

How Can Anticorruption Actors Use EITI Disclosures?

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Key messages

- The persistence of extractive sector corruption in many countries that are implementing the Extractive Industries Transparency Initiative (EITI) has prompted questions around the EITI's effectiveness.
- The EITI rarely documents corruption explicitly or exposes specific suspicious practices. Nonetheless, EITI reporting constitutes a valuable resource. It has repeatedly shed light on factors that increase vulnerability to corruption such as discretionary decision-making, deviations from the rules, and poor oversight. Efforts to implement EITI requirements often reduce such vulnerabilities even though they are not billed as "anticorruption" measures.
- EITI reports also include unique data and contextual information that anticorruption actors can use, especially on high corruption risk areas such as licensing and the finances of state-owned enterprise (SOEs). Emerging requirements around beneficial ownership (BO) and contract disclosure are particularly valuable.
- The strength of EITI reporting varies from country to country but in some instances, it has played an important role in the fight against corruption. By drawing on best practices from around the world, the EITI could build on this impact going forward.

EITI terminology

Throughout this report we refer to several terms commonly used by the EITI.¹

These include:

- **Beneficial ownership (BO).** Describes the “natural” person(s) who, directly or indirectly, ultimately own(s) or control(s) a corporate entity, a license or other property.
- **Cadastre.** An official register of oil, gas, and mining licenses. These registers often include information such as the name of the company holding the license, the duration of the license and coordinates of the license area.
- **EITI countries.** Countries implementing the EITI Standard.
- **EITI International Secretariat.** The EITI International Secretariat works closely with countries implementing the EITI and international partners to manage the EITI on the global level. The EITI International Secretariat supports the EITI Board and is located in Oslo, Norway.
- **EITI Report.** All EITI countries publish annual EITI Reports, which allow citizens to follow the value of the country’s natural resources from production all the way into government accounts. The report is compiled by an Independent Administrator.
- **EITI Requirements.** There are seven requirements for implementing countries. The requirements can be found in the EITI Standard.
- **EITI Standard.** The EITI Standard is the global transparency standard for improving governance of natural resources. It outlines the requirements applicable to countries implementing the EITI as well as the Articles of Association governing the EITI.
- **Independent Administrator.** An organization, typically an auditing firm, appointed by the multi-stakeholder group (MSG) to produce the EITI Report. The Independent Administrator is charged with comparing different sets of data and investigating and explaining any discrepancies identified. The Independent Administrator does not usually carry out an actual audit of such transactions.
- **Multi-stakeholder group (MSG).** A group made up of government, company, and civil society representatives that oversee EITI implementation in a country. The MSG develops the country work plan, oversees the production of the EITI Report and ensures that the EITI contributes to public debate.
- **Politically exposed person (PEP).** A natural person who is or who has been entrusted with prominent public functions.
- **State-owned enterprise (SOE).** A company owned by a state.

1 For more information visit EITI, *The EITI Glossary*. eiti.org/glossary. Last accessed on 2 February 2021.

- **Validation.** An external, independent evaluation mechanism, undertaken by a Validator procured by the International Secretariat. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the EITI Standard. The Validation report will also address the impact of the EITI, lessons learned in implementing the EITI, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.
- **Validation report.** A report that is compiled by an independent validator assessing the country's progress in implementing the EITI against the EITI Requirements.
- **Workplan.** In the EITI context, an action plan agreed by a multi-stakeholder group that includes the objectives and priorities for EITI implementation and associated activities.

Executive summary

Corruption in the extractive industries is one of the biggest obstacles to enabling natural resources to contribute to sustainable development. Too often, the oil, gas and mining sectors enrich a few powerful individuals rather than benefit the majority of citizens. Elite capture of these sectors can prop up extraction, even if it is not in the long-term public interest.

Extractive sector corruption manifests itself in diverse and complex ways, from companies bribing officials in order to secure exploration and production rights, to senior figures in government and SOEs misappropriating revenues for their private use.

Concerns about corruption contributed to the launch of the EITI in 2002. The EITI was founded around the belief that promoting transparency is key to good governance. However, while the number of countries implementing EITI disclosures has increased dramatically over the last two decades, the initiative's success in reducing corruption is less clear. In response, the EITI set out in 2019 to understand and define more clearly its role in the fight against corruption.

NRGI, which has been involved in the EITI since its early days, hopes to contribute to these efforts with this report. Our aim is to shed light on the ways in which EITI reporting can help oversight actors to understand and address corruption risks. Based on a review of EITI documents from 17 countries, we identify trends in how reporting presents corruption-related information. Specifically, we analyze the extent to which it:

- 1 Builds a general understanding of a country's anticorruption efforts
- 2 Documents corruption cases
- 3 Exposes suspicious practices
- 4 Highlights vulnerabilities to corruption in institutions and processes
- 5 Provides raw data and contextual information that can be used by anticorruption actors

We find that the key strengths of EITI reporting lie in two of the five areas: shedding light on vulnerabilities that increase corruption risks and providing raw data and contextual information. In contrast, reporting rarely talks directly about corruption, whether in terms of documenting specific corruption cases, exposing suspicious practices, or describing a country's broader anticorruption efforts.

Our aim with this report is to identify best practices in how EITI countries disclose corruption-related information. We are not seeking to evaluate the initiative's effects on corruption levels or outcomes. In doing so, we want to pinpoint the initiative's strengths and weaknesses, and provide insights that can help the EITI to maximize its relevance for anticorruption efforts going forward.

EITI reporting rarely directly addresses corruption.

Concerns about extractive sector corruption were one of the original drivers behind the establishment of the EITI. Many governments and companies cite their commitment to fighting corruption as one of the reasons for joining the initiative. However, public support from governments and companies has not always translated into support for measures that would address corruption more explicitly. Countries typically frame their EITI participation around promoting good governance, transparency, and accountability rather than anticorruption (though beneficial ownership disclosures are at times presented as an anticorruption tool).

It is then perhaps not surprising that the authors of EITI reports rarely talk directly about corruption, explicitly call out suspicious practices or describe anticorruption efforts in the sector. The absence of commentary on corruption, including on well-documented legal proceedings involving EITI supporting companies and in EITI implementing countries, has fed skepticism, in particular among some civil society actors and academics, over the EITI's relevance in confronting some of the sector's most pressing governance challenges.

While direct discussions of corruption are few and far between, we encountered a small number of examples where reporting explicitly documents specific instances of wrongdoing or suspicious practices. In such cases, reports typically cite official external sources, such as court cases or government investigations, or reflect stakeholder perspectives. These examples could serve as a benchmark for countries seeking to strengthen the relevance of their reporting going forward.

The EITI's strength lies in highlighting governance weaknesses that increase vulnerability to corruption.

While the authors of EITI reports are cautious about directly discussing corruption, they often point toward processes or institutions that may be vulnerable to corruption—particularly areas where there is too much discretion, deviation from the rules, or a lack of oversight. All but two of the reports we reviewed contained such information.

EITI reporting typically frames such issues as governance challenges. Doing so can be less sensitive than direct discussions of corruption, particularly in countries with limited civic space. It may also reflect the practical realities of building multi-stakeholder consensus about where problems lie and what reforms are needed. The reforms that the EITI has helped set in motion in many countries reflect this de-emphasis on corruption: efforts to implement EITI requirements and respond to report recommendations, such as changes to how SOE finances are managed, often reduce vulnerabilities to corruption without being framed as anticorruption measures.

We found that EITI reports can help anticorruption actors to identify vulnerabilities in the awards of exploration and production rights. Reporting can pinpoint vague rules, including a lack of clear criteria, procedures, and institutional responsibilities for determining how awards are made, which can allow discretion and corrupt practices. Reporting can highlight deviations from the rules, a lack of oversight and conflicts of interests.

Readers can also use EITI reports to identify irregularities in revenue flows. Unexplained discrepancies can show specific companies, government institutions or revenue flows of possible concern. Reporting can reveal missing payments, underpayments, and other financial irregularities. It can also highlight a lack of oversight of financial flows, particularly in SOEs, which can increase the risk of misappropriations going unnoticed.

To a lesser extent, readers can use EITI disclosures to point to vulnerabilities in the enforcement of rules, including regulatory obligations and environmental requirements. By contrast, it is extremely rare for reporting to discuss vulnerabilities in how the rules governing the sector are designed, despite this being a risk area in many countries.

EITI disclosures provide useful raw data and contextual information for anticorruption actors.

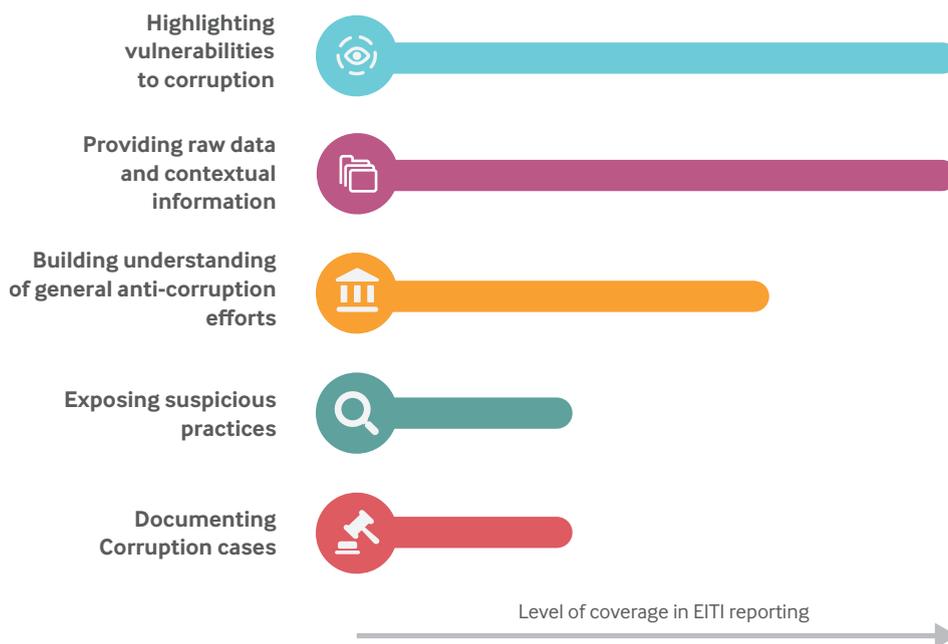
The EITI facilitates the disclosure of large amounts of data and contextual information. One of the central goals of the initiative is promoting the use of data to facilitate informed sector oversight. EITI data is by its nature highly technical and sector specific. This detailed information can help anticorruption actors with knowledge of the sector to identify risks in specific institutions or processes.

To examine what kinds of useful raw data and contextual information EITI reporting might provide, we took a closer look at disclosures related to two processes that can be prone to corruption: the award of exploration and production licenses and spending by SOEs. We found that the EITI’s reporting requirements around licensing are well developed and often result in the disclosure of large amounts of data. All the reports we reviewed contained at least some relevant disclosures in this area. The relatively new requirements to disclose contracts and BO information are likely to lead to the production of even more useful information in the future. Even though many countries continue to show gaps in the extent and quality of disclosures, there are powerful examples of anticorruption actors successfully using such data in their investigations.

By contrast, reporting on SOE spending was often either low-quality or lacked sufficiently disaggregated detail. Nonetheless, even here we find examples of anticorruption actors successfully using disclosures. This is particularly the case in countries where the reports contain relatively high quantities of information. EITI requirements are lacking in other high-risk areas like procurement and sub-contracting.

Figure 1. Summary of report findings

The level of coverage of different types of corruption-related information in EITI reporting varies widely.



Along with the main reports, other EITI documents and the multi-stakeholder process itself are also important.

EITI validation reports and expert studies on specific topics are a valuable resource and often include more direct discussion of corruption risks than the main reports do. In some cases, the authors of these studies are better placed to reflect conflicting stakeholder perspectives and to analyze problem areas.

In addition, the EITI's multi-stakeholder process itself can be an anticorruption tool. While the EITI in general is cautious about explicitly positioning itself as an anticorruption initiative, at the country level many EITI stakeholders view themselves as important contributors to anticorruption efforts. Country-level discussions and activities may reflect an expectation for the EITI to play a role in the fight against corruption even though this is generally not explicit in EITI reports.

Based on recent consultations by the EITI's International Secretariat, some multi-stakeholder groups (MSGs) recognize anticorruption as an implicit part of their work particularly on BO, contract disclosure and SOEs. Discussions among the EITI's International Board and across a wide range of EITI countries show momentum to further strengthen the initiative's role in the fight against corruption. This should continue to gain relevance as the initiative increasingly moves away from its traditional reliance on annual reports to more timely systematic disclosures and flexible forms of reporting.

Recommendations

In writing this report, our aim is to support the EITI in building on its unique strengths to better address extractive sector corruption. To help achieve this, EITI reporting could more explicitly document country-level objectives and activities related to anticorruption, and more actively draw attention to specific corruption cases and suspicious practices by referencing official documents and credible stakeholder perspectives. The EITI could also build on existing successful examples of countries discussing suspicious practices and vulnerabilities, including by developing guidance around how to identify and report risks such as high levels of discretion, deviations from the rules and a lack of oversight across reporting requirements. The EITI could more actively build links with external anticorruption actors to ensure the large amounts of data disclosed are properly analyzed and that appropriate action is taken to address problems. These and other measures could help the initiative to ensure its relevance in the fight against corruption.

1. Introduction

1.1 EXTRACTIVE SECTOR CORRUPTION AND THE EITI

The extractive industries are prone to corruption. The sector’s heightened corruption risks are well documented, with many of the most prominent global corruption cases in recent years involving actors in oil, gas and mining. Twenty percent of bribery cases examined by the OECD occurred in the extractive industries and the sector accounts for more enforcement actions under the U.S. Foreign Corrupt Practices Act than any other industry.² Corruption in the sector represents one of the biggest obstacles to ensuring that natural resources contribute to sustainable development.³

Extractive sector corruption manifests itself in diverse and complex ways. It includes issues such as:

- Companies paying bribes to secure exploration and production rights
- Officials giving favorable treatment to politically connected companies in the enforcement of fiscal, operational or environmental and social obligations
- Companies or SOEs awarding procurement opportunities to politically connected companies
- Senior figures in government and SOEs misappropriating revenues for their private use
- Private interests exercising undue influence over the laws and regulations that govern the sector

One of the core beliefs underpinning the EITI is that “strengthened transparency of natural resource revenues can reduce corruption.”

Concern around the prevalence of extractive sector corruption contributed to the launch of the EITI in 2002. The initiative aims to promote good governance in oil, gas and mining by requiring governments and companies to disclose a wide range of information, including details on licensing processes, revenue flows and the sector’s contributions to the economy and wider society, and more recently the content of contracts and company ownership information.⁴ One of the core beliefs underpinning the EITI is that “strengthened transparency of natural resource revenues can reduce corruption” and will in turn help to ensure that the sector’s revenues benefit citizens in resource-rich countries.⁵

The number of implementing countries has increased dramatically over the last two decades. The scope of data disclosures has also expanded. Despite this, the initiative’s success in reducing corruption is not clear-cut. Several studies suggest

2 Alexandra Gillies, *The EITI’s Role in Addressing Corruption* (Extractive Industries Transparency Initiative, 2019). 3. demo.eiti.org/document/eitis-role-in-addressing-corruption.

3 For an overview of other factors influencing whether the sector contributes to sustainable development see Natural Resource Governance Institute, *Natural Resource Charter: Second Edition* (2014). resourcegovernance.org/analysis-tools/publications/natural-resource-charter-2nd-ed

4 EITI, *Global Factsheet* (2020). eiti.org/files/documents/eiti_factsheet_en_08.2020.pdf

5 EITI. *The EITI Standard* (2019). 53. eiti.org/files/documents/eiti_standard_2019_en_a4_web.pdf

that the EITI's impacts on corruption are highly context dependent.⁶ The initiative appears to have helped reduce corruption in some countries. But impacts are largely shaped by country-specific factors such as the strength of civil society or the level of government commitment to reducing the discretionary power of decision-makers. There is little evidence of a general link between EITI implementation and reductions in the prevalence of country-wide measures of corruption. In addition, in assessing the EITI's impact it can be difficult to pick apart which changes are unique to the extractive sector and which are part of broader trends in the country's overall corruption performance.

Extractive sector corruption has persisted, including in countries deemed by the EITI's International Board to be making satisfactory progress in implementing the EITI Standard. (See for example the cases described in Section 2.2.) This has prompted critical questions, especially from civil society actors and academics, around the EITI's relevance to anticorruption efforts. In response, the EITI set out in 2019 to better understand and define more clearly its role in the fight against corruption.⁷

1.2 ABOUT THIS REPORT

As the EITI considers how it can more effectively play a role in addressing corruption, in this report we aim to shed light on the types of information EITI reporting currently provides that are useful to understanding and addressing corruption risks. Our goal is to identify trends, strengths and weaknesses in how this information appears. We hope to add ideas and evidence on what EITI stakeholders in implementing countries can do to maximize the EITI's relevance for anticorruption efforts.

