Call-down Contract

Terms of Reference

Terms of Reference for a Supplier for the Establishment and Management of Supporting Sustainable Artisanal Mining in Rwanda (SSAMIR) Programme

Introduction

1. These Terms of Reference (ToRs) set out the scope of work for delivering the Supporting Sustainable Artisanal Mining in Rwanda programme (SSAMIR), funded by the UK Department for International Development (DFID). The overall budget ceiling for the Supplier to deliver this programme is approximately £4.55 million over 3 years, from 2017 – 2020, including any taxes where applicable.[1]

2. The SSAMIR programme will contribute to the economically and environmentally sustainable growth of Rwanda's mining sector, in line with the Government of Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS) II. SSAMIR will do this by supporting an enabling environment that will increase private sector investment in mining in Rwanda, and by testing the effectiveness of a new mining services aggregation model as a way of achieving a viable and sustainable mining sector.

3. Ultimately, the programme will positively impact the livelihoods of over 40,000 Rwandans involved in the artisanal small scale mining industry, as well as benefiting the growth of the wider economy. The Government of Rwanda is keen to support this sector in its quest to build a diversified economy that creates jobs, increases exports, improves domestic resource mobilisation, and reduces aid dependency.

4. DFID will contract a Supplier to hone the design of interventions and implement SSAMIR in Rwanda. As SSAMIR includes a design and implementation phase, many of the requirements set out in this ToR are indicative. The Supplier will be expected to reflect on and add value to the areas identified, and elaborate on any additional elements in their proposal.

5. SSAMIR will require extensive consultation and interaction with government and the private sector in order to address market failures underlying the (ASM) sector through: (i) the implementation of reforms to improve the investment climate and (ii) implementation of two pilots that will demonstrate the viability of a new aggregation approach to artisanal and small scale mining.

[1] Suppliers should seek out any relevant tax exemptions that may apply to their activities in the mining sector.

6. SSAMIR will draw on market systems (or M4P) principles to inform intervention and design and delivery: tackling the systemic market constraints of the mining sector, and taking a facilitative approach by building the capacity of existing actors in a non-market distorting manner – but applying this approach flexibly as appropriate to the context.

Objective

7. SSAMIR aims to deliver an outcome of an economically, socially and environmentally sustainable ASM sector in target locations. This will contribute to the impact of an increased contribution of the mining sector to economic growth and improving livelihoods among ASM communities. Specific results to be delivered will be agreed during the inception phase. Intended results to be delivered by 2020 include: specifically, reforming the enabling environment will deliver:
    - A more professional, open and transparent mining sector;
    - A more efficient and economically viable mining sector, in line with environmental best-practice
    - Increased level of private investment in the sector;
    - A stronger knowledge base on ASM vital for the future development of the sector.

8. Restructuring the current model of ASM allows Rwanda to test an innovative approach to developing a long-term sustainable mining industry based on ASM. The piloting of the Mining Services Aggregation Centre (MSAC) will deliver;
    - A more efficient and less costly mining industry in the targeted areas;
    - An increase in income of ASM miners in target areas;
    - Opportunities for private sector investment;
    - Crucial data and skills for replicating the model in other mining districts;
    - A healthier, safer and better working environment for miners.

The recipient

9. The ultimate recipient of direct and indirect benefits through this contract will be the artisanal and small scale miners in targeted mining communities of Rwanda.

10. The Government of Rwanda and private sector will be secondary beneficiaries of SSAMIR's support, as interventions will involve creating an appropriate investment climate and building the capacity of the public and private sector. Specifically, the Supplier is expected to work closely with the Government of Rwanda's Ministry for Natural Resources (MINIRENA) to support the development of an effective enabling environment.

The scope

9. The SSAMIR theory of change (see annex 1) assumes that improving the business enabling environment and implement mining services aggregation centres will lead to an economically, socially and environmentally sustainable ASM in target areas. This will contribute to the impact of an increased contribution of the mining sector to economic growth and improving livelihoods among artisanal mining communities. The main components the Supplier will be expected to deliver to help achieve this are:

   i. **Improving the business enabling environment:** The Supplier will support the implementation of reforms aimed at creating a conducive enabling environment that would increase transparency, attract investment, and strengthen governance of the sector. Key activities under this option would include but not limited to the following:

      - Review of existing mining legislation, regulation, and standards. This will include a review of GoR's fiscal framework in the mining sector.
      - Development of a centralised geodata database. The database will include a collection of maps currently available on the geology of Rwanda; as well as a digitalisation of maps and up-to-date exploration materials, allowing potential investors to access an online portal displaying the various information at hand in a user-friendly format.
      - Creation of an electronic data collection system allowing information flow in 'real time' from mines to a centralised system in order to facilitate information collection on production
      - Building the capacity of the GoR to manage the mining sector more effectively, working closely with the Geology and Mines Department (GMD) within the Ministry of Natural Resources (MINIRENA).
      - Building the knowledge base on ASM as a viable economic sector: the pervasive lack of data on the mining sector in Rwanda necessitates targeted studies on the economic viability of the sector (to be conducted in 6 mining districts), the social impacts of mining on women and children; as well as land use and conflict.
      - As part of evidence building, conducting in-depth research (during inception phase) on the positive and negative impact of mining on women, exploring a potential relation between masculinisation, Gender Based Violence (GBV) and mining and research the potential for increased role for women in mining[2];
      - Generating new evidence and establishing a programme management team that have the expertise to reflect on this evidence to ensure the programme delivers positive impacts for poor people;
      - Improving access to finance: working alongside Rwanda's financial institutions to develop the capacity of the banks to understand the mining industry as a commercially viable client-base, and develop financial products suitable for lending to the small-scale mining sector;

[2] Relevant logframe results will be disaggregated by sex and age, where possible

ii. **Piloting the model of aggregation service centres for ASM:** In order to ensure that systemic change occurs throughout the ASM market system, component two comprises restructuring the current model of ASM to test an innovative approach to developing a long-term sustainable mining industry based on ASM. This will include:

- Setting up pilot mining service aggregation centres (MSAC) in two districts to centralise the delivery of mining services.
- Gakenke district has been initially selected based on consultations with the GoR and independent experts, while another district will be selected by the programme Steering Committee.
- The MSACs will procure processing equipment and laboratory/testing equipment and will offer the following types of services for a fee that allows for full cost recovery:
    - Transport, processing and assaying[3] of ore from individual mines for a nominal fee, allowing cooperatives/companies to increase the metal content of ore they produce, get a clear information as to the metal content and ultimately receive a higher price for better quality ore
    - Facilitating the training miners in more efficient and environmentally sustainable mining and processing techniques, as well as health and safety procedures training;
    - Facilitating training in business administration skills
    - Supporting access to affordable personal protection equipment (PPE- helmets, boots, masks)
    - Access to technical support and expertise (mining technicians).
- At the end of the programme, the Supplier is expected to put in place a process that requests proposals from the private sector to take on the two MSAC pilots as viable business investment opportunities. It's important that the pilots demonstrate that MSAC model is viable and investable opportunity which can be rolled out with a series of RFPs in the other mining districts

10. There should be strong emphasis on how the Supplier will work with local (national or regional) partners with the requisite specialist expertise in the ASM sector, and with an extensive understanding of Rwanda's political economy and business environment.

<u>Inception phase requirements</u>

11. The Supplier should concentrate on the following aspects i, which will be further honed in coordination with DFID during the 6 month **inception phase**: an annual work plan including person-days (detailed for year one and indicative for the remaining years), list of outputs and output methodology, any proposed revisions to the current indicative log frame (see annex 3), and a detailed risk register with appropriate mitigation strategies.

[3] Assaying determines the mineral composition of the ore, allowing miners to estimate the metal content- essential for establishing the purchase price of minerals.

12. All inception phase activities should be informed by the Supplier's thorough consultation with key public, private, civil society and development partner stakeholders in the mining sector. This will include key GoR ministries (MINIRENA, MINICOM, MINECOFIN) and the Private Sector Federation (PSF), amongst many others. A critical understanding of the political economy factors at play within the mining sector – through prior experience and regular meaningful stakeholder consultation – will be crucial to both the inception and implementation phase.

13. Specific inception phase deliverables are outlined below, which should be clearly documented in an inception report at the end of the period:

    - A detailed work plan and budget for the three years, and an indicative annual rolling budget setting out the main tasks and the cost of activities, including the financial forecast;
    - A mechanism to review and approve the work plan and budget, including measurable work plan milestones (in addition to the annual results milestones in the log frame)[4];
    - Development of an evidence-based log frame, recommending changes to the current indicative log frame. This will include populating baselines and establishing annual milestones and targets, and developing the approach to risk management;
    - The programme delivery plan, to be prepared submitted to DFID via quarterly updates;
    - A full economic appraisal of proposed interventions;
    - An outline design of the MSAC model including a timeline for the completion of the design;
    - A comprehensive and adaptive monitoring and evaluation framework and system (outlined in further detail below);
    - A risk register with appropriate mitigation strategies and approach to monitoring (data sources, frequency of monitoring, sharing between different components of the programme);
    - A proposal for the governance structure of the programme, drawing on the structure proposed in the business case;
    - Detail of a payment by results structure whereby a proportion of payments are linked directly to the delivery of high quality results at different levels that support programme outcomes;
    - A plan for overall quality assurance of the programme in line with a formal knowledge and learning management system where good practices and lessons learnt are maintained, shared with DFID and other stake holders and actors.

