation scope. These are as follows:

Ref	Payments flows
Payment to Malawi Revenue Authority (MRA)	
1	Pay As You Earn "PAYE"
2	Value Add Tax (VAT)
3	Withholding tax on payments
4	Non-Resident tax
5	Fringe Benefits Tax
6	Corporate Income tax
7	Custom Duty
8	Other Material payments (> MWK 4,000,000)
Payment to the Department of Mines (DoM) under the Ministry of Mining (MoN)	
1	Royalties paid
2	Annual Charges / Ground rent
3	Mandatory Training Fees
4	Other material payments -processing, application fees, mining licence (> MWK 4,000,000)
Social Payments	
1	Voluntary Social Contribution
2	Mandatory Social Contribution
Technical Entrepreneurial and Vocational Education and Training Authority (TEVETA)	
1	TEVET Levy

Government Entities

Based on the list of extractive companies and payment flows to be included in the scope, the Government Entities which will be requested to submit templates for the FY 2018/19 and FY 2019/20 are as follows:

N°	Government Entity
1	Malawi Revenue Authority (MRA)
2	Ministry of Forestry and Natural Resources (MFNR)
3	Ministry of Mining (MoM)
4	Ministry of Finance (MoF) – with respect to the Malawi Railways Fund, Forest Development Fund and the Petroleum Training Fund
5	Technical Entrepreneurial and Vocational Education and Training Authority (TEVETA)

5th MWEITI Flexible Inception Report


Covering the two Government financial years 2018/19 and 2019/20

EMJ Advisory


Declaration forms

The data and information categories to be disclosed in the Reporting Templates of this report for disclosure are summarised in the table below:

Reporting Template covering the financial year 2018/19

		
Period covered: From 1st July 2018 to 30th June 2019		
Reporting Entity		
N° and Template	Company	Government
1. Identification sheet	To fill	N/A
2. Summary Reporting Template	To fill	To fill
3. Payment flow details (by receipt number)	To fill	To fill
4. Social payment details	To fill	N/A
5. Production details	To fill	To fill
6. Export details	To fill	To fill
7. Legal ownership	To fill	N/A
8. Beneficial ownership	To fill	N/A
9. Public Interest	N/A	To fill
10. Payments Flow definition	N/A	N/A
(*) Select yes or no on the dropdown once you completed to fill the template		
N/A : Not applicable		

Reporting Template covering the financial year 2019/20

		
Period covered: From 1st July 2019 to 30th June 2020		
Reporting Entity		
N° and Template	Company	Government
1. Identification sheet	To fill	N/A
2. Summary Reporting Template	To fill	To fill
3. Payment flow details (by receipt number)	To fill	To fill
4. Social payment details	To fill	N/A
5. Production details	To fill	To fill
6. Export details	To fill	To fill
7. Legal ownership	To fill	N/A
8. Beneficial ownership	To fill	N/A
9. Public Interest	N/A	To fill
10. Payments Flow definition	N/A	N/A
(*) Select yes or no on the dropdown once you completed to fill the template		
N/A : Not applicable		

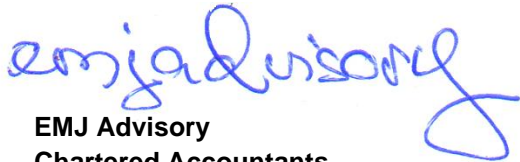
Reliability and Credibility of Data

In order to ensure credibility of the figures reported by extractive companies and Government Entities, we recommend that:

- all reporting templates submitted by extractive companies should be signed by an authorised officer, preferably someone at senior management level;
- all reporting templates submitted by Government Entities should be signed by an authorised senior official;
- all reporting templates submitted by extractive companies should be certified by an external auditor;
- all reporting templates submitted by Government Entities should be certified by the National Audit Office;
- extractive companies selected in the reconciliation scope are also encouraged to submit their audited financial statements for the financial years 2018/19 and 2019/20.

Level of disaggregation

With regards to the level of disaggregation to be applied to the data, we recommend that the EITI data is presented by mining company, by Government Entity and payment flow.



EMJ Advisory
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Partner

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20 October 2021

1. BRIEF INFORMATION ON EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)

1.1 Extractive Industries Transparency Initiative¹

The Extractive Industries Transparency Initiative (EITI) was first announced at the World Summit for Sustainable Development in Johannesburg in 2002 (the 'Earth Summit 2002'), and officially launched at Lancaster House Conference in London in 2003. It was founded on the recognition that, while oil, gas and minerals can help to raise living standards across the world, in countries where these resources are not managed appropriately, this may often lead to corruption and conflict and, for many people, a lower quality of life.