Our research is based on a review of EITI documents from 17 countries: Afghanistan, Armenia, Colombia, Democratic Republic of Congo (DRC), Guinea, Indonesia, Iraq, Mexico, Mongolia, Myanmar, Nigeria, Peru, the Philippines, Republic of Congo, Sierra Leone, Tanzania and Zambia.⁸ We selected the countries to ensure diversity in terms of geographic location, sector context, progress in EITI implementation, and the strength of anticorruption and governance efforts in the sector. We supplemented the

6 For a review of 50 evaluations of the EITI's effectiveness, see Päivi Lujala, Siri Aas Rustad and Philippe Le Billon, *Has the EITI Been Successful? Reviewing Evaluations of the Extractive Industries Transparency Initiative* (U4 Anticorruption Resource Centre, Chr. Michelsen Institute, 2017). u4.no/publications/has-the-eiti-been-successful-reviewing-evaluations-of-the-extractive-industries-transparency-initiative.pdf. For additional resources on the link between EITI reporting and corruption see: Christoffer Borchgrevink Claussen, *A Cure for The Curse? Effects of The Extractive Industries Transparency Initiative* (University of Oslo, 2016) eiti.org/files/documents/claussen_christoffer_-_a_cure_for_the_curse_final.pdf; Brandon Brockmyer and Jonathan Fox, *Assessing the Evidence: The Effectiveness and Impact of Public Governance-Oriented Multi-Stakeholder Initiatives* (Transparency and Accountability Initiative, 2015). eiti.org/files/documents/assessing-the-evidence-msis.pdf; Caitlin C. Corrigan, *Breaking the Resource Curse: Transparency in the Natural Resource Sector and the Extractive Industries Transparency Initiative* (Resources Policy, 2014); Caitlin C. Corrigan, *The Effects of Increased Revenue Transparency in the Extractives Sector: The Case of the Extractive Industries Transparency Initiative* (The Extractive Industries and Society, 2017); Luca Etter, *Can Transparency Reduce Corruption? – Evidence from Firms in Peru and Mali on the Impact of the Extractive Industries Transparency Initiative (EITI) on Corruption* (Doing Business Conference, 2014). eiti.org/document/can-transparency-reduce-corruption; Paul Fenton Villar and Elissaios Papyrakis, *Evaluating the impact of the Extractive Industries Transparency Initiative (EITI) on Corruption in Zambia* (Extractive Industries and Society, 2017); Elizabeth Kasekende, Charles Abuka, Mare Sarr, *Extractive Industries and Corruption: Investigating the Effectiveness of EITI as a Scrutiny Mechanism* (Resources Policy, 2016); Kerem Öge, *Which Transparency Matters? Compliance with Anticorruption Efforts in Extractive Industries* (Resources Policy, 2016); Elissaios Papyrakis, Matthias Rieger & Emma Gilberthorpe, *Corruption and the Extractive Industries Transparency Initiative* (The Journal of Development Studies, 2016). eiti.org/document/corruption-extractive-industries-transparency-initiative.

7 EITI, *45th Board Meeting: Minutes* (October 2019). eiti.org/files/documents/minutes_45th_eiti_board_meeting_addis_ethiopia.pdf

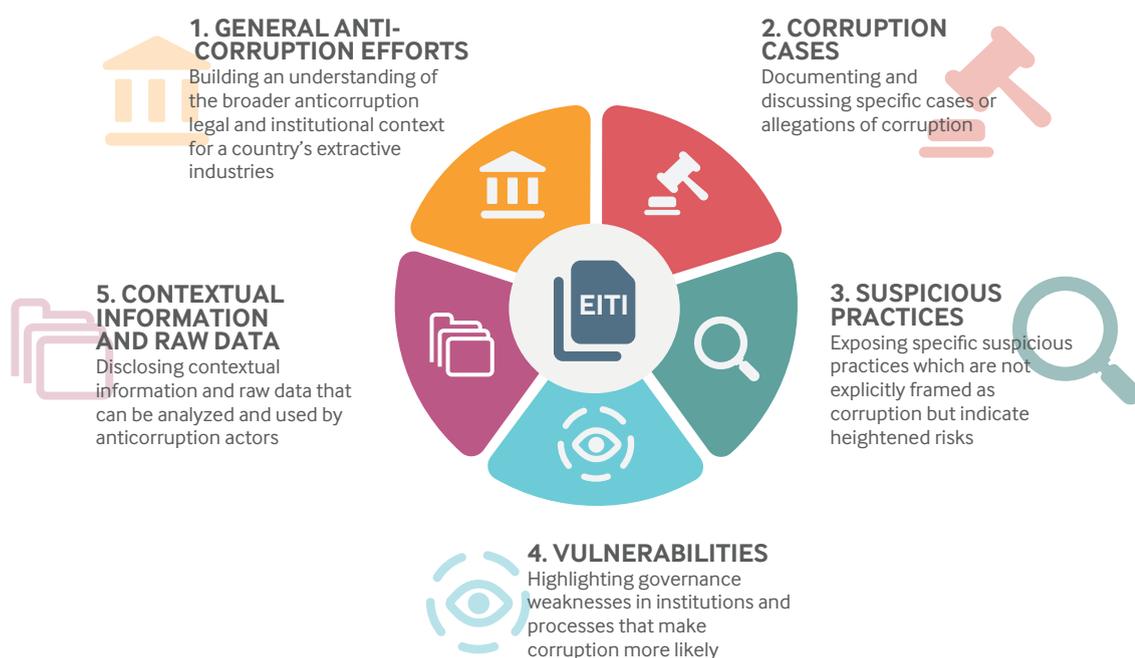
8 Our core research focused on reviewing annual reports from these 17 countries. We reviewed the most recent reconciliation report for each country except where we had reason to believe that older reports provided more useful information.

review of our core group of countries with selected EITI documents from additional countries, including Chad, Madagascar, Mozambique and Senegal.

The focus of our research was on reviewing EITI reports, which form the core of the EITI’s reporting requirements (though this is changing with the shift toward systematic disclosures and more flexible forms of reporting). We also reviewed selected additional EITI documents (e.g., validation reports, supplementary reports on specific issues such as commodity trading, BO, or environmental disclosures), external publications by anticorruption actors, and interviewed with EITI International Secretariat staff and other experts.

We structured our review around five categories of information that are relevant to understanding corruption issues. (See Figure 2.) Each category was subdivided into a set of indicators to identify different types of corruption-related information. These categories were developed prior to starting the review. They are based on NRG’s experience analyzing corruption cases around the world and our understanding of the types of information that can help anticorruption actors in their work. The categories were also informed by the content of EITI reporting requirements. Detail on our methodology is provided in Annex 1.

Figure 2. Categories of corruption-related information in EITI reporting



Specifically, we evaluated the extent to which EITI reporting provides information that:

- 1 **Builds a general understanding of a country’s anticorruption efforts.**
Descriptions of anticorruption laws, institutions and initiatives can give a picture of the strength of de jure anticorruption efforts, as well as the momentum behind those efforts within EITI and beyond.
- 2 **Documents corruption cases.** Past cases and allegations can indicate which institutions or processes have historically been prone to corruption. They can also help to understand the strength of government commitments to act against

corruption. Nonetheless, they only give a partial picture. Corruption often manifests itself in complex ways and is typically hidden. Many corrupt acts will never come to light, let alone be prosecuted in a court of law.

- 3 **Exposes suspicious practices.** Suspicious practices comprise specific acts which, while not discussed in terms of corruption, may indicate companies or institutions acting in an improper way.
- 4 **Identifies vulnerabilities to corruption in institutions and processes.** Governance weaknesses or the absence of transparency and oversight can provide a useful proxy for corruption risks. They can point toward factors that could make corruption more or less likely to occur. Specifically, we looked at vulnerabilities related to the shaping of the rules that govern the sector; the awards of business opportunities; the enforcement of rules; and flows of money.
- 5 **Provides raw data and contextual information that can be used by anticorruption actors.** This comprises the bulk of EITI disclosures which are presented without analysis or commentary, but which can serve as a vital resource for those able to dig deeper.

We are not assessing the overall effects of EITI membership on the nature or prevalence of corruption in implementing countries.

We are not assessing the overall effects of EITI membership on the nature or prevalence of corruption in implementing countries. Nor are we exploring questions related to compliance with aspects of the EITI Standard that do not relate to reporting requirements. One important such aspect is the issue of civic freedom, which is essential for ensuring disclosures translate into accountability. (See Box 1.) Other aspects include the extent to which MSGs follow up on report recommendations, disseminate information and promote public debate. Such issues are important but fall outside the scope of our report.

Box 1. The importance of civic space

Our analysis is exclusively focused on information disclosures made through the EITI. We did not assess countries' compliance with other aspects of the EITI Standard, particularly the Civil Society Protocol. However, we recognize that an active, independent, and empowered civil society is critical to ensuring that disclosures translate into greater accountability and better resource governance. The shrinking of civic space, including the intimidation and arrest of oversight actors, can be a sign of heightened corruption risks. Validation reports often provide a useful resource for better understanding such issues, which typically will not be covered in EITI reports. .

The reports we reviewed were based on the previous version of the EITI Standard and therefore did not consistently include certain valuable disclosures (e.g., BO, contracts) that will be forthcoming in future reports. In addition, our aim is not to suggest that reporting necessarily should include all the types of information analyzed here in equal measure. Instead, we have set ourselves the narrower ambition of identifying trends in existing reporting to help the EITI build on some of its unique strengths to better address corruption.

When noting instances where EITI reporting documents corruption cases, exposes suspicious practices, or highlights vulnerabilities, we are not accusing the parties mentioned in the reporting of any wrongdoing. Most of the examples cited did not lead to legal proceedings, convictions or guilty pleas in courts of law, and many of the named parties deny wrongdoing. We do not take a stance on the guilt or innocence of any parties discussed in EITI reporting. Instead, we aim simply to illustrate

the types of information EITI reporting provides that are relevant to identifying, understanding, and addressing corruption risks.

Section 2 of this report presents the results of our review across the five categories mentioned above. Section 3 summarizes the findings and provides high-level recommendations for how the EITI could increase the usefulness of its reporting for anticorruption purposes, as well as guidance to readers. Annex 1 provides an overview of our methodology. In Annex 2, we have provided a set of illustrative questions mapping out how EITI reporting requirements can help oversight actors to identify specific corruption risks, which is summarized in Figure 3.



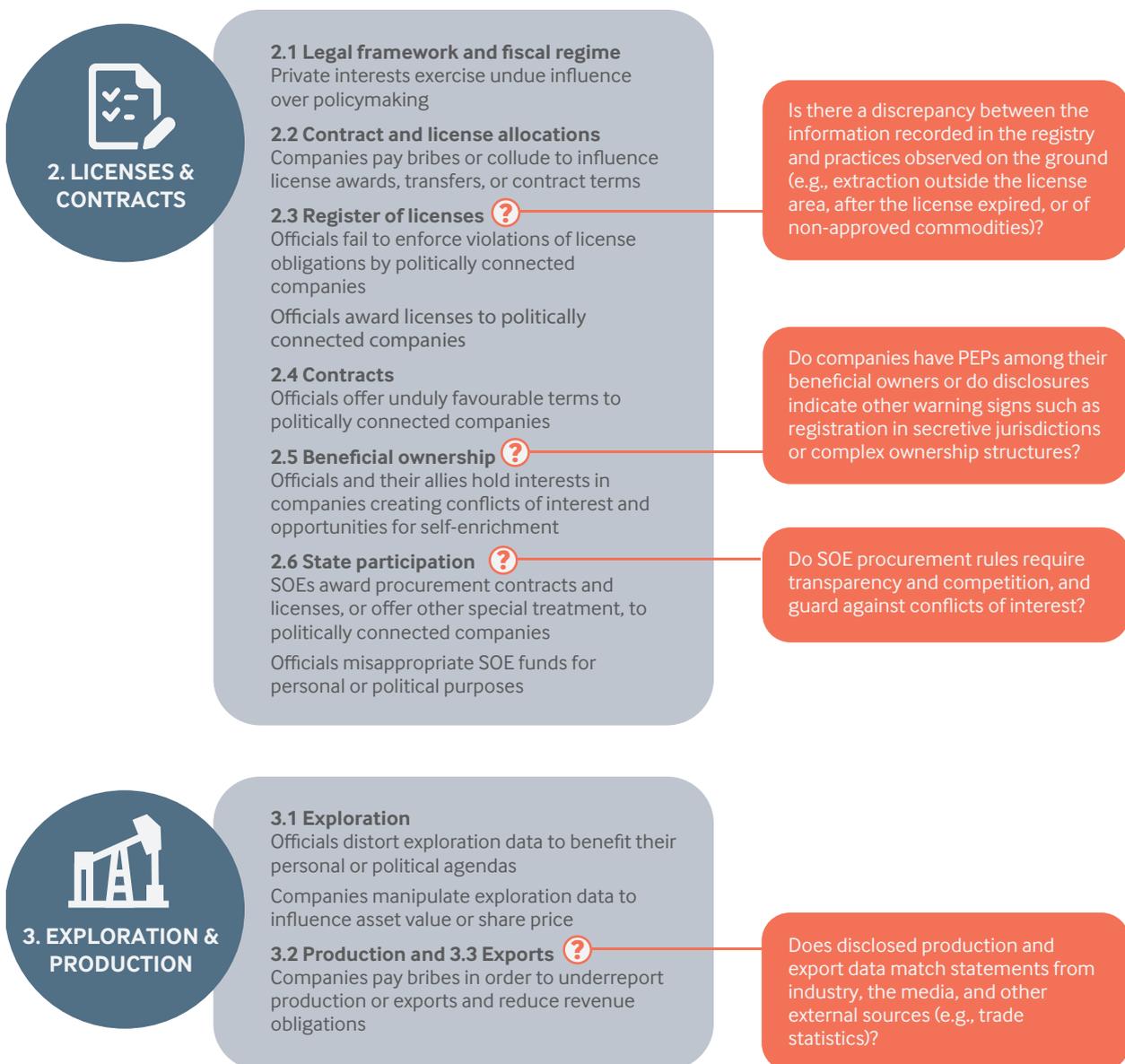
Photo by Minzayar Oo

2. What information does EITI reporting provide that helps to fight corruption?

This section presents the results of our review of EITI reporting from 17 countries. It is structured around the five categories of corruption-related information presented in Section 1.2. Where applicable, we have identified the most relevant EITI Standard requirements that relate to these types of information. Figure 3 provides a summary of how the EITI Standard relates to different corruption risks with further detail provided in Annex 2.

Figure 3. How EITI reporting requirements align with corruption risks

The information disclosures required by the EITI Standard can help to shed light on corruption risks. Below we have mapped out common corruption risks against the EITI's five reporting requirements (Requirements 2 to 6 of the EITI Standard) and provided illustrative questions to help readers make the most of disclosures. Additional questions are in Annex 2





Note: The EITI Standard has seven requirements. Requirements 2-6 describe requirements related to information disclosures. Requirement 1 describes requirements related to oversight by the multi-stakeholder group and Requirement 7 describes requirements related to outcomes and impact.

We find that the key strengths of EITI reporting lie in two of the five areas: the identification of governance weaknesses that increase corruption risks, and the provision of raw data and contextual information that support the investigations of anticorruption actors. In contrast, reporting rarely directly addresses corruption, whether in terms of documenting specific corruption cases, exposing suspicious practices, or describing a country’s broader anticorruption efforts.

2.1 BUILDING A GENERAL UNDERSTANDING OF A COUNTRY’S ANTICORRUPTION EFFORTS

In this section we explore the extent to which EITI reporting helps to build a general understanding of anticorruption efforts in a country’s extractive industries. There are two aspects to this: first, how EITI reporting describes the initiative’s own role in combatting corruption, and second, the extent to which it sheds light on the broader anticorruption legal and institutional framework. We find that EITI reporting rarely includes these types of information in much detail, despite our discussions with EITI stakeholders showing that anticorruption is increasingly a priority for many MSGs.

There are no strict reporting requirements in this area. Countries must formulate objectives in their workplans linked to the EITI principles, but the principles do not explicitly mention corruption.⁹ Similarly, countries must describe the legal and institutional framework governing the sector and key sector reforms, but there is no explicit requirement to include the broader anticorruption rules and institutions in this description.¹⁰ Thus, corruption-related information provided in this area is ad hoc.

EITI reports are typically framed around promoting transparency and strengthening good governance and only rarely explicitly position the initiative as playing a role in the fight against corruption. Few reports include anticorruption as an objective of reporting or explicitly discuss anticorruption measures in recommendations. In some cases, the disclosure of BO information is framed around anticorruption even when the overarching reporting objective is not.¹¹

Several reports provide some information on the country’s broader anticorruption efforts, including brief overviews of relevant anticorruption laws, institutions, and

Few reports include anticorruption as an objective of reporting even though it is a priority for many MSGs.