14. Conduct relevant baseline studies to inform implementation activities and serve as a basis for continual results measurement. A synthesis of the baseline study analysis should be included in the final inception report. Studies will include (but not limited to) an assessment of:
    - The socio-economic impact of mining on women, children and vulnerable groups;
    - The impact of mining on land use and conflicts;

[4] Note the other relevant M&E requirements and issues below.

- The economic viability of mining sector in Rwanda;
- The feasibility of the proposed aggregation service centres;
- Baseline studies to inform the development of results indicators (as relevant).

Implementation phase requirements

15. Progression to implementation phase is subject to satisfactory delivery of the inception phase and agreement on costs and proposal for implementation. Outputs to be delivered during the implementation phase will be agreed by the end of the inception. The Supplier will be responsible for managing and delivering the intervention and results agreed across the programme overall. Indicatively the Supplier will be required to:
    - Prepare and present to DFID Rwanda quarterly progress reports (narrative and financial) and detailed annual progress reports (narrative and financial), against the programme log frame. Format and timing of annual reports should be aligned with DFID annual review requirements;
    - Prepare all necessary reporting and provide inputs and facilitation for DFID annual reviews as required by the Smart Rules
    - Ensure that funds are properly spent on agreed activities, quality requirements are met, and expenditure statements from those in receipt of funds are accurate
    - Carry out all implementation activities for each of the two components as outlined in para 9 above.

Monitoring and Evaluation (M&E)

16. The M&E requirements of the Supplier of these Terms of Reference are to:
    - Review and fully develop the SSAMIR results framework / log frame, including specific measureable milestones, and a programme implementation plan
    - Develop a comprehensive M&E framework, drawing on the programme log frame, including credible data collection methodology and budgeting for each indicator, and provide explicit attention to how data will be used to shape, monitor and either close/scale up interventions;
    - Develop measurable intervention milestones to assess progress against the work plan, in addition to the annual milestones in the log frame required;
    - Appoint dedicated M&E staff to support and monitor programme performance and results;
    - Ensure an effective and efficient VFM measurement system is in place;
    - Ensure that gender, conflict and environmental sensitivity are hardwired in the design, implementation and monitoring of the programme;
    - Provide overall quality assurance of the programme
    - Develop a comprehensive, feedback-oriented knowledge management system with an emphasis on real-time learning and iterative adaptation of approaches as needed. Wide-ranging evidence and on-the-job lessons should be distilled, iteratively fed back into programme design and implementation, and shared with DFID and other stakeholders regularly. Specifically, suppliers should actively draw on lessons from other extractives support programmes in the region to apply learning from relevant interventions.
    - Prepare and maintain an up-to-date asset register that shall be shared with DFID annually;

- Prepare and maintain up-to-date a programme risk matrix which shall be submitted to DFID together with the quarterly progress reports;
- Support the external evaluation contractor in the design of baseline and evaluation of overall project.

17. The SSAMIR programme has two further components that will be contracted separately from this ToR, which together with the services provided under this ToR, will comprise the full business case budget.

18. An additional component for programme monitoring (specifically for Annual Reviews) will be internally managed by DFID. An external programme evaluation contract will also be tendered to provide independent quality assurance of SSAMIR's overall programme evaluation progress, in close coordination with the Supplier. This external evaluation specialist will also be charged with periodically assessing the M&E framework established by the Supplier for the SSAMIR Programme

Tentative Governance Arrangements

19. Tentative management arrangements of the programme are set out in figure 1 below. The exact governance structure of the programme will be agreed with the Supplier and key stakeholders at the end of the inception phase.

