

Independent Evaluation of the Extractive Industries Transparency Initiative

Country Case Studies Report 2022

Submitted to the EITI Board and International Secretariat

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About this report

This report is the Country Case Studies Report, which is part of the global evaluation of the Extractive Industries Transparency Initiative (EITI). This report is an addendum to the Main Evaluation Report of the evaluation (Main Report), so it is important to read it in the wider context and analysis of the Main Report. In order to make the evaluation accessible to as many people as possible, different layers of detail and data have been provided through the following evaluation outputs:

- The project Terms of Reference and Inception Report.
- A Summary Report that provides the key background, findings, and recommendations of the Main Report.
- The Main Evaluation Report.
- A digital story/report that showcases the 'story' of the evaluation including key findings.
- This Country Case Studies Report that summarises the key data and findings from each of the 10 case study countries.
- A Policy Case Studies Report that summarises the key data and findings from each of the three policy case studies.
- The Governance Sentiment Instrument (GSI) dashboard that provides open access to the survey of EITI 'insiders'.
- Graphs summarising the results of the Citizen Surveys carried out in Colombia, Indonesia, and Nigeria.
- Access to the raw data from both the GSI and Citizen Surveys, though some data has been removed for privacy reasons.

The above reports and data are available at www.eitipenevaluation.org.



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Background

Purpose of the country case studies

The EITI is implemented in 57 countries around the world. The diversity of these countries makes the task of carrying out a global evaluation on the EITI particularly challenging – not only are countries culturally, economically, socially, and politically very different, their reasons for implementing the EITI, and how they have chosen to implement the EITI, also vary significantly.

As part of the Global Independent Evaluation of the EITI, country case studies were used to test each of the key evaluation questions: *Are EITI policies and interventions relevant? Is the EITI effective? What impact does the EITI contribute to? Are EITI interventions sustainable?* The country case studies were also used to understand what different stakeholder groups and countries expect of the EITI, and to identify the key enabling conditions that determine how effective and impactful the EITI is. The case studies were also used to identify the many and varied impacts that EITI programs have, as well as notable innovations within each implementing country's EITI program.

It is extremely important to note that the case studies are not and should not be considered an evaluation or validation of the individual case study countries. Nor should they be considered a comprehensive telling of a country's EITI history or current state. All countries and stakeholders were engaged and interviewed on the basis that the country case studies would be used to understand and evaluate the EITI as a whole, not individual countries.

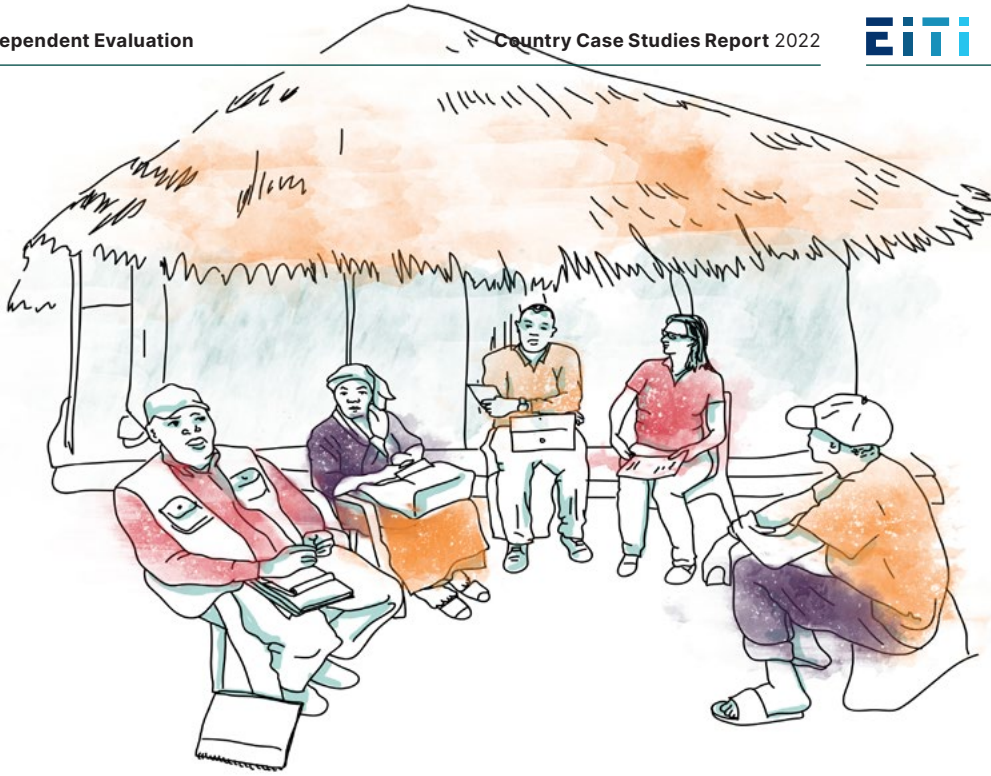
Finally, it should be noted that other aspects of the evaluation methodology involved seeking the views of EITI stakeholders in countries beyond the 10 implementing countries included here. The Governance Survey Instrument (GSI) received responses from EITI 'insiders' in 50 different countries. And some of the policy case studies involved speaking to stakeholders in countries that are not implementing the EITI.

Case study selection

Because the purpose of the evaluation was to understand the EITI as a global whole, the case study country group was selected to achieve the greatest *diversity* of EITI experiences possible.

The criteria that were considered when selecting countries included:

- **Regional diversity** – two countries each from Latin America, Francophone Africa, Anglophone Africa, Eurasia, and the Asia-Pacific.
- **Country population size** – a mixture of countries with small, medium, and large populations.
- **Length of time in the EITI** – from long established EITI members to more recent members.
- **Level of human development** – from countries with lower levels of development to those with higher levels.
- **Types of resource sectors** – a mixture of countries with mining sectors, oil and gas sectors, or both.
- **Presence of a state-owned company** – in some countries a state-owned oil or mining company was present while in others it was not.
- **Political and fiscal decentralisation** – countries where extractive revenue collection and use are centralised, and others where some revenues are retained locally.
- **EITI validation status** – countries with different validation results.



Case study methodology

A variety of levels of research were carried out in the 10 countries. The approaches can be summarised as follows:

- Evaluation consultants travelled to and carried out in-person interviews in six **'deep dive'** countries – Argentina, the Democratic Republic of the Congo, Zambia, the Kyrgyz Republic, Indonesia, and the Philippines. In most of these countries research was carried out in capital cities as well as in oil, gas, or mineral producing regions. Key documents related to EITI implementation were reviewed. This included EITI reports, validation reports, as well as any other documents and resources recommended by local stakeholders. Key documents related to EITI implementation were reviewed. This included EITI reports, validation reports, as well as any other documents and resources recommended by local stakeholders.
- **'Rapid scan'** evaluations were carried out in a further four countries – Colombia, Guinea, Nigeria, and the United Kingdom. In these countries, interviews were carried out remotely and key documents were reviewed.
- In three of the case study countries – Colombia, Nigeria, and Indonesia – **'citizen surveys'** were conducted with ~1,000 people in each country in order to understand their priorities for resource governance.
- In all case study countries EITI **'insiders'** were encouraged to participate in the **GSI survey**, which explains the higher number of responses (33%) from case study countries in that survey, compared to the overall proportion of EITI countries that the case study countries represent (18%).

Country summaries

Each of the following country summaries provides:

- Basic information on the country's EITI program (sourced from the eiti.org website) as well as details of the fieldwork that was undertaken to inform the case study.
- A summary of key observations ordered by evaluation question (effectiveness, relevance, impact, and sustainability), as well as a summary of successes and challenges.
- A brief commentary on some of the key themes and innovations that were identified during the research. It should be noted that this discussion of key themes is not a comprehensive reflection of the key issues or innovations of any particular EITI country, but rather an illustration of some of the issues that emerged from that particular case study.



Argentina

Methodology

Deep dive

Fieldwork locations

Buenos Aires

30 May – 30 June 2022

Stakeholders interviewed

15

Status

Moderate

Joined

27 February 2019

Latest validation

2022

Latest data from

2018

Visit the country website

Economic contribution of the extractive industries

3.8%

TO GOVERNMENT REVENUES

4.5%

TO EXPORTS

4.6%

TO GDP

0.34%

TO EMPLOYMENT

Argentina: Contribution to evaluation findings

Key contextual themes	<p>Adapted implementation of the EITI and the participation of the provinces</p> <p>Understanding country context</p> <p>Industry participation and recognition of EITI benefits</p>
EITI effectiveness	<p>Transparency and accountability: Stakeholders reported that, at the national level, the EITI contributes to a degree of impartiality, professionalism, openness, transparency, and central availability of information regarding the extractive sector that has never been achieved before. There has reportedly been improvement in data disclosure on mining and hydrocarbon activities. Stakeholders generally agreed that without the participation of the provinces at the subnational level, the implementation of the EITI in Argentina is less effective than it could be.</p> <p>Multi-stakeholder governance approach: Stakeholders considered the multi-stakeholder group (MSG) as an important space for dialogue and participation at the national level. Some stakeholders noted that the MSG would benefit from provincial and local level involvement. Some were of the view that having an MSG at the local level, with representation of local civil society organisations (CSOs) and provincial government, would build on the strength of the approach.</p>
EITI relevance	<p>Social licence to operate: Extractive companies (mainly mining) reportedly see participation in the EITI as a way to improve their social license to operate. Some industry stakeholders were of the view that more needed to be done to inform communities of the work done by the EITI, how the data shared by industry contributes to transparency, and how this is relevant to them as communities that host extractive companies.</p> <p>Alignment with the sustainability agenda: Some stakeholders said that the EITI complemented other initiatives of relevance to the country such as the 'Towards Sustainable Mining' initiative. Other stakeholders said that they could refer to the EITI in their attempts to put environmental and social issues on the government agenda – issues that were generally agreed to be of increasing importance in the country due, in part, to the advance of lithium exploration.</p> <p>The country-led implementation model: Argentina has adopted an 'adapted implementation approach' that was deemed most relevant to the federal system of provinces. The first stage of the approach helped to initiate EITI uptake at the national level. The second phase of the approach is the gradual involvement of the provinces. Stakeholders identified that the current non-involvement of the provinces detracts from EITI relevance and effectiveness.</p> <p>Data on gender: Until recently, women have experienced significant barriers to working in the extractive sector in Argentina, especially in mining companies. Stakeholders were of the view that increasing the availability of data on gender can contribute to the relevance of the EITI, as well as promoting opportunities for women in extractive sectors. The MSG is reportedly open to disseminating data on the participation of women in the extractive sector.</p>
EITI impact	<p>Transparency and accountability: The EITI is understood by stakeholders to have contributed to an overall improvement in transparency and accountability in the extractive sector and enhanced stakeholder dialogue. Stakeholder collaboration between industry and government has been facilitated through the EITI as well as the inclusion of hydrocarbon companies.</p> <p>High level of participation of mining companies: All of the 14 mining companies that met the eligibility criteria are now participating in the EITI. There has been less participation in the EITI by hydrocarbon companies. Stakeholders were of the view that this lower rate of EITI participation related to hydrocarbon companies not seeing the benefit in participating, as well as barriers associated with organisational structure and staff capacities to organise the required data.</p> <p>Public/Community impacts: Citing the limited involvement of the provinces in EITI activities, most stakeholders were of the view that there are limited impacts at the subnational level.</p>