9 EITI. *Standard*. Requirement 1.5.

10 EITI, *Standard*. Requirement 2.1.a, 2.1.b, 2.4.c.i, 2.5.b, 6.4.a.

11 Of the reports reviewed, only Armenia and Sierra Leone include anticorruption as an overarching objective of reporting. Tanzania and the Philippines mention anticorruption as an objective of BO disclosures. According to feedback from the EITI International Secretariat the 2017 BO roadmaps in several countries, including Zambia, Mozambique, Colombia, Mexico and Trinidad and Tobago also frame BO disclosures around anticorruption objectives. EITI Armenia, *Republic of Armenia Extractive Industries Transparency Initiative (EITI) Report 2018* (2020). 215-216. eiti.org/files/documents/armenia_eiti_report_ey_2018_compressed.pdf; EITI Sierra Leone, *SLEITI 2017-2018 Report* (2019). 125-126. eiti.org/files/documents/final_sleiti_report_for_2017_and_2018.pdf; EITI Tanzania, *The 10th TEITI Report for the Period July 1 2017 to June 30 2018* (2020). 63. eiti.org/files/documents/10th_teiti_report_2017_2018.pdf; and EITI Philippines, *Forging New Frontiers: The Fifth PH-EITI Report* (FY 2017) (2018). 155. eiti.org/files/documents/philippines_2017_eiti_report_-_fy_2017.pdf. For examples of EITI reports including anticorruption measures in the recommendations see EITI Afghanistan, *6th AEITI Report: EITI Report for the Fiscal Years 1395-1396 (2015/16 – 2016/17)* (2019). 30. eiti.org/files/documents/aeitireport1395-1396_2015-2017.pdf; EITI Myanmar, *EITI Report 2017-2018* (2020). 399-400. eiti.org/files/documents/meiti_reconciliation_report_2017-2018_final_signed_31st_march_2020.pdf; EITI Tanzania, 2017/2018. 77.

government initiatives.¹² Anticorruption actors can use such information, even though superficial, to better understand the types of laws and institutions that exist to fight corruption, and therefore better understand the strength of *de jure* anticorruption efforts. Validation reports can provide further insights.¹³

Broader EITI documents can provide a fuller picture of how MSGs view their role in the fight against corruption and reveal inconsistencies between the high-level promises different stakeholders make and how the initiative is implemented in practice. First and foremost are the public statements that governments and companies make about their participation, which are frequently framed as part of efforts to address corruption.¹⁴ Such public commitments do not always translate into concrete support of proposals for the EITI to more explicitly discuss and address corruption.

Again, validation reports are a useful resource for better understanding to what extent anticorruption efforts feature in country-level implementation. Myanmar's 2018 validation, for example, describes corruption-related activities in the EITI's capacity development plan.¹⁵ Minutes from the Senegal EITI's MSG meetings document discussions around how the initiative should respond to corruption allegations in the country's oil industry.¹⁶ In the DRC, the MSG's civil society constituency has proposed anticorruption as an objective for its 2020-2021 workplan.¹⁷

A consultation of MSGs conducted by the EITI's International Secretariat in February 2020 found that many see the EITI as playing an important implicit role in the fight against corruption. In October 2020, the International Secretariat organized an additional workshop in collaboration with NREGI and Transparency International's Sustainable Mining Programme as part of efforts to support implementing countries to use the EITI to mitigate corruption risks. A poll of participants from the International Secretariat and MSGs found that the majority feel the EITI is already helping to prevent corruption but that it could do more.¹⁸ While many corruption-related activities and discussions are not documented in EITI reports, anticorruption is already on the radar of many MSGs and EITI stakeholders.

Anticorruption is already on the radar of many MSGs and EITI stakeholders.

12 Mongolia's 2019 report and Afghanistan's 2016-2017 addendum report provide brief overviews of anticorruption laws and government action plans. Myanmar's 2017-2018 report and the Republic of Congo's 2017 report include high level descriptions of anticorruption institutions. The Nigeria EITI offers a generic description of government anticorruption commitments on its website. Mexico's 2018 report places the country's EITI participation within the context of its membership of the Open Government Partnership and describes this as an initiative to combat corruption. EITI Myanmar, 2017-2018. 145; EITI Republic of Congo, Rapport 2017 (2019). 122-123. eiti.org/files/documents/rapport_final_itie_congo_2017.pdf; EITI Nigeria, *Legal and Institutional Framework, Contracts and Licenses*. neiti.gov.ng/index.php/neiti-legal-and-institutional-framework-contracts-and-licenses?view=faq&catid=1; EITI Mexico. *Informe Final Correspondiente al Ejercicio 2018* (2020). 12. eiti.org/files/documents/eiti_-_informe_final_2018.pdf

13 Afghanistan's 2018 validation describes the role of civil society MSG members and donor agencies in anticorruption efforts. Myanmar's 2018 validation discusses the links between civil society MSG members and the country's Anticorruption Commission. Zambia's 2017 validation describes the Financial Intelligence Centre's use of EITI data to combat money laundering. EITI, *Validation of Afghanistan: Report on Initial Data Collection and Stakeholder Consultation*. (2018). 27 and 67. eiti.org/files/documents/afghanistan_validation_draft_report_on_initial_data_collection_and_stakeholder_consultations_final_clean.pdf; EITI, *Validation of Myanmar: Report on Initial Data Collection and Stakeholder Consultation* (2018). 31. heiti.org/files/documents/myanmar_validation_report_on_initial_data_collection_and_stakeholders_consultations.pdf; EITI, *Validation of Zambia: Report on Initial Data Collection and Stakeholder Consultation*, 2017. 81. eiti.org/files/documents/zambia_2017_eiti_validation_report_on_initial_data_collection_and_stakeholder_consultations.pdf

14 Gillies, *EITI's Role*.

15 EITI, *Validation of Myanmar: Data Collection*. 38 and 109.

16 EITI Senegal, *Procès Verbal de la Réunion No.3 du Comité National* (2019). itie.sn/wp-content/uploads/2020/04/PV-R%C3%A9union-GMP-11-Juin-2019.pdf

17 Congo Mines, *Plan de travail de la mise en œuvre de l'ITIE-RDC 2020-2021*. congominer.org/system/attachments/assets/000/001/951/original/Plan_de_travail_ITIE_2020_2021.pdf?1596017150. Note: at the time of writing the workplan was still due to be discussed and approved.

18 EITI, *Using Transparency to Mitigate Corruption* (2020). eiti.org/blog/using-transparency-to-mitigate-corruption

2.2 DOCUMENTING CORRUPTION

In this section we examine the extent to which EITI reporting documents corruption allegations or proceedings against companies, institutions or individuals. We find that it is extremely rare for reporting to include this kind of information. This is unsurprising given stakeholder sensitivities, but it prompts questions over the comprehensiveness and relevance of reporting and the initiative's credibility. In some of the more successful examples we reviewed, the EITI referenced official external documents or stakeholder perspectives.

There is no formal requirement for EITI countries to document corruption. The closest the EITI Standard comes to requiring such disclosures is by requiring documentation of material deviations from the legal and regulatory framework in several areas.¹⁹ The EITI Standard's encouragement to describe reforms in the sector provides an additional avenue for documenting anticorruption enforcement actions.²⁰

It is extremely rare for EITI reports to document specific corruption cases.

In the rare cases where EITI reports discuss specific cases, they tend to do so by documenting the results of official investigations or legal proceedings. Guinea's 2016 report describes the findings of a government audit, which led to the suspension in 2014 of a company's mining licenses on suspicion that they were acquired through corruption.²¹ Chad's 2016 report provides a very brief summary of legal proceedings against a company that had bribed officials to acquire oil licenses in 2009.²² The company pleaded guilty to bribery charges in a Canadian court in 2013.²³

In other reports, if the authors acknowledge the existence of corruption at all, they do so in broad terms. Afghanistan's 2015/16 to 2016/17 report notes the country's poor performance on global corruption indicators and describes corruption as a key obstacle to attracting foreign investment.²⁴ The 2017 Philippines report describes corruption as one of the causes of poor regulation of artisanal and small-scale mining (ASM).²⁵ Neither of these reports documents any specific cases.

Validation reports can provide more sensitive information. DRC's 2018 validation, for example, notes the commencement of corruption investigations against a businessman with close ties to the country's former president, who has faced several corruption allegations over his dealings in DRC's mining sector. The validation also flags stakeholder concerns in relation to a gold mining company.²⁶ Afghanistan's 2018 validation references external reports that highlight political interference in mining awards. It does not, however, make allegations against specific companies.²⁷

EITI reporting is often silent on the existence of corruption, even when there are cases that represent major events in the sector. In Colombia, authorities have investigated

19 EITI, *Standard*. Requirement 2.2, 2.4 and 4.2.

20 EITI, *Standard*. Requirement 2.1.

21 EITI Guinea, *Rapport 2016* (2018). 53. eiti.org/files/documents/itie-guinee-2016-version-finale-rapport-itie-2016-29-06-18.pdf

22 EITI Chad, *Rapport 2016*, 2018. 35. eiti.org/files/documents/rapport_itie_tchad_2016.pdf.

23 Reuters, *U.S. seeks \$34m for Griffiths Energy Bribe Scheme of Chad Diplomat* (2015). reuters.com/article/usa-justice-corruption/update-1-u-s-seeks-34-mln-for-griffiths-energy-bribe-scheme-of-chad-diplomat-idUSL1N0ZG1Z120150630

24 EITI Afghanistan, *2015/16-2016/17*. 25 and 30.

25 EITI Philippines, *2017*. 121-122

26 EITI, *Validation of the Democratic Republic of Congo: Report on Initial Data Collection and Stakeholder Consultation* (2019). 17. eiti.org/files/documents/drc_2018_validation_initial_assessment_final_april_2019.pdf; see also *Resource Matters, The Global Magnitsky Effect: How Will U.S. Sanctions Against Gertler Affect the DR Congo's Extractive Sector?* (2018). resourcematters.org/global-magnitsky-effect-will-u-s-sanctions-gertler-affect-dr-congos-extractive-sector

27 EITI, *Validation of Afghanistan: Data Collection*, 49.

a former EITI supporting company over alleged illegal political campaign financing.²⁸ State oil company employees were also arrested and charged with taking bribes from an oil services company.²⁹ Two large oil companies and their executives face criminal trial in Italy regarding a controversial acquisition of an oil block in Nigeria, along with several foreign bribery and asset seizure cases that implicate other companies and government entities.³⁰ In Iraq, a “fixer” company bribed officials in order to help its clients secure oil industry contracts. Its executives were subsequently convicted by a U.K. court, and several of its large international clients have faced legal proceedings as well.³¹ EITI reports, however, are silent on these and other cases.

It is unsurprising that authors of EITI reporting are cautious about documenting corruption cases given their sensitivity, and the likelihood that such cases might involve government entities or companies party to the EITI process. Some stakeholders argue that there is limited added value for the EITI to discuss historical cases that are already in the public domain.

However, the absence of any commentary, including on well-documented legal proceedings that were among the most prominent sector issues in the year the EITI report covers, raises questions over whether EITI reporting offers a sufficiently comprehensive picture of a country’s extractive sector. It can feed skepticism over the relevance of EITI reporting and contribute to the view held by some that the EITI is a box-ticking exercise that shies away from the most pressing challenges in the sector. With the EITI shifting away from its traditional reliance on annual reports toward a “mainstreaming” approach where efforts are made to disclose data in real-time, arguments about the lack of timeliness of disclosures may hold less sway in future (though if this shift entails countries disclosing data primarily through government and corporate reporting systems rather than EITI reports, it could also present a challenge around how to ensure there is a channel for reporting past corruption cases).

2.3 EXPOSING SUSPICIOUS PRACTICES

In this section we explore the extent to which EITI reporting exposes specific suspicious practices, which – while not explicitly framed as corruption – could indicate heightened risks. We find that instances of EITI reporting including this kind of information are extremely rare.

There is no explicit requirement under the EITI Standard to expose suspicious practices. However, as with the documentation of corruption cases in Section 2.2, the requirement to describe material deviations from the applicable legal and regulatory framework can facilitate reporting in this area. The requirements to identify revenue streams that are not recorded in the national budget and to highlight discrepancies

Instances of EITI reporting exposing specific suspicious practices are few and far between.

28 Adriaan Alsema, *Colombia Investigating Canadian Oil Company’s Contributions to 2014 Campaigns* (Colombia Reports, 2019). colombiareports.com/colombia-investigating-canadian-oil-companys-contributions-to-2014-campaigns

29 Richard Cassin, *Colombia arrests six linked to alleged PetroTiger bribes* (FCPA Blog, 2015). fcpublog.com/2015/03/16/colombia-arrests-six-linked-to-alleged-petrotiger-bribes

30 Reuters, *FACTBOX – Legal cases sparked by Nigerian OPL 245 oilfield licence* (2020). reuters.com/article/eni-shell-nigeria-corruption/factbox-legal-cases-sparked-by-nigerian-opl-245-oilfield-licence-idUKL8N2HW4QL; Reuters, *Addax to pay 31 mln Sfr to settle Swiss bribery charges* (2017). reuters.com/article/swiss-addax/addax-to-pay-31-mln-sfr-to-settle-swiss-bribery-charges-idUSL8N1JW3G4; Serious Fraud Office, *Deferred Prosecution Agreement – Statement of Facts – SFO v Rolls Royce PLC* (2017). sfo.gov.uk/download/deferred-prosecution-agreement-statement-facts-sfo-v-rolls-royce-plc; US District Court for the Southern District of Texas, *Complaint, United States of Americav. The M/Y Galactica Star*. No. 4:17-cv-02166 (S.D. Tex. July 14, 2017). courtlister.com/docket/6120284/1/united-states-v-the-my-galactica-starbeing-a-65-meter-motor-yacht-built

31 Serious Fraud Office, *Former Unaoil Executives Guilty of Giving Corrupt Payments for Oil Contracts in Post-Occupation Iraq* (2020). sfo.gov.uk/2020/07/13/former-unaoil-executives-guilty-of-giving-corrupt-payments-for-oil-contracts-in-post-occupation-iraq

between computed subnational transfers and actual payments could provide an additional entry point for discussions around potential suspicious practices.³²

In the rare cases where information on suspicious practices is included, reports typically cite official investigations. Zambia’s 2018 report, for example, provides detail on an inquiry by the auditor general which exposed several suspicious practices, including the award of mining licenses to unqualified companies, illegal mineral exports, tax evasion, and violations of environmental obligations. This investigation was promoted by the findings of Zambia’s 2016 validation report and the findings resulted in the government cancelling nearly 900 licenses.³³ Mongolia’s 2018 report references a ministerial survey which lists specific companies failing to meet environmental obligations.³⁴ DRC’s 2016 report flags a suspicious transaction by the state-owned mining company and the failure to transfer related revenues to the treasury.³⁵

In other cases, the EITI has dug deeper on specific issues. In Mongolia, the independent administrator conducted a random sample of mining licenses and found that one had not paid license fees for several years.³⁶ Iraq’s 2017 report revealed that a specific contract linked to an SOE and a foreign investor had violated Iraqi regulations.³⁷ Nigeria’s 2018 report calls out companies with outstanding revenue liabilities and names them in an annex.³⁸ Validation reports also provide valuable information. Afghanistan’s 2018 validation reflects civil society concerns around alleged underreporting by a specific company and allegations against another company for involvement in the “laundering” of illegal minerals.³⁹ In none of these cases does EITI reporting suggest the presence of corruption. However, in highlighting suspicious practices, it points readers toward areas where more scrutiny is warranted.

2.4 HIGHLIGHTING VULNERABILITIES TO CORRUPTION

In this section we look at the extent to which EITI reporting provides information on the kinds of institutional and process weaknesses that can increase corruption risks. We divided the types of potential information into four areas where corruption commonly occurs:

- Shaping the rules that govern the sector
- Awarding business opportunities
- Enforcing the rules
- Flows of money

It is in the identification of weaknesses in institutions and processes that some of the EITI’s greatest anticorruption potential lies.

EITI reports typically frame such information as governance challenges or gaps in transparency rather than corruption risks. However, it is in the identification of

32 EITI, *Standard Requirements* 2.2, 2.4, 4.2, 5.1 and 5.2.

33 EITI Zambia, 11th *Zambia EITI Report: ZEITI Report for the Year Ended 31 December 2018* (2020). 42-43. eiti.org/files/documents/zeiti-report-2018.pdf; see also *EITI, Progress Report* (2020). 14. eiti.org/files/documents/eiti_progress_report_2020_english.pdf and Republic of Zambia Office of the Auditor General, *Compliance Audit Report on the Awarding and Monitoring of Mining Rights for 2017 Accounts*. zambiaeiti.org/wp-content/uploads/2020/04/Compliance-Audit-Report-on-the-awarding-and-Monitoring-of-Mining-Rights-for-2017-Accounts.pdf

34 EITI Mongolia, 2018. 112.

35 EITI Democratic Republic of Congo, *Rapport Contextuel ITIE-RDC 2016: Informations Complémentaires* (2018). 11. eiti.org/files/documents/2016_drc_eiti_supplementary_contextual_report_august_2018.pdf

36 EITI Mongolia, 2018. 26.

37 EITI Iraq, Iraq *EITI Report: Oil, Gas and Minerals 2017* (2019). 43. eiti.org/files/documents/iraq_2017_eiti_report.pdf

38 EITI Nigeria, *Full Report: Oil and Gas Industry Audit Report 2018* (2019). 110. eiti.org/files/documents/eiti-nga-2018-report.pdf

39 EITI, *Validation of Afghanistan: Data Collection*. 66 and 74.

vulnerabilities that some of the EITI’s greatest anticorruption potential lies. All but two of the reports we reviewed include useful discussions of this sort. EITI reporting provides particularly strong insights on vulnerabilities related to the awards of business opportunities and flows of money, though coverage across the decision chain and between countries is uneven.