The Extractive Industries Transparency Initiative is a global coalition of Government Entities, extractive companies and civil society organisations working together to improve openness and accountable management of revenues from natural resources. EITI therefore promotes better governance in countries rich in oil, gas and mineral resources, and seeks to reduce the risk of diversion or misappropriation of funds generated by the development of a country's extractive industries. A new EITI Standard was published on 23 February 2016 (the "EITI Standard"). Its principles are based on the affirmation that public understanding of government revenues and expenditure over time, could help public debate and inform choice of appropriate and realistic option for sustainable economic growth and reduction of poverty in resource-rich countries.

The EITI Standard sets out the requirements which countries need to meet in order to be recognised, first as an EITI Candidate and ultimately as an EITI Compliant country.

1.2 EITI in Malawi

Malawi was approved as a candidate country in October 2015 for the Extractive Industries Transparency Initiative (EITI). The MWEITI process covers three sectors in Malawi: solid minerals, oil and gas, and forestry.

The country has been publishing EITI reports with the first EITI one covering the financial year 2014/15 published in April 2017, the second one covered the financial year 2015/16, the third report covered the financial year 2016/17 whilst fourth report covered the financial year 2017/18. Malawi is now working on producing the fifth EITI report which will cover two financial years 2018/19 and 2019/20.

2. APPROACH AND METHODOLOGY

2.1. Objective of the report

The objective of this report is to define the reconciliation scope which will be submitted to MSG for approval before any further detailed work progresses. The reconciliation of cash flows for the two financial years 2018/19 and 2019/20 will be based on the approved reconciliation scope.

Considerations for Flexible Reporting

The 5th MWEITI report will cover and consider data and information from July 2018 to June 2020 and address issues concerning the COVID-19 pandemic and other relevant global developments related to the extractives sector as of June 2020 or as recent as possible. However, the report will deviate from the standard procedure for EITI reporting including reconciliation. The report will disclose information relevant to inform ongoing discussions on the impact of the pandemic and cover some important evidence-based impact of EITI implementation during the period.

¹ Source: <https://eiti.org/eiti>

2 APPROACH AND METHODOLOGY

2.1 Objective of the report (...Continued)

The scope of EITI reporting is one of the key issues that MSG needs to consider before preparing an EITI Report.

In order to be effective and compliant, EITI Reports must be timely, reliable, comprehensive and comprehensible. Scoping decisions are critical in ensuring that the EITI Reports meet these requirements. The Scoping Study involves:

- Considering the Flexible Reporting requirements, designing appropriate questionnaire to be completed by the selected players in the extractive industry. The template is expected to collect information which will help inform ongoing discussions on measures to address the impact of the interrelated factors of the COVID-19 pandemic, oil price shocks and the global economic downturn on the extractive industries.
- defining the tax reporting period;
- determining material revenue streams from each extractive sector (oil, gas and mining) and the other sector included in the EITI process in Malawi (forestry);
- deciding which extractive companies and Government Entities would be included in the process;
- preparing the reporting templates to be completed by reporting entities;
- In view of the consideration for Flexible Reporting, prepare a questionnaire to be used in gathering information relating to the impact of COVID-19 in the extractive industry; and
- proposing procedures to ensure credibility of the data submitted by reporting entities.

We conducted a preliminary analysis, in order to:

- obtain a good understanding of the extractive resources and industries of the country;
- to understand the impact of COVID-19 on the extractive industry in the country focusing on human capital as well as the impact revenue generation;
- review the fiscal regime and other relevant revenue streams applicable to the extractive industry, including any potential in-kind payments, social payments, infrastructure provisions and other bartering agreements;
- consider the current auditing practices for companies and Government Entities in the country;
- review existing data for the relevant period to determine significant revenue streams;
- define the materiality threshold for revenue streams to be covered in the EITI Report;
- identify extractive companies which make material payments within the scope of the agreed material revenue streams; and
- identify Government Entities, including those at sub-national level, which collect material revenues within the scope of the agreed material revenue streams.

2.2 Approach

2.2.1 Opening meeting

The scoping phase started on 10 September 2021 with a kick off meeting with the MWEITI Secretariat team during which we were able to:

- discuss the draft reporting templates and the list of the type of documents and information to be requested from the reporting entities
- discuss the timing in which the MSG would be briefed on the issue of Flexible Reporting and the impact it will have on the 5th MWEITI report;
- discuss the objectives of the inception phase;
- request all documents and information required for the preliminary analysis; and
- schedule introductory meeting and interviews to be conducted with key focal points from Government Entities. It was agreed to meet DoM, Department of Forestry, Malawi Railways on 14 September 2021 and Roads Fund Administration on 20 September 2021.