EITI sustainability	<p>Funding EITI activities: Stakeholders considered the current funding model to be unsustainable. Government funding has reportedly been inadequate to fund the annual reporting carried out by the Independent Administrator. The 2018 EITI Report was funded by the International Secretariat. Extractive companies funded the preparation of the 2019 EITI Report. Regarding the latter case, some stakeholders expressed concern with the logic of ‘the auditee paying the auditor’.</p> <p>Civil society stakeholders are reportedly under-resourced.</p>
Key successes	<p>Open data source for the mineral sector: Stakeholders associated the EITI with the launch of the government’s SIACAM (<i>Sistema de Información Abierta a la Comunidad sobre la Actividad Minera en Argentina</i>) – a transparency system for the mineral sector that makes information openly available to the public.</p> <p>Mining roundtable: The <i>Mesa Nacional Sobre Minería Abierta a la Comunidad</i> (MEMAC) was created as a large multilateral forum for public debate on mining through the presentation of academic papers, reports, and public exhibitions.</p>
Key challenges	<p>Adapted implementation – the involvement of the provinces: Stakeholders articulated various political and logistical challenges to achieving EITI participation at the provincial level. See the ‘Discussion of key themes’ section below.</p> <p>Intercultural issues: Stakeholders felt that the complexity of the Argentinian context was not always appreciated by the EITI International Secretariat.</p> <p>Benefits of the EITI are not clear to some key stakeholders: Stakeholders emphasised that companies, government, and CSOs found it difficult to understand and measure the benefits of participating in the EITI.</p> <p>Connection to the EITI International Secretariat and comparative knowledge: Support from the EITI International Secretariat was generally considered to be at a good level. However, some stakeholders reported a sense of ‘distance’ from the EITI International Secretariat. Some stakeholders believed that the country would benefit from increased access to international EITI knowledge networks and comparative information on how other countries have implemented policies and approaches related to natural resource governance and the EITI.</p> <p>Complexity of the federalised tax system: Stakeholders were of the view that it is difficult to identify where revenues from extractives are being allocated at the local government level. According to stakeholders, revenues go into a general fund and there is limited information about how they are used, for example in health, education, or other social infrastructure.</p>

Argentina: Discussion of key themes

Adapted implementation of the EITI and the participation of the provinces

The political context in Argentina makes subnational implementation a key challenge. Argentina has a federal system of governance in which 23 provinces operate with a high level of autonomy from the national government. Natural resources in Argentina belong to provinces and concession contracts for extractives are primarily processed at the provincial level (the federal government is entitled to grant concessions on oil and gas exploitation in the sea). As a result, provincial governments have the autonomy to decide whether they implement the EITI.

Considering the legislative characteristics of Argentina, an adapted implementation model has been adopted that involves a phased process – where the EITI is first implemented at a national level and later at the provincial level. Argentina requested a two-phased adapted implementation of the EITI. The first phase involves the national government, the state-controlled oil and gas company, industry, and the civil society¹. In this phase, information would be reported and disseminated at the national level first, including publicly available information from the provinces. In the second phase, the scope, volume, and quality of the information would be expanded through the voluntary participation of the provinces. The EITI Board approved Argentina’s adapted version of the EITI to take account of the country’s

¹ The EITI Board approves Argentina’s application to join the EITI.

federal structure and welcomed the country to the EITI in February 2019².

Stakeholders referred to various challenges to achieving EITI participation at the provincial level.

Some of the provinces reportedly do not have sufficient resources to allocate to data collection requirements. There are reportedly significant differences between the provinces in terms of technology and human resource capacities. Of those provinces that are well-resourced, some stakeholders identified a reluctance to engage in transparency processes. At the provincial level there is a reported perception of the EITI as a reporting burden that does not have tangible benefits resulting from participation. It has reportedly been difficult to foster an understanding of the value of transparency. One stakeholder reported that the MSG has not been able to fund trips to the provinces to conduct training on the EITI. Further, the onus of ‘convincing’ the provinces to participate is a political challenge – there is an identified complexity involved in seeking political validation of an international standard at the provincial level.

At the same time, there was a general understanding from stakeholders that the EITI could not be effectively implemented in Argentina without the participation of the provinces. Stakeholders indicated that the impacts of the EITI are limited to those associated with national level implementation. Some felt that the overall effectiveness of the EITI in Argentina could only be assessed once there was integration of the provinces in the second phase of the adapted implementation model.

Stakeholders understood that subnational implementation would require a targeted and strategic action plan for each province. Each province has a particular political context and a difference in the comparative significance of the extractive sector. Stakeholders were of the view that a single approach to involve the provinces would not be effective in the second phase. They identified a need for individual plans in which the political, cultural, legislative, management, and resource differences of each province were analysed. They also identified the need to involve the provinces one by one, prioritising those with the largest mineral (mainly lithium) and hydrocarbon sectors. Regarding the lithium project regions, stakeholders identified the potential to leverage the participation of international companies that are familiar with the EITI due to their operations in other countries. Stakeholders also suggested tax reduction incentives as a possible way to

encourage EITI participation. Communicating the benefits of EITI implementation to the provincial governments was also identified as important – for example, in terms of creating a platform for multi-stakeholder dialogue, enhanced governance support, or increased investment opportunities. Stakeholders recognised that subnational implementation will be a difficult and gradual process that will require a significant investment of time and resources.

Intercultural understanding

Some stakeholders felt that the 2022 EITI validation was carried out by auditors who in their view did not have a strong understanding of the cultural and political context of the EITI in Argentina. According to these stakeholders, there were problems with the validation process due to misunderstandings related to cultural and language differences. Examples include inaccuracies in translations that were provided through the validation process as well as ‘layers of cross-cultural problems that need to be solved’. There is also a perception that these challenges have undermined the relevance and usefulness of the findings. One stakeholder went further to suggest the formation of an internal EITI intercultural committee based in Latin America to better understand contextual issues and encourage relevance of the EITI.

Some stakeholders felt that the complexity of the Argentinian context was not always appreciated by the EITI International Secretariat. For some stakeholders in Argentina, the EITI is based on a particular cultural context, and some concepts that are inherent within the EITI may not be easily and directly transferrable to the Latin American context. There was the understanding that the nature of political processes, government transitions, conflict, and timelines are different in Argentina than they would be in Nordic countries, for example. The fact that the materials are reportedly sent by the EITI International Secretariat in English was also identified as a barrier to effective communication and understanding of the EITI in Argentina.

In the interests of improving the relevance of the EITI in Argentina, stakeholders suggested that more can be done to systematically strengthen the Latin American voice. Some stakeholders suggested the idea of creating an EITI Latin American group to exchange experiences among member countries and contribute to dialogue around the EITI Standard.

2 Ibid.

Extractive industry participation

While some extractive companies see participating in the EITI as a core part of their social license to operate, others do not understand the benefits of participation in the EITI. Many extractive companies reportedly consider participation in transparency initiatives as important to continue to operate and develop their activities in Argentina. For example, mining companies reportedly see participation in the EITI as a way to improve their social license to operate. However, some hydrocarbon companies reportedly have not participated in the EITI because they do not see benefit in participating. Stakeholders identified the need to make the benefits of the EITI clear and targeted to each participating sector – with due attention given to small and medium-sized companies. Some stakeholders suggested the possibility of incentivising EITI participation through exemptions, funding, and support mechanisms.

Stakeholders identified the lack of strategic feedback after data submission to be a barrier to meaningful EITI participation by extractive companies. One non-MSG extractive company stakeholder was concerned that the involvement of the company ended after submitting information for an EITI report. Stakeholders identified the need for integrated processes for feedback and greater involvement of extractive companies throughout EITI implementation. Some suggested a public debate focused on the EITI Report, with discussion of potential improvements and strategies for next steps. It was understood that such processes would involve improved communication and coordination from the MSG between companies and other stakeholders.



Colombia



Methodology

Hybrid

In-depth interviews carried out remotely

Stakeholders interviewed

12

Status

Satisfactory progress

Joined

15 October 2014

Latest validation

2018

Latest data from

2020

Visit the country website

Economic contribution of the extractive industries

10.9%

TO GOVERNMENT REVENUES

55.7%

TO EXPORTS

5%

TO GDP

1%

TO EMPLOYMENT

Note: The interviews that inform the Colombia case study were carried out before and after the two rounds of voting for the presidential election that was held in May and June 2022. This election resulted in a change of President and government. This affected the methodology (i.e., the decision to switch from in-person to remote interviews), content, and tone of the case study interviews. It is likely that stakeholders interviewed expressed higher levels of uncertainty about the future of the EITI, as well as concern about the potential for conflict in regions hosting oil and mining projects, than would have been the case in a non-election year.

Colombia: Contribution to evaluation findings

Key contextual themes	<p>Transparency and (timely) data production</p> <p>Subnational and local engagement</p> <p>Company participation</p>
EITI effectiveness	<p>Transparency and accountability: Stakeholders were confident that the existence of the EITI ensures that data is being produced that would not have previously been produced. Similarly, data that was previously ‘hidden’ is now publicly available. The EITI also improves accessibility to sector data by gathering data from different government agencies and companies into a single location. However, stakeholders noted that it is not clear whether that data is used by government, companies, or civil society groups.</p> <p>Some stakeholders noted that the EITI has struggled to capture useful information about the artisanal and small-scale gold mining sector, which at an aggregate level is producing significant amounts of gold.</p> <p>Multi-stakeholder governance approach: Stakeholders noted that at the national level, the multi-stakeholder dialogue created by the EITI is important and would not exist otherwise.</p> <p>Some stakeholders expressed concerns regarding the level of polarisation between the different groups involved in the EITI. This reportedly has sometimes resulted in the National Secretariat and government implementing the EITI in relative isolation from other stakeholder groups.</p> <p>Some stakeholders noted that local companies were disengaged and disinterested in the EITI, and were not interested in the EITI taking on any new topics or issues.</p>
EITI relevance	<p>A difficult balance for EITI relevance at the subnational level: Stakeholders expressed a desire for the EITI to be made more relevant for communities and stakeholders at the local level. At the same time, they expressed concern about the potential for conflict if this was not done carefully, and in a way that acknowledged the reality on the ground in the communities. In these communities there is reportedly unmet demand around the need for greater accountability of companies, and a desire to address environmental and social issues and to have dialogue around whether royalties that are allocated to subnational levels of government and local investment funds are used to address the negative impacts of the industry on communities. Some government and company stakeholders would prefer to first directly address these kinds of local issues before the EITI is implemented locally. Others, however, do not think it will be possible to address these kinds of problems without some form of multi-stakeholder dialogue at the local level that allows communities and civil society groups to have more of a voice.</p> <p>EITI relevance through an expanded scope: Some stakeholders expressed concern that were the EITI to be implemented at the subnational level with a focus primarily on financial transparency rather than environmental and social issues, there is a risk that the lack of relevance at the local level could generate community-level conflict. There is reportedly a general lack of forum for communities to have dialogue about their basic needs, including issues related to employment, food, water, and education – with respect to their expectations of the government and their demands on extractive companies. Therefore, when the EITI organises spaces for dialogue these expectations and demands are voiced in this forum. When there is the perception from the communities that the government is not meeting their expectations, and that their demands on the companies are not being actioned, there is potential for conflict and cessation of extractive operations due to community protest or unrest.</p>

EITI impact	<p>Transparency and accountability: The EITI is understood by stakeholders to have contributed to an overall improvement in transparency and accountability in the extractive sector, and enhanced stakeholder dialogue.</p> <p>Reputational benefits: There are reportedly some reputational benefits for government agencies and companies that can show that (as one stakeholder described it) “everything is in order”. These benefits are mainly linked to perceptions around reduced corruption.</p>
EITI sustainability	<p>Continuance of political support in the context of government change: Stakeholder interviews were carried out during a time of political uncertainty in Colombia. This impacted on stakeholder views as to whether the EITI would be sustained beyond the election. Stakeholders were of the view that a consistently high level of political support is required to effectively implement the EITI. They were uncertain as to whether sufficient political support would exist in the new government.</p> <p>EITI sustainability through an expanded scope: Some stakeholders were of the view that the best way to make the EITI sustainable would be for it to take up issues that would make it more relevant – e.g., energy transition and local-level environmental and social impacts. For example, coal companies are reportedly interested in broadening the use of the EITI for renewable energy.</p>
Key successes	<p>Leading implementer of the EITI in the Latin America region: In 2019, Colombia won an EITI Award for its progress in systematisation, automation, collection, and dissemination of public data. It was also the first country in the Americas to achieve a ‘satisfactory progress’ (high) validation rating.</p> <p>Subnational pilots: The EITI in Colombia has carried out pilots of the initiative at the subnational level in Boyacá, Casanare, Cesar, and Santander.</p>
Key challenges	<p>Subnational relevance: There is a need to make the EITI more relevant at the subnational level (see the ‘Discussion of key themes’ section below).</p> <p>Information dissemination: Some stakeholders felt that EITI data was overly ‘niche’ and too nationally focused to be of widespread public interest. Some stakeholders also noted that there was a 2-year lag in EITI reporting, which meant that even if there was interesting information produced, it was difficult to generate wider public interest.</p> <p>There was the view from stakeholders that EITI reports need to be made more accessible for members of the public. To consistently maintain a general level of interest and involvement, some stakeholders suggested the production of smaller bulletins featuring current data.</p>

Colombia: Discussion of key themes

Subnational and local participation

The issue of subnational engagement in Colombia’s EITI program has been explored to some extent with subnational pilot programs. Stakeholders broadly recognised that there were three main challenges facing Colombia’s EITI program regarding subnational and local participation:

1. So long as it remains focused mainly on revenues, contracts, and regulatory information at the national level, the EITI itself would largely be of interest to only a small number of national stakeholders.
2. To simply transpose current EITI reporting and activities to a more local level may pose a risk to the overall EITI program insofar as subnational and

local stakeholders would see the kind of information currently produced by the EITI as not being the issues and topics that are of headline importance in those communities.

