



# Project Information Document/ Identification/Concept Stage (PID)

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Concept Stage | Date Prepared/Updated: 22-Oct-2018 | Report No: PIDC168535



**BASIC INFORMATION**

**A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental Assessment Category	Project Name
P168666		C - Not Required (C)	Chad: Mainstreaming the Extractive Industries Transparency Initiative
Region	Country	Date PID Prepared	Estimated Date of Approval
AFRICA	Chad	22-Oct-2018	
Financing Instrument	Borrower(s)	Implementing Agency	Initiation Note Review Decision
Investment Project Financing	Secretariat Technique Permanent de l'ITIE	Ministere des Finances	The review did authorize the preparation to continue

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**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	0.35
<b>Total Financing</b>	0.35
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	0.35
Extractives Global Programmatic Support	0.35

**B. Introduction and Context**

Country Context

Chad has recently embarked in a reform of its governance systems aimed at increasing the transparency of public finance and open access to information. These principles, which are reflected in Law n° 018/PR/2016 on the code of transparency and good governance in public finance management, are fully aligned with the guiding principles of the 2016 Extractive Industry Transparency Initiative (EITI) Standards. Following the Economic Development Forum, several institutional reforms have been announced by the government, aimed at streamlining administrative processes and checks and balances, and achieving cost cutting measures. In Chad, the EITI provides a foundation for dialogue between various stakeholders and has thus



become an important entry point for examining the social and economic impacts of extractives. EITI will remain a cornerstone for citizen engagement and transparency in extractives, with the view to mainstream implementation activities in the medium term.

#### Sectoral and Institutional Context

Chad became EITI compliant in October 2014. The EITI is one of the most widely-adopted interventions aimed at improving knowledge of revenue distribution in the mining and oil and gas sectors worldwide. While Chad EITI implementation is compliant with respect to the 2011 EITI Standard, the next validation, expected to take place between July and September 2018, will assess Chad's compliance with the 2016 EITI Standard. To prepare for such validation, the EITI National Secretariat carried out a self-evaluation, and identified several gaps that will need addressing, including: (i) the absence of an explicit government policy on the disclosure of contacts and licenses; (ii) the lack of functioning petroleum and mining cadasters; (iii) weak administrative capacity of the EITI Secretariat; and (iv) effective civil society participation.

The findings of the self-evaluation report have already triggered important policy changes. On April 25, 2018 the government published a communique containing the guiding principles on contract and information disclosure in the petroleum sector; published contracts representing over 50 percent of Chad' oil production, and undertook to make all contracts public in 2019. The government further agreed to the publication of all petroleum contracts among the triggers of the recently approved First Programmatic Economic Recovery and Resilience Grant (P163424), and the development and use of geo-referenced cadasters among the activities of the petroleum pillar of the Domestic Resource Mobilization and Management Project (P164529).

Notwithstanding the government's commitment to EITI and governance reforms, Chad's compliance with the new EITI Standard poses considerable challenges (for details see self-evaluation report). The low capacity of local EITI institutions and lack of funding hamper the government's ability to implement the necessary reforms. This project addresses these challenges by providing financial and technical assistance for the implementation of activities aimed at promoting Chad's compliance to the 2016 EITI Standard.

#### Relationship to CPF

The Country Partnership Framework (CPF) for FY16-20 was discussed at the Board on December 10, 2015. The CPF, which succeeded the interim strategy note for FY10-12, is based on three engagement themes: (i) strengthening fiscal management; (ii) improving the returns to agriculture and developing agricultural value chains; and (iii) building the stock of human capital and reducing socioeconomic vulnerability. The proposed project is firmly aligned with the CPF's first pillar, and is also complementary to the measures and activities identified in the Economic Recovery and Resilience Policy Development Operation, and the Domestic Resources Mobilization and Management Project, which recently received Board's approval.