Box 2. How does identifying vulnerabilities help fight corruption?

EITI reports often reveal processes and practices that exhibit some vulnerability to corruption. This is not a reliable method for discovering whether corruption has occurred. However, this information is valuable for several reasons. First, analysis of corruption cases suggests that certain process attributes frequently accompany and enable corruption, such as a highly discretionary licensing system or impromptu off-budget spending.⁴⁰ Second, policy and practice weaknesses are often not accidental, but rather the result of deliberate choices by those in charge or the result of a system’s evolution to meet certain powerful interests. Finally, these vulnerabilities are often where reform is possible. They provide a pragmatic entry point for reaching multi-stakeholder agreement around reforms.

2.4.1 SHAPING THE RULES THAT GOVERN THE SECTOR

Corruption can occur when personal or business interests exercise undue influence over the laws and regulations that govern the sector. This can happen through legal and illegal means, including bribery, lobbying, campaign donations, and pressures exerted through informal networks. While the EITI Standard requires countries to disclose details on the legal framework, including sector reforms, reporting typically provides little information on corruption risks in this area.⁴¹ Legal framework descriptions are usually descriptive and do not analyze the quality of rulemaking or whether outcomes disproportionately favor private or business interests. Nonetheless, existing requirements could provide an entry point to strengthen reporting in this area going forward.

The one positive exception from our sample is Myanmar’s 2017-18 report, which reflects stakeholder criticism that a new law for the gemstone sector fails to incorporate key aspects of the country’s draft gemstone policy. Several measures that would have reduced corruption risks, including clearer licensing criteria, transparency in valuations, resolution of conflicts of interest in SOEs, and the mandating of BO disclosures, were reportedly not included in the law.⁴² However, such commentary on the processes and outcomes of rulemaking is extremely rare.

2.4.2 AWARDS OF BUSINESS OPPORTUNITIES

Awards of valuable business opportunities can be prone to corruption. This can manifest itself in bribery, favoritism, self-dealing, conflicts of interest and patronage. These forms of corruption can arise in the award of exploration and production rights, procurement and sub-contracting, and commodity trading. EITI reporting can shed light on potential vulnerabilities in this area, particularly around the awards of exploration and production rights.⁴³

While EITI reports do not frame any of the examples below in terms of corruption, they point out the following types of possible vulnerabilities:

40 Sayne et al., *Red Flags*.

41 EITI, *Standard*. Requirement 2.1.a, 2.1.b, 2.4.c.i, 2.5.b, 6.4.a.

42 EITI Myanmar, *2017-2018*. 100.

43 EITI, *Standard*. Requirement 2.

Deviations from the rules

Deviations from the rules can indicate political interference, favoritism or other problems in awards processes. Documenting material deviations in licensing processes is an EITI requirement.⁴⁴ In addition to the specific suspicious practices outlined in Section 2.3, EITI reporting has covered both deep-rooted, routine deviations and more exceptional cases. For example, the 2017-2018 Sierra Leone report documents civil society concerns that licensing processes regularly deviate from the law.⁴⁵ Additional EITI documents have provided further information. In Afghanistan and Zambia, validation reports from 2018 refer to stakeholder concerns around deviations from licensing rules in the mining sector.⁴⁶ Mozambique's 2017 validation notes stakeholder concerns regarding irregularities in the allocation of licenses.⁴⁷ In Madagascar, a supplementary report commissioned in 2015 called out awards that appeared to violate a licensing moratorium in the mining sector.⁴⁸

Vague or weak rules

A lack of clear rules can enable discretionary decision-making. Several EITI reports call out the lack of specificity regarding technical and financial criteria, decision-making processes and institutional responsibilities for allocating exploration and production rights.⁴⁹ Armenia's 2018 report highlights high levels of discretion in how community heads approve land-use changes, as well as the absence of clear criteria for license transfers and the trading of shares and stocks in mining companies.⁵⁰ Myanmar's 2015-2016 report explicitly states that the lack of clear licensing criteria could lead to favoritism and corruption.⁵¹ Mozambique's 2015-16 report similarly states that the lack of award criteria in the mining sector enables favoritism and patronage.⁵²

Additional EITI documents can provide further information. Afghanistan and Nigeria's validation reports, for 2018 and 2019 respectively, note the lack of disclosure of clear technical and financial criteria for license awards. The Afghanistan validation also notes gaps in the description of which institutions are involved in decision-making and their responsibilities.⁵³ Mozambique's 2017 validation documents stakeholder concerns over the government's decision to launch a licensing round before a new petroleum law was in place.⁵⁴

While most EITI disclosures focus on exploration and production rights, they at times also comment on other awards of business opportunities. For example, Indonesia's 2018 commodity trading report highlights the lack of clear procedures for the pre-qualification of buyers and sellers of oil and gas.⁵⁵

44 EITI, *Standard*. Requirement 2.2.

45 EITI Sierra Leone, *2017-2018*. 40.

46 EITI, *Validation of Afghanistan: Data Collection*. 43 and 46; EITI, *Validation of Zambia: Data Collection*. 35.

47 EITI, *Validation of Mozambique: Report on Initial Data Collection and Stakeholder Consultation* (2017). 39. https://eiti.org/files/documents/validation_of_mozambique_-_report_on_initial_data_collection_and_stakeholder_consultation.pdf

48 Madagascar EITI, *Diagnostic de la Gestion des Titres Miniers* (2015). eitimagagascar.org/wp-content/uploads/2017/12/Rapport-Final-EITI_Gestion-titres-miniers_validation-CN.pdf

49 EITI Republic of Congo, *2017*. 23 and 187; EITI Iraq, *Iraqi EITI 2016 Annual Report* (2018). 172. eiti.org/files/documents/iraq_2016_eiti_report.pdf; EITI Guinea, *Rapport 2017* (2019). 54. <https://www.itiedoc-guinee.org/wp-content/uploads/2019/05/Rapport-ITIE-02-Guin%C3%A9-2017-version-sign%C3%A9-1.pdf>

50 EITI Armenia, *2018 Report*. 224.

51 EITI, *Validation of Myanmar: Data Collection*. 50.

52 EITI Mozambique, *Final Report: Independent Administrator of EITI in Mozambique* (2018). 60. eiti.org/files/documents/mireme_eiti_relatorio_final_eng_versao_final_2015_-_16.pdf

53 EITI, *Validation of Afghanistan* (2018). 42-43, 46. eiti.org/document/afghanistan-validation-2017; EITI, *Second Validation of Nigeria: Draft Assessment* (2018). 16. eiti.org/files/documents/second_validation_of_nigeria_-_final_assessment.pdf

54 EITI, *Validation of Mozambique: Data Collection*. 38-39.

55 Johnny West, *EITI Commodity Trading in Indonesia* (Open Oil, 2018). 7 and 9. eiti.org/files/documents/indonesia_commodity_trading_report.pdf.

Lack of government oversight

A lack of oversight increases the risk of corrupt practices going unnoticed. Several EITI reports provide commentary on this. Zambia's 2018 report and Guinea's 2017 report, for example, note the frequent absence of key government institutions from decision-making committees for licensing in the mining sector.⁵⁶ Afghanistan's 2018 validation reflects stakeholder concerns over the lack of inter-ministerial oversight over mineral license transfers.⁵⁷ Public consultation or participation is a further critical safeguard. However, none of the reports we reviewed discussed this issue in any detail.

Identification of conflicts of interest

In a small number of cases, EITI reporting calls out conflicts of interest in the institutions responsible for awarding business opportunities. Myanmar's 2017-2018 report notes the conflicts inherent in the mandates of the country's SOEs.⁵⁸ A separate review commissioned by the Myanmar EITI in 2016 provides further detail.⁵⁹ Some reports identify potential risk factors among recipients of extractives rights. Afghanistan's 2015/16-2016/17 report references studies alleging the participation of politically exposed persons (PEPs) in the mining sector through hidden beneficial ownership. It also refers to politicians having interests in the poorly regulated ASM sector.⁶⁰ Mongolia's disclosures identify several PEPs linked to one company.⁶¹

Gaps in disclosures on licenses and contracts

A lack of transparency makes it harder for anticorruption actors to investigate wrongdoing. Gaps in government disclosures can pinpoint vulnerabilities. Several reports comment on the lack of disclosure of contract terms.⁶² Others identify gaps in license registry data or descriptions of licensing processes and criteria.⁶³

Some reports also discuss other business opportunities. The Republic of Congo's 2017 report notes a lack of transparency around pre-financing agreements between commodity traders and the state.⁶⁴ DRC's 2015 report flags the lack of information to verify whether the sale of state assets had met legal requirements.⁶⁵ Nigeria's 2019 commodity trading report calls out the government's failure to disclose commodity trading contracts despite its commitment to contract transparency.⁶⁶

Gaps in company ownership disclosures

Data on who the real owners of the companies that are awarded business opportunities are is critical to identifying potential conflicts of interest. The quality and comprehensiveness of BO disclosures can provide insights into corruption vulnerabilities. Only as of January 2020, BO disclosures are a requirement of EITI reporting, so it is a new requirement compared to others. However, almost all the reports reviewed call out companies for submitting poor quality data or making no

56 EITI Zambia, 2018. 42; ITIE Guinée, 2017. 54.

57 EITI, *Validation of Afghanistan: Data Collection*. 48.

58 EITI Myanmar, 2017-2018. 393.

59 Emma Irwin, *Gemstone Sector Review* (Myanmar Extractive Industries Initiative, 2016). mata-nrg.org/wp-content/uploads/2016/08/Myanmar-EITI-Gemstone-Sector-Review-190716-FINAL-1.pdf

60 EITI Afghanistan, 2015/16-2016/17. 26 and 78.

61 EITI Mongolia, 2018. Appendix 20b.

62 EITI Myanmar, 2017-2018. 115; EITI Iraq, 2017. 11, 39 and 61; EITI Democratic Republic of Congo, *Rapport ITIE RDC 2015* (2017). 95. eti.org/files/documents/rapport_de_conciliation_itie_rdc_2015_-_signe_envoye_st.pdf

63 For registry data see EITI Mongolia, 2018. 36; EITI Nigeria, *Legal and Institutional Framework*; EITI Sierra Leone, 2017-2018. 13 and 43; for licensing processes see EITI Republic of Congo, 2017. 50-52.

64 EITI Republic of Congo, 2017. 50-52 and 67.

65 EITI Democratic Republic of Congo, 2015. 56.

66 EITI Nigeria, *Nigeria's Oil and Gas Commodity Trading Pilot Report* (2019). 17. neiti.gov.ng/index.php/about-eiti

disclosures at all. These gaps are likely in part the result of the fact that BO disclosures were not mandatory in the reports we reviewed, but in the future this information could point to possible vulnerabilities worthy of additional scrutiny.

2.4.3 ENFORCEMENT OF THE RULES

Corruption can manifest itself in the uneven enforcement of operational, environmental, and social obligations due to bribery, favoritism, and conflicts of interest. These risks are often exacerbated by weak institutional capacity and low pay among government officials. While the EITI Standard has several requirements covering these topics, reporting generally provides relatively little information on corruption risks in this area.⁶⁷

However, there are notable exceptions:

Lack of enforcement of regulatory obligations

EITI reporting can highlight weaknesses in the enforcement of regulatory obligations. Indonesia’s 2016 report points to a lack of government oversight of several thousand mining licenses.⁶⁸ Other reports note the lack of regulation of the ASM sector.⁶⁹

Other EITI documents provide additional details. Afghanistan’s 2018 validation states that government officials acknowledge the widespread practice of allowing companies to continue operating after the expiry of their licenses.⁷⁰ The gemstone sector review commissioned by the Myanmar EITI in 2016 draws attention to the fact that most gemstones companies operate without government oversight.⁷¹

Lack of production and export monitoring

Several resources point to the lack of effective monitoring of production and exports, particularly in mining.⁷² Afghanistan’s 2018 validation highlights widespread minerals smuggling and references a 2017 EITI assessment which noted the lack of government implementation of measures to address this.⁷³ Myanmar’s 2018 validation flags the corruption potential caused by the weak monitoring of jade production.⁷⁴ This concern is further discussed in the 2016 gemstone sector review.⁷⁵

Lack of enforcement of environmental requirements

Even though environmental disclosures are a recent addition to EITI requirements, in several instances reports highlight vulnerabilities. Armenia’s 2018 report points to deficiencies in the monitoring framework and discretion in the calculation of environmental payments. It also names several companies that had failed to make environmental payments for several years.⁷⁶ Zambia’s 2018 report cites the auditor general’s criticism of the government for failing to enforce environmental penalties.⁷⁷ Nigeria’s EITI website calls out the government’s lack of political will to enforce gas

EITI reporting generally provides little information on corruption risks in the enforcement of operational, environmental, and social rules.

67 Several EITI Standard requirements could be applicable in this area, including Requirement 3 on exploration, production and exports and Requirement 6 on social and environmental expenditures and environmental impacts.

68 EITI Indonesia, *EITI Indonesia Report 2016: Volume 2 – Contextual Report* (2018). 37. eiti.org/files/documents/vol.2-contextual-report-web.pdf

69 EITI Zambia, 2018. 52; EITI Afghanistan, 2015/16-2016/17. 26; EITI Philippines, 2017. 134-136.

70 EITI, *Validation of Afghanistan: Data Collection*, 43-44.

71 Irwin, *Gemstone Sector Review*. 7.

72 EITI Republic of Congo, 2017. 23; EITI Zambia, 2018. 43, 70, 103.

73 EITI Afghanistan, 2015/16-2016/17. 69.

74 EITI, *Validation of Myanmar: Data Collection*. 17.

75 Irwin, *Gemstone Sector Review*. 7.

76 EITI Armenia, 2018 Report. 19-27, 30-31, 225.

77 EITI Zambia, 2018. 38.

flaring penalties.⁷⁸ The 2018 Mongolia report, in addition to identifying specific companies which were not complying with environmental requirements (see Section 2.3), provides a comparison of the strength of environmental enforcement across administrative subdivisions.⁷⁹

2.4.4 FLOWS OF MONEY

Corruption related to the flows of money is a key risk area, particularly through tax evasion or the embezzlement or misappropriation of public funds. The EITI's original scope was narrowly focused on the disclosure of payment flows between companies and governments, and other relevant transfers including those between government entities and between SOEs and the state.⁸⁰

Flows of money are a key risk area about which EITI reporting provides valuable information.

EITI reports contain several types of valuable information in this area:

Vague or weak rules

The absence of clear rules can generate corruption risks. Sierra Leone's 2017-2018 report notes the variation of surface rents from contract to contract.⁸¹ Iraq's 2016 report highlights the lack of consistency in how SOEs calculate production costs.⁸² Validation reports can also be a valuable resource. Myanmar and Afghanistan's 2018 validations call for greater clarity around the rules governing SOE finances.⁸³

Payment discrepancies

These disclosures lie at heart of the EITI's reporting approach and are one of the initiative's key strengths. However, given the large amounts of data typically presented, readers may have difficulty drawing out the most pertinent findings. MSGs do not typically further analyze discrepancies in a way that could point to vulnerabilities or corruption risks despite a clear mandate under Requirement 7.3 of the Standard for MSGs to identify, investigate and address the causes of any information gaps and discrepancies.

The practices most useful for identifying possible vulnerabilities include:

- *Identifying specific companies.* Several reports clearly show which companies are responsible for the greatest unresolved discrepancies, at times naming specific companies.⁸⁴
- *Identifying specific government institutions.* EITI reporting can pinpoint agencies where problems commonly arise.⁸⁵ Often, SOEs stand out as particularly prone to discrepancies, at times prompting the commissioning of specific commodity trading reports.⁸⁶ In other cases, reports identify specific subnational governments as accounting for a disproportionate number of discrepancies.⁸⁷

78 EITI Nigeria, *Legal and Institutional Framework*.

79 EITI Mongolia, 2018. 56.

80 See particularly EITI Requirement 4 on revenue collection.

81 EITI Sierra Leone, 2017-2018. 13.

82 EITI Iraq, 2016. 172.

83 EITI, *Validation of Afghanistan: Draft Report. 7*; EITI, *Validation of Myanmar: Data Collection*. 93.

84 Afghanistan's 2015/16-2016/17 report compares multiple years and shows one company consistently accounting for the most unresolved discrepancies. EITI Afghanistan, 2015/16-2016/17. 112. See also EITI Zambia, 2018. 18-19; EITI Sierra Leone, 2017-2018. 95-97; EITI Tanzania, 2017/2018. 68; EITI Iraq, 2017. 1 and 142; EITI Mongolia, 2018. 87.

