



EXECUTIVE SUMMARY

Feasibility Study of the Implementation of the Extractive Industries Open Data Portal (EIDP) SENEGAL

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The Extractive Industry in Senegal

Senegal's extractive sector is divided into two sub-sectors, **mining** and **oil and gas**. The country has infrequently been considered a mineral-rich country; with 151.55 million USD earned from the Extractives Industry (EI) in 2016. Senegal is behind both Mali, which totals 404.31 million USD in EI revenue, and Guinea, which has earned 293.75 million USD from the mining sector alone¹. While the contribution of mining activities in the national budget has increased, the impact of extractive resources on the annual GDP remains limited. The national strategic policy, **Plan Sénégal Emergent (PSE)**, positions the EI sector as a potential driver of economic growth with a total of seven mining projects, including artisanal mining.

The Ministry of Mines and Geology and the Ministry of Oil and Energies are the two entities granting authorizations and permits; research and exploitation licenses are granted by the President through a presidential decree. The Senegal Extractive Industries Transparency Initiative (EITI) National Committee and civil society organizations (CSOs) monitor extractive activities. These organizations verify publication of mining contracts, check the terms and conditions of licenses awarding processes, the revenues received by the government through taxes and royalties, and confirm the percentage of a company's profits to be paid back to local communities.

Senegal joined the International Extractives Transparency Initiative in 2013. In 2016, Senegal reformed its 2003 Mining Code to fit EITI requirements – including disclosure of companies' financial information and stronger measures for environmental protection. The reform also introduces revised taxes and royalties for private companies, several funds (equalization, support to the mining sector, support for local development, etc.) as well as a formal sharing mechanism of extractive revenues for local communities. However, private

1. <https://eiti.org>

corporations that obtained their licenses prior to November 2016, remain governed by the 2003 – or even the 1988 – mining code. They still benefit from tax exemptions, low royalty rates, and are not required to disclose any information pertaining to their contracts or activities. Therefore, legal, fiscal, and administrative obligations are not harmonized across companies whose corporate social responsibility efforts, while commendable, are not always driven by community needs.

Senegal's new oil code, Bill 01/2019, was adopted in January 2019 and replaced the 1998 Code drafted to attract investment in hydrocarbon research. The new legal framework includes articles to account for EITI requirements, the allocation of all oil and gas revenues, and incentives to encourage Senegalese companies to engage in oil and gas activities. The new code also includes articles on environmental protection measures. Regarding the license granting process, two procedures are included in the 2019 code: tendering process and direct consultation. Following Bill 01/2019 on the Oil Code, Bill 02/2019 on local content in the oil and gas sector was adopted by the National Assembly on 24 January 2019.

Since the announcement of a high potential for oil and gas in Senegal's sedimentary basin, there has been growing popular interest in extractive resources, particularly revenue allocations to communities. Senegalese citizens want a more transparent management process of EI financial flows as well as national policies defined to advance the citizens' interests.

The Government of Senegal has made tangible efforts to confirm its commitment to introduce good governance practices in mineral resource management, including the establishment of the National Registry for Disclosure of Beneficial Ownership (BO) Information by January 2020. However, CSOs believe that transparency measures are relatively well articulated in the texts of these management documents, but present limitations to their application. As such, CSOs have expressed the need for disaggregated, comprehensive, and reliable information on financial flows and the impact of EI activities on the environment and the economy, to enforce effective accountability mechanisms.

Development Gateway Study

Development Gateway (DG)'s study (EIDP Implementation Feasibility Study) assesses the feasibility of designing and implementing a **National Extractive Industries Data Portal (EIDP)** to address the need for disaggregated, timely, and reliable EI data. It includes **an in-depth study of Senegal's legal and institutional frameworks**, assessing Senegal's readiness to open up EI data; **an analysis of activities of actors in the sector** and their willingness to promote open data use, and a **review of human and technical capacities** for sustainable implementation. The EIPD will **respond to relevant actors' data needs** while driving improved sector governance and citizen demand for accountability.

Methodology

The methodology used in the Feasibility Study consists of:

1. In-depth documentary research;
2. One-on-one interviews with key players in the EI sector: including with government, CSOs, private companies, and technical and financial partners;
3. Support from the EITI Executive Secretariat in Senegal in arranging meetings with key actors.

The main findings of the DG study provide an overview of the national context and challenges. Additionally, the findings have enabled the research team to make concrete recommendations from the evaluation, which supports civil society actors in placing information at the heart of their advocacy.

Demand for Open Data in the EI Sector

The annual EITI reports contain contextual data and recommendations, but are primarily focused on companies financial flows. In addition, the annual reports are difficult to understand and to explain to stakeholders who are not familiar with the EITI standards. Additionally, this information appears insufficient to launch a constructive national debate on other aspects of EI including environmental protection and gender, two themes that were added to the norm in June 2019.

