National Consultative Committee

NCC responses to the draft Validation Report and the International Secretariat’s Initial Report

July 2017
INTRODUCTION

The Government of Niger made a formal commitment to implement the Extractive Industries Transparency Initiative (EITI) process in March 2005 and implementation officially commenced in September 2006. Niger became an EITI Candidate country in September 2007 and an EITI Compliant country in March 2011. Five years after its first validation, Niger has commenced its second such process under the 2016 EITI Standard following the International EITI Board's decision to conduct validations of sixteen (16) countries, including Niger, from 1 July 2016 onwards.

An International Secretariat delegation visited Niger on 23-27 January 2017 to carry out the initial data collection process. Once this mission was complete, the International Secretariat produced its initial report, which the Validator then used to produce the draft Validation Report. These reports were shared with the EITI-Niger Permanent Secretariat on 11 July 2017.

The EITI-Niger Permanent Secretariat then forwarded the reports to a Technical Committee on 14 July 2017 for analysis and preparation of the draft responses. The Committee, comprising representatives of all EITI Process stakeholders in Niger, met on 17-20 July 2017, submitting its draft report to the National Consultative Committee (NCC) for examination and approval at its meeting held on 24 July 2017.

The NCC’s responses, remarks and comments are detailed below:
REQUIREMENT 1: Oversight by the multi-stakeholder group

Requirement 1.2 Company engagement

NCC response
The NCC has embarked on reforms with a view to creating a discussion platform for all extractive companies (mining and oil) in Niger. Under the new system, oil companies participate in the NCC. As such, Soraz and CNPC Niger Petroleum were involved in approving the 2014 EITI Report.

The NCC therefore believes that a “satisfactory” grade should be awarded for this requirement.

Requirement 1.4 Multi-stakeholder group

NCC response
The Validator found a “clear commitment” among Multi-Stakeholder Group (MSG) members towards EITI implementation in Niger. However, he noted with regret that a “clear institutional governance body” and “procedures” were lacking. The NCC has taken these comments on board and suggested setting up a Technical Committee to revise EITI Niger documentation with a view to establishing a suitable body and clear procedures by October 2017 at the latest.

Requirement 1.5 Work plan

NCC response
There are no legal or regulatory barriers to EITI implementation in Niger. The work plan will make it clear how recommendations from EITI Reports are to be implemented, and will map out the validation process. The Civil Society Organisations (CSOs) sitting on the NCC represent Niger’s 2,600 non-governmental organisations (NGOs) and associations. All NCC member entities work in the sector, but NGOs and associations are regularly consulted at awareness-raising sessions and training workshops. A more regular framework could be established to foster greater ownership, engagement and involvement.

REQUIREMENT 2: Legal and institutional framework, including allocation of contracts and licences

Requirement 2.1 Legal framework and fiscal regime

NCC response
The legal framework was described at length in the 2012 report (page 24). Since the framework has not changed in the interim, the NCC did not feel it necessary to repeat this description in the 2013 and 2014 reports, and instead referred readers to the relevant texts. However, the NCC has no objection to reiterating the pertinent provisions.
Requirement 2.2 Licence allocations

NCC response
The 2014 report described the licence allocation process and referred to delays in processing licence allocation and permit renewal requests. The 2014 report did not include exhaustive lists for the mining sector, but the requested information was provided on pages 48-52 of the mining register. The NCC believes that it has satisfied this requirement.

Requirement 2.3 Register of licences

NCC response
The NCC has previously pointed to problems with the register of licences, and it fully supports any initiatives in this area, such as the Ministry of Mining’s efforts to improve the mining register (see 2014 report, page 18). The mining register included in the EITI Report is up to date. In accordance with the mining permit allocation procedure, the Council of Ministers approved 18 mining contracts for SOPAMIN on 17 October 2014. However, the permits were not officially allocated until January 2015, when the Ministry of Mining issued the relevant order (order no. 009/MMDI/SG/DGMD/DM of 16 January 2015 granting the Dissilak 19 exploration permit). New permits are only added to the mining register once the relevant orders have been signed. The NCC believes that it has satisfied this requirement.

Requirement 2.4 Contracts

NCC response
The NCC has found delays in disclosing contracts in the Official Journal and has taken steps to resolve the situation. The EITI-Niger Permanent Secretariat wrote to the General Secretary of the Government (letter ref. 01009/PM/DIR/CAB/SP/ITIE of 2 May 2017) to request consent to publish the contract agreements online.