2 APPROACH AND METHODOLOGY

2.2 Approach

2.2.2 Data collection

In order to understand and document the size of the Malawi Extractive Industry, the commercial practices, taxation systems and the payment flows as well as extractive companies and Government Entities involved in this industry, we collected data on:

- legislation applicable to the extractive sector;
- the structure of the extractive sector in Malawi, its size and the main stakeholders;
- the statistics and financial indicators of the extractive sector in terms of production and contribution in the Malawian economy; and
- changes which occurred during the reconciliation period with regards to legislation, new contracts or agreements that could impact the results of our work.

2.2.3 Meeting with stakeholders

We conducted interviews with key officials of Government Entities, during which, we explained that this phase would involve understanding and documenting the size of the Malawi Extractive industries, the legal environment and the tax payment system. The persons/entities contacted during this visit are listed in Annex 2 of this report.

During these meetings we also identified all companies and Government Entities involved in the extractive sectors, including entities which trade and export minerals extracted by artisanal and small scale mining operations.

Flexible Reporting Considerations

In view of the Flexible Reporting, we briefed the stakeholders of the new requirement and the need for them to complete in detail, the questionnaire that will be circulated (Annex 3) in order to gather information which can help inform ongoing discussions on measures to address the impact of the interrelated factors of the COVID-19 pandemic, oil price shocks, and the global economic downturn on the extractive industries.

We also gathered information and reviewed official documents which had already been requested prior to our visit.

2 APPROACH AND METHODOLOGY

2.3 Methodology adopted

2.3.1 Data collection

In addition to meetings held with the above-mentioned entities, we obtained data from these entities, which formed the basis of our scoping study for the mining sector. These documents are summarised as follows:

Documents / Data	Source
Mines and Minerals Act (1981)	Department of Mines (DoM)
Mines and Minerals Regulations	Department of Mines (DoM)
Mines and Minerals Act 2019	Department of Mines (DoM)
Petroleum (Application) Regulations	Department of Mines (DoM)
Petroleum (Constitution of Bocks) Regulations	Department of Mines (DoM)
Petroleum (General Provisions) Regulations	Department of Mines (DoM)
Petroleum (Prescribed Fees and Annual Charges) Regulations	Department of Mines (DoM)
Petroleum (Records, Reports and Accounts) Regulations	Department of Mines (DoM)
Petroleum (Registration and Transfer of Licences) Regulations	Department of Mines (DoM)
Petroleum Act 1983	Department of Mines (DoM)
National Forestry Policy effective June (2016)	Department of Forestry (DoF)
Forestry Act (FA) (1997)	Department of Forestry (DoF)
Forest Rules (2010)	Department of Forestry (DoF)
National Environmental Policy (2004)	Department of Forestry (DoF)
National Land Policy (2002)	Department of Forestry (DoF)
National Decentralisation Policy (1998)	Department of Forestry (DoF)
Water Policy (2005)	Department of Forestry (DoF)
National Parks and Wildlife Policy (2000)	Department of Forestry (DoF)
Land Resources Management Policy (2000)	Department of Forestry (DoF)
Energy Policy (2003)	Department of Forestry (DoF)
Annual Economic Reports 2018	Ministry of Finance (MoF)
Annual Economic Reports 2019	Ministry of Finance (MoF)
Annual Economic Reports 2020	Ministry of Finance (MoF)

2. APPROACH AND METHODOLOGY

2.3 Methodology adopted

2.3.1 Data collection

Documents / Data	Source
Integrated Planning and Budgeting Manual	Ministry of Finance (MoF)
Public Finance Management Act	Ministry of Finance (MoF)
Auditors Report - Accounts of the Government 2018-19 and 2019-20	National Audit Office (NAO)
GDP by sector for period from 1 July 2018 to 30 June 2019 and from 1 July 2019 to 30 June 2020	National Statistical Office of Malawi
Exports from the forestry and extractive industries in value and volume	National Statistical Office of Malawi
Employment Labour Force Survey 2013	National Statistical Office of Malawi
Statement of all revenues during FY 2018/2019 and FY 2019/2020	Department of Mines (DoM)
Any new licence/contract awarded or transferred in 2018/19 and 2019/20	Department of Mines (DoM)
Statement of all revenues during FY 2018/2019 and FY 2019/2020	Department of Forestry (DoF)
Statement of all revenues during FY 2018/2019 and FY 2019/2020 from the extractive industries	Malawi Revenue Authority
Taxation Amendment Bills 2018-19 FY	Malawi Revenue Authority
Taxation Amendments 2019	Malawi Revenue Authority
Value Added Tax- latest consolidated Nov 2020	Malawi Revenue Authority
VAT Act Ammended 2018	Malawi Revenue Authority
Value Added Tax Act (2006)	Malawi Revenue Authority