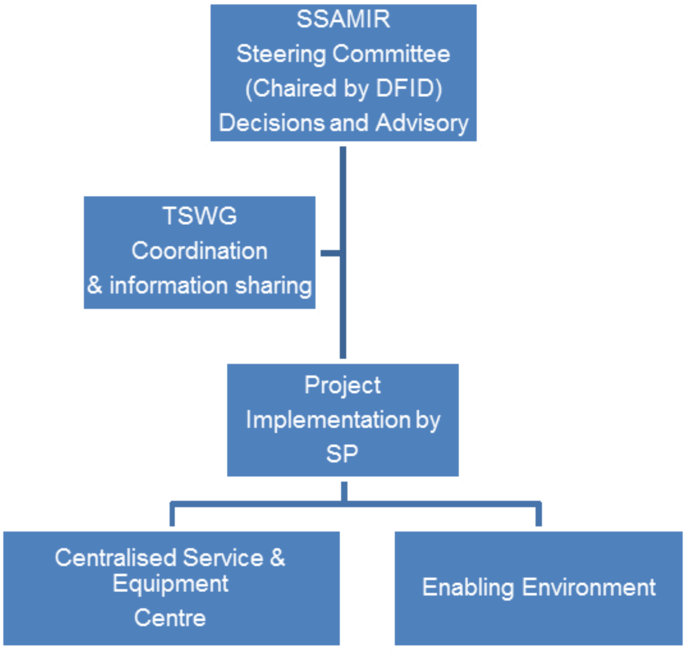
20. **Steering Committee (SC):** The steering committee will oversee project implementation, provide guidance and direction for the programme and will meet on regular basis to review the financial status of the programme and monitor progress against the approved work plan. It will include government representatives of the main ministries involved in mining sector (Ministry of Natural Resources & Ministry of Trade and Industry) as well as delegates from the private sector and civil society, and will be chaired by SSAMIR Senior Responsible Owner (SRO) for the programme. The Supplier will convene meetings and act as the secretariat. The Supplier will present progress reports to the SC and highlight issues that need to be resolved at this forum or escalated to relevant Ministers as needed. Progress and key recommendations will be fed back to the relevant Sector Working Groups (SWG) and private sector representative groups.

21. **Coordination:** The SSAMIR programme will also have a Technical Sub-Sector Working Group (TSWG) that will ensure coordination with the different entities within the Ministry of Natural Resources (MINIRENA), as well as the different agencies involved in the mining sector, in particular the Rwanda Mining Association and Private Sector Federation. The TSWG will share information with relevant sub-sector working groups established in GoR and other relevant stakeholders. The TSWG will be responsible for timely cross sectoral coordination and will meet on quarterly basis. Ensuring regular and meaningful coordination with all key mining sector counterparts is an essential feature of the Supplier's role, which will be reflected in the results framework.

22. **Project implementation:** The Supplier will be responsible for the implementation of the programme, assisted by and working closely with the Government of Rwanda's Geology and Mines Department (GMD) within MINIRENA, and DFID. Routine programme oversight of the Supplier's activities will be carried out by the

DFID SRO and Economic Growth Team through regular reporting mechanisms (monthly check-ups, quarterly reports, annual reviews etc.)

Figure 1: Tentative Governance Arrangements



Constraints and dependencies

23. The contract is expected to be in place by March 2017. The Supplier will need to work in full co-operation with the programme's steering committee (SC), Technical working Group and the including taking into consideration cultural and other differences that may shape these working relationships (see figure1 for tentative governance arrangements).

24. The Supplier will be required to have an operating office in Kigali with qualified staff. Depending on the structure of the management and coordination arrangements, key staff will be required to work full time in Kigali. The bidder should propose a suitable in-country working arrangement in their proposal, to be finalised during inception phase.

25. We expect the Supplier to procure using programme funds. The Supplier should ensure that any procurement using programme funds adheres to international best practice and that it is transparent, fair and open. The Supplier will establish and maintain an inventory of all items purchased. An up to date inventory/asset register must be submitted to DFID on at least an annual basis.

26. The Supplier is expected to fully and proactively comply with UK's Aid Visibility Statement: Suppliers are required to acknowledge funding from the UK

government throughout the programme in written materials and verbal statements, and through use of the UK aid logo on programme assets.

Reporting

27. The Supplier will be required to provide periodic narrative and financial reports, which will be designed to meet the requirements of DFID. The reports include:
    - Narrative on activities and progress, constraints;
    - Activity plan for the subsequent period;
    - Systematic update on progress towards log frame targets;
    - Financial report, invoices and expenditure projections which should include quarterly financial forecast of expenditures (the budget) disaggregated monthly for the financial year April to March. Invoices submitted to DFID and their values, quarterly progress and financial reports, external audit reports on the annual financial statements, and mandatory financial reports according to a format to be agreed with DFID during the inception phase;
    - Facilitate DFID's annual reviews, supporting the completion of annual review reports and project completion report in DFID format;
    - Provide timely response to other requests as may come from DFID from time to time.