85 The Philippines' 2017 report specifically identifies one institution consistently registering the largest unreconciled differences across several years. EITI Philippines, 2017. 69-78. See also EITI Mongolia, 2018. 73; and EITI Afghanistan, 2015/16-2016/17. 135.

86 EITI Nigeria, *Commodity Trading Report*. 18-19; West, *Commodity Trading in Indonesia*. 1.

87 EITI Mongolia, 2018. 116; EITI Zambia, 2018. 103.

- *Identifying specific revenue streams.* In several countries it is easy to identify specific revenue streams that account for most discrepancies.⁸⁸ In Afghanistan, EITI reporting for 2015/16-2016/17 identified several instances where companies paid royalties but reported no production or reported production but paid no royalties. This led the MSG to apply a risk-based approach to setting the reconciliation scope for future reports to ensure such companies would not fall under the reporting threshold.⁸⁹
- *Other discrepancies.* Beyond the reconciliation of revenue payments, EITI reporting can pinpoint several other discrepancies, including identifying commodity losses; downstream discrepancies; problematic loans; and inconsistent reporting on SOE revenue retention.⁹⁰

Deviations from the rules

EITI reporting can highlight irregularities in the flows of money, including:

- *Under or overpayments.* Payments between SOEs and the national government as well as between national and subnational governments can be particularly prone to irregularities. Myanmar’s 2017-2018 report shows the state-owned oil company retaining a greater share of revenues than it is entitled to and paying less into a corporate responsibility fund than it should.⁹¹ DRC’s 2015 report highlights the underpayment of revenues between SOEs and the treasury.⁹² Iraq’s 2016 report identifies discrepancies between the rules governing subnational transfers and actual allocations.⁹³
- *Missing payments.* In some cases, payments are missing altogether. Myanmar’s 2017-2018 report calls out a SOE for failing to make quarterly income tax payments.⁹⁴ DRC’s 2015 report documents the lack of enforcement of certain revenue obligations. A 2016 Supplementary Report indicates SOEs failing to transfer funds to the treasury.⁹⁵ In the Republic of Congo, the 2017 report notes that no subnational transfers have taken place despite these being required by the mining code.⁹⁶
- *Delayed payments.* Nigeria’s 2018 report shows consistent delays in SOE transfers of crude sales proceeds to the state and calculates the opportunity cost of this.⁹⁷ The report and 2019 validation highlight further deviations in SOE financial relations with the government.⁹⁸
- *Diverted payments.* Nigeria’s 2018 report documents a SOE transfer “erroneously paid into wrong account.”⁹⁹
- *Unusual payments.* EITI reporting can identify payments that have no obvious legal basis. The Republic of Congo’s 2017 report identifies transport payments

88 For example, see discrepancies related to environmental impact assessment fees in Sierra Leone and signature bonuses in Nigeria. EITI Sierra Leone, 2017-2018. 97; EITI Nigeria, 2018. 108.

89 EITI Afghanistan, 2015/16-2016/17. 92 and 137.

90 For discussion of crude oil theft and downstream discrepancies related to refineries see EITI Nigeria, 2018. 27-28 and 84; for problematic loans see EITI Zambia, 2018. 61 or EITI Myanmar, 2017-2018. 325; for issues related to revenue retention see EITI Republic of Congo, 2017. 56-57.

91 EITI Myanmar, 2017-2018. 142 and 332.

92 EITI Democratic Republic of Congo, 2015. 96-97.

93 EITI Iraq, 2016. 172.

94 EITI Myanmar, 2017-2018. 358.

95 EITI, *Validation of the Democratic Republic of Congo: Data Collection*. 78-79.

96 EITI Republic of Congo, 2017. 195

97 EITI Nigeria, 2018. 109.

98 EITI Nigeria, 2018. 107-108; EITI, *Second Validation of Nigeria: Draft Assessment*. 28 and 30-31.

99 EITI Nigeria, 2018. 108.

that have no clear basis in law.¹⁰⁰ Myanmar's 2017-2018 report shows a mining SOE making in-kind gold payments to the Ministry of Home Affairs and Ministry of Defence without further explanation.¹⁰¹

Lack of oversight

A lack of oversight increases the risk of the misappropriation of funds going unnoticed. Several reports comment on this, with many specifically identifying the lack of oversight of SOE finances.¹⁰² Nigeria's 2018 report highlights the absence of independent oversight of the state oil company's computing of costs. The report also shows most export sales proceeds flowing into SOE cash call accounts rather than to the national budget.¹⁰³ Afghanistan's 2015/2016-2016/17 report provides highlights from an audit of the country's SOEs that identified major vulnerabilities.¹⁰⁴ Zambia's 2018 report references the auditor general's criticism of the government for failing to create proper structures for the management of environmental funds.¹⁰⁵

Gaps in government disclosures

The failure of a government to disclose comprehensive, high quality data can indicate vulnerabilities. Reporting can pinpoint institutions which do not participate in the reconciliation process. Iraq's 2017 report, for example, identifies a specific SOE failing to make disclosures.¹⁰⁶ Reports can also show a lack of disaggregation which reduces the utility of data. SOEs are often particularly opaque. They may, for example, fail to publish audit reports, disaggregate disclosures by transaction and buying companies, or disclose major expenditure items.¹⁰⁷ Other reports identify a lack of disaggregation of payments to local governments and communities.¹⁰⁸ Several reports also point to a lack of clarity on the functioning of specific funds and accounts.¹⁰⁹ Myanmar's first four EITI reports pointed to insufficient detail on how SOE accounts work, which eventually prompted changes to the rules.¹¹⁰

Gaps in company disclosures

As with government disclosures, the failure by companies to submit comprehensive and high-quality data can indicate vulnerabilities. In some cases, companies fail to make any submissions at all. Mexico's 2018 report highlights the lack of reporting by several major companies.¹¹¹

Data assurances can provide a useful indicator. EITI reports typically document whether companies submitted audited financial statements or had senior management sign off on reporting templates. Most reports provide summaries of which companies

100 EITI Republic of Congo, 2017. 198.

101 EITI Myanmar, 2017-2018. 318.

102 *Ibid.* 357-358; EITI Afghanistan, 2015/16-2016/17. 85.

103 EITI Nigeria, 2018. 40 and 110.

104 EITI Afghanistan, 2015/16-2016/17. 83-84.

105 EITI Zambia, 2018. 38.

106 EITI Iraq, 2017. 140.

107 EITI Myanmar, 2017-2018. 14 and 117; EITI Nigeria, 2018. 110; West, *Commodity Trading in Indonesia*. 1 and 16; EITI Democratic Republic of Congo, 2015. 98

108 The Philippines EITI report highlights a lack of disaggregation of payments, donations, and infrastructure projects from companies to local governments. The Sierra Leone report highlights the lack of disaggregation of payments to local government. See EITI Philippines, 2017. 96-97 and EITI Sierra Leone, 2017-2018. 13.

109 DRC's 2015 report notes the lack of disclosure of SOE audit reports. The Republic of Congo's 2017 report highlights a lack of information on the management of the country's Forestry Fund. EITI Democratic Republic of Congo, 2015. 98; EITI Republic of Congo, 2017. 23.

110 EITI Myanmar, 2017-2018. 376; see also EITI, *Myanmar EITI: SOE Reforms Underway in The Extractives Sector* (2020). eiti.org/blog/myanmar-eiti-soe-reforms-underway-in-extractives-sector

111 EITI Mexico. *Informe 2018*. 134-148, 153.

did and did not provide such assurances.¹¹² While some reports provide this list in an annex, others more directly name companies for failing to provide data assurances, sufficiently disaggregated data, or not reporting at all.¹¹³ Other potential warning signs include the absence of BO disclosures, large unreconciled payment discrepancies, and unusually low reported employment figures. While such gaps do not prove any wrongdoing, they can signal areas worthy of further attention.

2.5 PROVIDING RAW DATA AND CONTEXTUAL INFORMATION ON CORRUPTION HOT SPOTS

In previous sections we looked for instances where EITI reports explicitly call out problems; here we examine the types of contextual information and raw data that anticorruption actors can use to investigate corruption risks.

We focus on two hot spots, which have proven prone to corruption in a range of countries: the awards of exploration and production licenses, and spending by SOEs. We also provide initial thoughts on additional hot spots where EITI reporting could be relevant. A more detailed mapping of the EITI Standard against corruption risks is provided in Annex 2.

For each hotspot, we assess how anticorruption actors could use different reporting requirements to identify corruption risks. We also provide examples of where this has happened in practice. Given the nature of our research, the examples we provide are biased toward action taken by international NGOs. However, as shown by our examples from Afghanistan, DRC, Indonesia, Peru and elsewhere, country-level organizations play a critical role in the fight against corruption.

We find that EITI reporting is highly relevant for understanding corruption risks related to licensing. All the reports reviewed contain at least some valuable information in this area; and there are powerful examples of anticorruption actors using the data in their investigations. With the emergence of new reporting requirements around BO and contracts, this potential is likely to be stronger going forward. The EITI's relevance for understanding risks related to SOE spending is currently more mixed and reporting often lacks sufficient detail.

Contextual information and raw data disclosed on the awards of exploration and production rights have been valuable to anticorruption actors.

2.5.1 AWARDS OF EXPLORATION AND PRODUCTION LICENSES OR CONTRACTS

Corruption in the awards of exploration and production rights is a well-documented risk area.¹¹⁴ Corruption can take many forms, from companies bribing officials to influence the awards process, to officials rigging processes in favor of politically connected companies.

112 See for example EITI Armenia, *2018 Report*, 109 and 229; EITI Myanmar, *2017-2018*, 24; EITI Nigeria, *2018*, 20; EITI Tanzania, *2017/2018*, 61; EITI Iraq, *2017*, 11; EITI Republic of Congo, *2017*, 19-22; EITI Zambia, *2018*, 118; EITI Afghanistan, *2015/16-2016/17*, 17, 220.

113 EITI Philippines, *2017*, 64; EITI Indonesia, *EITI Indonesia Report 2016: Volume 1 - Executive Summary* (2018), 21. eiti.org/files/documents/vol.1-executive-summary-web.pdf; EITI Zambia, *2018*, 118.

114 The framework for our analysis here is based on: Sayne, Aaron, Alexandra Gillies and Andrew Watkins, *Twelve Red Flags: Corruption Risks in the Award of Extractive Sector Licenses and Contracts*. (Natural Resource Governance Institute, 2017). resourcegovernance.org/analysis-tools/publications/twelve-red-flags-corruption-risks-award-extractive-sector-licenses-and. For additional resources see: *Transparency International. Combatting Corruption in Mining Approvals: Assessing the Risks in 18 Resource-Rich Countries*. 2017. images.transparencycdn.org/images/2017_CombattingCorruptionInMiningApprovals_EN.pdf; Michael Odei Erdiaw-Kwasie and Lisa Caripis, *Using the EITI Standard to Combat Corruption: Lessons from Transparency International's Mining Research in Five Countries* (Transparency International, 2020). transparency.org.au/wp-content/uploads/2020/10/TIA_EITI_Paper.pdf; Organisation for Economic Cooperation and Development (OECD), *Corruption in the Extractive Value Chain: Typology of Risks, Mitigation Measures and Incentives* (2016). oecd.org/dev/Corruption-in-the-extractive-value-chain.pdf

The EITI's reporting requirements in this area are well developed and can help anticorruption actors to identify heightened risks. Below, we identify EITI requirements that could produce valuable information to anticorruption actors looking to conduct investigations around a specific licensing deal.

The most relevant reporting requirements include:

- **Requirement 2.2: Contract and license allocations**

EITI countries must disclose descriptions of licensing processes and criteria, information about who has received licenses, and deviations from the rules. As discussed above, this type of reporting has highlighted vulnerabilities such as a lack of clear processes, criteria, and oversight. It has also helped those investigating suspicious practices: disclosures can help readers to identify whether authorities awarded contracts to the most qualified company or to firms with political ties or a history of controversy. EITI reporting is most effective when it provides a clear step-by-step description of the awards process and detailed award criteria. Anticorruption actors can use this information to investigate whether the rules were followed. Disclosures should not be taken at face value, however. Reports may provide assurances that no deviations occurred, but these are rarely independently verified, and officials are unlikely to admit to wrongdoing.¹¹⁵

This information has proven valuable. In Mongolia, Transparency International used EITI data to identify risks of discretionary decision-making by highlighting a lack of clear criteria for the denial of license applications. It also highlighted discretion in the calculation of certain fees and drew attention to potential speculative behavior by applicants.¹¹⁶

- **Requirement 2.3: Register of licenses**

EITI countries are required to maintain a public register of extractive sector licenses. Such a register can disincentivize corruption by establishing a clear system for processing and registering awards and by ensuring information on awards is publicly available. It can also help to identify suspicious practices: information can be used to identify companies violating the law, for example those mining outside their license area or after expiry. Anticorruption actors can use disclosures to identify PEPs or companies with a history of controversy. Unexplained gaps or inconsistencies can be instructive.¹¹⁷ Where certain information is consistently missing, it indicates a vulnerability to corruption. Where data is missing for specific licenses only, it can point to a suspicious deal. The most effective disclosures provide links to live online cadastral maps and potentially even exceed EITI requirements by including payments data or contract documents.¹¹⁸

There are several examples of anticorruption actors using this kind of data. In Indonesia, Publish What You Pay used license coordinates and dates to determine that many mining licenses overlapped with protected forests and palm oil or

115 Zambia's 2018 report includes an attestation by cadastre staff that no deviations occurred. This is followed by a reference to the auditor general's report which seems to contradict that statement. EITI Zambia, 2018, 42.

116 Richard Biastoch. *Mining for Sustainable Development: Mineral Licencing Corruption Risk Assessment Mongolia* (Transparency International Mongolia, 2017). 84e3cfb-dad9-41ba-b30a-d9ae1a282a69.filesusr.com/ugd/d84145_7b24ac928a75418c8c381b8485f96485.pdf. 28 and 35 and 68.

117 Several of the reports reviewed identify gaps such as the absence of key dates or coordinates. See, for example, EITI Philippines, 2017, 33; EITI Indonesia, 2016: *Volume 1*, 8.

118 Zambia Mining Cadastre Portal: portals.landfolio.com/zambia; EITI Sierra Leone, 2017-2018, 41; EITI Afghanistan, 2015/16-2016/17, 49; Ghana Petroleum Register: ghanapetroleumregister.com

forestry concessions, and showed that many companies were mining outside permitted areas, or after their licenses had been revoked.¹¹⁹ In Cameroon, a journalist triangulated EITI license data with other sources to show a conflict of interest in the award of a mining license.¹²⁰

- **Requirement 2.4: Contracts**

Until recently, the EITI Standard encouraged countries to disclose contracts signed between governments and companies. From January 2021, countries are required to disclose any contracts and licenses that are granted, entered into, or amended from that date onwards. Contract disclosure can disincentivize corruption by enabling public scrutiny of the outcomes of negotiations. At the more successful end of the spectrum are countries like Guinea, which provide relatively comprehensive and easy access online.¹²¹ Contract disclosure can be used to identify deviations from the legal framework or standard commercial practice. The selective omission of contracts from disclosure can point toward suspicious deals.

Anticorruption actors have used contract disclosure to advance their work. In Afghanistan, civil society successfully campaigned for the publication of over a thousand mining contracts.¹²² DRC's 2018 validation highlights concerns related to a mining company's contract terms.¹²³ Global Witness pinpointed risks of revenue losses in a deal between DRC's mining SOE and a foreign investor.¹²⁴ Gaps in disclosures can also be instructive. The Congo Research Project investigated a politically connected firm holding major mining interests, whose contract had not been disclosed despite a government commitment to do so.¹²⁵ Also in DRC, the Observatoire d'Etudes et d'Appui à la Responsabilité Sociale et Environnementale (OEARSE) analyzed the contract and revenue flows of one of the country's major mining projects.¹²⁶ In DRC, Niger, Cameroon, Guinea and Burkina Faso, civil society actors used contract data to verify company compliance with community, health and safety, and local content obligations.¹²⁷

- **Requirement 2.5: Beneficial Ownership**

Since January 2020, EITI countries have been required to disclose the beneficial owners of corporate entities that apply for or hold a participating interest in an exploration or production license, including identifying any PEPs. BO disclosures are vital in the fight against corruption. Anticorruption actors can use them to identify whether companies have links to PEPs or individuals with a history of controversy. Even when they do not identify problematic individuals, they can indicate heightened risks, for example by showing ownership through shell

119 PWYP Indonesia, *Eyes on The Forest: Clear and Clean Mining Permits Need Further Review* (2016). pwpindonesia.org/en/eyes-on-the-forest-clear-and-clean-mining-permits-need-further-review

120 Emmanuel Freudenthal, *Virtual Mining in Cameroon: How to Make a Fortune by Failing* (African Arguments, 2016). africanarguments.org/2016/03/14/virtual-mining-in-cameroon-how-to-make-a-fortune-by-failing

121 Guinea Resource Contracts, *An Online Repository of Resource Contracts from Guinea*. contratsminiersguinee.org/

122 EITI, *Validation of Afghanistan: Draft Report*. 5

123 EITI, *Validation of the Democratic Republic of Congo: Data Collection*. 83.

124 Global Witness, *The Deal for Deziwa* (2020). 7. globalwitness.org/en/campaigns/oil-gas-and-mining/deal-deziwa/

125 Congo Research Group, *All the President's Wealth: The Kabila Family Business* (2017). 17-21. pulitzercenter.org/sites/default/files/all-the-presidents-wealth-eng.pdf

126 Observatoire d'Etudes et d'Appui à la Responsabilité Sociale et Environnementale (OEARSE), *Pile ou Face : Qui Gagne et Qui Perd Dans Le Projet Kamoto Copper Company en RDC ?* (2019). congominer.org/system/attachments/assets/000/001/576/original/OEARSE_RDC_KCC_RAPPORT_CONTRACT_FINAL_30032019-1.pdf?1559135658

127 Patrick Heller, *Putting Contract Transparency to Work* (Open Contracting Partnership, 2013). opencontracting.org/2013/11/18/putting_contract_transparency_to_work/

companies, nominee shareholders, or incorporation in secretive jurisdictions.¹²⁸ The refusal to disclose BO data – or the disclosure of poor-quality data – can indicate an attempt to hide ownership structures.