2.3.2 Analysis of legal and tax documents

We examined all relevant legal texts applicable to the Malawian extractive industry in order to identify:

- all taxes paid by oil and gas, mining and forestry companies;
- the basis of calculation of these taxes in the extractive sectors;
- the Government Entities which collect the taxes paid by extractive companies; and
- audit regulations and practices with regards to extractive companies and Government Entities.

2.3.3 Compilation of statistics on the extractive industries

The compilation work to identify all payment flows as well as relevant entities in the extractive sectors included:

- collection of the list of all active licenses during the reconciliation period;
- collection of information on all receipts made by the State from companies operating in the extractive sectors;
- reconciliation of the list of licenses for exploitation and exploration with the list of companies registered at MRA;
- consolidation of revenues collected by Government Entities by type of flow and by company;
- calculation of the impact of the consolidation results on the materiality analysis; and
- amending the reporting templates in accordance with the results of the scoping study and the Requirements of the 2016 EITI Standard.

2. APPROACH AND METHODOLOGY

2.3 Methodology adopted

2.3.4 Definition of the EITI scope

The scoping report sets out the areas to be covered, the payment flows to be reported, the extractive companies and the Government Entities, which have been selected to submit a Reporting Template. In order to define the EITI scope, we performed the following:

- identified the components of the extractive industries;
- calculated the materiality threshold for the reconciliation process;
- selected cash flows based on the provisions of EITI Requirement 4.1 and the materiality threshold proposed in this scoping study;
- selected companies which should submit a Reporting Template based on the provisions of EITI Requirement 4.2; and
- determined Government Entities which should submit a Reporting Template based on the provisions of EITI Requirement 4.2

3. RELIABILITY AND CERTIFICATION OF DATA

3.1 Reliability and certification of data to be reported

In order to comply with Requirement No.5 of the EITI Standard (2016) which aims at guaranteeing the credibility of the data submitted by reporting entities, we propose the following approach in the context of the preparation of the 5th MWEITI report covering the financial years 2018/19 and 2019/20:

For extractive companies

The Reporting Templates submitted by extractive companies selected in the reconciliation scope should be:

- signed by a person authorised to represent the extractive company. **This will also apply to the questionnaire intended to gather information in compliance with Flexible Reporting Guidelines;**
- accompanied by detailed receipts of the payments reported;
- accompanied by the audited financial statements of the extractive company for the financial years 2018/19 and 2019/20; and
- certified by a registered external auditor that the data reported in the Reporting Templates are in accordance with instructions issued by the MWEITI MSG, are accurate and comprehensive and are in agreement with the accounts for the financial years 2018/19 and 2019/20.

For Government Entities

Reporting Templates submitted by Government Entities included in the reconciliation scope must be:

- signed by a person authorised to represent the Government Entities **This will also apply to the questionnaire intended to gather information in compliance with Flexible Reporting Guidelines;** and
- accompanied by detailed receipts of the payments reported; and
- certified by the Auditor General as a confirmation that the transactions reported in the Reporting Templates are in accordance with instructions issued by the MWEITI MSG, are accurate and comprehensive and are in agreement with the accounts of government for the financial years 2018/19 and 2019/20.

3. RELIABILITY AND CERTIFICATION OF DATA

3.2 Level of disaggregation

We recommend that the Reporting Templates and the data are submitted:

- by extractive company;
- by Government Entity for each company/taxpayer selected in the reconciliation scope; and
- by tax and by type of payment flow as detailed in the Reporting Template.

For each payment flow reported, companies/taxpayers and Government Entities must provide details by receipt / payment, by date and by beneficiary.

The companies will also be requested to provide information on their beneficial ownership.

For any changes to the information provided on the original data collection templates, supporting documents and/or confirmation from reporting entities will have to be made available to the Independent Administrator.

