

EITI Project proposal:

Contributing to domestic resource mobilisation in the Democratic Republic of the Congo and Niger

Summary

The International Secretariat of the Extractive Industries Transparency Initiative (EITI) is requesting additional funding from the Ministry of Foreign Affairs (MFA) of Belgium to support EITI implementation in the Democratic Republic of the Congo (DRC) and Niger. Based on work plan objectives agreed by the DRC EITI and Niger EITI Multi-stakeholder Groups (MSGs), the activities are expected to contribute towards domestic resource mobilisation and sustainable local development. In line with preliminary discussions between the International Secretariat and the MFA, the project will focus on:

- (1) monitoring extractive companies' social and environmental contributions to communities hosting extractive activities in the DRC;
- (2) strengthening reporting on the artisanal and small-scale mining sector in the copper-cobalt supply chain in the DRC;
- (3) strengthening government institutions, in particular the Supreme Audit Institution's capacity on accrediting government disclosures and the redistribution of revenues in Niger;
- (4) strengthening reporting on ASM and tracing the impact of collected revenues on local communities in Niger.

The International Secretariat will manage the grant and supervise the implementation of activities in close coordination with the DRC EITI and Niger EITI MSGs and national secretariats. The International Secretariat will also provide technical assistance to each of those projects through reviewing the Terms of Reference, draft reports, participating in briefings and dissemination activities. The Secretariat's technical assistance is specified in the project overview and listed as part of the project budget.

The total budgeted amount for the project is **EUR 500 000** over one year, from 1 October 2021 to 31 September 2022, with the following breakdown:

- EUR 325,000 (65%) for activities in the DRC;

- EUR 125,000 (25%) for activities in Niger; and
- EUR 50,000 (10%) for project management by the EITI International Secretariat

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Background

Guided by the belief that a country’s natural resources belong to its citizens, [the Extractive Industries Transparency Initiative](#) (EITI) is the global standard to promote the open and accountable management of oil, gas, and mineral resources. The [EITI Principles](#) acknowledge that natural resource endowment can be an important contributor to sustainable economic growth. They underline the importance of transparency in informing public debate and decision-making on natural resource governance and in framing policy options for sustainable development.

The EITI is currently implemented in [55 countries](#) across Africa, Asia, Europe and Latin America. The EITI Standard requires the disclosure of information along the extractive industry value chain, from the point of extraction, to how revenues make their way through the government, and how they benefit the public. Through national multi-stakeholder groups (MSGs), the EITI process brings together representatives from government, industry, and civil society. Disclosures are leveraged by stakeholders and wider society to promote public debate, curb corruption, strengthen governance and support inclusive development.

The extractive sector represents approximately one fifth of government revenues in both the DRC and Niger. Both countries are [fragile](#), with high poverty rates and ongoing insurgencies. In such contexts, the responsible management of the extractive sector can help mobilise revenues to

meet the Sustainable Development Goals. The EITI can help assess whether citizen's expectations that their countries' resources are managed in a transparent and accountable way are met by government and industry and inform reforms where needed.

DRC – proposed activities

Furthering transparency and accountability in the DRC around extractive companies' social expenditures

The DRC has been implementing the EITI Standard for over a decade. EITI implementation seeks to ensure that the exploitation of natural resources contributes significantly to increase the well-being of the Congolese population, in the present and the future.

The two sets of activities outlined below are based on the [DRC EITI 2021-2023 work plan](#) (fully costed version [here](#)). Activities related to monitoring companies' social and environmental contributions and strengthening reporting on the ASM sector both go beyond the minimum requirements of the EITI Standard, and speak directly to local stakeholders' priorities.

Private and public extractive companies often provide in-kind and/or cash social and environmental expenditures to the communities where they operate, either based on their own voluntary policies or based on legal and contractual obligations. While the [EITI Standard requires comprehensive disclosures](#) on such expenditures, local stakeholders have argued that the EITI should contribute to assessing whether companies are effectively paying what they are disclosing, are adhering to their obligations and are addressing local needs and priorities.