In Myanmar, Global Witness analyzed BO data and found that over one third of companies filed inadequate or inaccurate disclosures, did not submit any filing, or filed late. Global Witness pointed to cases where companies failed to disclose ties to the military and non-state armed groups. The analysis also showed the potential of disclosures, including by identifying a parliamentarian with major mining interests.¹²⁹ In Colombia, the EITI and Directorio Legislativo have collaborated to develop a tool to identify corruption risks associated with PEPs. The tool was one of the winners in the IMF’s Anticorruption Challenge.¹³⁰

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

The requirement to disclose taxes and revenues lies at the heart of EITI reporting. This data mostly helps to monitor revenues once companies are operating, but it can also shed light on licensing risks. Unaccounted payments related to license awards can indicate suspicious transactions. Disclosures in this area are generally high quality and relatively comprehensive. A challenge arises from the fact that it can be hard for readers to know what to look for. EITI reports typically present long tables of data and leave the analysis up to readers. Some of the more effective reports explicitly draw attention to suspicious payments.

There are several examples of EITI data supporting anticorruption efforts in this area. In Liberia, Global Witness identified a suspicious payment related to a license acquisition.¹³¹ In DRC, Global Witness pinpointed a lack of clarity around signature bonuses and the Carter Center used EITI data to allege that firms with political links were being offered favorable deals.¹³² Global Witness’s “Finding the Missing Millions” handbook provides further examples on the use of EITI data to uncover revenue losses.¹³³

2.5.2 STATE-OWNED ENTERPRISE SPENDING

Corruption cases from a wide range of countries involve SOEs. SOEs often receive large amounts of funds and operate apart from standard government oversight. An OECD study found that officials from oil and gas SOEs were more likely to have observed corruption than those from any other industry.¹³⁴ SOE corruption typically takes one of three forms: receiving bribes from companies seeking business opportunities or special treatment; steering contracts and business opportunities toward politically connected firms; and misappropriating funds.¹³⁵

128 Sayne et al., *Red Flags*.

129 Global Witness, *Out of the Shadows: Who Really Controls Myanmar’s Extractives Companies? An Analysis of Myanmar’s First Beneficial Ownership Disclosures* (2020). 14-15. globalwitness.org/en/campaigns/myanmar/out-of-the-shadows/

130 IMF, *The IMF Anticorruption Challenge*. imf.org/en/Topics/innovation-at-the-imf/imf-acc-event

131 Global Witness, *Catch Me If You Can: Exxon Complicit in Corrupt Liberian Oil Sector* (2018). globalwitness.org/en/campaigns/oil-gas-and-mining/catch-me-if-you-can-exxon-complicit-corrupt-liberian-oil-sector/

132 Global Witness, *Deziwa*. 8 and 20; Carter Center, *A State Affair: Privatizing Congo’s Copper Sector* (2017). 41-43. cartercenter.org/resources/pdfs/news/peace_publications/democracy/congo-report-carter-center-nov-2017.pdf

133 Global Witness, *Finding the Missing Millions: A Handbook for Using Extractive Companies’ Revenue Disclosures to Hold Governments and Industry to Account* (2018). globalwitness.org/en/campaigns/oil-gas-and-mining/finding-missing-millions/#chapter-0/section-1

134 Gillies, *EITI’s Role*. 9.

135 Alexandra Gillies, *From Brazzaville to Miami: National Oil Company Corruption and its Global Implications* (Natural Resource Governance Institute, 2020). resourcegovernance.org/blog/brazzaville-miami-national-oil-company-corruption-global-implications

SOE corruption risks are not just about corrupt individuals. In some cases, SOEs as institutions systematically serve the political and private interests of the country's political leaders.

In this section we focus on the extent to which EITI reporting sheds light on corruption risks related to SOE spending, particularly through procurement and quasi-fiscal expenditures (QFEs). We find that reporting often provides insufficient detail to adequately support anticorruption efforts.

The most relevant EITI requirements in this area include:

- **Requirement 2.6: State participation**

Countries must make disclosures regarding state participation. This includes disclosing the rules and practices regarding financial relationships between the government and SOEs. In principle, this could help to understand SOE spending practices and related corruption risks. We encountered some examples of useful disclosures in this area.¹³⁶ However, in general, SOE disclosures are a story of missed opportunities. EITI reporting requirements specifically related to SOE spending are less prescriptive than those related to licensing. In some cases, SOEs may have less well-developed systems for reporting than private companies or may be less accustomed to expectations around financial disclosures and therefore less willing to collaborate. This results in disclosures that are often less detailed and less rigorous.

In general, SOE disclosures are a story of missed opportunities.

On occasion EITI disclosures have provided useful insights. In DRC, the Carter Center and Global Witness used EITI data to show how few SOE revenues are properly registered in SOE accounts and transferred to the treasury, and to raise alarm over potential misappropriation for political purposes.¹³⁷ This led to an MSG decision to establish a working group to investigate the issues.¹³⁸ In the Republic of Congo, Global Witness used EITI data and external sources to draw attention to SOE financial practices, including suspicious payments and large unaccounted debts.¹³⁹ In Nigeria, NRGi looked into SOE finances and revealed problematic revenue retention practices and discretionary spending.¹⁴⁰

- **Requirement 6.2: Quasi-fiscal expenditures (QFEs)**

EITI countries must disclose QFEs made by SOEs. This includes arrangements whereby SOEs undertake public expenditures such as payments for social services, infrastructure, fuel subsidies and national debt servicing outside of the national budgetary process. In principle, these disclosures could provide a useful data source. QFEs can, for example, be used to allocate business opportunities to politically connected firms. They can also be misappropriated for personal benefit

136 Mongolia's 2018 report provides a description of requirements regarding spending decisions and disclosures. Indonesia's report provides links to SOE audit reports. Peru's 2015-2016 report provides detail on the beneficiaries and value of transportation contracts signed by SOEs. EITI Mongolia, 2018. 41-43 and 116; EITI Indonesia, 2016: Volume 2. 72; Peru EITI, *Producto 3: Informe Final - Sexto Informe Nacional de Transparencia de las Industrias Extractivas (Sexto Estudio de Conciliación Nacional – EITI Perú) Períodos 2015 y 2016* (2018). 71. eiti.org/files/documents/vi_informe_nacional_de_transparencia_de_las_industrias_extractivas_-_2015_y_2016.pdf

137 Carter Center, *State Affair*, 7 and 46-47 and 54, 66-69; Global Witness, *Regime Cash Machine* (2017). 6 and 14. globalwitness.org/en/campaigns/democratic-republic-congo/regime-cash-machine/

138 EITI, *Validation of the Democratic Republic of Congo: Data Collection*, 73-74.

139 Global Witness, *Rigged: Where Has Republic of Congo's Oil Money Gone?* (2020). 7. globalwitness.org/en/campaigns/oil-gas-and-mining/rigged-republic-of-congo-oil/

140 Sayne, Aaron, Alexandra Gillies and Christina Katsouris, *Inside NNPC Oil Sales: A Case for Reform in Nigeria* (Natural Resource Governance Institute, 2015). 36. resourcegovernance.org/sites/default/files/documents/nrgi_insidennpcoilsales_mainreport.pdf 36; see also: Abdulrahman Abdulmalik, "EXCLUSIVE: 2015 Polls: How Jonathan Govt. Used Bullion Vans to Cart Away N67.2bn Cash from CBN," Premium Times, September 19, 2015

or to advance political goals. The utility of EITI disclosures in this area is mixed. In a small number of cases disclosures provide useful detail.¹⁴¹ In most cases, however, disclosures are missing or incomplete. Most of the reports reviewed do not include QFEs at all, even when SOEs were likely making such payments.¹⁴²

Nonetheless, the potential importance of these disclosures cannot be discounted. Nigeria's 2019 validation highlights problematic spending practices.¹⁴³ However, while the validation provides detail on suspicious expenditures, these were not captured in the EITI report itself.

- **Relevant information not required by the EITI Standard**

Beyond formal reporting requirements, the EITI encourages countries to make disclosures that can be useful for understanding corruption risks related to SOE spending. These include an encouragement to describe the rules and practices related to the operating and capital expenditures of SOEs, procurement and subcontracting and corporate governance, as well as to compare SOE loans to standard commercial lending terms.

2.5.3 SNAPSHOT OF OTHER CORRUPTION HOT SPOTS

We chose to assess whether EITI reporting provides valuable contextual information about two corruption hot spots. They are not the only ones. Indeed, EITI reporting has or could potentially provide useful contextual information and data in several other relevant areas, including:

- **Procurement and subcontracting.** Data from enforcement actions of the U.S. Foreign Corrupt Practices Act shows that extractives sector procurement is prone to corruption.¹⁴⁴ The EITI Standard encourages reporting on procurement and subcontracting but requirements are relatively light. A few EITI countries are exploring how to expand into this area. In Iraq, disclosures of secondary contracts showed irregularities in company registrations.¹⁴⁵ In Guinea, EITI reporting discloses supplier ownership and government payments. Reports from Mali and Tanzania include details on supplier payments to government. Zambia and DRC disclose withholding taxes paid by license holders on behalf of suppliers.¹⁴⁶ In several countries the EITI has contributed to the implementation of BO disclosure requirements that extend beyond the extractives sector.¹⁴⁷ These potentially capture important information on suppliers and subcontractors even when these are not disclosed through the EITI.
- **Social spending.** Community and social investment by companies is often subject to limited oversight and can be prone to abuse. Under EITI Requirement

141 In the Republic of Congo, 2017 EITI reporting is relatively good, breaking down QFEs by beneficiary. In Nigeria, the 2018 report draws attention to QFEs that did not follow standard appropriation procedures. See EITI Republic of Congo, 2017. 61 and EITI Nigeria, 2018. 93.

142 Myanmar's 2017/18 report notes confusion over what constitutes QFEs. The 2018 validation points out payments that most likely qualified but were not reported. Afghanistan's 2015/16-2016/17 report expresses concern that SOEs say that they made no QFEs despite indications to the contrary. See EITI Myanmar, 2017-2018. 335; EITI, *Validation of Myanmar: Data Collection*. 98; EITI Afghanistan, 2015/16-2016/17. 132.

143 EITI, *Second Validation of Nigeria: Draft Assessment*. 172.

144 Robert Pitman and Kaisa Toroskainen, *Beneath the Surface: The Case for Oversight of Extractive Industry Suppliers* (Natural Resource Governance Institute, 2020). 19. resourcegovernance.org/sites/default/files/documents/beneath_the_surface.pdf

145 Inês Schjøberg Marques and Joanne Jones, *Services and subcontracting: Unexplored Ground for Transparency* (Extractive Industries Transparency Initiative, 2020). eti.org/blog/services-subcontracting-unexplored-ground-for-transparency

146 Pitman and Toroskainen, *Beneath the Surface*. 25-30.

147 EITI, *Progress Report 2018* (2018). 11. eti.org/files/documents/2018_eiti_progress_report_en.pdf

6.1 certain social expenditures must be disclosed. Disaggregation is key to identifying unusual payments. For example, several reports show companies making social payments to the police, military, or local governments without clear justification.¹⁴⁸ Myanmar’s 2018 validation notes the importance of disaggregation due to the risk of such payments being used to disguise bribes.¹⁴⁹ A corruption risk assessment conducted in Peru’s mining sector by Transparency International’s national chapter Proetica, pointed to a lack of transparency around social spending.¹⁵⁰

- **Environmental impacts.** EITI Requirement 6.4 encourages countries to disclose environmental information. This is an area prone to abuse, with government potentially selectively enforcing environmental provisions. Some reports show innovative approaches to increasing transparency. In its 2018 report, Mongolia required companies to disclose water and waste data.¹⁵¹ In 2019, Colombia commissioned a study on environmental payments.¹⁵² Proetica’s corruption risk assessment in Peru’s mining sector highlighted challenges around the enforcement of environmental obligations.¹⁵³
- **Distribution of revenues.** EITI requirement 5.1 calls for the disclosure of information on the distribution of revenues and to identify and explain any revenues that are not recorded in the national budget. This can be a valuable tool for investigating corruption risks. As discussed in Section 2.4, both Myanmar and DRC provide impactful examples of EITI reporting shedding light on risks in this area.¹⁵⁴
- **Subnational transfers.** Revenue transfers between different levels of government can be vulnerable to misappropriation. Under EITI Requirement 5.2, governments must disclose such transfers. This data can provide useful insights. Iraq’s 2017 report shows subnational payments that appear to deviate from legal requirements.¹⁵⁵
- **Commodity sales.** Corruption has arisen in commodity sales, such as through bribery and the awards of lucrative deals to politically connected firms. Requirement 4.2 requires reporting on the sale of the state’s share of production and several MSGs have commissioned separate reports focused on this issue. In the Republic of Congo, EITI data was used to support a corruption investigation. While EITI disclosures did not prompt the investigation, they provided contextual data for researchers.¹⁵⁶
- **Informal mining.** ASM operators often work without licenses and do not pay revenues. Government officials often hold interests in the sector. The EITI has issued guidance around how to strengthen reporting in this area, particularly through requirement 6.3.¹⁵⁷ Several countries are increasingly using reporting to

148 EITI Zambia, 2018. 125; EITI Philippines, 2017. 21; EITI Democratic Republic of Congo, 2015. 173.

149 EITI, *Validation of Myanmar: Data Collection*. 97.

150 Proetica, *Corruption Risks in the Mining Sector: Peru Report* (2019). proetica.org.pe/wp-content/uploads/2019/02/estudio-mineria-ingles-proetica.pdf

151 EITI Mongolia, 2018. 113-114.

152 GIZ, *Pagos ambientales de la industria extractiva en Colombia* (2019). eiticolombia.gov.co/media/filer_public/28/30/2830a54b-ce0b-40a8-937d-4d988d8db22b/pagos_ambientales.pdf

153 Proetica, *Peru Report*.

154 EITI Myanmar, 2017-2018. 142 and 332; EITI Democratic Republic of Congo, 2015. 96-97.

155 EITI Iraq, 2017. 142.

156 Agathe Duparc, Marc Guéniat and Olivier Longchamp, *Gunvor in Congo - Oil, Cash and Misappropriation: the Adventures of a Swiss Trader in Brazzaville* (Public Eye, 2017). 8 and 25. publiceye.ch/fileadmin/doc/Rohstoffe/2017_PublicEye_Gunvor_in_Congo_Report.pdf

157 EITI, *Guidance Note 21: Coverage of Artisanal and Small Scale Mining (ASM) in EITI* (2016). eiti.org/files/documents/guidance-note-21-asm.pdf

shed light on informal mining, including the Philippines EITI which commissioned an ASM-focused study that provided useful contextual information.¹⁵⁸

- **Infrastructure deals.** Infrastructure swaps and barter agreements can be prone to corruption. EITI Requirement 4.3 covers disclosures in this area. The EITI can draw attention to unusual or suspicious practices. For example, the Republic of Congo’s 2017 report shows a large proportion of revenues flowing to China as a guarantee for infrastructure projects.¹⁵⁹
- **Climate change and the energy transition.** Efforts to decarbonize the global economy could reshape corruption dynamics, both in fossil fuel producing countries and those producing critical minerals needed for cleaner technologies. While the EITI’s engagement with the energy transition and climate change has been relatively limited to date, several existing disclosure requirements offer entry points for understanding governance and corruption risks in this area.¹⁶⁰



Photo by Minzayar Oo

158 EITI Philippines, 2017. 146-152.

159 EITI Republic of Congo, 2017. 10.

160 Siân Bradley, *Transparency in Transition: Climate Change, Energy Transition and the EITI* (Chatham House, 2020). eiti.org/files/documents/transparency_in_transition.pdf

3. Overview of findings and recommendations

This section provides a summary of our findings in the five areas analyzed in Section 2 and sets out high-level recommendations that could help strengthen the potential of EITI reporting for anticorruption efforts. Box 3 provides guidance for readers of EITI reports.