3. There is very significant pent-up demand at the community level for greater transparency and multi-stakeholder dialogue around the issues that do matter to them – i.e., environmental impacts, social impacts, and the potential impacts caused by energy transition.

Taken collectively, these three factors mean that there is significant demand for greater transparency and accountability at the subnational level, but also significant risk if that transparency does not meet the needs of local people. Indeed, a small number of

stakeholders even noted that it would be possible to inadvertently exacerbate or create local conflict to such a level that companies operating in some areas may have to suspend production.

There are also differences of opinions between stakeholders as to what the appropriate *role* for the EITI is in the subnational space. Some government and industry stakeholders appeared to be reluctant for the EITI to take a subnational role until such time as significant progress has been made on the issues that matter most to communities and companies at that level. Other stakeholders, however, were of the view that those issues cannot be addressed unilaterally by government agencies or companies, and that a multi-stakeholder approach such as that used by the EITI is key to addressing subnational issues.

Seen through the lens of the evaluation questions, stakeholders identified the potential for the EITI in Colombia to be more *effective* and more *sustainable* if the topics it covers are more *relevant* to citizens, but that the *impacts* of any such change could be both positive and negative.

Company engagement

The level of engagement by local companies in the EITI is an interesting issue in Colombia. At one level, company participation is strong and EITI reporting covers a high level of overall revenues. At another level, stakeholders noted that the relationship between the companies and civil society groups represented on the MSG was particularly polarised. While most noted that having an MSG process was better than having no MSG process, there was a sense that companies participated only because they felt compelled to do so.

Stakeholders also noted that companies were reluctant for the EITI to expand its scope any further, into local environmental and social issues, for example, as they were fearful of dialogue inadvertently descending into conflict (see above discussion on subnational and local participation). There was an impression that companies were engaging with the EITI as a necessary compliance activity, and in order to try and prevent it from expanding into more sensitive issues or areas.

Some stakeholders were also clear that many companies rarely publicly cited their involvement in the EITI or used EITI data in their own public reporting. This, combined with the fear of the EITI expanding beyond its core mandate, suggests that many companies do not perceive any benefits of participating in the EITI, or even that the MSG dialogue that comes with the EITI can help to mitigate any social or political risks that they might face.

Timeliness of data production

In Colombia the EITI reports cover data that is (at the point of reporting) two years old on average. Some stakeholders noted that this was an inadvertent problem caused by the EITI Standard and the EITI validation process. Both of these did – in the eyes of some – require the disclosure of so much information, and the agreement of the MSG with so many aspects of different reports, that by the time the reports were published the data was too old to be of interest to the media or the wider public. Some stakeholders suggested that this problem could be mitigated by the EITI Standard being more explicit about acceptability and benefits of mainstreaming (i.e., that data is disclosed as a regular part of government business rather than in standalone EITI reports).

Democratic Republic of the Congo



Methodology

Deep dive

Fieldwork locations

Kinshasa

26–29 April 2022

Lubumbashi

(Haut Katanga province – one of the main mining provinces)

2–4 May 2022

Stakeholders interviewed

29

Status

Meaningful progress

Joined

27 September 2007

Latest validation

2019

Latest data from

2017

Visit the country website

Economic contribution of the extractive industries

46%

TO GOVERNMENT REVENUES

99.3%

TO EXPORTS

13.5%

TO GDP

24.8%

TO EMPLOYMENT

Democratic Republic of the Congo: Contribution to evaluation findings

Key contextual themes	<p>Transparency in the context of corruption risks</p> <p>Support for public financial management reform</p> <p>Punitive measures for EITI non-compliance encouraged by stakeholders</p> <p>Expanding civic space and the need for increased safety for civil society</p>
EITI effectiveness	<p>Transparency and accountability: The EITI has contributed to an increase in transparency in what was previously seen as an opaque extractive sector. However, significant challenges remain regarding transparency and accountability in the distribution and use of the sector's resources.</p> <p>Multi-stakeholder governance approach: Collaboration between EITI stakeholders has contributed to improved citizen participation in the management of the sector, enabling greater public debate and increased demands for accountability from a population that was historically unable to engage.</p>
EITI relevance	<p>Alignment with national objectives: The EITI is aligned with the governments objective to focus on transparency and anti-corruption actions that support improved management of the extractive sector and more broadly an effective public administration capable of delivering basic public services. The EITI is contributing to broader public financial management reforms, including improving the governance of government tax agencies. The country's sustainable development objectives, as outlined in The National Development Plan, are in alignment with the EITI Standard.</p> <p>The country-led implementation model: Despite some differences in perspectives regarding certain EITI requirements, the EITI has reportedly never been considered an external 'imposition'.</p>
EITI impact	<p>Transparency and accountability: The EITI has contributed to an overall improvement in transparency and accountability in the DRC's extractive sector and has resulted in enhanced stakeholder dialogue. EITI platforms and reporting have also contributed to policy development and regulatory reform.</p> <p>Public/Community impacts: The extent to which the population demands more accountability and better social projects has reportedly increased.</p> <p>Investment and loans: There is reportedly a renewed commitment from development partners, including the IMF and World Bank, to commit their support through governance programs and credit facilities.</p> <p>Compliance without impact: If the EITI is treated as a tool primarily for gaining favours and resources from the international community, there is a concern that increased transparency may not translate to meaningful change beyond the publication of data – including change that would result in direct public benefit.</p>
EITI sustainability	<p>The country-led implementation model: The multi-stakeholder group (MSG) and country-led approach allows the DRC to own and drive EITI implementation – this maintains relevance and ensures the sustainability of EITI activities.</p> <p>Mainstreaming: The EITI has a degree of mainstreaming in the DRC through legislation and institutional settings, as well as mechanisms for government funding (despite financing challenges).</p>

Key successes

Evolution of the legal and regulatory framework: For example, the 2018 Mining Code. The EITI Standard was included in the oil, mining law and regulation, and the drafting of the bill on beneficial ownership.

Progress on transparency: Publication of contracts, licences, taxes paid, and revenues generated, as well as the digitalisation of resource data.

Expansion of EITI activities: Activities now include Artisanal and Small-Scale Mining (ASM). There are also discussions about adding the forestry sector to the scope of the EITI.

Improved relationships: The improved relationships between the Congolese government and international donors such as the IMF and World Bank were associated with the EITI.

Key challenges

Funding EITI activities: Despite mechanisms for government funding, there is uncertainty in funding from year to year. There is also a reliance on donors to support EITI activities.

Information dissemination: Accessibility and timing issues undermine the usefulness of EITI reports and information, especially at the subnational and local levels.

Political instability: A risk of political change unfavourable to the EITI was identified. Such a change could result in a return to adverse practices that undermine progress on the EITI.

Credibility of the data and non-compliance: Stakeholders talked about the need for the EITI to advocate for the enforcement of sanctions in cases of embezzlement, bribery, and corruption.

Civil society: Civil society organisation (CSO) stakeholders reported that despite a general expansion of civic space, civil society actors and organisations still experience threats, including lawsuits launched against them following criticisms of the extractive sector. Similarly, according to some stakeholders, instances of civil society censorship are still experienced. These matters were reportedly brought to the attention of the executive committee where their gravity was assessed. Most of the complaints were reportedly deemed unrelated to the EITI. Nevertheless, protection mechanisms were reportedly actioned to ensure the safety of actors that were being threatened.

Democratic Republic of the Congo: Discussion of key themes

Transparency in the context of low public revenue and corruption risk

Since the beginning of the implementation of the EITI Standard, there has been significant progress in terms of transparency in the DRC, notably in terms of the publication of contracts, licences, and taxes paid by companies, as well as revenues generated by the extractive sector. However, despite the fact that the majority of contracts, royalties paid by companies, and the revenues generated by the government are made public, there is still concern among some stakeholders regarding sector governance. There can reportedly be mismatches between the figures of royalties and taxes paid published by companies and the declarations of government. Moreover, the EITI Reports do not disclose how revenues are allocated, including how they are distributed between national, provincial, and local level governments. These concerns include unpublished contracts, issues around the ownership of mining permits, concerns around corruption

and misappropriation of funds in the sector, and discrepancies between declarations made by public authorities and those made by companies.

In an attempt to bring about greater clarity and transparency surrounding revenues generated by the sector and to deal with low public revenues, corruption, and misappropriation, the Congolese government has launched several reforms since 2011. These reforms are in line with the EITI Strategic Priorities 2021–2023, especially in terms of supporting open data, informing investment decisions, strengthening revenue mobilisation, and addressing corruption risks.

For instance, reforms for Public Financial Management (PFM) and the digitisation of financial authorities were launched to make taxation and raising of public revenues transparent, to prevent misappropriation at all levels, and to increase revenue mobilisation. However, the reforms are still at an embryonic stage. Digitisation platforms (ISYS régies, LOGIRAD and SYDONIA) have been recently installed in agencies in the capital city, Kinshasa, with the next stage being a slow roll-out to the rest of the country.

In 2014, the government also launched business environment reforms with a focus on more transparent fiscal policies to promote investment in the country. The publication of EITI data has reportedly contributed to enabling a climate of trust in the extractive sector for investors. The EITI has also had a national level impact on government reporting mechanisms in the extractive sector (mainly mining). In an effort to support data openness, government agencies are now trying to regularly publish data that is as reliable as possible, not only for the purposes of the EITI, but also for use on their website for public consultation.

Improvements to civic space in the context of conflict

The dissemination of EITI reports has reportedly contributed to reducing tensions between extractive sector companies and populations living in mining areas. Impacted communities now have access to information about what extractive companies are supposed to provide them in terms of social benefits, as well as information on what the different levels of government have received in royalties, donations, and taxes. This has allowed impacted communities and civil society groups in some areas to be more involved in public debates and demand better accountability mechanisms. However, contestation over the distribution of benefits remains in many impacted areas. Armed conflict in resource-rich areas such as the Eastern DRC also continues to cause security issues for communities and extractive projects.

Another important contributor to more effective extractives governance is the evolution of the legal and regulatory framework. EITI stakeholders in the DRC contributed to the inclusion of transparency provisions in the revised 2018 mining law as well as the 2015 hydrocarbon code. This institutionalisation of

transparency norms presents an opportunity for the EITI to further promote and implement transparency and governance mechanisms in the DRC and to potentially expand to other sectors.

