

**PROJECT INFORMATION DOCUMENT (PID)
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC95834

Project Name	Cote d'Ivoire EITI Data Accessibility Support
Region	AFRICA
Country	Cote d'Ivoire
Financing Instrument	IPF
Project ID	P162202
Borrower Name	Ministry of Economy and Finance
Implementing Agency	Cote d'Ivoire EITI
Environmental Category	C - Not Required
Date PID Prepared	17-Apr-2017
Estimated Date of Approval	27-Feb-2017
Initiation Note Review Decision	The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Côte d'Ivoire is one of the largest economies in West Africa. It is well-endowed in agriculture and natural resources, and has enjoyed steady growth during the first two decades after Independence. The country subsequently experience economic shocks and political turmoil for most of the 1990s. Since May 2011 stability and economic growth returned and GDP growth has been oscillating between 7% and 9%.

The Mineral sector plays an increasingly important role in the economy. Despite decline in commodity prices, Cote d'Ivoire has seen a sharp increase in mining investment and production following the adoption of a more investor friendly mining code in 2014. Gold production has almost quadrupled since 2010 generating over \$600 million government revenues. This includes a large and growing artisanal and small scale gold sector. Oil and gas production is expected to increase as new discoveries are developed, and down-stream activities are also important to the Ivorian economy. EITI is particularly relevant at the subnational level. The 2014 mining code sets forth that 0.1% of mining company profits should be channeled through local development fund. Cote d'Ivoire was declared compliant with the Extractive Industries Transparency Initiative (EITI) in 2013. However, gathering data at the subnational level has been a challenge, making EITI more relevant at the local level.

Sectoral and Institutional Context

The mining sector offers the potential to be the second largest driver of economic growth in Cote d'Ivoire after the agriculture sector. The sector has experienced impressive growth over the past five years. The growth was driven by gold production, which doubled from 12 metric tons to 25 metric tons between 2011 and 2016, and is expected to reach about 30 metric tons in 2018. Manganese, the

second mineral produced, has been growing from a low base of 50,000 metric tons in 2011 to 125,000 metric tons in 2016. This output is expected to reach 350 000 in 2017 and 400 000 metric tons in 2018. Production and export of diamonds, the third mineral produced, suffered from a UN-imposed ban following the end of the civil war. After the lifting of the ban, reported diamonds production started at 1,074 carats in 2014 and grew to 14,924 carats in 2015. The potential size of the mining sector is reflected by the quantity and diversity of mineral targets at each stage of the mining development process.

- Producing mines: five Gold mines in production with a combined output of 26 tons in 2016 (Ity, Bonikro, Hiré, Tongon, and Agbaou); three manganese mines with a combined production of 263,200 tons in 2016 (Lauzoua, Bondoukou, Ziérougoula).
- Mines at the construction stage: two gold mines (Aféma and Sissingué); one manganese mine (Lognonkaha in Korhogo).
- Mines at development stage: three gold projects (Dahapleu-Gbétouo at Zouin-Hounien), Angovia at Bouaflé, and Debo at Soubré; one bauxite project (Bénéne at Bongouanou); one Nickel-Cobalt project (Touba-Biankouma).
- Targets at exploration stage: over 170 current exploration permits.

In addition to the targets actively under exploration or development, there is an untapped potential of significant resources of iron ore, nickel, bauxite, manganese, Colombo-tantalite, diamonds and gold.

The institutional capacity to develop this potential remains weak. The Cote d'Ivoire SCD of June 30, 2015 title "From Crisis to Sustained Growth Priorities for Ending Poverty and Boosting Shared Prosperity" identified the mining as a sector with "considerable potential" for job creation. According to the report, "successful operations can catalyze economic activity, including service-oriented SMEs, in surrounding areas." However a number of constraints currently limit the development of the sector, including:

- 1- Transparency of revenues and weak linkages with the rest of the economy: the full job potential of the sector is limited by lack of forward, backward, and sideways linkages between extractive sector operations and the rest of the economy.
- 2- The legal and regulatory framework: the current Mining Code contains a provision for a 12-year exploratory period, which has impeded engagement in the sector by several potentially interested companies.
- 3- Institutional capacity: building the capacity of the Ministry of Mines and SODEMI to effectively manage the sector.
- 4- Physical infrastructure, including availability of railway and electricity for mineral transportation and processing.
- 5- The fiscal regime: the fiscal regime does not offer appropriate incentives for mining companies to take on the often considerable risk of operating mines.
- 6- Geodata: limited availability of geologic information frustrates the effort to stimulate exploration in new areas.
- 7- Conflict-prone minerals: there is a thriving artisanal and small-scale mining sector which occupies hundreds of thousands of people, but under chaotic conditions that pose a threat to peace and stability in Cote d'Ivoire as reported in international media.

Enhancing accessibility to EI data is the first step toward stimulating a public dialogue on how the significant mining potential of the country can be used to support inclusive growth and progress the path toward merging country status.

Relationship to CAS/CPS/CPF

The proposed support is consistent with the first and second cross-cutting areas of the Country

Partnership Framework for Cote d'Ivoire for the period FY16-FY19. The first area is support the Government's governance reform agenda introduced in 2012, which is implemented through EITI standards for better transparency of extractive sector revenues. The second area the support of the Government's agenda for reducing inequalities in general, and those of a spatial nature in particular.

II. Project Development Objective(s)

Proposed Development Objective(s)

Strengthen social accountability monitoring of EI revenue by enhancing accessibility and use of EI data

Key Results

1. Improvement of revenue administration and revenue management practices, including accountability through better data gathering capacity and access at the national and sub-national levels: This will be measured by the level of coverage and accessibility of disaggregated EI data at local, provincial, and national levels. Key indicators are: (i) awareness programs and public debates organized in four localities; (ii) quarterly report prepared and disseminated; (iii) EI data are fully integrated and consistent across various institutions; and (iv) open data policy is supported by a charter on collaboration for data sharing among stakeholders.

2. Empowerment of governments to develop evidence-based decision making process to reduce inequalities of a spatial nature through subnational EITI reporting: this is measured by the level of integration of data from EITI, the cadaster system, the EI tax revenues, and poverty surveys to better assess the socio-economic impact of mining at local, provincial and regional levels: (i) parliament members, mayors and decentralized government are trained on EI value chains; (ii) EI data are geo-referenced and disaggregated by locality; and (iii) data accessibility and use is enhanced at the local/provincial level.

III. Preliminary Description

Concept Description

IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	

Projects in Disputed Areas OP/BP 7.60		X	
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V. Financing (in USD Million)

Total Project Cost:	0.3	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Extractives Global Programmatic Support			0.3

VI. Contact point

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