The Supplier will be required to document and disseminate through a variety of media useful results and lessons learned, acting as a conduit for information and best practice between partners, and to key stakeholders.

Performance Requirements and Management

Oversight and accountability

28. DFID is currently the sole donor and will be the direct counterpart to the Supplier. The Supplier will report to the Technical Sub-sector Working Group (TSWG) and Steering Committee (SC). The DFID Rwanda Private Sector Development Advisor is the Senior Responsible Owner (SRO) for the programme and will also be working on a day-to-day basis with the Supplier on behalf of the TSWG. The DFID Deputy Programme Manager will monitor financial management, corporate compliance and reporting aspects of the programme. The DFID Rwanda Economic Growth Team leader will provide quality assurance of the programme.

Key Performance Indicators and Payment by Results

29. DFID will assess the performance of the Supplier against agreed work plans and results. Performance will be assessed through quarterly meetings, DFID annual reviews and other programme management mechanisms as needed. DFID will also track performance and budget execution through: monthly and quarterly narrative and financial reports (including forecasting); quarterly and annual performance reviews

30. Suppliers are expected to propose Key Performance Indicators (KPIs) that can be monitored to demonstrate value for money and performance of the contract which will be developed in inception (which are likely to include: quality of delivery, management, financial, personnel, and innovation indicators). These will explain how they proposed to achieve identified outputs.

31. DFID will:
   - Agree with the Supplier a work schedule with milestones and KPIs;
   - Track performance and budget execution through narrative and financial reports submitted according to an agreed schedule, and as part of annual reviews;
   - Ensure that the Supplier has quality assurance procedures in place to ensure services are fit for purpose;
   - Assess the Supplier's performance and whether the performance is good enough to ensure the achievement of impact through light-touch six-monthly Performance Contract Reviews;
   - Use KPIs throughout inception and implementation to judge the Supplier's performance and to provide the criteria for the payment of invoices;
   - Commission annual reviews, the mid-term review and project completion review, through independent providers, to assess the responsiveness of the programme to context, determine the need for an alternative approach, determine whether the programme will have delivered against the log frame, and determine the lessons learnt for future programming.

32. **Payment by results (PbR):** In order to incentivise the delivery of high quality results, whilst giving requisite flexibility over *how* these results are delivered, DFID encourages a payment by results approach whereby KPIs will be linked to a percentage of the fees payable under this contract.

33. The Suppliershould outline their approach to payment by results (PbR) in the programme, detailing how payments can be linked directly to delivery of high quality results at different levels (inception, outputs to outcomes) that support programme objectives. Supplier's are expected to submit a detailed pricing work plan, including a suggested PbR framework putting <u>at least</u> 25% of fees at risk for appropriate deliverables which will be agreed more fully in inception.

34. **Inception phase milestones:** The milestone schedule for delivery of the inception requirements will include a method of verification of milestones and a proportion of payment at risk against satisfactory delivery as agreed at Section 5: Schedule of Prices.
    Milestones for the implementation phase will be agreed by the end of inception as per the verification and withheld payment of the inception milestones at Section 5: Schedule of Prices; the supplier should give an indication of the sorts of deliverables that they anticipate to include for implementation as part of their bids. The supplier should bear in mind that payment milestones should make a meaningful contribution to delivery of the outputs in the logframe, going beyond

simply providing reports or activity based deliverables, and should show contribution to longer term outcomes and impact.

35. **Sustainability strategy:** DFID intends for SSAMIR to have a lasting and sustainable impact on Rwanda's mining sector. The Supplier should propose a clear sustainability strategy for SSAMIR's interventions, demonstrating how programme support will be catalytic in transforming the economic viability and environmental sustainability of the sector in the long run. Ultimately, the strategy should aim to crowd in sufficient private investment into the sector that will increase beyond the programme's lifetime.

Contractual Period, Break Points and Programme Scope

Timing

36. SSAMIR is expected to operate from January 2017 – March 2020. The Indicative total value of the contract is up to £4.55 million and the value of the different components is show in table 3.

Table 1: Value of SSAMIR components under this contract

Component	Value
Enabling environment reform	~ 65%
Piloting the MSAC model	~ 35%
Total [Supplier contract]	**£4,246,681**

37. To note that there will be additional DFID-contracted programme management, monitoring and evaluation costs that comprise the remainder of the full SSAMIR business case value (£4.98m).