Similarly, local stakeholders have been pushing for improved disclosures around the contribution the artisanal and small-scale mining sector in the copper-cobalt supply chain to the economy and livelihoods. While there have been [numerous efforts](#) at the regional and international level to strengthen reporting and better document governance challenges in this supply chain, the DRC EITI can draw from its expertise to disclose reliable and comprehensive data, particularly on financial flows and production data. Disclosures would also cover efforts by the government to formalise the sector, such as the monopoly granted to the [Entreprise Générale du Cobalt](#).

The proposed activities would complement efforts to support the responsible management of mining revenues at the local level, as well as preparations for the upcoming Validation of the DRC under the Standard. In addition to government funding, which covers the majority of implementation and funding costs, several donors have committed to funding activities related to: 1) thematic studies on contract transparency, the SICOMINES infrastructure agreement and subnational revenue allocation; 2) activities with local authorities and communities on subnational revenue management; 3) improving the governance of the DRC EITI itself, including organisational and financial audits; and 4) consultations and self-assessments ahead of the start of DRC's, scheduled for 1 January 2022.

	Objective 1: ensure that extractive companies fulfil their contractual social and environmental obligations towards communities hosting extractive activities			
	Total budget: EUR 110 510			
Activities	Leads and support	Expected outcomes	Budget in EUR	Estimated timeline
1.a) Data collection in three provinces for the disclosure of timely, reliable and accessible data on companies' social and environmental commitments and expenditures through EITI reporting and systematic disclosures	DRC EITI: online reporting and liaison with government and companies International Secretariat technical assistance: review of disclosures and identification of gaps	Disclosures are comprehensive and up to date, and enable stakeholders to follow-up on companies' obligations and contributions	11 750	October – December 2021
1.b) Conduct studies in three provinces (Ht Katanga, Ht Uele, Nord Kivu) affected by extractive activities to assess the implementation of companies' contractual obligations, including Mitigation and Rehabilitation Plans (PAR) and the Environmental and Social Management Plans (PGES).	Consultants: procured by the EITI IS, including travel and stakeholder consultations DRC EITI and International Secretariat technical assistance: TORs and review of draft reports	The studies highlight whether a) companies are delivering on their contractual obligations and commitments, and 2) whether these expenditures are in line with local development needs and demands.	76 600	January – June 2022
1.c) Share recommendations with oversight institutions, extractive companies and civil society drawing from the studies	DRC EITI: documentation of recommendations (incl. communications material in local languages) and outreach to relevant stakeholders	The DRC EITI supports informed decision making around companies' social and environment contributions.	22 160	July – September 2022

Furthering transparency and accountability in the DRC on artisanal and small-scale mining in the copper-cobalt value chain

Objective 2: strengthen the ASM sector's contribution to government revenues and livelihoods in the copper-cobalt supply chain				
Total budget: EUR 214 500				
Activities	Leads	Expected outcomes	Budget in EUR	Timeline
2.a) Strengthen the capacity of mining cooperatives, buying houses, intermediaries, the SAEMAPE, and provincial and local authorities in two provinces on the EITI, the applicable regulatory and fiscal framework around ASM, and relevant disclosures	DRC EITI: lead on capacity building in selected provinces International Secretariat technical assistance: input to capacity building plan and facilitation contacts with international partners	Relevant actors along the supply chain have a clear understanding of the applicable regulatory framework and the EITI's role and approach in strengthening transparency on the ASM sector.	61 500	October 2021 – February 2022
2.b) Produce a scoping study on the copper-cobalt supply chain, including a mapping of actors and sites, a list of relevant financial flows, and transparency and governance challenges	Consultants procured by the EITI IS, including travel and stakeholder consultations DRC EITI: TORS and feedback on draft report International Secretariat technical assistance: TORS and feedback on draft report	National stakeholders have access to a public and detailed mapping of relevant actors, sites, and financial flows in the ASM copper-cobalt supply chain.	116 400	March – June 2022
2.c) Disclose and analyse data on ASM in the copper-cobalt supply chain, based on the EITI Requirements, including financial flows and contribution to government	Consultants: data collection and reporting DRC EITI: TORS, review of disclosures and	Comprehensive data on the ASM sector's contribution to government revenues and local livelihoods is publicly	36 600	July – October 2022