4. FOLLOW UP ON THE RECOMMENDATIONS MADE IN THE PREVIOUS FOUR MWEITI REPORTS AND THE STATUS OF IMPLEMENTATION OF THE SAME

Considering that there have been four MWEITI Reports in the past, we intend to undertake the following tasks:

- Review all the four previous MWEITI Reports and prepare an analysis of the issues raised, recommendations made and actions proposed. This will be done by entity for easy follow up:
- Engage through a meeting, key officials in the Government entity concerned where we intend to understand from them:
 - Status of the implementation of the recommendations made in previous reports;
 - Plausible explanations relating to recommendations not yet implemented (if any); and
 - Action plan for the implementation of those recommendations not yet implemented.
- Follow up on the updated information regarding allegations of bribery and corruption involving some senior officers at the Ministry of Mining pertaining to the renewal of the mining licence

The 4th MWEITI report included an issue on the allegations of bribery and corruption involving some senior officers at the Ministry of Mining pertaining to the renewal of the mining licence for Ilomba Granite Mine in Chitipa district in the northern part of Malawi. As we engage the DoM on various aspects of the process, we intend to follow up on the current status of this matter. Where a need arises, we may have to engage the Anti-Corruption Bureau (ACB) subject to approval by the MSG.

The purpose of this exercise is to provide insights to the MSG regarding what steps they can take and engage all key sector players to ensure that the recommendations made in previous MWEITI reports and the wealthy amount of data that has been generated is being fully utilized but also learning from the process to make significant improvements in the governance of natural resources in Malawi.

5. CHALLENGES FACED AT THE INCEPTION PHASE

We set out below the limitations of the inception phase.

- (i) Introduction of new staff members at the Department of Forestry has made it difficult for them to provide some information for the EITI reporting in time. At the time of preparing this report, the department had not yet provided a statement of revenues for the forestry players for the financial years 2018/19 and 2019/20.
- (ii) Project level reporting challenges due to the single use of TPIN at MRA and therefore difficult to trace revenues from a specific project.

Note

According to the EITI Board decision all reporting countries were expected to make EITI report by project from 2020. In view of this, we recommend that the MSG should approve that Malawi should follow a project level reporting. It is our expectation that once this approval is granted, we will take up this matter with MRA as we visit them.

6. Financial Years 2018/19 and 2019/20 Reconciliation timetable

N°	Phase / Activity Week	September					October				November/December				
		1	2	3	4	5	1	2	3	4	1	2	3	4	5
Phase I: General awareness and planning															
1	Opening meeting														
2	Preparation of the initial strategy and workplan														
Phase II: Preliminary analysis and inception report															
3	Data collection and review of the scope														
4	Design reporting templates and guidelines														
5	Submission of the draft scoping study														
6	Receipt of the MSG comments on the scoping report														
7	Finalisation of the scope and submission of the inception report														
Phase III: Capacity building															
8	Meetings with EITI Secretariat														
9	Workshop for reporting entities														
Phase III: Data collection and Initial reconciliation															
10	Data collection (report submission by companies and Government)														
11	Initial reconciliation														
12	Initial reconciliation report														
Phase IV: Analysis and Investigation of discrepancies															
13	Data compilation and payment reconciliation														
14	Discrepancies analysis														
15	Follow up of inconsistent reports and resolving discrepancies														
Phase V: Completion and reporting															
16	Submission of the first draft report														
17	Receipt of comments from MSG on the first draft report														
18	Preparation and submission of the final Report														


- (a) Data collection and Initial reconciliation expected between the third and first week of October 2021
- (b) Carrying out analysis and investigation of discrepancies to be undertaken between the first and second week of November 2021
- (c) Submission of first draft report to be done within the second week of November 2021
- (d) Receipt of comments from MSG on the first draft report to be between the second and third week of November 2021
- (e) Submission of the final report to be done between the fourth week of November and first week of December 2021
- (f) Final reporting including Executive summary report and data files to be done between the fourth week of November and first week of December 2021
- (g) There is a challenge with this activity due to the COVID-19 pandemic (Therefore Flexible reporting rules will apply)

5th MWEITI Flexible Inception Report

Covering the two Government financial years 2018/19 and 2019/20

ANNEXES

Annex 1: Reporting templates and supporting schedules

			
Period covered: From 1st July 2018 to 30th June 2019			
N°	Template	Reporting Entity	
		Company	Government
1	1. Identification sheet	To fill	N/A
2	2. Summary Reporting Template	To fill	To fill
3	3. Payment flow details (by receipt number)	To fill	To fill
4	4. Social payment details	To fill	N/A
5	5. Production details	To fill	To fill
6	6. Export details	To fill	To fill
7	7. Legal ownership	To fill	N/A
8	8. Beneficial ownership	To fill	N/A
9	9. Public Interest	N/A	To fill
10	10. Payments Flow definition	N/A	N/A
(*) Select yes or no on the dropdown once you completed to fill the template			
N/A : Not applicable			

