Addressing corruption risks through EITI implementation

Guidance note

2023 EITI Standard

This note has been issued by the EITI International Secretariat to provide guidance to implementing countries on meeting the requirements in the EITI Standard. Readers are advised to refer to the EITI Standard directly, and to contact the International Secretariat to seek further clarification.

Contact details can be found at www.eiti.org.

EITI International Secretariat
Rådhusgata 26, 0151 Oslo, Norway
+47 222 00 800
secretariat@eiti.org

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Introduction

Corruption[1] remains a significant challenge in many resource-rich countries. The extractive sector is particularly vulnerable due to the high value of the resources and substantial revenues involved. Complex value chains, transactions and business relationships add to the difficulty of oversight, while extensive state control and the involvement of political elites further blur the lines between public and private interests. These factors contribute to corruption risks across the entire extractive value chain, manifesting as opaque licensing, cost and price manipulation, tax evasion and misappropriation of revenues, among others.

The EITI aims to mitigate these risks through its disclosure requirements and multi-stakeholder approach. The 2023 EITI Standard introduces various anti-corruption objectives and requirements to support implementing countries' efforts in identifying and addressing corruption. EITI reporting highlight aspects of the sector that are prone to corruption, exposes governance practices vulnerable to abuse and provides valuable data to support anti-corruption efforts. Through transparency, the EITI can shed light on suspicious transactions and deals, while its multi-stakeholder process promotes public debate, monitoring and advocacy, advancing global anti-corruption norms and policies.[2]

This note provides a step-by-step approach to help EITI multi-stakeholder groups (MSGs) define the EITI's role in mitigating corruption, in line with the 2023 EITI Standard. It includes resources and tools for identifying, assessing and addressing corruption risks and offers case studies illustrating practical applications from EITI implementing countries. Annexe B provides examples of how to apply the steps in specific areas of extractive sector management.

MSGs are encouraged to consider their national context in implementing this guide. Key factors to consider include types of corruption risks, actors, legal frameworks, institutional capacity and resources. Based on these, MSGs may adopt various roles, from information disclosure and analysis to supporting advocacy, collective action and capacity building. By tailoring efforts to the national context, MSGs can use transparency to effectively reduce corruption risks.

HOW CAN THE EITI STANDARD SUPPORT ANTI-CORRUPTION EFFORTS?

The 2023 EITI Standard creates opportunities to address corruption risks by enhancing transparency. The EITI can support stakeholders:

1. **Understand legal and institutional frameworks**: Provide insights into national systems for tackling corruption, highlighting strengths and potential gaps.

2. **Identify vulnerabilities in the extractive value chain**: Spot potential risks in stages such as license allocations, revenue collection and distribution, and state-owned enterprise (SOE) governance.

3. **Scrutinise contracts and compliance:** Enable monitoring of contracts between companies and governments, helping to flag suspicious deals.

4. **Address corporate anonymity**: Promote beneficial ownership transparency to uncover conflicts of interest and reduce the risks associated with hidden ownership.

5. **Detect revenue leakages**: Use disclosures on reserves, production, costs and revenues to identify possible gaps in revenue collection.

6. **Strengthen due diligence and anti-corruption policies:** Encourage companies and SOEs to adopt robust anti-corruption measures.

7. **Enhance MSG oversight:** Integrate anti-corruption measures into EITI objectives and work plans, fostering debate and advocacy.

Overview of steps

STEPS	KEY CONSIDERATIONS
Step 1: Identify corruption risks	• Which stages of the value chain are most prone to corruption? • Which commodities, projects and sub-sectors are most vulnerable and face evolving risks, especially with the energy transition? • Do specific policies and practices heighten corruption risks? • Which EITI Requirements can help mitigate the identified corruption risks?
Step 2: Agree objectives and develop an activity plan	• What objectives should guide the MSG's anti-corruption work? What activities will support these objectives? • What role will the MSG and other stakeholders play? • How can the MSG align with broader anti-corruption efforts at the national and international levels? • How can anti-corruption objectives and activities be integrated into the annual EITI implementation cycle?
Step 3: Implement activities	• Which activities will maximise impact? • How can the MSG respond to emerging corruption risks and cases? • What measures can address potential implementation challenges?
Step 4: Monitor results	• What should be monitored and how? • How to select data sources and indicators? • How to identify appropriate roles and expertise? How can monitoring align with existing EITI processes?

- What are the opportunities to learn from monitoring and review?

How to address corruption risks through EITI implementation

Step 1: Identify corruption risks

To begin, the MSG should identify the most significant corruption risks in the extractive sector, considering how the EITI could help address these risks while aligning with national anti-corruption efforts. The MSG can draw on EITI disclosures and tools to identify stages, commodities, sub-sectors, policies and practices along the value chain particularly vulnerable to corruption. To ensure successful implementation and sustainability, the MSG should actively engage anti-corruption actors from the outset and throughout the implementation cycle.