1. Building a general understanding of a country's anticorruption efforts

Key findings. The EITI Standard does not explicitly require countries to describe anticorruption efforts in a their extractive industries, whether that be the initiative's own efforts or the broader anticorruption legal and institutional context. As a result, few reports contain such information. This is even though many EITI stakeholders view the initiative as playing an important role in their country's fight against corruption.

Recommendation. Efforts are underway by the EITI's International Secretariat to encourage and support MSGs to formulate corruption-related objectives and activities. Such efforts should be documented in EITI reports. The EITI could also develop guidance on how countries could include a brief description of the anticorruption legal and institutional framework as part of reporting on the sector's legal framework. This would allow anticorruption actors to gain a quick overview of the strength of a country's de jure anticorruption efforts.

2. Documenting corruption

Key findings. The EITI Standard does not require countries to document corruption cases. However, the requirement to disclose material deviations from the rules and provisions on describing sector reforms provide entry points for reporting. Overall, it is extremely rare for EITI reports to discuss specific corruption cases. This is not surprising given stakeholder sensitivities, but it prompts questions over the comprehensiveness and relevance of reporting and the initiative's credibility. In some of the more successful examples we reviewed, the independent administrator referenced official external documents, such as auditor general reports, court cases or government inquiries. In other cases, EITI documents captured concerns expressed by EITI stakeholders.

Recommendations. EITI reporting could more explicitly draw attention to corruption cases in the sector. In doing so, reporting could draw on official external documents (e.g., documentation on legal proceedings, reports by anticorruption commissions, auditors general or parliamentary commissions) and credible stakeholder perspectives (including from civil society or the media). While the EITI's role should not be to audit or investigate wrongdoing, acknowledging official findings and stakeholder perspectives could help to avoid being silent on key issues. At a minimum, reports should document cases that have resulted in convictions in courts of law or ended in settlement where the parties do not dispute the allegations. If including such material, the EITI could ensure timeliness and relevance by including cases or allegations that have come to light since the last report, rather than limiting itself to discussions related to a specific reporting period. As countries shift toward systematic disclosures, consideration should be given to how to ensure such information is documented.

3. Exposing suspicious practices

Key findings. The EITI Standard does not explicitly require countries to expose suspicious practices. However, as with the documentation of corruption cases, the requirement to disclose material deviations from the rules provides an entry point for reporting. Reporting of this kind is rare but we encountered a small number of powerful examples.

Recommendations. EITI reporting could more explicitly draw attention to risky practices. As with the documentation of corruption cases, this could be facilitated by citing official external sources and stakeholder perspectives. The EITI could also develop guidance on what constitutes high risk practices and encourage independent administrators to draw attention to these. The expectation to investigate such issues could be written into the terms of reference for independent administrators. In countries where EITI reporting is mainstreamed, the EITI could develop guidance for MSGs and other actors on how to flag such issues. For EITI reports, this could include summarizing key issues in an executive summary. Many EITI reports already do this but the International Secretariat could develop guidance to ensure it happens more consistently (e.g., through a checklist). MSGs could also request independent administrators to dig deeper when they encounter disclosures that give cause for concern or instruct them to conduct spot checks to verify the accuracy of government and company disclosures. In addition, countries could more systematically explain in EITI reports or impact assessments how they have acted on recommendations and findings regarding any issues encountered by the independent administrator.

4. Highlighting vulnerabilities to corruption

Key findings. EITI reporting often reveals factors that make institutions and processes vulnerable to corruption. While typically framed around governance challenges or gaps in transparency rather than corruption, it is in this area that some of the EITI's greatest anticorruption potential lies. EITI reporting currently provides strong insights on vulnerabilities related to the awards of business opportunities and flows of money, though coverage is uneven across the decision chain and the quality of reporting varies between countries.

Recommendations. This report contains many examples of successful reporting on vulnerabilities within the EITI's current mandate and practices. These could be replicated and expanded, including by broadening the practice of reporting material deviations from rules or standard commercial practice across the decision chain. As with suspicious practices, the EITI could provide guidance to independent administrators on how to identify and more explicitly describe vulnerabilities and MSGs could include the expectation to highlight such issues in the terms of reference. The EITI could also develop user-friendly guidance, checklists and targeted trainings for MSGs and anticorruption actors to help make sense of the information provided. The illustrative questions in Annex 2 could provide a starting point for this.

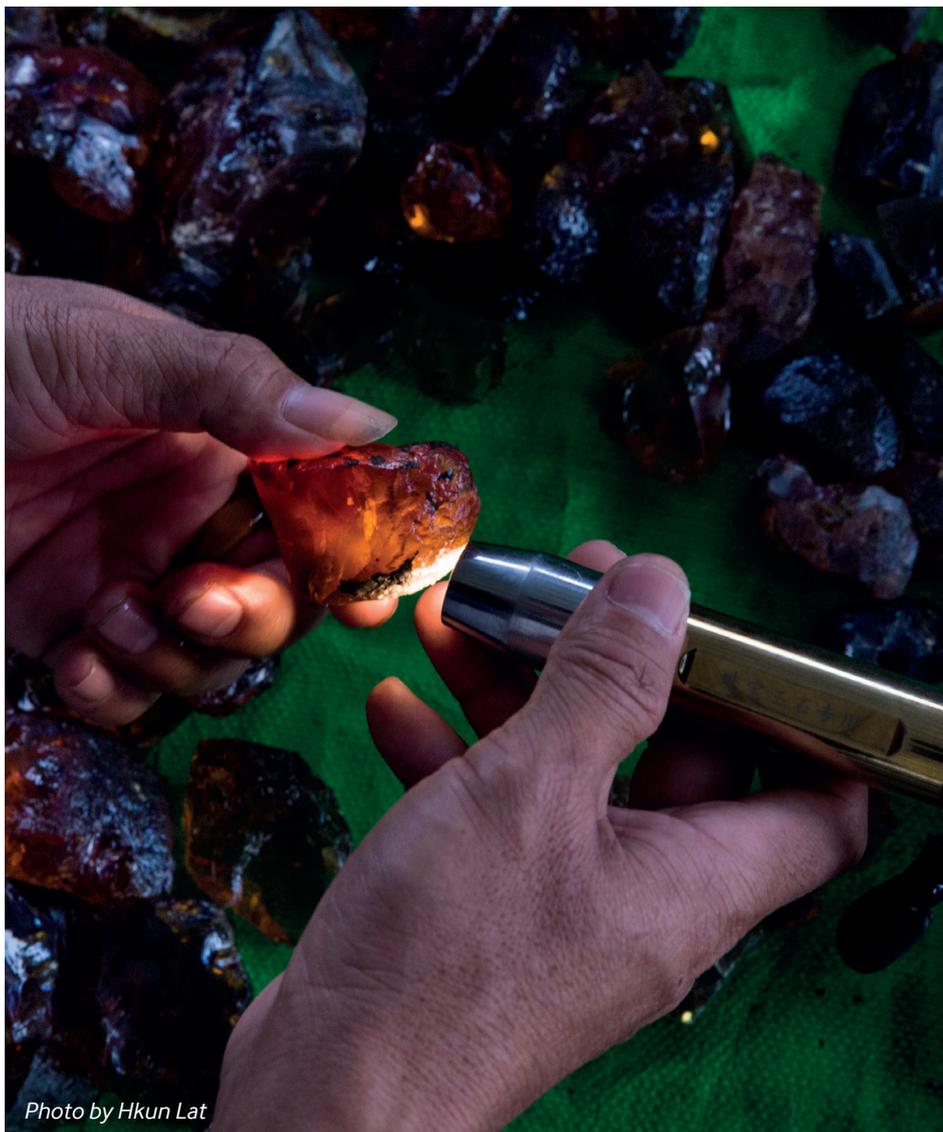
Several MSGs have expressed interest in conducting corruption risk assessments to better understand how corruption manifests itself in the sector. NRGi is supporting these efforts by developing an assessment tool through which MSGs will be able to carry out a structured diagnosis. EITI reporting will provide one of the key data sources for these assessments. Interested MSGs should be encouraged and supported to make use of this tool and to document the results in EITI reports. Assessments could also point to country-specific hot spots where more reporting would be worthwhile.

5. Providing contextual information and raw data on corruption hot spots

Key findings. For those equipped and willing to dig deeper and triangulate, reporting provides valuable raw data and contextual information – though the strength of reporting varies by country and decision chain stage. Triangulation can occur across EITI disclosures (e.g., comparing production volumes and royalty payments or computed subnational transfers and actual payments) and against external sources (e.g., regulatory filings made by companies in their home countries).

We looked specifically at two corruption hotspots to determine the relevance of reporting. We found that EITI disclosures can be extremely valuable for understanding corruption risks related to the awards of exploration and production rights. The EITI Standard is well developed in this area and anticorruption actors have successfully used EITI disclosures in their investigations. Reporting on SOE spending is less well developed and often lacks sufficient detail.

Recommendations. The EITI should encourage more detailed reporting under existing requirements (e.g., on SOE spending) and more actively reach out to anticorruption actors to ensure the disclosures are properly analyzed. In the longer term, the EITI might consider expanding reporting requirements into additional high-risk areas where requirements are currently lighter, such as rulemaking processes, SOE spending, and company procurement and subcontracting.



Box 3. Guidance for readers of EITI reports

EITI reporting provides lots of information that readers can use to understand corruption risks. However, knowing what to look for among the large amounts of data disclosed can be difficult. The following steps can help readers focus on the most pertinent pieces of information:

- **Use validation reports to identify problems.** Validation reports often discuss suspicious practices and vulnerabilities more frankly than the EITI reports do. The validation score card is a useful starting point for getting an overview of where shortcomings lie. More nuanced information is often contained in the detailed documents on data collection and stakeholder consultations. Stakeholder perspectives can be a vital source of information and pinpoint warning signs. With this information in hand, readers can do a more targeted review of EITI disclosures. In some countries, local civil society organizations also produce “shadow” validation reports, which can provide a useful resource.
- **Use report recommendations as a starting point for navigating reports.** The length and technical nature of EITI reports can be intimidating. Readers can start by reading through the report recommendations, which typically highlight key problems encountered by the independent administrator in preparing the report. These recommendations are usually framed around enhancing governance and transparency, rather than directly talking about corruption, but they can be a useful indication of risk areas and vulnerabilities.
- **Ask yourself the right questions.** The previous two steps can help readers to narrow the focus of their review. Even then, it can be hard to know what to look for. Approaching the review with a clear set of questions can be helpful. (See Annex 2.)
- **Keep an eye out for vulnerabilities.** EITI reports are good at identifying institutional and process weaknesses (see section 2.4 for examples), and often these are areas that would benefit from greater external scrutiny and understanding.
- **Draw on additional EITI documents.** Beyond EITI reports and validations, the EITI often commissions additional studies (e.g., on commodity trading, environmental enforcement) that provide a valuable source of information, much of which is not reflected in the reports themselves. Such documents often discuss vulnerabilities and suspicious practices in a franker manner and can provide a vital source of data for those wishing to dig deeper.
- **Triangulate with external sources.** External sources can provide useful data. Court cases, auditor general reports, and civil society or media investigations are typically where specific corruption cases or allegations come to light. Readers can use these sources to identify problematic institutions or processes and then triangulate what EITI reporting says about them. Mandatory disclosure reports filed by many publicly listed companies (e.g., in the EU, Norway and Canada) are an additional valuable resource.
- **Speak up and act.** One of the biggest obstacles to EITI disclosures resulting in real world change is the risk of a lack of action when problems are identified. The most appropriate path for following up on issues will be shaped by who the reader is, and the nature of the problem identified (e.g., is it a vulnerability that requires governance reforms or a potential red flag that suggests corruption may have occurred?). Options include direct engagement with the institutions or companies concerned; raising problems at MSG meetings, particularly through civil society members; flagging concerns to independent administrators, validators, the EITI International Secretariat or international development partners supporting the EITI process; or working with actors outside the EITI process, including auditors general, attorneys general, anticorruption commissions, or the media.

Annex 1. Methodology

1.1 RESEARCH PROCESS

Our research was based on a review of EITI documents from a core group of 17 countries. The focus of our research was on annual EITI reports.

In reviewing the EITI reports, we undertook:

- Keyword searches of corruption-related terms (e.g., corruption, bribery, conflicts of interest).
- A full reading of at least one report from each country to pick up on more indirect references to corruption, suspicious practices, and vulnerabilities. To guide this full reading, we developed a review template structured around a set of four overarching categories of information and 52 specific indicators to help determine the presence of relevant information.¹⁶¹

The categories and indicators are:

A. Information building a general understanding of a country's anticorruption efforts

- 1 Anticorruption as a stated objective of the EITI process and reporting
- 2 Description of EITI-related processes and activities related to corruption
- 3 Reference to corruption in EITI report recommendations
- 4 Description of anticorruption laws
- 5 Description of anticorruption institutions
- 6 Description of other anticorruption initiatives
- 7 Description of other political dynamics related to corruption that might influence the sector
- 8 Other

B. Information documenting corruption

- 9 Discussion of specific corruption cases or allegations

C. Information that exposes suspicious practices or vulnerabilities to corruption

Rulemaking

- 10 Evidence of interference by private or business interests in the rulemaking and policymaking process, or opportunities through which such interference could have taken place
- 11 Outcomes of rule-making that overtly favor private or business interests
- 12 Other

Awards of business opportunities

- 13 Vague rules or ad hoc processes
- 14 Absence of formal oversight (e.g., licensing decisions that are not subject to any external review or oversight)

¹⁶¹ Category C was eventually split into separate sections on suspicious practices and vulnerabilities in the main sections of this report.

- 15 Absence of transparency or gaps in public information
- 16 Evidence of awards to unqualified companies (e.g., awards to companies who: do not meet licensing criteria; appear to have been set up specifically for the award; show no evidence of relevant prior experience; have little or no name recognition; lack basic capabilities, financial assets, or other basic attributes of a functioning business; submit incomplete or false information during the awards process; are being “carried” financially by other consortium members; fulfil only a passive role of receiving payments)
- 17 Awards to companies or individuals with a history of controversy or criminal behavior (e.g., companies or individuals under suspicion, investigation, or indictment for criminal activity, or with past convictions or a long record of litigation)
- 18 Awards to companies with a shareholder or business relationship with a political exposed person (PEP), or in which a PEP has a business interest (e.g., a PEP is a shareholder, is engaged as a consultant or provides the company with a questionable loan agreement)
- 19 Awards to companies showing signs of hidden beneficial ownership by a PEP (e.g., company with: an ownership structure that includes a chain of shell companies; nominee shareholders; shareholder structures with altered or fabricated names; a significant block of authorized but unissued shares; shareholding data that does not account for all shares; shareholding by an individual with close personal ties to a PEP; significant shareholdings by an individual with a modest occupation; shareholding by entities registered in jurisdictions that do not publicly report on shareholders; shareholder structures containing a trust with unknown or unclear beneficiaries; a shared address with a company linked to PEPs)
- 20 Intervention by an official in the awards process (e.g., the awards process deviates from normal procedures or an official: takes unusual steps to allow a company to compete; suggests that a company partner with another company; gives preferential access to confidential information to one applicant; awards a license to a company that did not bid for it; overrides the outcome of the awards process; or does not award the license to the highest ranked bid)
- 21 Evidence of a company providing payments, gifts or favors to a PEP with influence over the selection process
- 22 Identification of officials with conflicts of interest (e.g., presence of an official who: has a commercial interest in the sector; is involved with a company competing for the award; consults for or provides services to a competing company; holds multiple decision-making roles; is tied to a SOE that also has commercial interests in the sector; does not disclose conflicts of interest or recuse themselves)
- 23 Awards with deliberate constraints on competition (e.g., processes which grant first right of refusal to a company without clear justification; bids by multiple companies linked to a single individual or parent company; submission of intentionally defective bids; unrealistically short bidding windows; winning company provides benefits to losing companies after award; two or more companies bid in a repetitive, predictable order; acceptance of unusually disadvantageous terms for the company that are then renegotiated; government sets aside legitimate bids for unclear reasons; government chooses first-come-first served when bidding would have been more appropriate)
- 24 Use of third-party intermediaries (e.g., company uses an intermediary with links to PEPs; government recommends use of a specific intermediary; intermediary is contracted with very vague terms or high fees; intermediary provides access to officials; intermediary performing little work)
- 25 Evidence of companies selling out before doing any significant work
- 26 Other

Enforcement of operational, environmental, and social obligations

- 27 Lack of transparency / gaps in public data
- 28 Violations or lack of enforcement of operational obligations
- 29 Violations or lack of enforcement of labor, health, safety, local content, environmental or social obligations
- 30 Violations or lack of enforcement of fiscal obligations
- 31 Evidence that companies received uneven treatment from regulators
- 32 Other

Financial transactions

- 33 Material deviations from the legal and regulatory framework or standard fiscal terms (e.g., winning bid is much higher or lower than standard terms in law or model contract; final terms are far more favorable to company than original terms; terms are changed shortly before signing; government does not assess value of the asset; deviations from market prices; excessive tax holidays; skewed currency conversions etc.)
- 34 Vague rules
- 35 Ad hoc or discretionary payments
- 36 Absence of formal oversight (e.g., off-budget SOE accounts with limited oversight)
- 37 Absence of transparency or gaps in public information (e.g., government does not report on details such as the size, reasons, receipts, bank account inflows and outflows)
- 38 Unreliable data
- 39 Misappropriated or unaccounted funds or commodities (e.g., government agency issues unusual payment instructions; a single payment is broken into multiple payments and wired to multiple accounts; payment in multiple forms; payments that do not appear on the financial reports of the collecting agency; diversion of payments from public into private accounts)
- 40 Identification of potential conflicts of interest
- 41 Payments to unusual agencies or individuals, or that otherwise deviate from standard pathways or oversight levels (e.g., complex payment patterns; false paper trails; false invoices)
- 42 Unjustified or unexplained spending
- 43 Other

c) Information that can help anticorruption actors identify vulnerabilities in key hot spots along the decision chain

Identifying the comprehensiveness and quality of reporting against the following EITI requirements:

Hot spot 1. Awards of contracts and licenses

- 44 Contract and license allocations (EITI 2.2.)
- 45 Register of licenses (EITI 2.3)
- 46 Contracts (EITI 2.4)
- 47 BO (EITI 2.5)
- 48 Disclosure of taxes and revenue (EITI 4.1)
- 49 Other

Hot spot 2. SOE spending (especially subcontracting and quasi-fiscal spending)

50 State participation (EITI 2.6)

51 Quasi-fiscal spending (EITI 6.2)

Hot spot 3: Other

52 Other potential high-risk areas discussed in the report

1.2 OVERVIEW OF FINDINGS

The following table presents a high-level overview of our review of EITI reports from our core group of countries. This was supplemented with reviews of selected additional EITI documents from those countries as well as selective reviews of additional countries outside the core group.