revenues, information around employment, corruption risks and opportunities related to the energy transition	feedback on draft report International Secretariat technical assistance: provide feedback on TORS and feedback on draft report	available and accessible and can inform sound decision-making around the formalisation of the sector.		
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Niger – proposed activities

Strengthening institutions in Niger

Niger re-joined the EITI in February 2021 after having left the EITI in October 2017, following a temporary suspension from the Board due to “inadequate progress” on implementing the 2016 Standard. The re-application process has reinvigorated the country’s EITI implementation.

The latest data currently available on Niger’s extractive industry dates from 2014. In August 2021 the 2019 report will be published. From the latest data, uranium, oil, and gold currently accounts for 8% of GDP and 50% of export receipts. Major projects in the agriculture, energy, and services sectors, as well as the construction of a crude oil pipeline, are expected to support economic growth in the medium term. A 2018 OECD study estimates that the ASM sector contributed about 50% of the gold production in Niger.

The recent elections in Niger were peaceful (despite a foiled coup attempt). The country is currently ranked lowest in the HDI and government institutions are still very weak. The activities suggested here largely draw on the country 2021 work plan¹ (with the exception of the first, where they forgot to include it) and focus on strengthening government institutions, broaden the understanding of ASM and the flow of revenues within the government. The technical secretariat could also use some supplementary equipment as they are still struggling with stable internet connection and access to laptops.

Further possible activities would support Niger in its communication activities, such as taking on printing and translation costs for summary reports to be disseminated in the capital and provinces, as well session on local content and gender.

Main technical partners and donors in Niger are the World Bank, the French development agency (AFD) and the African Development Bank through PACEGEF, UEMOA and Swiss programme PAGOD (strengthening governance). Their activities do not cover the suggested activities below.

The activities listed below have been chosen because they are in line with Belgium’s interest in supporting activities that strengthen government institutions and strengthen development in local communities, affected by mining in particular.

¹ See <https://eiti.org/document/niger-eiti-20202022-work-plan>

The total budget earmarked for Niger is 125'090 EUR (25% of the total grant)

The first activity is not included in the work plan, which is an oversight since the ToRs for this activity have already been developed. Niger has a unit within the Cours des Comptes which has, in the past (last time in 2014) undertaken an audit of the extractives sector. This training would bring the unit within the Cours des Comptes up to speed with the 2019 EITI Standard and capacitate the to fulfil the oversight role on extractives revenues in line with the EITI Standard.

Objective 1: Strengthen the supreme audit institution's capacity to carry out data quality review, assurances in line with the EITI Standard.				
Cost: 7 700 EUR				
Activity	Leads	Expected outcomes	Budget	Timeline
1.a) Training workshop with the Cours des Comptes on the 2019 Standard.	International Secretariat technical assistance: review ToRs, review training materials. Observe training. Niger secretariat: support on identifying trainer, invitation to work shop & organisation of facility.	The Cours de Comptes can play an active role in the extractive industry audit, and understand the requirements of the 2019 Standard.	7 800	October 2021

The second proposed activity is an impact assessment of the allocation and distribution of revenues from the extractive industries.

Niger's legislation demands the distribution of revenues from the extractive industries. The objective of this study is to take stock of transfers, assess the use of these revenues and measure the impact on the living conditions of the populations in the areas concerned. This study will be carried out in October 2021 by a consultant who will be recruited for this purpose.