The role (and limits) of information dissemination

Better information dissemination has improved communities' awareness of the extractive sector's contribution to the Congolese economy. This has led to wider civil society participation in public debates around the management of revenues generated by different levels of government, especially in communities directly affected by the extraction of natural resources.

Despite the progress in information dissemination, stakeholders at the subnational level mentioned the delays experienced in the dissemination of EITI reports and information about the sector more broadly. These delays result in information becoming out-dated and therefore not supporting real-time public debates. This weakness in data timeliness and quality has further increased community demands for better accountability and improved implementation of social projects. Despite this increased demand for accountability, communities are reportedly still not provided with enough information on the management of royalties and the different taxes collected.

The willingness of the MSG to go beyond improving transparency by targeting broader improvements to overall governance within the extractive sector has significantly contributed to the effectiveness, relevance, impact, and sustainability of the EITI in the DRC. The country's priorities align with the EITI Standard and main objective of increasing transparency and governance, and making the extractive sector contribute to development and poverty reduction.

Guinea



Methodology

Rapid scan

Stakeholders interviewed

12

Status

High

Joined

**27 September
2007**

Latest validation

2022

Latest data from

2018

Visit the country website

Economic contribution of the extractive industries

30.76%

TO GOVERNMENT REVENUES

78.86%

TO EXPORTS

18.4%

TO GDP

6.54%

TO EMPLOYMENT

Guinea: Contribution to evaluation findings

Key contextual themes	<p>EITI relevance and sustainability in the context of political instability</p> <p>Public Financial Management reform</p> <p>Punitive measures for EITI non-compliance encouraged by stakeholders</p>
EITI effectiveness	<p>Transparency and accountability: Public disclosure of contracts, licence permits, and information related to revenues generated in the sector both at the national and subnational level are contributing to transparency. However, stakeholder perspectives indicate that the disclosure of certain information such as beneficial ownership is still weak.</p> <p>Multi-stakeholder governance approach: The inclusive nature of the multi-stakeholder group (MSG) was seen by stakeholders as an important feature of EITI implementation. In particular, the EITI has improved the ability of civil society to freely discuss topics related to the extractive industries and more actively participate in the governance of the sector.</p>
EITI relevance	<p>The relative importance of the extractive sector compared with overall GDP: The extractive sector is a key contributor to government revenues and GDP in Guinea.</p> <p>The country-led implementation model: Generally speaking, the country-led model is seen by stakeholders as an important feature of the EITI that allows for country-specific strategies while avoiding problems/perceptions of interference with sovereignty and imposition.</p> <p>Compliance without relevance: Despite the country-led model, there is a view held by some stakeholders that EITI activities are sometimes complied with even when they are not considered relevant.</p>
EITI impact	<p>Transparency and accountability: The EITI was understood by stakeholders to be contributing to an overall improvement in transparency and accountability, an increase in stakeholder dialogue, and an influence on policy development and regulatory reform.</p> <p>Public/Community impacts: The implementation of development and infrastructure projects was cited as an impact associated with the EITI, resulting in part from reforms that were informed by EITI data and interventions that led to development and infrastructure projects being effectively implemented in communities. The disclosure and publication of contracts, sector revenues, and payments made by companies has reportedly led to an expansion of the civic space and citizen participation, which has in turn led to an increase in the extent to which the population demands accountability. At the same time, some communities reportedly do not have access to sufficient information on the management of royalties, benefits, and taxes derived from the sector.</p> <p>Investment and loans: As a result of the 2016 EITI validation, Guinea was reportedly able to sign loan agreements and receive funding from the World Bank and other international institutions.</p>
EITI sustainability	<p>Resilience to political instability: The continued relevance of the EITI is directly associated with its sustainability, including its ability to demonstrate commitment even in periods of political volatility.</p> <p>Mainstreaming: The EITI is integrated into the legislative settings of the sector. The National Secretariat is situated within the Ministry of Mines.</p> <p>Funding model: The current funding model of the EITI was seen as not sustainable by stakeholders. Government funding is not sufficient to cover all the activities in the work plan. Delivery of activities still heavily depends on support from donors and mining companies.</p>

Key successes

Adoption of an open data policy (2019): The policy defines the framework for the public dissemination of data relevant to the extractive sector. It identifies who is responsible for the data sources and delineates their responsibilities in terms of data transparency. The policy has reportedly allowed the EITI to access reliable and comprehensive data on the extractive sector.

Resilience to political instability: With the support of the EITI, the government has reviewed its regulatory framework to ensure the sustainability of governance gains and the continuity of EITI-informed governance reforms beyond any political tensions.

Recognition of the last decade of Guinean mining policy as a model that is relevant to the region: Guinea has been chosen by the African Union to host the African Mining Development Centre (AMDC), which will have the role of coordinating the implementation strategy of the African Mining Vision.

Key challenges

Funding EITI activities: As government funding is not sufficient, there is a heavy reliance on donors, including contribution and support from companies in the extractive sector. However, some companies have suspended their support due to concerns over conflicts of interest. For example, the drafting of the 2019–2020 EITI Report was delayed as the World Bank, which was to fund the recruitment of the consultant to write the report, had suspended all aid to the country following the coup d'état in September 2021. This resulted in the country's National Secretariat producing a 'flexible report', which despite limitations was reportedly still comprehensive. Mining companies have currently suspended the funding of the EITI as it was going against their ethical codes of conduct. They are now waiting for the formalisation of a conflict-of-interest rule.

Political instability: Due to the recent political crisis, some international organisations have suspended their support. That said, the World Bank has reportedly since released its funding for Guinea and is paying for the independent administrator in charge of the production of the next report.

Information dissemination: Some stakeholders noted that information is sometimes not made available in a timely manner, which negatively impacts progress towards better governance practices. However, this is inconsistent with reports from other stakeholders who noted that disclosures are among the timeliest of all EITI implementing countries. During consultations conducted during the last validation (2021), stakeholders reportedly considered government portals, quarterly statistical bulletins, and an EITI open data portal as a major step towards more timely and accessible extractives data.

Guinea: Discussion of key themes

EITI resilience and sustainability in the context of political instability

Guinea has a troubled political context. On 5 September 2021, Guinean army officers staged a coup d'état and arrested former President Alpha Condé, who had led the country for 10 years. Colonel Mamadi Doumbouya, head of Guinea's special forces, proclaimed the dissolution of the government and constitution and announced a transition period. The coup came after a period of political instability following a March 2020 Constitutional Referendum that allowed President Condé to run for a third term, and his consequent victory at the October 2020 presidential election, both of which were marked by violent repression of protestors.

The transitional government of Guinea, through the President's speech on 16 September 2021, reaffirmed its commitment to the implementation of the EITI Standard as a means of improving the governance of the country's extractive resources. At the same time, the President reassured mining companies that they could continue their operations. He said that his administration would ensure that mining revenues improve living standards and that mining companies should respect strong environmental and social standards.

Despite the sometimes volatile nature of national politics, it has always been in the interest of the country to comply with EITI norms. The mining sector is the main contributor to the Guinean budget. However, the country has also depended heavily on funding from international institutions such as the World Bank, the African Development Bank, and bilateral government funding

and loans. The production of reports and compliance to the EITI have become a way of ensuring the flow of external finance for both the country and some mining companies.

Public financial management is key to EITI resilience and sustainability. The EITI has contributed to improved governance not only in the mining sector but also in different levels of the Guinean government. Government ministries and agencies report trying to regularly and promptly publish data that are as reliable as possible for the purposes of the EITI and to ensure better public financial management in Guinea. The resulting access to knowledge has increased government accountability and citizen participation in the extractive sector. As well as national initiatives to improve public financial management, Guinea is involved with regional initiatives including the Collaborative Africa Budget Reforms Initiative (CABRI) and the Open Budget Initiative.

A level of EITI resilience to political instability has been achieved through regulatory reform. The EITI's impact has been sustained through a series of reforms of the regulatory framework at institutional and technical levels. The reforms are in line with the National Development Plan and are closely tied to the EITI Strategic Priorities 2021–2023. They include:

- **Mining Code (revised 2013):** This code makes the disclosure of information by companies mandatory.
- **Open data policy (2019):** This policy defines the framework for the opening and public dissemination of data relevant to the extractive sector.
- **Data sharing:** In addition to the disclosure of data for EITI reporting processes, the government has also reportedly launched a reform allowing for data sharing between government agencies. This is in line with the principle of the interoperability of the open data policy, which in turn allows for better and more accurate budget planning.
- **Mining sector reforms:** To make the sector work better for the Guinean economy, the government launched a series of reforms to the mining sector. These reforms have at least partly resulted from EITI interventions and have led to development and infrastructure projects being effectively implemented in communities. Some of these reforms include the creation of a 'one-stop shop' for the development of mining projects, the creation of the local economic development fund for mining communities (FODEL), the national local development fund (FNDL), the national funding agency for local government investment (ANAFIC), and the cleaning up and modernisation of the mining cadastre and legal framework for the business environment in the mining sector as well as the publication of all mining conventions and titles.
- **National Anti-Corruption Agency:** This agency aims to increase transparency in the management of public funds and reduce misappropriation. One key reform that resulted from this collaboration is the requirement of single accounts for mining payments, which in the past were paid into several accounts, reducing transparency in the sector. This reform has had a tremendous effect on the increase of revenue mobilised.
- **Transparency tools within the state's revenue collecting agencies:** For example, accounting software for the control of the receipt of revenues and the establishment of the Court of Audit (highest audit authority) as well as the appointment of local accountants to ensure that accurate data is shared with the national level.

Indonesia



Methodology

Deep dive

Fieldwork locations

Jakarta

4 April–25 May 2022

Samarinda

31 May–3 June 2022

Stakeholders interviewed

15

Status

Meaningful progress

Joined

24 November
2010

Latest validation

2019

Latest data from

2016

Visit the country website

Economic contribution of the extractive industries

9.29%

TO GOVERNMENT REVENUES

22%

TO EXPORTS

8.08%

TO GDP

1.2%

TO EMPLOYMENT

Indonesia: Contribution to evaluation findings

Key contextual themes	Limited awareness of the EITI Attribution of impact
EITI effectiveness	<p>Transparency and accountability: The EITI has contributed to making data more available to the public, including access to tax payments from extractive companies, contracts, and beneficial ownership disclosure.</p> <p>Multi-stakeholder governance approach: The EITI provides a platform where government, company, and civil society stakeholders can convene on equal terms and meaningfully discuss policy and issues relevant to extractive industries. Such a platform was not available before the EITI.</p> <p>In their efforts to undertake EITI reporting activities, members of the newly established multi-stakeholder group (MSG) experienced initial challenges in finding common ground and understanding each point of view, as well as in timely production of reports. The effectiveness of the MSG has reportedly improved gradually since its establishment, including improved communication between stakeholders.</p>
EITI relevance	<p>The country-led implementation model: The MSG has been able to ensure that the EITI model implemented is relevant to Indonesia-specific sector governance issues.</p> <p>Alignment with national objectives: The EITI is aligned with the government's objective to eradicate corruption by implementing transparency and good governance initiatives.</p> <p>Relevance to companies ESG compliance: Some companies, especially multi-national extractive companies, understand that implementing the EITI is important and necessary to improve their compliance with environmental, social, and governance (ESG) practices.</p> <p>Subnational and local level: Beyond some interest in contract transparency, the EITI is not considered relevant at the local project level because it is yet to connect to the issues that are most relevant to people at that level.</p>
EITI impact	<p>Transparency and accountability: The EITI has contributed to increasing transparency in extractive sectors, including making information regarding tax payments from companies available to the public.</p> <p>Attribution of impact: Some stakeholders think that impacts should not be attributed to the EITI alone – since many different initiatives to promote transparency and good governance were adopted by the government around the same time as they committed to the EITI.</p> <p>Civil society: The EITI has contributed to increasing civic space and participation.</p> <p>Public/Community impacts: Stakeholders are of the view that there is no impact at the local level that can be attributed to the EITI.</p>
EITI sustainability	<p>Mainstreaming: The EITI Secretariat is hosted by the Ministry of Energy and Mineral Resources. EITI activities are funded from the national budget, with support from World Bank Extractives Global Programmatic Support (EGPS) grant and some projects funded through the EITI.</p>

Key successes

Beneficial ownership: EITI implementation has contributed to corruption eradication efforts by publicly raising the issue of need for beneficial ownership transparency.