This Template is addressed only to extractive companies



1. Identification sheet

Full legal name of the company	
Legal Status	
Incorporation date	
Tax Payer Identification Number (TPIN)	
Company's Share Capital (in MKW)	
Company's registered Address	

Company activity	Activity	Activity type	% of the turnover
	Extractive activity		
	Others activity 1		
	Others activity 2		
	Total		0%

Please feel free to add rows
Total should be 100%

Employment (2018/19 FY)	Average number of direct local employees (Malawian)	
	Average number of direct foreign employees	
	Number of employees	0

Licence details	Licence number or Blocks awarded	Type	Issue date	Duration	Status	Mining Scale	Commodity extracted	District	Locality

Reporting template prepared by		Position	
Email address		Tel.	

Please state if the 2018/2019 financial statements have been audited (yes/no)	
Name of the last financial statements Auditor	


Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the information reported in this reporting template

Name

Position

Signature

				
Period covered: From 1st July 2018 to 30th June 2019				
<u>2. Summary Reporting Template</u>				
Name of the Entity		0		
Tax Payer Identification Number (TPIN)		0		
Reporting template prepared by		0	Position	0
Email address		0	Tel.	0
Ref.	Type of payment/Revenue	Amount Paid to/Received by		Comments
		Receiving Government Entity	Amount (MKW)	
Payments in cash				
Ministry of Natural Resources, Energy and Mining (MNREM) / Department of Mines (DoM)				
1.1	Royalties paid	M. of Mining /DoM		
1.2	License Fees	M. of Mining /DoM		
1.3	Annual Charges / Ground rent	M. of Mining /DoM		
1.4	Application fees	M. of Mining /DoM		
1.5	Dividend paid to Government (Government as being shareholder)	M. of Mining /DoM		
1.6	Penalties	M. of Mining /DoM		
1.7	"Mandatory" Training fees	M. of Mining /DoM		
1.8	Other material payments to Mining authority	M. of Mining /DoM		
Malawi Revenue Authority (MRA)				
2.1	Corporate tax paid	MRA		
2.2	Resource Rent Tax	MRA		
2.3	Non-resident tax	MRA		
2.4	Pay As You Earn "PAYE"	MRA		
2.5	Withholding tax on payments	MRA		
2.6	Fringe Benefits Tax	MRA		
2.7	Dividend Tax	MRA		

5th MWEITI Flexible Inception Report

Covering the two Government financial years 2018/19 and 2019/20

2.8	Value Add Tax (VAT)	MRA		
2.9	Customs duty / Excise Tax	MRA		
2.10	Penalties	MRA		
2.11	Other material payments to MRA	MRA		
2.12	TEVET Levy payments through MRA/TEVETA	MRA/TEVETA		
Ministry of Finance, Economic Planning and Development (MoF)				
3.1	Dividend paid to Government (Government as being shareholder)	MoF		
3.2	Other material payments to MoF	MoF		
Social Payments				
4.1	Voluntary Social Contribution			
4.2	Mandatory Social Contribution			
4.3	Social expenditures paid to support COVID-19 measures in the area of operation			
Infrastructure provisions and barter arrangements				
5.1	Total budget of the Engagement/Project			
5.2	Value of engagements/project incurred from 01/07/2016 to 30/06/2017			
5.3	Cumulated value of engagements/project incurred on 30/06/2016			
Management sign-off				
I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the information reported in this reporting template				
Name _____				
Position _____				
Signature _____				



Period covered: From 1st July 2018 to 30th June 2019

3. Payment flow details (by receipt number)

Name of the company		-			
Payment Type / tax name	Date of receipt	Receipt No.	Amount in (MKW)	Name of the Government Entity receiving the payment	Comments if any
Total			0		

Please feel free to add more lines to this table

Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the information reported in this reporting template

Name _____

Position _____

Signature _____

This Template is addressed only to extractive companies



Social contributions (Corporate Social Responsibility)

Period covered: From 1st July 2018 to 30th June 2019

4. Social payment details

A. Social contributions mandated by law or the contract

Name and function of beneficiary	District/Area of the beneficiary	Payments in cash		Payments in kind (Project)		Reference of Law or contract
		Amount (MKW)	Date	Description of the contribution in kind	Cost incurred during the year	
Total		0			0	

B. Voluntary social contributions

Beneficiary	District/Area of the beneficiary	Payments in cash		Payment in kind	
		Amount (MKW)	Date	Description of the contribution in kind	Cost incurred during the year
Total		0			0

