



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
EITI POST COMPLIANCE IMPLEMENTATION SUPPORT III
APPROVED ON OCTOBER 20, 2016
TO
REPUBLIC OF ZAMBIA

ENERGY & EXTRACTIVES

AFRICA

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Paul Nomba Um
Senior Global Practice Director:	Riccardo Puliti
Practice Manager/Manager:	Christopher Gilbert Sheldon
Task Team Leader:	Javier Aguilar



ABBREVIATIONS AND ACRONYMS

ASM	Artisanal Small Scale Mining
EITI	Extractives Industries Transparency Initiative
IT	Information Technology
MSG	Multi Stakeholder Group
PDO	Project Development Objective
SOE	Statement of Expenses
ZEC	Zambia EITI Secretariat
ZEITI	Zambia Extractives Industries Transparency Initiative



BASIC DATA

Product Information

Project ID P159717	Financing Instrument Investment Project Financing
Original EA Category	Current EA Category
Approval Date 20-Oct-2016	Current Closing Date 31-Jan-2019

Organizations

Borrower Ministry of Finance and National Planning	Responsible Agency EITI SECRETARIAT
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Financing (in USD Million)

SUMMARY

Total Project Cost	0.35
Total Financing	0.00
Financing Gap	0.00

DETAILS

Project Development Objective (PDO)

Original PDO

The overarching development objective is to improve transparency and accountability in Zambia's extractive sector by supporting the EITI Zambia Secretariat and the Zambia EITI Council to implement the Extractive Industries Transparency Initiative in Zambia.



Summary Status of Financing

TF	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-A3358	01-Dec-2016	23-Dec-2016	11-May-2017	31-Jan-2019	.35	.24	.11

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

The implementation of EITI in Zambia has made significant progress and is generating impact on the sector through:

- Amendment of the Companies legislation to include beneficial ownership disclosure requirement for all companies incorporated in Zambia;
- Plans by the government to undertake a full study on the Artisanal Small Scale Mining (ASM) sector to understand the operations of the sector as arising from the feedback given by the EITI reporting process;
- Publication of mining licenses and associated documentation by the mining cadaster in line with the EITI requirements;
- Creation of a quarterly platform for dialogue between the Minister of Mines and Minerals Development, and the civil society organizations. The Extractive Industries Transparency Initiative (EITI) is establishing an online repository as a transition to mainstreaming EITI implementation in Zambia.

Overall, this activity has shown sustained progress on implementation of the work program and the satisfactory rating of both the Project Development Objective (PDO) and Implementation Plan continue to reflect strong implementation pace. The EITI is seen as good practice in building trust around contentious issues such as mining revenues and licenses granting. Project performance to this date has been satisfactory, with Zambia recently producing the 2016 EITI report. Its dissemination will start soon. The multi-stakeholder group is discussing further issues to be included in future reports such as SOE dividends, social payments, environmental information and beneficial ownership.

The additional funds will finance an upgrade of ZEITI’s reporting capacity. It will support activities on i) feasibility study and technical solution for mainstreaming EITI reporting; ii) production of 2017 and 2018 EITI reports; and iii) enhancement of the ZEITI regulations and policy enhancing the disclosure of data (mainstreamed) and also the disclosure of beneficial ownership information. The project is proposed to be extended from its closing date of January 31, 2019 to March 31, 2020. The said project extension would help address the challenge of mainstreaming EITI reporting and advance cost reduction of EITI reporting making the initiative sustainable and less dependent from donor’s funding. The additional funds and the extension of closing date for the project have been discussed and mutually agreed by the Recipient and the World Bank project team. There are no outstanding audits for this grant. Project Financial Management arrangements are adequate and remain unchanged.