Data mainstreaming project: The EITI is currently part of a Ministry of Energy and Mineral Resource project for data mainstreaming. The project will centralise all information related to oil, gas, and mining into one publicly available real-time dashboard. This mainstreaming project will include data and information included in EITI reports.

Key challenges

Changes in internal governance: The government authority responsible for coordinating and implementing the EITI has undergone frequent institutional change and transition. Most recently, in 2020, when faced with economic constraints associated with the COVID-19 pandemic, the government issued Presidential Decree No.82/2020 on the establishment of the COVID-19 Response Committee and National Economic Recovery. One aspect of the decree is to streamline some government auxiliary institutions. Due to the regulation, the transparency of the extractive industry program returned to the Ministry of Energy and Mineral Resources and the Ministry of Finance in accordance with their duties and functions. However, the hosting of the EITI transferred from the Coordinating Ministry of Maritime and Investment Affairs to the Ministry of Energy and Mineral Resources.

Limited awareness of the EITI among key stakeholders: Some MSG stakeholders reportedly have limited knowledge of the progress of the EITI. The development of the EITI is limited to a small number of appointed people and organisations. Public awareness of the EITI is limited. Even among civil society organisations working on issues of transparency, anti-corruption, or the environment, the EITI and associated data was often not known or recognised. At the subnational level, awareness of the EITI is limited among all stakeholders.

Indonesia: Discussion of key themes

Limited stakeholder awareness and understanding of EITI processes – limited understanding of EITI impacts

There is a consensus that the EITI is contributing to progress and reform related to transparency and accountability in Indonesia; however, it is not considered to be a key driver of change.

Notwithstanding important contributions to improved governance of the extractive sector, the EITI has been facing an uphill battle to establish relevance and impact in Indonesia. After 10 years of operation in the country, the level of awareness and understanding of EITI processes, and understanding of EITI impacts, is notably low. This was understood to be the case across all types of stakeholders outside the MSG circle.

Stakeholders are not aware of existing EITI processes and products. Access to information on extractive sectors has become available and more accessible; however, some stakeholders remain unaware of the products and processes associated with the EITI. In this regard, the MSG and the Ministry of Energy and

Mineral Resources are working to make EITI processes and products more relevant and accessible to the public sphere through mainstreaming efforts, including through the government information portal. Work has also been started to shape policy that will require both extractive companies and relevant government institutions to integrate EITI reporting within annual reports.

Attribution of impact is contested. MSG members expressed their support of reforms related to transparency in the extractive industry; however, some suggested that these reforms were not necessarily caused *only* by the work of the EITI. Stakeholders highlight the fact that since the EITI has been operating in Indonesia there have also been other transparency initiatives contributing to many aspects of improved governance, including in the extractive sector.

EITI processes have become siloed. There is a perception among some stakeholders that the MSG is too focused on the task of producing a report for the EITI every year, and that not enough attention is paid to the reach and readership of those reports. Making EITI data and reports and processes relevant and accessible

to those outside of the MSG is an area of need. Since 2020, there have reportedly been efforts by the National Secretariat and MSG to break down the silos through data mainstreaming processes and broader MSG memberships – to include non-traditional MSG members such as SOE Ministry, Ministry of Law and Human Rights, and the Coordinating Ministry of Maritime and Investment Affairs. The Anti-Corruption Commission has also reportedly been invited to most of Indonesia’s MSG events.

While progress is reportedly being made, the desired impact on corruption has not yet been fully realised.

One of the main reasons that Indonesia joined the EITI was with the hope that it could contribute to the country’s efforts to eradicate corruption in the extractive sector. However, there is the perception that the EITI has not been successful in bringing about substantive improvements in reducing corruption. There have been missed opportunities in this regard. Institutionally, the Corruption Eradication Commission (KPK) was not included in the MSG – although this is reportedly now being addressed with regular invitations to MSG events.

Likewise, the KPK did not involve the EITI in its special program to curb corruption in the extractive sector, as it did with the National Movement to Save Natural Resources and KPK’s special program on Coordination and Supervision on Coal and Mineral Mining. Nonetheless, there is now ongoing joint work between Indonesia EITI and KPK (Stranas PK) to review anti-corruption initiatives in the extractive sector and produce an action plan for corruption prevention in the extractive sector for 2023–2024.

There is a disconnect from tangible issues. The EITI is still perceived by several stakeholders in the civil society organisation (CSO) community to be disconnected from the ‘tangible’ issues in the extractive sector. For example, stakeholders from local CSOs stated that the EITI should be engaged with issues such as transparency of mine closure plans and environmental plans, and corporate social responsibility strategies. In this regard, the EITI Secretariat has made efforts to prevent corruption and engage with the local community. The EITI Indonesia Secretariat launched research projects on these two issues in early 2022.

Kyrgyz Republic



Methodology

Deep dive

Fieldwork locations

Kyzyl-Suu town

(Jeti-Oguz rayon province of the Issyk-Kul region)

8 April 2022

Karakol city

(Issyk-Kul region)

8 April 2022

Bishkek

11–15 and 18 April 2022

Stakeholders interviewed

21

Status

Meaningful progress

Joined

27 September
2007

Latest validation

2020

Latest data from

2017

Visit the country website

Economic contribution of the extractive industries

13.2%

TO GOVERNMENT REVENUES

61%

TO EXPORTS

11%

TO GDP

12.2%

TO EMPLOYMENT

Kyrgyz Republic: Contribution to evaluation findings

Key contextual themes	<p>Digitalisation</p> <p>State-owned companies</p> <p>Trend of resource nationalism</p>
EITI effectiveness	<p>Transparency and accountability: As a platform for engagement and dialogue with all stakeholders in the mining sector, the EITI has meaningfully contributed to transparency and accountability.</p> <p>Multi-stakeholder governance approach: The multi-stakeholder group (MSG) has reportedly experienced periods of delay and disruption due to national political events. Most recently, the MSG has faced challenges related to its analysis and decision-making capacities.</p> <p>The country's historically active civil society is considered an important contributor to EITI effectiveness.</p>
EITI relevance	<p>Information dissemination: The EITI is reportedly the only source of comprehensive and functional data on the mining sector in the country. However, the relevance of the data is diminished due to the delay in publication and the challenges of making the data accessible and useful for stakeholders.</p> <p>Investments in digitalisation processes are understood to contribute to EITI relevance.</p> <p>Subnational and local level: The EITI is not considered relevant at the subnational or local levels.</p>
EITI impact	<p>Transparency and accountability: The EITI was understood to be contributing to an overall improvement in transparency and accountability, an increase in stakeholder dialogue, and is an influence on wider policy development and regulatory reform. The implementation of beneficial ownership disclosure was cited as an experienced impact.</p> <p>Subnational and local level: Impacts were associated with national-level implementation. The EITI is understood to have limited impact at the subnational and local levels.</p>
EITI sustainability	<p>The country-led implementation model: Ownership of the EITI reportedly does not extend beyond national-level mechanisms like the MSG – there is limited stakeholder participation at the subnational and local levels.</p> <p>Mainstreaming: The legal institutionalisation of the EITI, including in mining law and relevant regulations, contributes to its sustainability.</p> <p>Without a legislated article in the national budget for EITI implementation activities, the funding model is understood to be unsustainable and susceptible to the effects of changing government.</p> <p>The EITI National Secretariat is integrated into the structure of the government's Ministry of Natural Resources.</p>

Key successes	<p>Open database: The government maintains an open database of mineral licences and licence agreements to increase transparency in mineral licensing procedures.</p> <p>Beneficial ownership: The Kyrgyz Republic was reportedly one of the first countries to integrate the requirement for beneficial ownership disclosure into mining law.</p>
Key challenges	<p>Funding EITI activities: There is a lack of consistent funding, which was associated with a reduction in the number of reporting companies.</p> <p>Political instability: Frequent leadership turnover at the mining sector regulating agency reportedly results in delays and inconsistencies in EITI implementation.</p> <p>Mining companies do not consistently recognise the benefits of participation: The EITI is understood primarily as a compliance burden.</p> <p>Connection with the EITI: There is a sense among some stakeholders that the country is isolated from international EITI knowledge networks and lacks access to comparative information on how other countries have implemented policies and approaches related to natural resource governance and the EITI.</p> <p>Implementation of the EITI at subnational and local levels: There is a low level of EITI awareness and a low level of stakeholder participation at the subnational and local levels.</p> <p>Civil society: Civic stakeholder activity has reportedly decreased in the last five years due to the COVID-19 pandemic and insufficient funding of civil society organisations (CSOs). The participation of CSOs is limited to those operating from the capital city.</p>

Kyrgyz Republic: Discussion of key themes

Digitalisation

Digitalisation was considered an enabler of EITI effectiveness as well as an outcome of EITI mainstreaming – its very existence can signal a greater preparedness for openness. It has the potential to enable stakeholders to share, analyse, and use information more effectively. The move towards digitalisation and systematic disclosure processes indicates an important shift in the status of transparency – from something that comes from a concerted focus and specially commissioned reports to something that happens as a normal part of government and corporate business.

A nationwide digital transformation is underway in the Kyrgyz Republic, which has the potential to contribute to the effectiveness and relevance of the EITI. The Kyrgyz Republic is working to digitalise its natural resource management and government administration with the aim of improving efficiency, transparency, and accountability; fighting corruption; and increasing civil society participation in decision-making processes. It is understood that developing electronic reporting and automatic reconciliation in the framework of current digital systems without imposing additional reporting

requirements on mining companies and government agencies will effectively modernise the approach to EITI implementation.

The Ministry of Finance's Open Budget Portal is making it easier to collect and reconcile data. Government database systems, including the Open Budget Portal facilitate the processing and reconciling of government revenues and payments required for EITI reporting. The Open Budget Portal contains detailed and actual data on the execution of national and local budgets; all government revenues; and their distribution, including from the mining sector; real-time information on mining revenues; and their spending by regional development funds established to fund local development and infrastructure. It also includes an interactive map displaying the geographical location of development funds with revenue management information throughout the country. Stakeholders identified that the Open Budget Portal is more comprehensive than the data reported by mining companies, and that the Open Budget data has been used to fill gaps in data reconciliation. In fact, stakeholders said that it is possible to compile EITI financial data simply by retrieving them from the Open Budget Portal.

An open database of mineral licences and licence agreements promotes increased transparency in mineral licensing procedures. Another innovation in digitalisation that is directly relevant to the extractive sector is an open database of mineral licences and licence agreements maintained by the Ministry of Natural Resources. Designed to increase transparency in mineral licensing procedures, this database also contains information on beneficial ownership in mining projects. The Ministry reportedly intends to develop electronic auctioning of mineral projects.

Digitalisation in the extractive sector aligns with wider efforts to digitalise government administration. With the view to promote digitalisation in wider governance administration, several important digital products and services have already been deployed in the Kyrgyz Republic. *Tunduk* is an electronic system for secure data exchange between government agencies, local governments, and businesses that was successfully deployed in 2018. Additionally, the Open Data on Tax Administration is an online, freely accessible portal that was launched by the Tax Service in 2022. It discloses the amount of taxes and payments the Tax Service collects, as well as data on companies, individual entrepreneurs, and large taxpayers.

Digitalisation promotes improved natural resource governance and revenue management. With improved access to data, decision-makers and civil society are better empowered to contribute to natural resource governance and revenue management. By including the finances of regional development funds operating on mineral revenues in the open databases, there is increased accountability to national development and public expenditure priorities.