38. The contract for the Supplier will be made up of two separate phases:

- **Inception phase (March 2017 –September 2017).** During this 6 month phase, the Supplier will be expected to design the SSAMIR programme building on the Business Case, and deliver the deliverables mentioned in para 11-12.
- **Implementation phase (October 2017 –June 2020).** The implementation phase will start immediately after approval of the programme design/inception deliverables and will last to March 2020.

Contractual Break Points

39. At the end of the Inception phase there will be a contractual break point to review inception deliverables. Commencement of the implementation phase will be subject to the satisfactory performance of the Supplier, delivery of inception

deliverables and the continuing needs of the programme. The contract review may signal a restructuring of the ToRs, timeframe or the scale or scope of work in particular areas. If deemed appropriate there is an option for the programme to be extended for a period up to 12 months.

40. There will be a further contractual break point and mid-point review during the 18th month of the implementation phase, to allow an on-going assessment of the successful operation of SSAMIR and progress against objectives.

Scaling Programme Up and Down

41. The programme is expected to be adaptive to the changing context of the extractives sector and political economy in Rwanda. The Supplier must commit to being fully prepared in the event any decision is made to scale up (increase) or scale down (decrease) the scope of the programme (i.e. in relation to the programme's inputs, outputs, deliverables and outcomes, value and timing) during the course of the contract. Furthermore, DFID reserves the right to scale back or discontinue this programme at any point, (in line with our Terms & Conditions).

Transparency

42. DFID has transformed its approach to transparency, reshaping our own working practices and pressuring others across the world to do the same. DFID requires Suppliers receiving and managing funds, to release open data on how this money is spent, in a common, standard, re-usable format and to require this level of financial information from immediate sub-contractors, sub-agencies and partners.

43. It is a contractual requirement for all Suppliers to comply with this, and to ensure they have the appropriate tools to enable routine financial reporting, publishing of accurate data and providing evidence of this DFID – further IATI information is available from http://www.aidtransparency.net/

44. DFID will instruct the Supplier to publish and disseminate in appropriate forms all knowledge material and reporting produced by or with support from the programme. Exceptions to this requirement in case of confidential or sensitive information will need to be agreed case by case with DFID. The Supplier will take all necessary steps with the programme counterparts and direct beneficiaries to make sure they provide their consent to this publication and dissemination policy, or have the opportunity to recommend motivated withholding when appropriate.

45. **Digital Spend**

Many of DFID's programmes include communications activities that are in direct support of poverty reduction and deliver clear development results. These activities are not subject to spending controls, unless they involve digital or web based activities. All communications activities in support of development results must be targeted at specific audiences rather than the general public and still be delivered in a cost-effective way. Digital is defined as any service provided through the internet to citizens, businesses, civil society or non-government organisations. This includes, but is not limited to information services, websites, transactional services, web applications (e.g. maps), mobile apps, and extranets. ***DFID's approval is needed for all spending relating to the development and delivery of digital elements of externally facing programme work.***

Duty of care

46. The Supplier must set out in their bid documentation, how they will respond to Duty of Care and Security requirements. DFID Rwanda has assessed country and project risks and includes a summary assessment against the various risk factors.

47. The Supplier is responsible for the safety and well-being of their Personnel (as defined in Section 2 of the Contract) and Third Parties affected by their activities under the contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.

48. DFID will share available information with the Supplier on security status and developments in-country where appropriate.

49. The Supplier is responsible for ensuring appropriate safety and security briefings for all of their Personnel working under this contract. Travel advice is available on the FCO website and the Supplier must ensure they (and their Personnel) are up to date with the latest position.

50. The Supplier must have developed their response to the tender on the basis of being fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix prepared by DFID. They must confirm in their Tender that:

    - They fully accept responsibility for Security and Duty of Care;
    - They understand the potential risks and have the knowledge and experience to develop an effective risk plan;
    - They have the capability to manage their Duty of Care responsibilities throughout the life of the contract.

51. If you are unwilling or unable to accept responsibility for Security and Duty of Care as detailed above, your bid will have been viewed as non-compliant and excluded from further evaluation.

52. Acceptance of responsibility must be supported with evidence of Duty of Care capability and DFID reserves the right to clarify any aspect of this evidence

53. DFID Overall Country Risk Assessment for Rwanda is summarised in Annex 2 below.

Background

The need for SSAMIR

54. **The Rwandan economy is expected to grow at a rate of 6.5% in 2016[5] . The decline in growth is attributed to the sudden and rapid decline in global commodity prices which has affected Rwanda exports and in particular its mineral exports.** The net impact is that Rwanda, over the last three years, faces a growing trade deficit and unsustainable balance of payments position both of which have contributed to the 7.6% decline of the Rwandan Franc against US dollar. The situation is further compounded by a decline in domestic revenue and a fall in foreign aid receipts over the last 2 years – from $810m in 2013 to $667m in 2015.