C. Social expenditures paid to support COVID-19 measures in the area of operation

Beneficiary	District/Area of the beneficiary	Payments in cash		Payment in kind	
		Amount (MKW)	Date	Description of the contribution in kind	Cost incurred during the year
Total		0			0

Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the information reported in this reporting template

Name _____

Position _____

Signature _____



Production of solid minerals

Period covered: From 1st July 2018 to 30th June 2019

5. Production details

Month	Mineral Type	Royalty (MKW)	Quantity (Tons)	Value of the production (in MKW)	License Number	District
July/18		0	0	0		
August/18		0	0	0		
September/18		0	0	0		
October/18		0	0	0		
November/18		0	0	0		
December/18		0	0	0		
January/19		0	0	0		
February/19		0	0	0		
March/19		0	0	0		
April/19		0	0	0		
May/19		0	0	0		
June/19		0	0	0		
Total			0	0		

Please feel free to add more lines to this table

Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the information reported in this reporting template

Name _____

Position _____

Signature _____



Exports of solid minerals

Period covered: From 1st July 2018 to 30th June 2019

6. Export details

Month	Mineral Type	Quantity (Tons)	FOB Value (MKW)	Country of destination
July/18		0	0	
August/18		0	0	
September/18		0	0	
October/18		0	0	
November/18		0	0	
December/18		0	0	
January/19		0	0	
February/19		0	0	
March/19		0	0	
April/19		0	0	
May/19		0	0	
June/19		0	0	
Total		-	-	

Please feel free to add more lines to this table


Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the information reported in this reporting template

Name _____

Position _____

Signature _____

 This Template is addressed only to extractive companies							
Beneficial ownership							
Period covered: From 1st July 2018 to 30th June 2019							
7. Legal ownership							
Is your company wholly owned subsidiary of publicly listed owner?		<Yes/No>					
Name of publicly listed owner		<text>					
Link to the stock exchange filings where listed owner is listed		<text>					
Ownership as at 30 June 2019	N°	Name/Entity	% Interest	Nationality of the owner	Stock exchange Listed entity (yes/no)	Stock exchange (if the company's shares are quoted)	link to the stock exchange filings where they are listed (if the Company's shares are quoted)
State Owned (Malawi Government)	1						
State Owned Enterprise (SOE)	2						
Natural Persons	3						
	4						
	5						
	6						
Private Entities (Legal persons/companies)	7						
	8						
	9						
	10						
	11						
	12						
	13						
Company's shares publicly listed	14						
			0%	<i>The total should be 100%</i>			



This Template is addressed only to extractive companies
 This form has to be completed for each natural person meeting the definition of Beneficial Owner

8. Beneficial ownership

Period covered: From 1st July 2018 to 30th June 2019

This form has to be completed separately for each natural person meeting the definition of Beneficial Owner below

In accordance with the EITI Standard, Requirement 2.i5.f.i, “a beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity”. Further to Requirement 2.5.f.ii and in accordance with the decision of the MSG, a beneficial owner is defined as:

A beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity. In addition, a beneficial owner shall include legal owners and share ownership of such corporate entity (ies):

a) The definition also includes all the private trusts and names of those beneficiaries of those private trusts and their details.

For the purpose of the reporting process:

- a percentage of 5% of direct shares held by a natural person, shall be evidence of ownership or control through shareholding; and
- a percentage of 5% of indirect shares held by a natural person, shall be evidence of ownership or control through shareholding.

b) In the case of joint ventures, each entity within the venture should disclose its beneficial owner(s), unless it is publicly listed or is a wholly-owned subsidiary of a publicly listed company. Each entity is responsible for the accuracy of the information provided.

c) The definition also includes all the Politically Exposed Persons (PEP) holding any direct or indirect interest in the company operating in Malawi, regardless of size of interest).

In accordance with this beneficial ownership definition, as per 30 June 2019 the beneficial owner/s of the company are:

Identity of the Beneficial Owner	Entry	Entry	Entry	Entry
Full name as it appears on national identity	<text>			
Politically exposed person (PEP) [E]	<Yes/No>			
Applicable from	<YYYY-MM-DD>			
Applicable to	<YYYY-MM-DD>			
Date of Birth	<YYYY-MM-DD>			
National identity number (National	<number>			
Nationality	<text>			
Country of residence	<text>			
Residential address	<text>			
Service address	<text>			
Other means of contact	<text>			
Information about how ownership is held or exercised over the company is exercised				
By direct shares	<Yes/No>	Number of shares	<number>	X of shares
By direct voting rights	<Yes/No>	Number of votes	<number>	X of voting
By indirect shares	<Yes/No>	Number of indirect shares	<number>	X of indirect shares
				Legal name of intermediate company
				1 <text>
				Legal name of intermediate company
				2 <text>
By indirect voting rights	<Yes/No>	Number of indirect votes	<number>	X of indirect voting rights
				Legal name of intermediate company
				1 <text>
				Legal name of intermediate company
				2 <text>
By other means	<Yes/No>	Explanation of how ownership is exercised	<text>	
Date when beneficial interest was acquired	<YYYY-MM-DD>			
If it is required that fields marked in orange are completed by the company				
If it is optional that fields marked in green are completed by the company				
<p>MWEITI defines "Politically-Exposed Person" (PEP) as:</p> <p>All elected and appointed positions and senior public officials including those in Judiciary, National Assembly, Executive and Government as well as directors of companies, CSOs and political parties. In particular, PEP will include:</p> <ul style="list-style-type: none"> (i) an individual who holds, or has held, public office, and includes— (i) a Head of State or Government; (ii) a Minister; (iii) a Deputy Minister; (iv) a politician; (v) a political party official; (vi) a judicial official or other senior official of a quasi-judicial body; (vii) a military official; (viii) a member of an administrative, management or supervisory body of a State owned enterprise; (ix) an individual who is, or has been, associated with a public function by a State, public body or a local or international organisations; (x) an immediate family member of a person referred to in paragraph (i); or (xi) a close associate of a person referred to in paragraph (i). 				
Management sign-off				
I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the attached reporting template in accordance with the reporting guidelines.				
	Name			
	Position			
	Signature and Stamp			

This Template is addressed only to the all Government Entities having interest in extractive companies



Period covered: From 1st July 2018 to 30th June 2019

9. Public Interest

			In case of change in the % interest				Engagements attached to the equity stake	
Extractive Company /Joint Venture	% Interest 01/07/2017	% Interest 30/06/2018	Nature of the transaction	Value of the transaction in (MKW)	Terms of transaction (cash payments or loan ..)	Beneficiary of the transaction <i>(counterparty)</i>	State if there is responsibility to cover the project expenses ?	terms attached to their equity stake

Management sign-off

I, undersigned, for and on behalf of the reporting entity confirm that all information provided in the above declaration is accurate and reliable.

Name	
Position	
Signature	

5th MWEITI Flexible Inception Report

Covering the two Government financial years 2018/19 and 2019/20

Annex 2: Persons contacted or involved

Independent Administrator

Manuel Chisale	Team Leader – Director EMJ Advisory Services
Oliver Chilemba	Financial Management Expert
Abdulrahman Chiwallo	Financial Management Expert
Dr Ruth Magreta	Economist - Expert
Daniso Phakati	Audit Senior - EMJ Advisory Services
Bashir Amin	Expert in Mass Communication, Infographics
Imran Yassin	Environmentalist - Expert

MWEITI Secretariat

Mrs Chilima	Coordinator MWEITI Secretariat
Leonard Mushani	MWEITI Secretariat

MWEITI Multi-Stakeholder Group

Kenneth Matupa	Head of the MWEITI Multi-Stakeholder Group
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Ministry of Forestry and Natural Resources (MFNR)

Mrs Stella Gama	Director Forestry
Teddie Kamoto	Director of Forestry
Moses Njiwawo	Forest Cadaster Officer
Mike Jumpha	Chief Accountant

Ministry of Mining (MoM)

Burnett Msika	Acting Director – Department of Mines
Tikondane Phiri	Chief Mining Engineer – Department of Mines

Ministry of Transport and Public Works

Geoffrey F.Magwede	Director of Railway Services
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National Audit Office

Charles Maseya	Director – Specilised Audits
Caroline Buliani	Chief Auditor

Malawi Revenue Authority

Nellie Jimu	Commissioner Domestic Taxes
Davie Khonje	Head of Mining Section

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

Dr Alfred Nyasulu	Technical Advisor -GIZ Team
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Reserve Bank of Malawi

Ken Khoswe
Chisomo Kuyenda

Roads Fund Administration

Mr Stuart Malata	Chief Executive Officer
Mr Alex Makhwatha	Director of Finance

5th MWEITI Flexible Inception Report

Covering the two Government financial years 2018/19 and 2019/20

Annex 3:

MWEITI Questionnaire - COVID 19 Related Information - July 2018 to June 2020



Period covered: Two Financial Years 2018/2019 and 2019/2020

EITI FLEXIBLE REPORTING

Name of Company/Entity:

Management sign-off

I acknowledge for and on behalf of the above Entity's responsibility for the truthful and fair presentation of the information reported in this questionnaire

Name:

Position:

Signature:
