

54TH EITI BOARD MEETING

OSLO, NORWAY - OCTOBER 10, 2022

WORLD BANK SUPPORT TO EITI IMPLEMENTATION

Energy and Extractives Global Practice



THE WORLD BANK
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Agenda

- Introduction of speakers and participants
- Welcome and session's objectives
- WB contribution to EITI implementation
- Discussions and comments
- Conclusion of the session

World Bank Extractive Sector Support Approach

General extractive sector support

- I. Supporting countries to leverage their subsurface natural resource wealth to deliver green, resilient, and inclusive development and poverty reduction;
- II. Sharing knowledge of the extractive industries value chains, including the governance and economic, social and environmental impacts;
- III. Supporting the decarbonization of the energy system to enhance sustainability, resilience, competitiveness, security of supply, and job creation;
- IV. Supporting a just transition away from coal to achieve Paris Agreement goals.

Support to EITI implementation

- i. Proactively support countries to implement EITI at the national/sub-national levels;
- ii. Support to civil society organizations to advocate for transparency and accountability in the EI;
- iii. strategic and operational alignment of EITI support with World Bank's country assistance strategies; and
- iv. partnerships with donors to align activities and mobilize resources.

Development Objective

to improve the capacity of resource-rich developing countries to use their oil, gas and mineral resources in a **transparent, sustainable and gender-inclusive manner.**

Current phase: 2019 – 2025

Funding target: US\$ 59 M, annual allocation: US\$ 10M

Donors: Norway (NORAD), Switzerland (SDC & SECO), Netherlands (MFA), UK (FCDO), France (Trésor), Germany (BMZ & GIZ), Belgium (MFA), and EU (INTPA)



Key Areas of Engagement



**Transparency /
EITI
Implementation
Support**



**Regulations
and
Institutions /
Attracting
FDI**



**Local Value
And
Diversification**



**Social And
Environmental
Aspects, ASM**

Scope and Topics

- Closing the Gender Gap
- ASM in the Sahel, Covid-19 ASM Emergency Response
- Mining in the Climate Change Agenda: (i) Climate Smart Mining, (ii) Coal Mine Closure / Just Transition

OBJECTIVE Comp 1 : Improving extractives sector revenue transparency and efficiency of public management systems

TRANSPARENCY

ACCOUNTABILITY

Interventions

Outputs

Intermediate Outcomes

Impact

- EITI implementation support at the country level including activities to close the gender gap
- Strengthening of CSO capacity to engage the transparency agenda
- EITI candidature preparation

- Recruitment of IA and report dissemination
- Support to add new disclosures in EITI reports
- Support to EITI mainstreaming activities
- Implementation of BO roadmaps
- Legal reviews

Generation of global knowledge & learning products to advance the extractives sector transparency agenda

- Published EITI reports
- Finalized EITI mainstreaming plans
- Support to EITI data integration in PFM systems (mainstreaming)
- Training & capacity bldg to prepare EITI candidature & implementation or facilitate broader sector transparency reforms
- Preparation of Relevant guidelines
- Training & capacity bldg of CSOs and other stakeholders
- Country-specific, regional or global studies

- EITI reports disseminated
- EITI mainstreaming plans adopted
- Candidate country accepted by EITI board
- Relevant guidelines approved
- CSO's demonstrate and use increased capacity to close the gender gap
- 3 Global activities successfully delivered to strengthen the transparency agenda & EITI process
- EITI mainstreaming implemented 15 countries
- 25 EITI implementing countries achieve or maintain satisfactory progress on 2019 EITI standard

- Improved transparency and efficiency of financial management in the extractives sector in RRDCs
- CSOs holding governments and companies accountable and participating in policy dialogue and public discourse
- Improved gender inclusion and equality in the extractive industries
- Increased impact and efficiency of the transparency agenda

Pre- Reform Policy Cycle

Reform preparation

Reform adoption

Drivers: Stakeholder Engagement

Assumptions: Political, institutional, social stability—Govts creating safe space for reforms—Political, social, economic will to change—Availability global knowledge products relevant to context, issues—Adequate gov't civil society entities willing to work together—enough organized involved CSO's & women's groups

EGPS grants alignment in the WB portfolio

Systematic Country Diagnostic (SCD)

Country Partnership Framework (CPF)

EGPS Country Proposal for EITI
implementation support

Project preparation / appraisal / approval

Country accesses resources to implement
its EITI agenda

Country priorities and demand-driven approach

- EGPS funds demand-driven projects, mostly implemented by countries (recipient-executed), requests letter from Ministry of Finance, but often from line ministry on behalf of EITI Secretariats).
- Close collaboration with national secretariat during project preparation.
- Project proposal appraisal based on country, sector context, EITI report findings, and activities based on MSG workplans.
- EGPS grants to support EITI implementation are integrated in the WB country portfolio as standalone projects or integrated in a lending project or budget support operation.
- EGPS recipient-executed projects implemented following streamlined procedures for small-grants.

Advancing the transparency agenda

- Countries' EITI implementation maturity and the evolution of the EITI standard has led to less demand to fund operational costs (e.g., office space rental, salaries, offices, and equipment).
- Support to strategic topics to increase impact and reinforce implementing country ownership : Mainstreaming EITI into extractive sector governance, implementation of validation corrective actions, dialogue for reforms recommended in EITI reports.
- Support to knowledge products with Bank-executed advisory service and analytics.
- Possibility of Pillar 1 projects to include activities under one or more pillars (2, 3 or 4) however it all depends with resources available to reach a demonstrable impact (e.g., >USD 0.7 mil).

Quality control and project appraisal

- Grant concept documents are submitted to a peer review process with reviewers from corresponding country teams and pertinent sectoral units.
- Activity initiation process, FM and procurement assessments of beneficiary institutions.
- Since October 2018, application of Environmental and Social Framework (ESF): EITI implementation projects often require three instruments SEP, GRM, and LMP.
- Fiduciary (financial and procurement) capacity assessment, implementation arrangements reinforce ownership and capacity building for effective resource management.
- Disbursement conditions recommendations based on country standing with the Bank in terms of overdue funds or audits in portfolio.
- Grant effectiveness is reached with the countersignature of the legal agreement between the Bank and the grant recipient representative.

Causes of implementation delays

EGPS approval versus World Bank approval (technical reviews).

Misconception that EGPS support **is an emergency funding to plug budget shortfall** (e.g., not recommended to apply for funding in 2022 to produce the 2021 EITI report).

Project **effectiveness delays** (signing, unmet effectiveness conditions, etc.)

EITI policy direction changes or lapse in commitment.

Disbursement conditions: **cash advance method not available.**

Changes in teams at the WB or client side.

Slow place to achieve mainstreaming is silo-ing EITI as an agenda by national secretariat versus led by highest levels of central government.

Country **inability to pre-fund EITI implementation routine activities** (training, reporting, etc.).

Lessons learned

Need to ensure that MSG workplans are closely aligned with countries' strategic sustainable development plans.

Reserve EGPS' resources use for strategic needs instead of adhoc activities not in country priorities for WB support.

Encourage EITI mainstreaming to enhance sustainability.

World Bank support requires significant preparation time. Applicants must submit grant requests with sufficient lead times.

Investigate new ways to enhance country ownership and commitment.



Questions and Answers

- Enhancing country ownership
- Articulating EITI implementation/commitment within country priorities
- Ensuring sustainability of transparency gains
- Meeting EITI implementation funding needs
- Any other comment