55. **The mining sector remains and important contributor to growth, exports, foreign exchange, jobs, livelihoods, and poverty reduction**. Nevertheless, the current decline in global commodity prices has contributed to a (i) decline in the sectors contribution to GDP (1.6% in 2015 from 2 % in 2013), (ii) a 50% decline in exports between 2014 and 2015, and (iii) a more than 60% reduction in employment in the sector (from 72,000 in 2014 to 31,000 in 2015).

56. **More importantly, the commodity down cycle has exposed the structural inefficiencies of the sector and its impact on production and value addition.** As it stands, the sector which is dominated by small scale producers (artisanal miners) is not economically viable / sustainable and has significant negative environmental pollution and social impacts. The sector also suffers from the following:
    - High poverty levels (40 – 55% in mining districts)
    - Low levels of investment
    - Limited access to capital
    - Poor market access
    - Low value addition
    - Poor health and safety standards and practices
    - Significant negative environment effects
    - Poor working conditions

57. **Given the current stagnation in global commodity prices, and the constraints highlighted above, there is an important need / opportunity to invest in making the ASM sector more efficient and viable.** There is value in preparing Rwandan miners and regulators to derive more from these non-renewable resources in the long-term. More specifically, addressing the constraints would contribute to increased production efficiency, followed by increased value addition which in turn will contribute to increased exports and foreign exchange receipts. By reforming the investment climate and restructuring the current model of ASM, the proposed intervention will deliver environmental

[5] Growth has consistently averaged 8% over the last decade

best-practice, improve working conditions, attract vital investment, increase export revenue, all of which will improve economic viability and support a transition out of poverty for many Rwandans in the ASM sector.

58. **Therefore, restructuring the mining sector will improve the lives of poor people and benefit the wider economy.** Government of Rwanda is keen to support this sector in its quest to build a diversified economy that creates jobs, increases exports, improves domestic resource mobilisation, and reduces aid dependency.