II. DESCRIPTION OF PROPOSED CHANGES

The proposed changes include:

A. **Extension of Closing Date:** On July 20, 2018, the Government requested a 20-month extension of the closing date and additional funds in the amount of US\$350,000. In view of the lack of time to process the additional funds before the previous closing date (July 31, 2018), two steps were undertaken. First, an interim restructuring of the project was processed to extend the closing date for 6 months from July 31, 2018 to January 31, 2019 instead of 20 months. Following that first extension, this second restructuring is being processed to include additional funding and to extend the closing date for 14 months from January 31, 2019 to March 31, 2020. This will allow full implementation of the EITI work program leading to Zambia’s international validation. This is the second extension of the closing date, for a total of 20 months.

B. **Additional Financing:** An additional financing of US\$350,000 is also sought to allow Zambia to upgrade its current progress in EITI implementation by financing strategic activities of the EITI work program such as mainstreaming the reporting process, capacity building for in-house production of EITI annual reports and sustainable functioning of the ZEITI Secretariat. The existing project description, PDO and monitoring indicators continue to be relevant and support the activities to be covered under the additional financing.

C. **New Components:**

(i) *Mainstreaming EITI data and transparency policies*

The feasibility study and technical solution for EITI mainstreaming would provide an overview understanding of the challenge, describe the key existing Government of Zambia and company systems that are already publicly available via web sites or other means. A potential host platform would be proposed. The technical solution would set out a proposed IT systems architecture, frequency of data flows, data exchange protocols etc. for a mainstreamed EITI Portal in line with EITI Standard. This activity would help also on developing a roadmap and a funding strategy for securing support for “EITI mainstreaming” implementation.

(ii) *ZEITI Operations and Production of EITI Reconciliation Reports for 2017 and 2018*

This activity would support the hiring of a consultant to advise the Zambia EITI Secretariat (ZEC) team on producing in-house the 2017 and 2018 EITI reports (partially mainstreamed while the mainstreaming work develops in parallel. The ZEITI website would be redesigned to include aspects for mainstreaming the EITI data (interim mainstreaming strategy). In addition, support to MSG training in relation to media engagement would be funded. The enactment of the transparency regulatory provisions for ZEITI’s work would contribute towards the development of a unified framework on natural resource governance. The legislation will enhance the disclosure of data (mainstreamed) and the disclosure of beneficial ownership information.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	



Additional Financing Proposed	✓	
Disbursements Arrangements	✓	
Disbursement Estimates	✓	
Procurement	✓	
Implementation Schedule	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Other Change(s)		✓

IV. DETAILED CHANGE(S)

RESULTS FRAMEWORK

Project Development Objective Indicators

Design for mainstreaming EITI reporting throughout the extractives value chain is approved and adopted. Unit of Measure: Yes/No Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	New
Date	30-Nov-2018	15-Jan-2019	31-Mar-2020	

Intermediate Indicators

The design for reporting EITI data, running on government and company platforms, is completed. Unit of Measure: Yes/No				
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Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	New
Date	30-Nov-2018	15-Jan-2019	31-Mar-2020	

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Production of EITI Reconciliation Reports for 2015 and 2016	217500.00		Production of EITI Reconciliation Reports for 2015 and 2016	217500.00
Dissemination Activities	82500.00		Dissemination Activities	82500.00
Production of two topical reports	50000.00		Production of two topical reports	50000.00
	0.00	New	ZEITI operations and Production of EITI Reconciliation Reports for 2017 and 2018	160000.00
	0.00	New	Minstreaming EITI data and transparency policies	190000.00
TOTAL	350,000.00			700,000.00

LOAN CLOSING DATE(S)

TF	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-A3358	Effective	31-Jul-2018	31-Jan-2019	31-Mar-2020	31-Jul-2020

US\$ DETAILS OF GRANTS/ ADDITIONAL FINANCING TABLE

ADDITIONAL FINANCING

Source	Currency	Amount	USD Equivalent
Extractives Global Programmatic Support(EGPS)	USD	350,000.00	350,000.00
Existing Net Commitment USD Amount			350,000.00



Total **700,000.00**

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2017	0.00	0.00
2018	0.00	0.00
2019	0.00	200,000.00
2020	0.00	150,000.00
2021	0.00	0.00
2022	0.00	0.00