Digitalisation has the potential to improve timelines related to EITI reporting. The availability of state revenues and payments in the database systems will improve the timeliness of EITI reports. Timely reporting increases the relevance of data that can be used to inform public discussion and analysis of issues related to natural resource governance. There is an understanding that the EITI's focus should shift toward Big Data analytics and management in the government/Ministry of Natural Resources to facilitate analytical tools for policy decision-making.

Digitalisation contributes to EITI sustainability. A lack of funding has been one of the major causes of ineffective, fragmented, and unsustainable EITI processes. Integrating the EITI into the country's existing and developing digital systems will significantly reduce the financial pressure on the government to prepare EITI reports, contributing to EITI sustainability.

Digitalisation processes align with EITI Strategic Priorities 2021–2023. The digitalisation of the EITI process and its integration into the country's major digital systems will respond to the EITI Strategic Priorities 2021–2023 in terms of supporting open data that is timely, usable, and accessible. In the preliminary EITI Report for 2018–2020, the National EITI Secretariat indicated that it would work to develop automatisisation and e-reporting. More generally, the Ministry of Digital Development is working to advance the digitalisation agenda with the view to develop a digital economy and provide open and freely accessible digital products and services.

Nigeria



Methodology

Rapid scan

Stakeholders interviewed

6

Status

**Satisfactory
progress**

Joined

**27 September
2007**

Latest validation

2019

Latest data from

2018

Visit the country website

Economic contribution of the
extractive industries

54.4%

TO GOVERNMENT REVENUES

75.5%

TO EXPORTS

8.6%

TO GDP

0.01%

TO EMPLOYMENT

Nigeria: Contribution to evaluation findings

Key contextual themes	<p>Legislative environments</p> <p>Mandating stakeholder participation</p> <p>Regional representation</p> <p>Attribution of impact</p> <p>Understanding EITI impact</p>
EITI effectiveness	<p>Transparency and accountability: The EITI has significantly contributed to an environment of openness in resource governance that was previously non-existent. For example, it is now possible to obtain information from the National Petroleum Company, which was reportedly not possible in the past as the information was deemed confidential.</p> <p>Multi-stakeholder governance approach: Through the EITI, stakeholders can come together to deliberate on issues relevant to the extractive sector.</p>
EITI relevance	<p>The country-led implementation model: The approach allows context-specific challenges to be addressed.</p> <p>The relative importance of the extractive sector compared with the overall government revenues: As the national revenue is dependent on the extractive sector, there is a general desire to know what is going on in the sector and to be seen to support initiatives associated with the sector.</p>
EITI impact	<p>Transparency and accountability: The EITI was understood to be contributing to an overall improvement in transparency and accountability, an increase in stakeholder dialogue, and an influence on policy development and regulatory reform.</p> <p>Public/community impacts: The EITI has brought about the participation of communities through community development agreements. Public understanding of the derivative fund (13% of revenue sent back by national government to the state government) has happened largely due to information generated by the EITI.</p>
EITI sustainability	<p>Mainstreaming: The EITI was institutionalised by way of the Nigeria EITI (NEITI) Act of 2007. Considering the changes that have taken place since the Act, some stakeholders indicated that the legal framework requires a revision.</p> <p>EITI activities have an allocation in the national budget. The government has funded permanent offices for the NEITI.</p>

Key successes

Beneficial ownership portal: The public access portal is an example of the adoption of technology as a vehicle for fostering transparency and accountability.

Regional representation: There is deliberate representation of the six geopolitical regions in the multi-stakeholder group (MSG). However, some stakeholders noted that it is important to ensure that the representatives do indeed live in the regions and are meaningfully in touch with the issues relevant to constituents in those areas.

Framework for community decision-making: The Petroleum Industry Act 2021 provides a framework for communities to have a significant role in decisions affecting them. It was partly the result of almost 20 years of advocacy for this reform from the NEITI.

Cascading model for EITI governance and implementation: Through the establishment and coordination of tiers of committees and forums, the governance and implementation of EITI activities is coordinated beyond the MSG (for example, the Inter-ministerial Task Team, Companies Forum, and Civil Society Steering Committee).

Key challenges

Civil society: Despite a general expansion of the civic space, capacity limitations reduce the level of engagement of civil society. There is also reportedly a lack of definition of what constitutes civil society. This is significant in cases of industry actors and parliamentarians supposedly representing civil society on the board. Overlaps in representation may compromise the integrity of the multi-stakeholder governance approach.

Attribution of EITI impact: There is a challenge to establish ways to measure the impact of the EITI in ways that are not controversial. This is significant because the EITI produces information that is then used by other parties or government agencies to achieve their objectives, which they claim as their own impact.

Nigeria: Discussion of key themes

Institutionalisation of the EITI and the role of legislative environments

A dynamic legal environment has been central to the advancement of the EITI in Nigeria. By way of the NEITI Act of 2007, Nigeria was the first country to establish EITI legislation. As an Act of Parliament, it started the process of embedding EITI activities in Nigeria. It continues to represent a major enabler of EITI implementation.

Once the EITI was made law through the NEITI Act of 2007, there was a compelling case for Nigeria's MSG to push for a continuous process of legislative reforms and the comprehensive implementation of the EITI. For example, the NEITI pushed for several years for the establishment of the Petroleum Industry Act of 2021 – replacing the Petroleum Act of 1969. They also pushed for the expansion of the EITI across the extractive sector. There had long been a focus on the extraction of oil and gas, with little attention paid to solid minerals. Armed with the NEITI Act 2007, the NEITI assumed a leading role in research and publication around the extractive sector. In one of the scoping studies, the NEITI found that solid minerals contributed less than 2% to the national budget. This finding resulted in a major shift in the national focus to include solid minerals.

There is an understanding that without a supporting legal environment, it would be difficult to ensure the sustainability of the EITI in Nigeria due to policy inconsistencies and the highly secretive nature of the oil and gas industry. The institutionalisation of the EITI through legislation has contributed to an increased sense of national ownership.

Mandating stakeholder participation has contributed to an inclusive and cascading model for EITI governance and implementation. The governance of resources in Nigeria has become more inclusive – in part due to formally mandating stakeholder participation. The use of forums like the Companies Forum, the Inter-Ministerial Task Team, and the Civil Society Steering Committee has generated mandated platforms for different types of stakeholders. There are six members of the MSG appointed on the basis of regional representation for each of the six geopolitical zones – demonstrating the importance of the regional representation. The various forums, committees, and the task force can be leveraged to deal with specific issues. For example, in April 2021, the Accountant General of the Federal Government of Nigeria visited the NEITI to announce the need to resuscitate the Inter-Ministerial Task Team to quickly

disseminate NEITI reports. In other words, there was broadening of the participating government ministries. In addition, through the communities' agreements, the NEITI has brought about the direct participation of impacted communities. Stakeholders attributed improved engagement for the benefit of local communities to the EITI.

The mandates for stakeholder participation are important in terms of giving stakeholders and citizens a voice in resource governance – something that is especially significant in the context of a developing nation undergoing democratic transition. As the stakeholder groups foster an increasing exchange of information, they build trust and capacity in the process. As resource governance is transformed by this cascading and inclusive model, the EITI becomes increasingly more relevant in Nigeria.

Legislative commitment has contributed to the implementation of beneficial ownership disclosure in Nigeria. From 2016 Nigeria pushed to legislate beneficial ownership disclosure. Following the inclusion of beneficial ownership disclosure in the EITI Standard 2019, it did not take the country long to embrace this change – in 2020, beneficial ownership became a legal requirement with the signing into law of the amended Companies and Allied Matters Act (CAMA). Nigeria's president made a commitment to implement it, and the commitment was incorporated into the National Action Plan for the Open Government Partnership (OGP). Nigeria is understood to be leading in the implementation of beneficial ownership disclosure, including in the creation

of a digital platform to host a public beneficial ownership register for increased open disclosure.

The institutionalisation of the EITI in Nigeria has the potential to contribute to the EITI Strategic Priorities 2021–2023. A solid legal framework would be an important precondition for Nigeria as the NEITI looks to push the EITI Strategic Priorities 2021–2023. The Petroleum Industry Act 2021 and the NEITI Act 2007 may need to be revised to specifically look at energy more broadly, rather than to continue the current focus on petroleum. The ongoing energy debate in Africa seems to suggest that several countries are heavily reliant on petroleum for their very economic survival. It will be difficult to push for transition without an appropriate legal apparatus.

The current legal framework supports the move towards open data. The NEITI is already leveraging technology to make data publicly available, such as through the beneficial ownership platform. The NEITI Act and the Petroleum Industry Act will play an important role in providing direction on detailed disclosures, including in clarifying the difficult line between open disclosure and commercial confidentiality. The same argument applies to the strategic priority of adopting impact measurement. Currently, there is no framework for measuring the NEITI's impact. Apportioning impact to the work of the EITI has not been without contention. Even in the event of a framework being developed, getting credible information from stakeholders and having them rally behind the initiative will largely depend on the alignment of the NEITI Act 2007 and other legal instruments.

Philippines



Methodology

Deep dive

Fieldwork locations

Cebu

16–17 May 2022

Palawan

18–19 April 2022

Manila

20 and 23 May 2022

Stakeholders interviewed

18

Status

Moderate

Joined

22 May 2013

Latest validation

2021

Latest data from

2020

Visit the country website

Economic contribution of the extractive industries

2.2%

TO GOVERNMENT REVENUES

7.27%

TO EXPORTS

0.78%

TO GDP

0.47%

TO EMPLOYMENT

Information on the EITI status and economic contribution of the extractive industries is according to the EITI country profile available at: <https://eiti.org/countries/philippines> (latest data from 2020) (except percentage to government revenue).

The information on economic contribution of the extractive industries (percentage to exports, to GDP and to employment) is according to the Philippine Statistics Authority (PSA) (latest data from 2020).

Philippines: Contribution to evaluation findings

Key contextual themes	<p>Early success owing to a strong MSG platform</p> <p>Contestation regarding the expanding scope of the EITI</p> <p>The use of the EITI platform for advocacy on human rights issues</p> <p>Concerns around civic space and validation consequences</p>
EITI effectiveness	<p>Transparency and accountability: The Philippines EITI (PH-EITI) has been effective in establishing and mainstreaming the EITI reporting process, including the establishment of online data portals for systematic disclosures.</p> <p>Multi-stakeholder governance approach: The EITI has also provided stakeholders from government, civil society and industry a neutral platform for the discussion of natural resource governance and policy related to the extractive sector. For some, EITI is regarded as the first neutral multi-stakeholder platform for natural resource governance.</p>
EITI relevance	<p>The passing and lifting of the moratorium on new mineral agreements: In 2012, President Benigno Aquino III put in place a moratorium on new mineral agreements citing concerns around the environmental and social impacts of extractive projects. The moratorium was lifted nine years later through the executive order (EO) No.130 by President Rodrigo Duterte. With the role of mining in the Philippines taking centre stage in public discourse, the work of PH-EITI has been highly relevant in the reporting of extractive sector revenues and broader impacts including environmental and social impacts.</p> <p>The EITI is supports policy dialogue: Data from the EITI is relied upon by stakeholders to inform and shape policy discussion related to natural resource governance and the extractive sector.</p> <p>EITI alignment with national priorities: Commitment to the EITI is reflected in the Philippine Open Government Partnership (OGP) National Action Plan, and in a part of the Participatory Governance Cluster or PGC Roadmap.</p>
EITI impact	<p>Transparency and accountability: The EITI contributes to an overall improvement in transparency and accountability, provides a platform for stakeholder dialogue, and supports extractives sector policy dialogue.</p> <p>For example, the EITI process has provided the necessary push to strengthen the role of the Bureau of Local Government Finance (BLGF) and the local treasurers in promoting transparency and good governance in managing government revenues from natural resource utilization.</p>
EITI sustainability	<p>Mainstreaming: The PH-EITI MSG is chaired an Undersecretary of the Department of Finance and the PH-EITI Secretariat is located within the Department of Finance. A bill proposing the institutionalisation of the EITI are currently pending in Congress.</p>
Key successes	<p>Improved engagement of stakeholders: Before the creation of multi-stakeholder group (MSG), government, civil society, and industry stakeholders reportedly viewed each other with suspicion. Despite ongoing challenges, there has been a significant improvement in this tripartite relationship which is credited to the PH-EITI MSG – including the ability to understand the perspectives and responsibilities of other constituents.</p> <p>Environment and Natural Resources Data Management Tool (ENRDMT): The database was developed by the PH-EITI together with the DOF-Bureau of Local Government Finance (BLGF), and the Philippine Poverty-Environment Initiative or PPEI. The tool was developed to serve as a platform for local governments to report receipt of their shares from national wealth (e.g., mining tax, income from energy resources and production, mineral reservations, forestry charges, and other tax imposition of certain government-owned and controlled corporations), and direct payments from extractive and other natural resource-based companies, (such as real property tax, business tax, regulatory fees, etc.), as well as utilization of these funds. Local Government Units (LGUs) can also report donations received from companies and other donors. The BLGF regularly monitors and oversees the reports submitted by LGUs in the system.</p> <p>Online data portals to inform policy makers and citizens: PH-EITI has been a leader in systematic disclosures through online data portals, including platforms for extractive sector payments, contracts and beneficial ownership.</p>