Objective 2: Improve understanding of revenue flows within the government, understand if reaches the expected destination.				
Budget: 30 950 EUR				
Activities	Leads	Expected outcomes	Budget in EUR	Timeline
2.a) Impact assessment of the allocation and	Consultants procured by the EITI IS, including travel and	Clearer understanding of allocation of	24 900	October-November 2021

distribution of revenues from the extractive industries	stakeholder consultations Niger EITI: TORS and feedback on draft report International Secretariat technical assistance: TORs and provide feedback on draft report	revenues with the government and impact assessment of revenues on local community		
2.b) Dissemination of recommendations of the study, how to improve revenue management and impact on local communities.	Niger EITI: documentation of key findings (incl. communications material in local languages) and outreach to relevant stakeholders, planning of event.	Key stakeholders are aware of the recommendations, which can be followed up on in 2022.	6 050	November / December 2021

Objective 3: Identify the gaps and best placed government institution to advance beneficial ownership transparency in Niger.

Budget: in EUR 13 535

Activities	Leads	Expected outcomes	Budget in EUR	Timeline
4.a Study to review the legal and regulatory framework for the disclosure of beneficial owners of companies, and to identify institution best place to collect and verify that data	Consultants procured by the EITI IS, including travel and stakeholder consultations Niger EITI: Development of TORs and feedback on draft report International Secretariat technical assistance: TORs and feedback on	The institution best able to collect, verify and publish beneficial ownership data is identified. Any gaps on legal framework are known.	8 655	September 2021

	draft report, participate in briefing meeting with consultant.			
4.b Workshop to present the results and recommendation to the institution identified and development of work plan	Niger EITI: organise workshop, invitations etc. International Secretariat technical assistance: review work plan and presentation, provide comments and recommendations.	Stakeholders are aware of their responsibilities and next steps to advance beneficial ownership transparency in Niger (work plan).	4 880	October 2021

Strengthening reporting on ASM and tracing the impact of collected revenues on local communities in Niger.

ASM plays an important role in Niger, but it is not well understood how and what the main actors and minerals are. Though not a necessity under the 2019 Standard, Niger is interested to include in their reporting ASM.

The objective of this study is to analyse the value and supply chains and relevant information sources of the artisanal mining sector with the aim of integrating them into the EITI process in order to contribute to responsible debate and decision-making. This will improve transparency and good governance in the sector and contribute to Niger's socio-economic development.

Objective 4: Improve understanding of the role and importance of the ASM sector in Niger.				
Budget in EUR: 40 250				
Activities	Leads	Expected outcomes	Budget	Timeline
3.a. Scoping study on artisanal mining	Consultants procured by the EITI IS, including travel and stakeholders consultations Niger EITI: Development of TORS and feedback on draft report	Clearer understanding of how to capture ASM in future EITI reporting	29 200	October 2021

	International Secretariat technical assistance: TORs and feedback on draft report			
3.b. Dissemination of results of the scoping study to government, local stakeholders and technical partners	Niger EITI: organise event Workshop costs to be covered by IS. International Secretariat technical assistance: to participate in dissemination activities, provide Q&A, recommendations (virtually)	The results of the scoping study are known to stakeholders and technical partners.	11 050	November / December 2021

Improving secretariat capacity and enable dissemination

The below activities would cover the cost for necessary equipment to the national secretariat (the total requested is higher, the IS has reduced the scope. If extra funding is available other necessary office items could be covered). The translation of a summary of the 2019 EITI report into local languages and print would furnish the local communities where dissemination activities will be carried out with the necessary material.

Objective 5: Provide funding towards communication and necessary office equipment				
Budget in EUR: 32 458				
Activities	Leads	Expected outcomes	Budget	Timeline
5.a. Equipment for National Secretariat (urgent needs))	Niger EITI to procure, IS to review and cover expenses.	Ensure good functioning of the national secretariat and MSG meetings	23 410	October 2021
5.b) Cover the costs of translating the summary of the 2019 report into local languages, printing	Niger EITI to source translators and designers. IS Secretariat to cover translation and printing costs.	Produce a publicly accessible document for the dissemination	9 046	September 2021

		of the 2019 EITI Report.		
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Procurement, project management & reporting

To administer the grant the International Secretariat is budgeting 10% of the total grant to ensure the sound and effective execution of the grant.