Requirement 2.6 State participation

NCC response
The NCC has discussed the definition of “state-owned enterprise” (SOE) and determined that SOPAMIN (in which the state holds a 98% stake) meets this definition, since it was created by the Government of Niger for the purpose of investing in mining and other companies. SML, meanwhile, has been through a series of transactions (sale by the initial creator, public offering, takeover by SOPAMIN, majority stake taken by another private investor) and NCC did not feel that this company should be considered an SOE. The NCC opted not to treat the other companies as SOEs, even though they are governed by OHADA regulations and applicable national laws, because other shareholders hold relatively large stakes in each. The NCC will review these points in subsequent reports. Notwithstanding the omission of SML, SONICHAR and CMEN, the NCC believes that it has satisfied this requirement.
**REQUIREMENT 3: Exploration and production**

**Requirement 3.2 Production**

**NCC response**

The NCC has discussed this matter and provided volume and value data on exports, and notably on SML’s uranium and gold output. These discussions will continue in subsequent reports.

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**REQUIREMENT 4: Revenue collection**

**Requirement 4.1 Comprehensive disclosure of taxes and revenues**

**NCC response**

In 2010, the NCC decided to set the materiality threshold at zero, at the request of civil society stakeholders, as part of its efforts to be transparent and accountable to citizens. Artisanal mining is not included because this is an informal, uncontrolled practice. However, once ongoing Ministry of Mining efforts to restructure the sector are complete, the NCC will include this activity. All companies are listed. The information system, which is currently being installed, is making an important contribution to comprehensive disclosure. The NCC will also review the materiality threshold question when drafting future EITI reports.

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**Requirement 4.2 Sale of the state’s share of production or other revenues collected in-kind**

**NCC response**

For oil, while the production-sharing contract includes revenues collected in-kind, this decision has not yet been enacted because the Government of Niger does not export oil and CNPC NP sells all of its crude oil output to Soraz. For uranium, SOPAMIN (like all other shareholders) buys the commodity from mining companies at Niger prices to fill their order books, with buying options for each shareholder commensurate with its capital stake in the company. The NCC therefore agreed that SOPAMIN's uranium purchases from mining companies do not come under requirement 4.2. **In light of the above, this requirement does not apply to Niger.**

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**Requirement 4.3 Infrastructure provisions and barter arrangements**

**NCC response**

The Validator criticised Niger’s report for failing to mention the barter arrangement between the Government of Niger and French firm AREVA under the Strategic Partnership Agreement (published in the Official Journal, special edition no. 12 of 12 June 2014). Under the terms of the arrangement, signed by both parties in 2014, AREVA pledged to invest EUR 100 million in construction of the Tahoua-Arlit road, development and enhancement of the Irhazer valley, and construction of the Uranium building. The NCC did not consider this to be a barter arrangement because the Government of Niger did not offer any concessions or minerals in exchange for the planned work. The NCC notes that this Strategic Partnership Agreement has been widely circulated through various channels (Official Journal of the Republic of Niger, private and public media outlets, public debates, etc.).
In light of the above, the NCC believes that this requirement does not apply to Niger.

Requirement 4.4 Transportation revenues

NCC response
The Validator’s recommended assessment for Niger for this requirement was “inadequate”. The NCC believes that this requirement does not apply to Niger:

- In terms of oil, the NCC intended to set up a transportation company. However, transportation costs were included in CNPC NP operating expenses by way of an addendum. This is why the NCC made the decision that this requirement does not apply to Niger.

- In terms of uranium, the NCC agreed during its discussions that transportation costs are included in operating expenses because CNTPS was chosen as the service provider outside the scope adopted by EITI-Niger.

The NCC agrees with the International Secretariat’s view that this requirement does not apply to Niger.

Requirement 4.5 Transactions related to State-owned enterprises (SOEs)

NCC response
All material payments received by SOPAMIN on the government’s behalf were included in the 2014 report. The NCC’s chosen reporting template shows the beneficiary state-owned entity for each stream. SOPAMIN only receives two (2) streams (mining dividends and government expenditure) directly and pays these back to the government.

Despite not being classed as SOEs, CMEN, SONICHAR and SML were included in the reconciliation exercise and do not receive any payments on behalf of the government.

The NCC therefore believes that it has satisfied this requirement.

Requirement 4.6 Sub-national payments

NCC response
Under the single treasury principle, there were no sub-national payments. (Reference, copy of a property tax payment receipt). These payments were made to regional government entities representing the central level.

Moreover, the NCC clearly understands the distinction between sub-national payments and transfers, and this question was covered at sufficient length in the reports.

The decentralisation act determines how powers and resources are transferred, and the government is working to make this system effective.

Requirement 4.9 Data quality and assurance

NCC response
The NCC has long taken an interest in data quality. Since the most recent validation exercise, there have been communications on this matter between the Prime Minister’s
Office and the National Audit Office. This is an ongoing process, as was made clear to the International Secretariat. The NCC will keep a close eye on the relevant reforms in this area. As such, data reliability is guaranteed by way of certification from a senior individual. Moreover, like other WAEMU countries, Niger has introduced reforms for this purpose in line with the 2014 act on the code on transparency in public finance management. The 27% from AREVA group entities (SOMAIR, COMINAK, Imouraren SA and AREVA Mines Niger) were certified by an external auditor (compliance certificates included in the annexes). Further information from CNPC NP’s and SOPAMIN’s statutory auditors came in after publication of the report. The NCC believes that it has satisfied this requirement.

REQUIREMENT 5: Revenue allocations

Requirement 5.1 Distribution of extractive industry revenues

**NCC response**

All extractive industry revenues are recorded in the national budget. The NCC therefore believes that requirement 5.1 has been satisfied. The fact that the EITI Report makes no reference to the national or international revenue classification system does not call this view into question, since this is a recommendation, rather than a requirement, in the Standard (5.1.b).

Requirement 5.2 Sub-national transfers

**NCC response**

In the 2014 report, the NCC stated that this question would be addressed in greater detail in subsequent reports. The NCC has followed wide-ranging debates on this subject with interest. The matter has been discussed within the NCC, and the percentage (in relation to the total) and the distribution formula between decentralised entities are laid down by law. In 2014, the NCC was not aware of any payments and did not mention this in the report.

REQUIREMENT 6: Social and economic spending

Requirement 6.1.a Social expenditures by extractive companies

**NCC response**

The NCC addressed the matter of mandatory and voluntary social spending in the 2014 report and decided to explore the subject in greater detail in subsequent reports.

Requirement 6.2 Quasi-fiscal expenditures

**NCC response**

The NCC has addressed quasi-fiscal expenditures, but has not provided details of the amounts involved. The NCC has decided to document such expenditures in detail in subsequent reports.
Requirement 6.3 The contribution of the extractive sector to the economy

**NCC response**
The NCC was only able to analyse data from a single source – the National Institute of Statistics (INS).

*The NCC therefore believes that Niger’s progress on this requirement is satisfactory.*

REQUIREMENT 7: Outcomes and impact Requirement 7.1

**Public debate**

**NCC response**
Public debate is a constant area of focus for the NCC, and efforts have been made to communicate more with members of the public in Niger’s EITI Reports. However, inherent problems with reading documents written in national languages mean that the scope for outreach via this channel is limited, and fora and public debates remain the only options.

Requirement 7.4 Review the outcomes and impact of EITI implementation

**NCC response**
EITI implementation has made members of the public more demanding of their rights. CSR questions are being raised locally, and there is now much greater awareness of these issues at the national level as a result of EITI implementation.

There have been several notable highlights during EITI implementation in Niger:

- inclusion in the Constitution of 25 November 2010;
- inclusion in the finance act since 2014;
- discussions around a balanced partnership with mining and oil investors;
- strengthening of the rule of law (the government has referred extractive industry matters to Parliament);
- civil society involvement in revising laws and regulations on mining and oil resources.
CONCLUSION

Having examined the two reports, the EITI-Niger NCC noted that both the Validator and the EITI International Secretariat had given almost identical assessments, but with differences in terms of self-assessment and the NCC’s responses. These discrepancies stem from interpretation of the requirements set out in the new Standard, which came into effect in February 2016 (despite a guide having been published). The main discrepancies revolve around three data collection requirements – revenues collected in-kind (4.2), barter arrangements (4.3) and transportation revenues (4.4). The Validator feels that no progress has been made on all three requirements, while the International Secretariat makes a similar judgement for requirement 4.3 only, indicating that the other two do not apply to Niger. On this specific requirement, the NCC did not treat it as such because, to its knowledge, there is no legal reference on this matter in Niger.

Generally speaking, and in light of the responses and remarks given here, the NCC believes that Niger has satisfied or made substantial progress on twenty-seven (27) requirements (81.2%), and that six (6) requirements do not apply to Niger (18.8%).

The NCC will continue to work with its ever-determined stakeholders to implement actions and initiatives consistent with the EITI Standard, looking not just to achieve “Compliance”, but also to ensure that the extractive industries play a full role in development and social progress in Niger. More specifically, it will seek to endow the EITI process with more operational content.

Niger, via the government, once again reiterates its commitment to promote extractive industry good governance. At the time of drafting these responses, Parliament is debating the Oil Code and the issue of mining permit allocations. Such debates will continue. The NCC will track these developments closely as part of efforts to inform and strengthen EITI implementation in Niger.
## EITI Requirements