Key successes (continued)

Indigenous peoples and extractives: The EITI process enabled public access to memoranda of agreement (MOAs) between mining companies and indigenous peoples (IPs). The EITI process has also prompted the National Commission on Indigenous Peoples (NCIP) to issue a Commission En Banc Resolution that mandates NCIP regional offices to use the PH-EITI Online Reporting in the Extractives (ORE) Tool in the regular reporting of data on extractive companies' payments of royalties to Indigenous peoples.

Informing the Mining Bill: The PH-EITI has informed policy reform and debates around the Mining bill that if passed would introduce a new fiscal regime for the mining sector, even if at times it is difficult to directly attribute policy reform to PH-EITI.

Contract transparency: Enhanced contract transparency brought about through PH-EITI has enabled access and analysis of Memorandum of Agreements (MOAs) with Indigenous peoples.

Strong civil society: A strong and vibrant civil society where civil society organisations (CSOs), including the peak body Bantay Kita, have been instrumental in the formation and ongoing success of the multi-stakeholder approach through PH-EITI.

Key challenges

Decrease in government support and funding for EITI activities: Stakeholders identified the peak of government support for the EITI as occurring around 2016. Since that time there has reportedly been a reduction in general support as well as total funding available to PH-EITI (from both government and donors) – resulting in the inability to implement all activities under the PH-EITI work plan.

Challenges in the civic space: There is a belief from some stakeholders that civic space has narrowed since the 2017 validation. This concern is attributed in part to the Anti-Terrorism Act of 2020 (Republic Act No. 11479) as well as concerns around the broader climate for activists and CSOs (see discussion below). For some, the MSG is considered one of the last remaining platforms for civil society to express broader concerns around human rights and civic space.

Contestation over the expanded scope of the EITI: The expanding scope of the EITI is contested by some PH-EITI members, including the focus on beneficial ownership, the energy transition, and human rights related issues – with some stakeholders pointing to challenges of 'mission creep' that directly impact validation outcomes.

Subnational implementation of the EITI: While civil society has traditionally been very active in the establishment and ongoing work of PH-EITI, the COVID-19 pandemic, a decrease in funding, and the lack of a clear 'model' for participation and dialogue has led to a sense by some stakeholders that subnational implementation is not as effective as it could be.

Philippines: Discussion of key themes

Early success through a strong multi-stakeholder governance platform

The Philippines joined the EITI in 2013 and in 2017 was the first country to have met all requirements of the EITI Standard. A central feature of this noteworthy progress has been the establishment of a strong platform for multi-stakeholder governance through the PH-EITI MSG.

Before the implementation of the EITI in the Philippines, government, civil society, and industry stakeholders reportedly viewed each other with some suspicion. PH-EITI and specifically the PH-EITI MSG is credited with an improvement in this tripartite relationship including the ability to understand the perspectives and responsibilities of other constituents.

This strong multi-stakeholder governance platform led to transparency gains in the Philippines: There is general consensus among PH-EITI stakeholders that being part of the EITI has helped to improve transparency in the extractives sector and has provided a broader platform for multi-stakeholder governance in the way that

extractive resources are managed. A notable strength is the range of digital platforms for systematic disclosures on extractives sector data that are now publicly available, including platforms for extractive sector payments, contracts and beneficial ownership. For instance, the Extractives Data Generator or 'EDGE', is part of PH-EITI's commitment under the Systematic Extractives Electronic Disclosure Initiative (SEED) to make extractives data more accessible to the public. The goal is to collate and publish data about the extractive industries to better inform policymakers and citizens and increase understanding about the sector.

Civic space under threat and the expanding EITI mandate

Yet the Philippine's strong platform for multi-stakeholder governance through the PH-EITI is currently under significant strain. The Philippines is known for its active civil society, and PH-EITI is no exception. Civil society organisations have been instrumental in the formation

and ongoing success of PH-EITI, but are now raising serious concerns around human rights and civic space in the Philippines.

During the 2021 PH-EITI validation, Bantay Kita, a coalition of civil society organisations and member of the PH-EITI MSG, submitted a 'Shadow Report' that analysed "policy shifts as well as primary data from select communities to determine the state of civic space in the Philippines, and in particular the situation of civil society organizations (CSOs) active in natural resources governance and Extractives Industry Transparency Initiative (EITI) issues".¹¹ The report outlines serious concerns relating to alleged extrajudicial killings and 'red tagging'¹², and finds "...a shrinking general civic space driven largely by institutional capture and the weaponization of the law". The report recommends to the EITI that it builds "...on the expansion of the Protocol on Civil Society Engagement, to expand the EITI Standard to include an assessment of the democratic space itself."¹³

The government have raised a range of concerns in their response to the Shadow Report, including that the report and the serious matters expressed within it were not raised previously through the PH-EITI MSG – arguing that if there are concerns about how CSOs and activists are being treated in the extractives sector, the MSG should be made aware so that they can remedy the situation. Moreover, the government has also expressed concerns that many of the issues raised in the report are outside of the extractives sector and/or represent broader human rights concerns that are beyond the scope and mandate of the EITI.

The EITI Board has accepted the Shadow Report as part of the materials under consideration in the validation. In their assessment of the 2021 PH-EITI validation, the EITI Board stated: "*the Board expresses its deep concern over the alleged intimidation and reported extrajudicial killings of a number of civil society activists and journalists possibly linked to their interventions or stated positions around the sites of extractive operations or on issues concerning extractive investments.*"¹⁴

One of the grey areas in this case in the Philippines, which is also revealed in other case studies, is the challenges associated with interpreting the expanded mandate of the EITI. While the human rights violations in the Philippines are the subject of many other reports¹⁵ – it is contested whether human rights violations are prevalent within the extractives sector. It is also contested whether closing civic space is undermining

the work of CSOs and activists in the extractives sector generally and specifically in the activities of PH-EITI. Senior officials of the Government of Philippines also point to the success the Philippines has had in generating increased transparency – both for government and the private sector – and how this transparency and disclosure has informed policy. Government officials also point to the success of outcomes and impacts that have been demonstrated through the PH-EITI validation process. These transparency gains were understood by some government officials who participated in the case study to be 'core' EITI work and in line with the EITI's original purpose, with other considerations around human rights seen as being "mission creep" that has happened over time through the various iterations of the EITI Standard.

Importantly, CSOs argue that, if they cannot raise serious human rights and civic space concerns that are part of the broader country context in which they operate with the PH-EITI MSG, where can they raise them? This sentiment represents the value that civil society places on the EITI's tripartite platform in the Philippines. It also represents a desire for that platform – both at the country and international levels – to take strong action in what is viewed as a narrowing of civic space and encroachment on human rights.

In this state of contention in the Philippines, the EITI faces one of its 'central dilemmas'. When a country faces a decline in civic space or human rights abuses that calls into question compliance with the EITI's *Protocol on Civil Society Engagement*, there is a difficult choice to make: Either allowing the country to remain in the EITI to provide an ongoing platform for civil society advocacy; or suspending the country for non-compliance thereby closing the very platform for multi-stakeholder dialogue, monitoring and improvements.

In the case of the Philippines, the Board appears to have attempted a middle ground. The Board notes: "... despite the significance of these breaches, the Board did not reach consensus on the consequences of the assessment of Requirement 1.3 at this time and will revisit the issue in its review of progress in addressing corrective actions related to stakeholder engagement. The Board has, instead of suspending Philippines outright, urged it to take urgent 'corrective actions', which it will closely monitor and then reassess."¹⁶

11 Rising Tide: Shadow Report on Civic Space in the Philippines.

12 "The act of labelling, branding, naming and accusing individuals and/or organizations of being left-leaning, subversives, communists or terrorists (used as) a strategy... by State agents, particularly law enforcement agencies and the military, against those perceived to be 'threats' or 'enemies of the State.' Philstar.com, April 17, 2019. Retrieved from <https://www.philstar.com/headlines/2019/04/17/1910846/chr-warns-grave-implications-red-tagging-groups>.

13 Rising Tide: Shadow Report on Civic Space in the Philippines.

14 EITI Board Decision 17 February 2022: Outcome of the Validation of the Philippines.

15 As one example, see the various reports and accounts from Amnesty International.

16 EITI Board Decision 17 February 2022: Outcome of the Validation of the Philippines.

United Kingdom

A world map with a dark teal background. The United Kingdom is highlighted in a lighter shade of teal. A white horizontal line is positioned below the title 'United Kingdom'.

Methodology

Rapid scan

Stakeholders interviewed

9

Status

High

Joined

15 October 2014

Latest validation

2021

Latest data from

2021

Visit the country website

Economic contribution of the extractive industries

0.26%

TO GOVERNMENT REVENUES

4.84%

TO EXPORTS

0.91%

TO GDP

0.16%

TO EMPLOYMENT

United Kingdom: Contribution to evaluation findings

Key contextual themes	<p>Efficient and rapid data collection and publication</p> <p>Relevance of the EITI is weak and its benefits are difficult to identify</p> <p>Limited public engagement, subnational or local relevance</p>
EITI effectiveness	<p>A strong performer against the EITI Standard: The UK was validated at the end of 2021 and received a very high score of 90/100. The timeliness of its data disclosure is particularly notable with 2021 data published by July 2022.</p> <p>Transparency strong; accountability less so: UK EITI pulls together information on the extractives sector from 11 different government bodies that otherwise would not be found in a single place. Some smaller agencies had never previously published this kind of data. But stakeholders consistently noted that there was very little public interest in or engagement with the data or the EITI more broadly.</p> <p>Civil society engagement: In recent years it has proven difficult to identify domestic (rather than international) CSOs who might be interested in being involved in the UK EITI.</p>
EITI relevance	<p>A missed opportunity? Some stakeholders noted that EITI implementation earlier would have increased relevance as there was still some public debate around revenues from North Sea oil and gas, but that debate is now seen as having largely passed.</p> <p>The need for a different focus: Revenue transparency is seen as a niche interest area with very little public engagement. Most stakeholders noted that the EITI getting involved in the wider climate change and energy transition debate and policy would be what would make it most relevant, though it was difficult for them to imagine how the EITI could do that.</p> <p>A different kind of international focus? The UK is seen as already being very transparent and that corruption in the sector would be very difficult. Some stakeholders noted that the need for transparency and anti-corruption tools was not for how UK companies behaved at home, but for how they might behave in other countries.</p>
EITI impact	<p>International reputational benefits: EITI implementation in the UK was seen by all interviewees as the UK 'walking the talk' on transparency – i.e. being clear that it would implement the same standards that it advocates for others.</p> <p>Efficient and rapid data transparency: Data on the extractive industries would not otherwise be joined up and found in a single place. Data publication is rapid.</p> <p>Bringing the mining sector to light: The EITI has played a role in helping organisations (including those in the UK government) realise that the UK does have a minerals sector. The recently published Critical Minerals strategy references the EITI.</p> <p>Very little impact outside of those involved: The majority of stakeholders found it difficult to identify positive national-level benefits or impacts of EITI implementation. Impacts at the subnational and local level were seen as minimal.</p>

EITI sustainability	Strong support but weak impact could create risks: The EITI was seen as having strong political support when launched but that support has recently waned. Stakeholders noted that there is a cost to compiling the data and that the validation process took a significant effort from all involved. Many stakeholders noted that the EITI needed to become more politically and publicly relevant in order to sustain it in the long-term.
Key successes	<p>Creating a single reliable and trustworthy source of data about the sector: Sectoral information was disjointed and not easily accessible.</p> <p>Comprehensiveness and speed of data collection and publication: UK EITI collects and rapidly publishes data related to a very high percentage of the overall sector. Some government agencies are now disclosing data not previously disclosed.</p>
Key challenges	Lack of domestic relevance leads to limited impacts, benefits and public debate: The EITI is seen as being focused on issues of limited political and public interest. That lack of relevance, when combined with high existing levels of transparency, makes it difficult for many to identify positive benefits or impacts. Tapping into the wider energy transition and climate change debate could change that, but would be challenging to implement.