Countries	General anticorruption efforts	Documenting corruption	Suspicious practices	Vulnerabilities	Contextual information and raw data
Afghanistan	Yes	Partial	No	Yes	Yes
Armenia	Yes	No	No	Yes	Yes
Colombia	No	No	No	No	Yes
Republic of Congo	Partial	No	No	Yes	Yes
DRC	Partial	No	No	Yes	Yes
Guinea	Yes	Yes	No	Yes	Yes
Indonesia	No	No	No	Yes	Yes
Iraq	Yes	No	Yes	Yes	Yes
Mexico	Yes	No	No	Yes	Yes
Mongolia	Yes	No	Yes	Yes	Yes
Myanmar	Yes	No	No	Yes	Yes
Nigeria	Yes	Yes	No	Yes	Yes
Peru	No	No	No	No	Yes
The Philippines	Yes	Partial	No	Yes	Yes
Sierra Leone	Yes	No	No	Yes	Yes
Tanzania	Yes	No	No	Yes	Yes
Zambia	Partial	No	Yes	Yes	Yes

Annex 2. Illustrative questions for readers of EITI reports

Readers can use this annex to make the most of EITI reporting to understand corruption risks. We have mapped out the most relevant EITI reporting requirements, identified the type of corruption risk that they may illuminate, and provided a set of illustrative questions to help readers explore these issues further. The questions are not designed to unearth and document corruption cases – answering them will not allow readers to determine whether corruption has occurred. Rather, they are intended to help readers identify the kinds of vulnerabilities and suspicious practices that can make corruption more likely.

EITI reporting requirements	Questions for users of EITI reporting	Potential corruption risks ¹⁶²
EITI Requirement 2 - Legal and institutional framework, including allocation of contracts and licenses		
<p><i>2.1 Legal framework and fiscal regime</i></p> <p>Countries must disclose a description of the legal framework and fiscal regime governing the sector.</p>	<ul style="list-style-type: none"> Do the sector’s prevailing rules disproportionately favor private interests? 	<ul style="list-style-type: none"> Private interests exercise undue influence over policymaking to achieve rules that favor them.
<p><i>2.2. Contract and license allocations</i></p> <p>Countries must disclose a description of the process and criteria for transferring or awarding licenses, information about bidders and license recipients, and any material deviations from the rules.</p>	<ul style="list-style-type: none"> Are award processes transparent and competitive? Where material deviations from the rules are documented, were policies (including any necessary oversight/approvals) for undertaking such deviations followed? Are reasons provided justifying such deviations on the grounds of advancing public, rather than private, interests? Do decision-makers have a conflict of interest? 	<ul style="list-style-type: none"> Companies pay bribes or collude to influence license awards, transfers, or contract terms. Officials award licenses or offer unduly favorable terms to politically connected companies.
<p><i>2.3 Register of licenses</i></p> <p>Countries must maintain a public register of licenses. This must include details on the license holder; the license’s size and location; the date of application and award; the duration of the license; and the commodity being produced.</p>	<ul style="list-style-type: none"> Does the register indicate that licenses are held by companies that are: unqualified, implicated in controversies, or tied to a PEP? Is there a discrepancy between the approved licenses and practices observed on the ground (e.g., extraction outside the license area, beyond the license period, of non-approved commodities)? 	<ul style="list-style-type: none"> Companies pay bribes or collude to influence license awards. Officials award licenses to politically connected companies. Companies pay bribes or otherwise induce officials to be able to deviate from license obligations. Officials fail to take action against violations of license obligations by politically connected companies.
<p><i>2.4 Contracts</i></p> <p>Countries are required to disclose any contracts and licenses that are granted, entered into, or amended from 1 January 2021. They are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas, and minerals.</p>	<ul style="list-style-type: none"> Do contracts contain terms that deviate significantly from industry or market norms? Does company behavior deviate from contract obligations? 	<ul style="list-style-type: none"> Companies pay bribes or otherwise induce officials to influence contract terms. Companies pay bribes or otherwise induce officials to avoid enforcement of obligations. Officials offer unduly favorable terms to politically connected companies. Officials unevenly enforce compliance with contractual obligations by politically connected companies.

How Can Anticorruption Actors Use EITI Disclosures?

<p>2.5 Beneficial ownership (BO)</p> <p>Countries must request, and companies must publicly disclose, beneficial ownership information for corporate entity(ies) that apply for or hold a participating interest in an exploration or production oil, gas or mining license or contract. This should include information about the identity of the beneficial owner and identify any PEPs. Countries are encouraged to maintain a publicly available BO register.</p>	<ul style="list-style-type: none"> Do any companies have PEPs that are senior officials or officials involved in extractive sector administration and extractives SOE among their beneficial owners, or proxies for these individuals? Do disclosures indicate other red flags, such as registration in secretive jurisdictions and complex ownership structures?¹⁶³ Do disclosures contradict other sources of public information (e.g., media reports)? 	<ul style="list-style-type: none"> Officials and their allies hold interests in companies creating conflicts of interest and opportunities for self-enrichment. Companies collude or misrepresent themselves to influence license awards, e.g., by agreeing who will bid the lowest, or having multiple companies with the same owner applying for a license. Inappropriate parties, such as sanctioned entities or those with histories of criminal behavior, hold interests in companies.
<p>2.6 State participation</p> <p>Countries must disclose the prevailing rules and practices regarding the financial relationship between the government and SOEs. Countries are encouraged to describe the rules and practices related to SOE expenditures, procurement, subcontracting and corporate governance.</p>	<ul style="list-style-type: none"> Do procurement rules require transparency and competition, and guard against conflicts of interest? Do SOEs deviate from the rules in practice (e.g., ad hoc financial transfers, absence of tenders)? 	<ul style="list-style-type: none"> Companies pay bribes to influence SOE decisions on approvals and procurement. SOEs award contracts and licenses, or give other special treatment, to politically connected companies. Officials influence SOE decision-making to benefit their personal or political agendas. Officials misappropriate SOE funds for personal or political purposes, either through embezzlement or official transfers.
<p>EITI Requirement 3 - Exploration and production</p>		
<p>3.1 Exploration</p> <p>Countries should disclose any significant exploration activities.</p>	<ul style="list-style-type: none"> Do disclosures of exploration data match statements from industry, the media, and other external sources? 	<ul style="list-style-type: none"> Companies manipulate exploration data to influence asset value or their share price. Officials distort exploration data to benefit their personal or political agendas.
<p>3.2 Production and 3.3 Exports</p> <p>Countries must disclose timely production and export data, including volumes and values by commodity.</p>	<ul style="list-style-type: none"> Are there unexpectedly high or low disclosures or material discrepancies between government and company disclosures? Does disclosed data match statements from industry, the media, and other external sources (e.g., trade statistics)? 	<ul style="list-style-type: none"> Companies pay bribes to be able to underreport production or exports and reduce revenue obligations. Officials allow politically connected companies to underreport production or exports.
<p>EITI Requirement 4 - Revenue collection</p>		
<p>4.1 Comprehensive disclosure of taxes and revenues</p> <p>The EITI requires disclosure of all material payments by oil, gas and mining companies to governments and all material revenues received by governments.</p>	<ul style="list-style-type: none"> Are fiscal terms equally applied for all companies? Is there external oversight of reporting entities (e.g., through audits)? Do any companies or government entities fail to comply with reporting requirements? Are there material discrepancies or deviations from the rules (e.g., missing, delayed, or diverted payments, over or under payments) related to specific companies or institutions? 	<ul style="list-style-type: none"> Companies pay bribes or otherwise influence officials to enable tax evasion. Officials give unduly favorable tax treatment to politically connected companies. Officials misappropriate revenue payments for personal or political use, such as by directing payments to third parties they control or towards politically motivated expenditures.
<p>4.2 Sale of the state's share of production or other revenues collected in kind</p> <p>Governments, including SOEs, must disclose volumes received and sold, and the revenues received and transferred, with data disaggregated by individual buying company. Countries are encouraged to describe the process for selecting companies, the criteria used, the list of selected companies, any material deviations from the rules, and the related sales agreements. Companies are encouraged to disclose volumes received.</p>	<ul style="list-style-type: none"> Do contracts deviate from standard commercial terms? Do disclosures indicate that contracts are awarded to companies that are: unqualified, implicated in controversies, or tied to a PEP? Are there discrepancies between government and company disclosures or deviations from the rules? 	<ul style="list-style-type: none"> Companies bribe officials to influence the award or the terms of commodity trading contracts. Officials award commodity trading contracts to politically connected companies or offer unduly favorable commercial terms to such companies. Officials misappropriate revenue payments for personal or political use.

<p><i>4.3 Infrastructure provisions and barter arrangements</i></p> <p>Where there are material agreements involving the provision of goods and services in exchange for exploration or production rights or physical delivery of commodities, these must be disclosed.</p>	<ul style="list-style-type: none"> • Do these agreements deviate from standard commercial terms? • Do disclosures indicate that contracts are awarded without competition and/or to companies that are: unqualified, implicated in controversies, or tied to a PEP? • Has the company failed to fulfil its contractual obligations? 	<ul style="list-style-type: none"> • Companies pay bribes to influence the award and terms of infrastructure contracts. • Officials negotiate and award contracts based on personal or political benefits (e.g., to provide kickbacks). • Companies pay bribes to avoid the enforcement of infrastructure provisions.
<p><i>4.4 Transportation revenue</i></p> <p>Government and SOEs must disclose material transportation revenues.</p>	<p>See Requirement 4.1</p>	<p>See Requirement 4.1</p>
<p><i>4.5 Transactions related to SOEs</i></p> <p>Material SOE revenues and transfers must be disclosed.</p>	<p>See Requirements 2.6 and 4.2</p>	<p>See Requirements 2.6 and 4.2</p>
<p><i>4.6 Subnational payments</i></p> <p>Material payments from companies to subnational governments must be disclosed.</p>	<p>See Requirement 4.1</p>	<p>See Requirement 4.1</p>
<p><i>4.7 Level of disaggregation and 4.9 Data quality and assurance</i></p> <p>Data must be disaggregated by individual project, company, government entity and revenue stream.</p> <p>Government and company disclosures should be subject to credible, independent audit.</p>	<ul style="list-style-type: none"> • Have reporting entities disaggregated data and provided data assurances in line with EITI requirements? 	<ul style="list-style-type: none"> • Companies or officials fail to report or misreport data to obscure corrupt practices.
<p>EITI Requirement 5 - Revenue allocations</p>		
<p><i>5.1 Distribution of extractive industry revenues</i></p> <p>Countries should indicate which revenues are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation must be explained.</p>	<ul style="list-style-type: none"> • Does reporting identify any deviations from the rules (e.g., missing, diverted or delayed payments, over or underpayments?) 	<ul style="list-style-type: none"> • Government officials misappropriate revenues for personal or political use. • Officials allocate revenues to serve political or patronage agendas.
<p><i>5.2 Subnational transfers</i></p> <p>Material transfers between national and subnational governments must be disclosed, including the revenue sharing formula and any discrepancies.</p>	<ul style="list-style-type: none"> • Are there any material discretionary or ad-hoc transfers? • Are there material discrepancies or deviations from the rules (e.g., missing, diverted or delayed payments, over or underpayments?) 	<ul style="list-style-type: none"> • Government officials misappropriate revenues for personal or political use. • Officials allocate revenues to serve political or patronage agendas.
<p><i>5.3 Revenue management and expenditures</i></p> <p>The MSG is encouraged to disclose information on revenues earmarked for specific programs or regions, and a description of the country's budget and audit processes, among other information.</p>	<ul style="list-style-type: none"> • Are government ministries and SOEs subject to audits and are the results publicly accessible? • Do audits identify irregularities? 	<ul style="list-style-type: none"> • Government officials misappropriate revenues for personal or political use. • Officials allocate revenues to serve political or patronage agendas.

EITI Requirement 6 - Social and economic spending		
<p>6.1 Social and environmental expenditures</p> <p>Where material social or environmental expenditures (including in-kind benefits) are mandated, countries must disclose them. Where they are discretionary, MSGs are encouraged to do so. Where the beneficiary is a third party, their name and function must be disclosed.</p>	<ul style="list-style-type: none"> • Are obligations evenly enforced across companies? • Are there any suspicious payments (e.g., without a clear social or environmental purpose or where the beneficiary is a PEP)? 	<ul style="list-style-type: none"> • Companies use social and environmental expenditures to disguise bribes or kickbacks. • Companies bribe or otherwise influence officials to reduce their obligations or to avoid enforcement. • Government or community representatives misappropriate payments for personal or political ends.
<p>6.2 Quasi-fiscal expenditures (QFEs)</p> <p>Countries must include disclosures from SOEs on their QFEs.</p>	<ul style="list-style-type: none"> • Do disclosures identify expenditures that deviate from the rules, contain unusual commercial terms, or serve no obvious public benefit? Where SOE spending is unrelated to its core sectoral mandate, is a good explanation provided? • Do QFEs increase ahead of elections or otherwise reflect political agendas? 	<ul style="list-style-type: none"> • Officials use QFEs to pursue personal or political agendas, such as patronage spending ahead of an election. • Companies pay bribes or otherwise influence officials to benefit directly or indirectly from QFEs undertaken by SOEs
<p>6.4 Environmental impact of extractive activities</p> <p>Countries are encouraged to disclose information on the management and monitoring of the environmental impact of the extractive industries.</p>	<ul style="list-style-type: none"> • Are any companies or projects associated with disproportionately high impacts or penalties? 	<ul style="list-style-type: none"> • Companies bribe regulators or community leaders to secure environmental approvals. • Companies bribe regulators to not enforce environmental requirements. • Regulators selectively enforce regulations to favor politically connected companies.

162 These risks are informed by NRGi’s experience analyzing extractive sector corruption cases and promoting anticorruption safeguards in resource-rich countries around the world, as well as studies and tools produced by other organisations. Key resources include Aaron Sayne, Alexandra Gillies and Andrew Watkins, *Twelve Red Flags: Corruption Risks in the Award of Extractive Sector Licenses and Contracts* (Natural Resource Governance Institute, 2017). resourcegovernance.org/analysis-tools/publications/twelve-red-flags-corruption-risks-award-extractive-sector-licenses-and; Transparency International. *Combatting Corruption in Mining Approvals: Assessing the Risks in 18 Resource-Rich Countries*. 2017. images.transparencycdn.org/images/2017_CombattingCorruptionInMiningApprovals_EN.pdf; Organisation for Economic Cooperation and Development (OECD), *Corruption in the Extractive Value Chain: Typology of Risks, Mitigation Measures and Incentives* (2016). oecd.org/dev/Corruption-in-the-extractive-value-chain.pdf; United Nations Development Program (UNDP), *A Practitioner’s Guide for Corruption Risk Mitigation in Extractive Industries* (2016) anticorruption.org/a-practitioners-guide-for-corruption-risk-mitigation-in-extractive-industries/; and Erica Westenberg and Aaron Sayne, *Beneficial Ownership Screening: Practical Measures to Reduce Corruption Risks in Extractives Licensing* (Natural Resource Governance Institute, 2018). <https://resourcegovernance.org/analysis-tools/publications/beneficial-ownership-screening-practical-measures-reduce-corruption>

163 For more detail on potential red flags, see Westenberg and Sayne, *Beneficial Ownership Screening*. 17; see also Sayne et al. *Red Flags*

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