The total budget earmarked for procurement, project management and reporting is 50'000 EUR (10% of the total grant)

The activities for project management by the EITI International Secretariat include planning of activities in consultation with relevant stakeholders to ensure country ownership, coordination and procurement of consultants, mitigation of fiduciary risks and reporting to the donor. The Secretariat foresees that one 75% EITI staff will be responsible for overseeing the delivery of activities and reporting to the donor.

Budget overview

Description	Total Cost in EUR
DRC Component	325 010
Objective 1: ensure that extractive companies fulfil their contractual social and environmental obligations towards communities hosting extractive activities	110 510
Activity 1.a) Data Collection	11 750
Local travel	9 000
International Secretariat technical assistance	2 750
Activity 1.b) Studies	76 600
Consultant	40 000
Local travel	12 000
Translation (Eng to French)	18 000
International Secretariat technical assistance	6 600
Activity 1.c).Virtual presentation	22 160
National workshops	6 000
Design and print	15 060
International Secretariat technical assistance	1 100
Objective 2: strengthen the ASM sector's contribution to government revenues and livelihoods in the copper-cobalt supply chain	214 500
Activity 1.Capacity building	61 500
Local travel	48 000
Workshops	8 000
International Secretariat technical assistance	5 500
Activity 2.a) Studies	116 400
Local consultant	40 000
International Secretariat technical assistance	4 400
Local travel	60 000

	Translation	12 000
Activity 2.b) Disclosure and Analysis		36 600
	Local consultant	20 000
	Communication	5 400
	Translations	9 000
	International Secretariat technical assistance	2 200
Niger Component		124 990
Objective 1: Strengthen the supreme audit institution's capacity to carry out data quality review, assurances in line with the EITI Standard		7 800
Activity 1.a) Capacity building workshop		7 800
	Consultant	1 600
	Local travel	1 500
	Workshops	2 500
	International Secretariat technical assistance	2 200
Objective 2: Improve understanding of revenue flows within the government, if revenues have impact on local community		30 950
Activity 2.a) Impact assessment		24 900
	Local consultant	12 000
	International Secretariat technical assistance	1 650
	Local travel	7 500
	Translation	3 750
Activity 2.b) Dissemination activities on results		6 050
	Design and print	3 000
	International Secretariat technical assistance	550
	Workshops	2 500
Objective 3: Identify the gaps and best placed government institution to advance beneficial ownership transparency in Niger.		13 535

Activity 4.a) Study on legal framework and institution to take BO forward	8 655
Consultant	4 800
Local travel	755
Workshops	2 000
International Secretariat technical assistance	1 100
Activity 4.b) Workshop to present the results and recommendation to the institution identified and development of work plan	4 880
International Secretariat technical assistance	550
Workshops	2 500
Design and print	1 830
Objective 4: Improve understanding of the role and importance of the ASM sector in Niger to include ASM in future EITI reporting scope.	40 250
Activity 3.a) Scoping study on artisanal mining	29 200
Local consultant	12 000
International Secretariat technical assistance	2 200
Local travel	15 000
Activity 3.b) Dissemination of results of the scoping study	11 050
Design and print	3 000
International Secretariat technical assistance	550
Workshops	7 500
Objective 5: Provide funding towards communication and necessary office equipment	32 555
Activity 5.a) Equipment for National Secretariat	23 509
Laptops (4)	6 098
Office PCs (2)	3 354
External harddrive (1 terra)	152
USB sticks (12)	146

	Office furniture	3 240
	Copy machine	9 147
	Colour printer	1 372
Activity 5.b) Cover the costs of translating the summary of the 2019 report into local languages, printing		9 046
	Translation	3 046
	Design and print	6 000
Subtotal - direct costs		450 000
7. Procurement/Project Management & Reporting		50 000
	Administration costs	50 000
		500 000
Grand Total		500 000