### NCC assessment

<table>
<thead>
<tr>
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<th>Requirement</th>
<th>None</th>
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<th>Substantial</th>
<th>Satisfactory</th>
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### Oversight by the multi-stakeholder group
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- Company engagement (1.2)
- Civil society engagement (1.3)
- Multi-stakeholder group (1.4)
- Work plan (1.5)
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- Legal framework and fiscal regime (2.1)
- Licence allocations (2.2)
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### Exploration and production
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- Production (3.2)
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- Revenue management and expenditures (5.1)
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- Social expenditures by extractive companies (6.1.a)
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### Outcomes and impact
- Public debate (7.1)
- Data accessibility (7.2)
- Discrepancies and recommendations from EITI Reports (7.3)
- Review the outcomes and impact of EITI implementation (7.4)
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<td>Data accessibility (7.2)</td>
<td>EITI implementation has made members of the public more demanding of their rights. CSR questions are being raised locally, and there is now much greater awareness of these issues at the national level as a result of EITI implementation. There have been several notable highlights during EITI implementation in Niger: - inclusion in the Constitution of 25 November 2010; - inclusion in the finance act since 2014; - discussions around a balanced partnership with mining and oil investors; - strengthening of the rule of law (the government has referred extractive industry matters to Parliament); - civil society involvement in revising laws and regulations on mining and oil resources.</td>
<td>Satisfactory</td>
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<td>NCC responses to the draft Validation Report and the International Secretariat’s Initial Report</td>
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<td>Infrastructure provisions and barter arrangements (4.3)</td>
<td>The Validator criticised Niger’s report for failing to mention the barter arrangement between the Government of Niger and French firm AREVA under the Strategic Partnership Agreement (published in the Official Journal, special edition no. 12 of 12 June 2014). Under the terms of the arrangement, signed by both parties in 2014, AREVA pledged to invest EUR 100 million in construction of the Tahoua-Arloit road, development and enhancement of the Issaoro valley, and construction of the Uranium building. The NCC did not consider this to be a barter arrangement because the Government of Niger did not offer any concessions or minerals in exchange for the planned work. The NCC notes that this Strategic Partnership Agreement has been widely circulated through various channels (Official Journal of the Republic of Niger, private and public media outlets, public debates, etc.). In light of the above, the NCC believes that this requirement does not apply to Niger.</td>
<td>Satisfactory</td>
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<td>Transportation revenues (4.4)</td>
<td>The Validator’s recommended assessment for Niger for this requirement was “inadequate.” The NCC believes that this requirement does not apply to Niger: - In terms of oil, the NCC intended to set up a transportation company. However, transportation costs were included in CNPC NP operating expenses by way of an addendum. This is why the NCC made the decision that this requirement does not apply to Niger. - In terms of uranium, the NCC agreed during its discussions that transportation costs are included in operating expenses because CNTPS was chosen as the service provider outside the scope adopted by EITI-Niger. The NCC agrees with the International Secretariat’s view that this requirement does not apply to Niger.</td>
<td>Satisfactory</td>
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<td>Transactions related to State-owned enterprises (SOEs) (4.5)</td>
<td>All material payments received by SOPAMIN on the government’s behalf were included in the 2014 report. The NCC’s chosen reporting template shows the beneficiary state-owned entity for each stream. SOPAMIN only receives two (2) streams (mining dividends and government expenditure) directly and pays these back to the government. Despite not being classed as SOEs, CMEN, SONICHAR and SML were included in the reconciliation exercise and do not receive any payments on behalf of the government. The NCC therefore believes that it has satisfied this requirement.</td>
<td>Satisfactory</td>
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<td>Sub-national payments (4.6)</td>
<td>Under the single treasury principle, there were no sub-national payments. (Reference, copy of a property tax payment receipt). These payments were made to regional government entities representing the central level. Moreover, the NCC clearly understands the distinction between sub-national payments and transfers, and this question was covered at sufficient length in the reports. The decentralisation act determines how powers and resources are transferred, and the government is working to make this system effective.</td>
<td>Satisfactory</td>
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<td>Revenue management and expenditures (5.1)</td>
<td>All extractive industry revenues are recorded in the national budget. The NCC therefore believes that requirement 5.1 has been satisfied. The fact that the EITI Report makes no reference to the national or international revenue classification system does not call this view into question, since this is a recommendation, rather than a requirement, in the Standard (5.1b).</td>
<td>Satisfactory</td>
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<td>Sub-national transfers (5.2)</td>
<td>In the 2014 report, the NCC stated that this question would be addressed in greater detail in subsequent reports. The NCC has followed wide-ranging debates on this subject with interest. The matter has been discussed within the NCC, and the percentage (in relation to the total) and the distribution formula between decentralised entities are laid down by law. In 2014, the NCC was not aware of any payments and did not mention this in the report.</td>
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<td>Social expenditures by extractive companies (6.1.a)</td>
<td>The NCC addressed the matter of mandatory and voluntary social spending in the 2014 report and decided to explore the subject in greater detail in subsequent reports.</td>
<td>Satisfactory</td>
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<td>Quasi-fiscal expenditures (6.2)</td>
<td>The NCC has addressed quasi-fiscal expenditures, but has not provided details of the amounts involved. The NCC has decided to document such expenditures in detail in subsequent reports.</td>
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