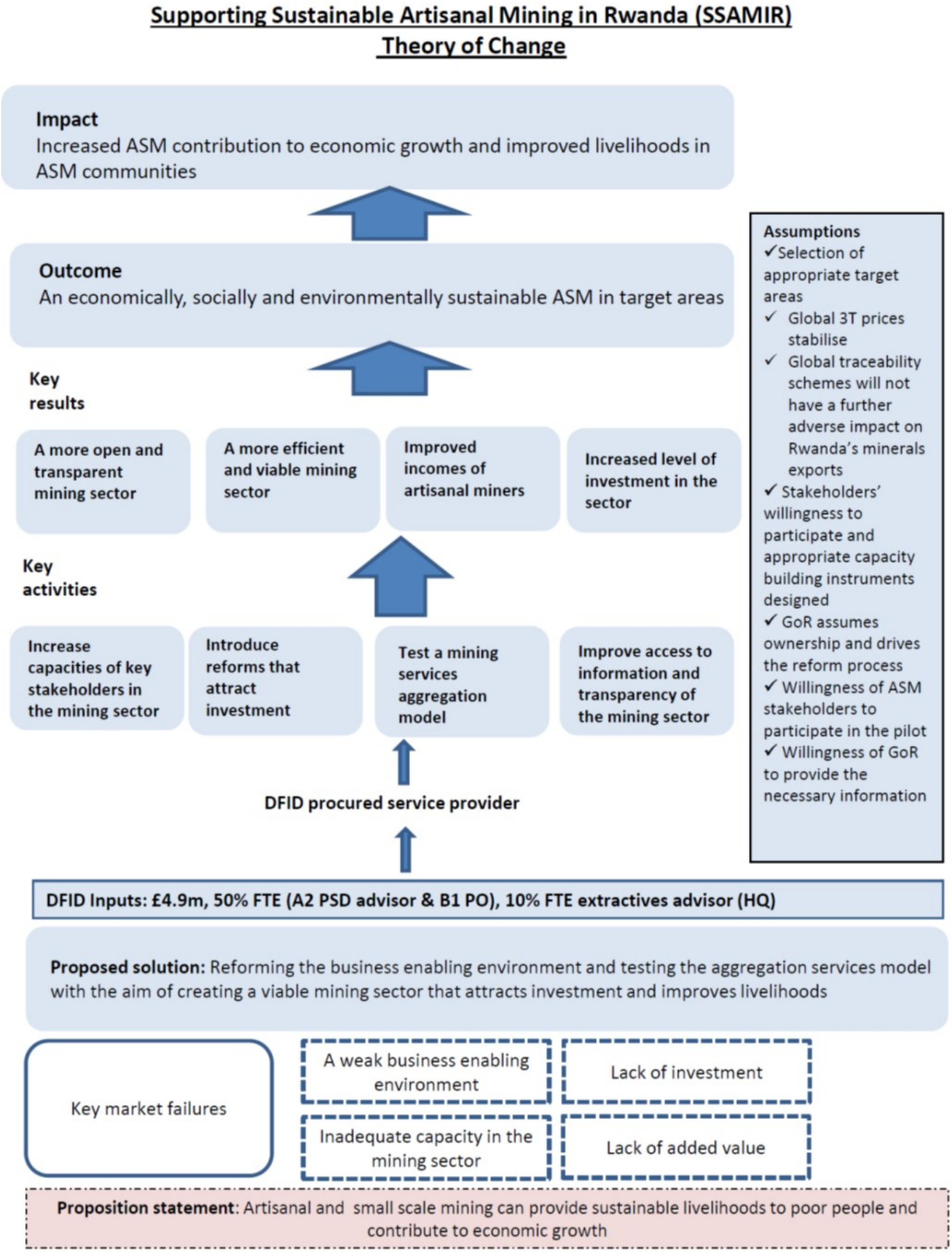
59. **Transforming the structure of the sector means that production and productivity increases have significant potential to create more and better jobs and support inclusive growth:**
    - It will address Rwanda's growing trade deficit and current account crisis
    - Improving the enabling environment is expected to attract FDI and consolidate the mining industry.
    - Direct and indirect jobs can be created as increased production will require more inputs including skills and manpower
    - Since the mining industry in Rwanda is artisanal and 'localised', increases in miners' incomes and livelihoods and their purchasing power is likely to result in further induced jobs[6]
    - Improving miners incomes and livelihoods will reduce poverty
    - Improving health and safety practices at mine sites will reduce mining accidents and save lives
    - Improving working and labour conditions will lead to a more formalised, professional workforce, and an increase in corporate respect for human rights
    - Participation of artisanal miners in a dialogue with mine owners, community leaders and governmental representatives will empower them to participate in political processes and it will strengthen the social contract
    - Improving environmental practices will significantly reduce pollution of water sources, the use of water, reduce soil erosion and rehabilitate damaged landscape
    - Securing positive outcomes for women involved in mining in Rwanda, and mitigating the negative impacts of mining on women, including gender-based violence.

Annexes

[6] This research indicates that miners do reinvest their savings into the local economy and try to diversify their income, creating additional employment for other community members. Cook R., Mitchell P., 'Evaluation of Mining Revenue Streams and Due Diligence Implementation Costs along Mineral Supply Chains in Rwanda', November 2014

Annex 1: SSAMIR Theory of Change
Annex 2: DFID Rwanda Provisional Risk Rating
Annex 3: SSAMIR Logframe (indicative)

Annex 1: SSAMIR Theory of Change



Annex 2: Rwanda Rwanda Provisional Risk Rating

Theme	Northern Province	Eastern Province	Southern Province	Western Province	Kigali Province	OVERALL
Overall Rating	**2**	**2**	**2**	**2**	**2**	**2**
FCO Travel Advice	2	2	2	3	2	2
Host Nation Travel Advice	Not available					
Transportation	2	2	2	2	1	2
	Do not recommend driving at night in rural areas due to poorly lit roads, dense population, untethered livestock, variable condition of vehicles.					
Security	2	2	2 Potential for security to deteriorate depending on events over the border in Burundi.	2 Potential for security to deteriorate depending on events over the border in DRC.	2	2
Civil Unrest	1	1	1	1	1	1
Violence/Crime	2	2	3 Reports of criminal gangs operating on Burundi border.	3	2	2
Terrorism	1	1	1	1	2	1
War	1	1	2	2	1	1

			Possible spillover from events in Burundi	Depends on events on DRC side of border.		
Earthquake	3	3	3	3	3	3
Flood	3	3	3	3	2	2
	Risk is to rural infrastructure: roads, power, poorly constructed domestic dwellings. Rains are seasonal: Feb to June and Sep to Dec.					
Medical Services	3	3	3	3	2	3