DG's study shows that citizens have **limited understanding of private companies' existing legal and institutional frameworks** and tax obligations, which can lead to unrealistic expectations of the impact of EI activities. The lack of reliable public data prevents stakeholders from using accurate statistics to promote good governance principles in mineral resource management. The opportunities identified in the study follow two main channels: i) **improve the data collection and validation process** to reduce delays in EITI's annual reconciliation and make current information available; and ii) **promote the publication of disaggregated EI data** to inform citizens, track financial flows, address gender issues, and implement environmental protection. Data could also be used for economic growth to promote local content and encourage post-mining activities.

Accessible data, disaggregated by theme and simple to understand, can only improve accountability mechanisms and strengthen civil society's advocacy. Civil society actors are often criticized for focusing on whistle-blowing without offering corrective solutions. This criticism is not linked to CSOs' capacities but rather to the informal nature of their activities, which are not based on clear and measurable objectives. Comprehensive and disaggregated data can therefore be used to define their agenda and formalize their activities. The formalization of their activities will have the added benefit of making them eligible for long-term financing opportunities in their areas of intervention, especially when new actors – private sector, non-profit organizations, and other influencers – with similar mandates are gaining ground.

Sustainability of an EIDP Implementation

Institutional and Legal Context

After joining EITI in 2014, Senegal joined the Open Government Partnership (OGP) in July 2018. OGP seeks government commitments to promote open government, empower citizens, fight corruption, and exploit new technologies to strengthen governance. Despite the lack of an **Access to Information Act**, Senegal's mining code and adherence to open data standards seem to be in favor of opening EI data.

Data Availability

DG's research revealed other data sources with relevant information, but not published in user-friendly formats. These sources include:

- **Environmental impact studies:** these reports contain information regarding EI risks and risk management measures, but use terminology only understood by environmental experts;
- **Quarterly activity reports:** these reports contain production data (local sales, exports, and inventories) and payment status of operating taxes and royalties (fixed rates, super-benefits, and revenue percentage). They also contain administrative and HR data (on local employees, specific gender figures, etc.)
- **EITI reports:** other than financial flows, EITI reports contain:
 - **Quantitative data:** production, finance, and HR (ex. national vs. international employee) data;
 - **Qualitative data:** companies' administrative information, types of permits and/or licenses, history of previous audits, and auditor names and contact information.

- *It also should be noted that employment figures reported by EITI are not statistics, but rather estimates calculated from the personnel data provided by companies in relation to the Senegalese population in a given year.*
- **PETROSEN database:** the national oil company database is considered the most comprehensive and up-to-date database, as private companies are required to share technical and seismic information in it.

Key information can be extracted from these different sources and presented in an easy-to-understand format that would facilitate its understanding and use including: **gender data** – official statistics on women to promote their inclusion in the sector; **environmental data** – a simple presentation of the environmental risks associated with extractives activity and their mitigations to empower local elected representatives and communities to actively participate in the monitoring of mining operations; **excerpts from the mining code on the rights and obligations of mining companies** – in accordance with the research or exploitation phases of activity (this aspect is the source of unrealistic community expectations that lead to conflicts with companies); and information on the **impact of mining activity in the social sectors**, including impacts on health and education for the most vulnerable populations.

General Recommendations

The implementation of an EI Open Data Portal in Senegal is recommended as it responds to actors' expressed need for access to disaggregated data in order to inform a productive national debate based on evidence.

The Senegal EIDP should therefore complement the platform being implemented for the EITI National Committee on revenue streams. It will go beyond the financial EI aspects and include:

1. **Visual tools:** to translate the most complex aspects of the information into easy to interpret visualizations, which would allow citizens, communities and local elected officials to understand the stakes;
2. **A geographic information system:** to supply information on the impact of EI on the environment and the social sectors;
3. **A multimedia module** consisting of short videos in local languages to manage communities' expectations while also involving them in the monitoring of operations, collecting their feedback, and raising awareness of good practices in terms of transparency.

The items above are high-level propositions and potential opportunities, but an effective EIDP implementation will require a technical assessment. An assessment would analyze and understand the existing systems, current limitations, and ways to harmonize ongoing efforts. Only then should additional high added value functionalities be included to promote evidence-based decision-making and to hold institutions more accountable – consistent with the needs of stakeholders.

The EIDP tool should also be accompanied by training materials, **a sustainability plan focused on open-source software and local capacity building**, as well as an operation manual that sets clear roles and responsibilities in terms of data collection, use, and publication for each stakeholder. By aligning data supply with actual actor needs, stakeholders will increasingly use reliable, high-quality EI data to inform their planning and strategy decisions.