Greater transparency and accountability in extractives is a core priority for, and an important part of the World Bank's re-engagement in extractives in Chad. The proposed project consolidates and furthers the



achievements of the EITI Post compliance implementation project (P156857), which closed at the end of May 2018. Notable results include (i) the realization of an impact assessment study on the ability of the Chad-EITI process to generate sustainable institutional and governance reforms in the country; (ii) the adoption of innovative ways to broaden the scope of EITI reporting, which now cover oil transport and oil refining; (iii) the realization of the EITI self-evaluation report; (iv) the identification of practical measures to strengthen internal control and institutional governance; and (v) the government policy principles for contract disclosure, and the gradual publication of contracts.

### C. Project Development Objective(s)

#### Proposed Development Objective(s)

The project's development objective is to contribute to the implementation of the 2016 EITI standards and the mainstreaming of EITI reporting.

#### Key Results

##### Anticipated Outcomes Indicators:

1. Increased transparency and public understanding of extractives contracts and related transactions;
2. Contribute to building a robust space for dialogue and effectiveness of CS organizations;
3. Increased effectiveness and efficiency of the EITI National Secretariat; and
4. Timely and reliable data are provided to the Independent Administrator.

##### Impact (intermediate) Indicators:

1. All contracts are publicly accessible on Chad's EITI website within 60 days following their signature;
2. Communication effectiveness indicators are identified and utilized;
3. Standard operating procedures for budgeting and monitoring of results are adopted and lead to reduced administrative costs (40% of total costs) and increased activity implementation ratio (60%); and
4. Government revenue data cover the report perimeter, and are confirmed by the Court of Auditors.

### D. Preliminary Description

#### Activities/Components

The proposed project will finance the following activities:

1. **Develop the procedures and infrastructure for contract and information disclosure (US\$50,000).**  
The project will support the National Secretariat to: (i) implement the Government disclosure policy, and document deviations in practice including their bases (compile an Excel file, including annexes



- and amendments to contracts); (ii) ensure that the EITI Chad website provides documents in searchable pdf, with easily identifiable connection to license/contract areas.
2. **Strengthen the communication and dissemination effectiveness of the EITI national secretariat (US\$90,000).** The project will finance: (i) the preparation of stakeholders mapping to identify constituencies, focusing on civil society; (ii) the identification of effective communication channels and strategies; (iii) the effective dissemination of the 2016 EITI report; and (iv) the identification and use of communication effectiveness indicators.
  3. **Strengthen the national secretariat's administrative processes and internal controls (US\$210,000).** The project will finance (i) the implementation, and to the extent possible, the automation of internal administrative processes and procedures; (ii) the development and implementation of a monitoring and results framework, to accompany the planned decrease in administrative cost (currently 70 percent of total cost) and increase in activity implementation ratio (currently 47 percent of total cost).
  4. **Mainstream the collection and reporting of government extractive revenue for EITI purposes (US\$50,000).** The project will finance a scoping study to identify efficient institutional arrangements for the collection and reporting of government revenue under EITI, and the extent of possible automation in the production of information and supporting documentation. The findings will inform the design of reporting templates, to be implemented as part of the information systems upgrade (Customs' ASYCUDA, the Tax Department's SIGTAS, and the national oil company's SIG) supported by the Domestic Resource Mobilization and Management project.
  5. **Project management (US\$20,000).** Financial management and procurement for this grant will be carried out by ST-PAMFIP an existing and functioning Project Implementation Unit (PIU) on behalf of the EITI National Permanent Secretariat. The project will cover additional administrative costs to be incurred by the PIU to undertake these activities, including project audits.

Project activities may be adjusted during implementation if necessary to reflect new priorities that might arise from the EITI independent validation process, expected to be completed in October 2018.

**SAFEGUARDS**

**E. 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	

**CONTACT POINT**

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**Borrower/Client/Recipient**

Borrower : Secretariat Technique Permanent de l'ITIE

**Implementing Agencies**

Implementing Agency :	Ministere des Finances		
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