United Kingdom: Discussion of key themes

Very high levels of transparency but a struggle for relevance and impact?

The UK's EITI program is on one level extremely successful. It has recently received a very high validation score (90/100). The timeliness of its data publication – generally 6 months after the end of the calendar year – is seen as being some of the best in EITI globally. Moreover, the UK's EITI program has been successful in bringing sector information from multiple government agencies – some of which had previously disclosed little data – into one place. In this regards EITI in the UK adds further transparency in an environment that was already seen as highly transparent.

But because of existing high levels of data transparency, EITI in the UK may struggle for relevance. Where revenue transparency is seen as a significant achievement in many countries, it is seen as being a niche area of interest in the UK. This challenge around relevance has in turn made it difficult for UK EITI to mobilise interest amongst domestic civil society groups, at the subnational level, or in communities closest to extractive operations.

Correspondingly, all stakeholders noted that there is a very significant political and public interest in climate change and energy transition issues, and that EITI would be seen as more relevant (and therefore have a higher chance of generating public engagement and debate) if it were to engage in this area. At the same time stakeholders were concerned that this kind of expansion of EITI's scope may require the involvement of so many different government, industry and civil society stakeholders as to be quite unwieldy.

Some stakeholders noted that EITI's multi-stakeholder approach is innovative and could be helpful in the climate change and energy transition debate, where views can be polarised. EITI's approach on problem solving between stakeholder groups is seen by some as being a significant improvement on traditional government approaches of developing policy through separate bilateral consultation processes with industry, civil society groups and the wider public.

Because of existing high levels of transparency and perceptions that corruption risks in OECD countries are low, some stakeholders were of the view that the EITI Standard as whole does not serve more developed countries particularly well. Some noted that the main transparency and corruption risks were not in the domestic extractives sector, but rather in how companies headquartered in the UK operated in overseas jurisdictions.

While it is difficult to identify strong domestic benefits or impacts from EITI implementation, it would be interesting to research the reputational impacts of EITI implementation further. It is possible that the UK's domestic implementation is seen as 'leading by example' in global transparency and anti-corruption fora, as well as in bilateral relationships with other countries, and that there may be some (highly intangible) reputational dividend for the UK in that regard.





Zambia



Methodology

Deep dive

Fieldwork locations

Lusaka

25–28 April and 5 May 2022

Kitwe

(Copperbelt province)

29 April 2022

Solwezi

(Northwest province)

30 April–4 May 2022

Stakeholders interviewed

24

Status

High

Joined

15 May 2009

Latest validation

2021

Latest data from

2019

Visit the country website

Economic contribution of the extractive industries

27.8%

TO GOVERNMENT REVENUES

77%

TO EXPORTS

9.9%

TO GDP

2.4%

TO EMPLOYMENT

Zambia: Contribution to evaluation findings

Key contextual themes	<p>The role of the MSG as a think tank that drives systemic change</p> <p>Community engagement with development priorities</p> <p>Data on gender diversity and participation of youth</p>
EITI effectiveness	<p>Transparency and accountability: The Zambia EITI (ZEITI) has generated an environment of tolerance and open debate among stakeholders and fostered transparency through consistency and rigour in reporting. However, there is an understanding that there is an overreliance on production and payment data reported directly from mining companies, with insufficient independent verification.</p> <p>Multi-stakeholder governance approach: Prior to the establishment of the EITI in Zambia, it was ‘unimaginable’ that the government, civil society, and mining companies could sit together, deliberate, and come to common understandings around the governance of the sector. ZEITI has helped to build trust between stakeholder groups. At the same time, ZEITI MSG members and stakeholders still report a tendency to operate in silos outside the MSG and a lack of implementation follow-through on MSG decision-making.</p>
EITI relevance	<p>The country-led implementation model: The country-led approach is seen by ZEITI stakeholders as a key ingredient for fostering national ownership. Through the ZEITI MSG, unique country context expectations are taken into account, improving the local relevance of EITI activities.</p>
EITI impact	<p>Transparency and accountability: The implementation of the EITI in Zambia has contributed to an overall improvement in transparency and accountability, an increase in stakeholder dialogue, and has informed policy development. There has also been a shift from publishing data in static EITI reports, to systematic disclosure – which promotes public debate and MSG decision and oversight in real-time.</p> <p>Public/Community impacts: CSOs working with the MSG and the Secretariat have disseminated information at the subnational and local level, which has led to increased community participation where the mining companies are hosted. In at least one instance, community members have reportedly formed their own local development group where they hold their own meetings to discuss matters related to the extractives sector and development priorities.</p>
EITI sustainability	<p>Mainstreaming: The ZEITI has been integrated into the Ministry of Mines and Mineral Development. The position of National Coordinator is equivalent to a Director in the Ministry. EITI activities are financed from the national budget.</p> <p>The EITI has not yet been legislated in Zambia. There is a concern by some stakeholders that without legislation that mainstreams EITI implementation, it is difficult to guarantee sustainability.</p>

Key successes	<p>Credible data generated on gender diversity and participation of youth: Using this data, ZEITI has also promoted gender diversity and youth participation in sector decision-making.</p> <p>Beneficial ownership: Significant steps have been taken to foster contract transparency through beneficial ownership information disclosure. However, technical and financial limitations have stalled implementation. The uptake has been notably slower for small and medium enterprises.</p>
Key challenges	<p>Funding EITI activities: Implementation is impacted by budgetary constraints. The funding model relies heavily on government. This model may suggest a level of sustainability. However, there is a concern among some stakeholders that reliance on government funding may compromise the standing of the EITI as an independent initiative. There is no framework for collaborative funding from other stakeholders.</p> <p>Legislative: To further improve EITI effectiveness, stakeholders unanimously reported that there is a need for the EITI to be legislated.</p> <p>Information dissemination: There is a time lag between the reporting of data and the use of data. Reports are often not accessible or understood by communities hosting extractive projects. More than 70 languages are spoken in Zambia, and despite the fact that reports are provided in English as one of the main official languages, many people in host communities are not conversant in English.</p> <p>CSOs are the main vehicle of information dissemination yet they are usually under-resourced. There is an understanding among many ZEITI stakeholders that reports and data are only the starting point, and that there is the need for more strategic dissemination and education.</p> <p>Limited awareness of the EITI among key stakeholders: There is limited involvement and participation of the central government and the local government in ZEITI, where understanding of the EITI is sometimes limited. For example, local government officials who provide data to the ZEITI do not fully understand how they can contribute to EITI reporting or the mandate of ZEITI to improve transparency and accountability in the sector.</p> <p>Implementation scope: ZEITI implementation has not tended to include small to medium-sized extractive companies. In attempts to include them, for example through the Federation of Small-Scale Miners of Zambia, the main challenge has been related to data collection. Some of the companies are not properly registered. Remote locations and poor telecommunication connectivity also pose challenges.</p>

Zambia: Discussion of key themes

The role of the MSG as a think tank that drives systemic change

The ZEITI is an important voice in resource governance. In an economy that is heavily dependent on the success of the extractive industry, the Zambia EITI (ZEITI) has become a key voice in resource governance. Before the ZEITI, the extractive sector in Zambia was often associated with opaque and secretive governance practices. The ZEITI has been instrumental in the identification, enumeration, and analysis of policy and practice settings that contribute to transparency and accountability in Zambia's extractive sector. The ZEITI has also created a platform for conversations around

resource governance that provide an opportunity for more inclusive dialogue, including women and youths in mining communities, which has reportedly contributed to greater accountability at local levels.

The credibility of data contributes to strong stakeholder networks. Previously, there was an absence of credible information that could inform debate and dialogue in the sector. Through systematic approaches to data generation, collation, and dissemination, the ZEITI has reclaimed a level of data credibility which supports evidence-based discussions among stakeholders. For example, in 2020, at the height of the COVID-19 pandemic when stakeholder engagement was at its most difficult, the MSG developed proposals for the

continuation of data collection and dissemination. In this instance, the private sector was instrumental in resourcing the creation of the MOSES platform for virtual reporting of extractives data. The integration of the ZEITI in the Ministry of Mines and Mineral Development, with the country representative at the level of a Director in a Ministry, helps to mainstream ZEITI initiatives and activities.

The EITI plays an important role as a think tank. The evidence-based policy building processes implemented by the ZEITI have also contributed to a 'think tank' like role in the extractives dialogue in Zambia. In a country that experiences poverty, inequality, climate change impacts, and rapid urbanisation around mining sites such as Solwezi in the Northwest Province, the ZEITI has played a role in stimulating public debate and mobilising expertise and ideas to inform the policy-making process. For example, the idea of a 10% retention fund for local communities is a testimony to mechanisms that provide guarantees to increase private investment in the affected rural host communities.

Responding to governance reform opportunities.

The ZEITI has also shown an ability to take advantage of governance reform opportunities as they arise, by mobilising an alliance of supporters to rally around ideas, set a corresponding policy agenda, and translate ideas into reality. For example, the ZEITI supported

the introduction of beneficial ownership disclosure in an otherwise highly secretive sector. In 2019, the ZEITI partnered with PACRA (Patents and Companies Registration Agency) to disseminate the idea of beneficial ownership disclosure to grassroots communities.

Supporting the EITI Strategic Priorities 2021–2023.

Zambia is a major producer of copper – a critical input in energy transition. The ZEITI will be able to generate credible data to address the key issues around the energy transition, including affordability, demand, and sustaining revenue streams from the extractive sector. For Zambia, this is especially critical considering that alternative energy sources are scarce and less affordable. Sustaining revenue flows from copper remains critical, and the use of extractive revenues for sustainable and inclusive development is a priority.

As the EITI continues to move to open data approaches, the ZEITI will also play a pivotal role in proactively generating open data to promote real-time public discourse to inform national debates on revenue mobilisation towards national development.

The ZEITI is also actively advancing more detailed disclosures for mineral exploitation licenses and revenue distribution. A key focus is supporting industry and government engagement and capacity for anti-corruption efforts.

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Square Circle is a global development consulting company working to facilitate a more inclusive development process that enables sustainable and equitable impact. We work critically, adaptively and creatively with development partners through our core services — governance and social impact advisory, education and capacity development, and monitoring, research, evaluation and learning.



Voconiq is a data science and community engagement company. We specialise in ensuring that community and stakeholder voices are heard clearly inside companies, industries, institutions and all levels of government. Voconiq measures trust and acceptance between organisations and communities through specialised technology solutions to help customers understand their social risks and to focus on what matters most in their relationship with communities.

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