Note: The time needed for this step depends on MSG capacity, priorities and resources. To undertake this step, the MSG could consider conducting an anti-corruption workshop (1-2 days). Undertaking a detailed assessment, using tools such as the MACRA/NRGI frameworks (see box below), could take up to three months. Where feasible, the MSG could consider establishing a dedicated anti-corruption working group to further sustain efforts.

The MSG may consider the following steps:

1. Identify stages of the value chain most prone to corruption. The MSG could define the scope of its work by identifying potential corruption risks across the extractive value chain and prioritising areas for action. These priorities should be informed by prevailing corruption issues within the sector and country.[3] For example, investment booms in mining may heighten risks in contract and license awards, including bribery, collusion and favouritism. In the oil and gas industry, high revenues associated with extraction, transportation, export and trading can increase the risk of price manipulations and other revenue-related corruption.

The EITI Standard offers a tool to identify risks in the sector's value chain (see more under Step 1.4 below). The MSG can draw on EITI disclosures to identify stages, commodities, projects, sub-sectors, policies and practices along the value chain particularly vulnerable to corruption.

In addition to the EITI Standard, the MSG may wish to draw on tools such as Transparency International's Mining Awards Corruption Risk Assessment (MACRA) Tool and the Natural Resource Governance Institute's (NRGI) corruption diagnostic tool to identify specific corruption risks. National audit reports, independent investigations and publications by anti-corruption

agencies, civil society organisations and media can also offer complementary insights into the corruption risk landscape.

TOOLS

Mining Awards Corruption Risk Assessment (MACRA) tool

Transparency International's MACRA tool helps governments assess underlying risks and causes of corruption in license allocations that undermine the lawful and ethical awarding of mining licenses, permits and contracts. It further assists users in validating and prioritising corruption risks for action.

Corruption diagnostic tool

The corruption diagnostic tool (in particular workbook of step 2 and the selection table of step 3) developed by NRGI, offers concrete steps to identify and diagnose forms of corruption most likely to negatively impact their country's extractive industries. It also guides users in creating an evidence-based anti-corruption action plan, focused on prevention.

2. Assess commodities and sub-sectors most vulnerable to corruption. Certain commodities, such as gemstones, may be particularly susceptible to smuggling due to their ease of transportation.[4] Commodities with dynamic pricing structures may also face trade-related corruption risks.[5] Additionally, the informal nature and regulation gaps in the artisanal and small-scale mining (ASM) sector make it vulnerable to political capture, illicit trade and unreported revenue flows. With rising demand for minerals essential to low-carbon technologies, commodities such as lithium, graphite, nickel and cobalt may attract increased corruption pressures, with high prices and new investments exacerbating existing vulnerabilities. Focusing on the risks associated with these commodities and sub-sectors can help the MSG develop a targeted and effective anti-corruption strategy.

3. Evaluate how policies and practices may influence corruption risks. Certain policies and practices may heighten risks. For instance, efforts to raise royalty and tax rates may not achieve the intended outcomes due to underreported production and cost manipulation. Decentralisation and local content policies, designed to devolve authority, distribute resource revenues to subnational authorities, are often exploited in the absence of strong oversight leading to misuse or diversion of funds.[6] Policies on beneficial ownership disclosure may also be bypassed through proxies, shell companies, or complex corporate

structures that obscure the ultimate owners. Additionally, vested interests may undermine governance when government officials selectively enforce fiscal, operational or environmental and social obligations for politically connected companies.

Given these risks, the MSG is encouraged to focus its anti-corruption efforts on evaluating how policies are implemented in practice to detect and address potential deviations.

4. Identify relevant EITI Requirements to mitigate risks. Once the MSG has gained an understanding of the corruption risk landscape, it should consider which EITI Requirements can effectively address these risks. Key requirements include:

- **Legal frameworks (Requirement 2.1):** Provides insights into the robustness of anti-corruption policies and highlights potential legal deviations.

- **Licensing processes and registers (Requirements 2.2 and 2.3):** Sheds light on vulnerabilities in award and renewal processes.

- **Contracts and licenses (Requirement 2.4):** Enables scrutiny of deals between government and companies. The 2023 EITI Standard also expects disclosure of agreements underpinning social and environmental obligations (Requirement 6.1). Disclosure of barter and infrastructure agreements, including resource-backed loans (Requirement 4.3), and sales agreements with buying companies (Requirement 4.2) are also encouraged.

- **Beneficial ownership (Requirement 2.5):** Exposes hidden ownership structures and potential conflicts of interest.

- **Production (Requirement 3.2) and revenues and costs (Requirement 4):** Helps to identify potential revenue leakages.

- **State-owned enterprises (Requirements 2.6, 4.2 and 4.5):** Helps to identify weaknesses in SOE governance and revenue flows from SOEs to the government. Disclosures related to suppliers, agents and intermediaries, who may facilitate corruption, are also encouraged.

- **Company engagement (Requirements 1.2), MSG governance (Requirement 1.4), EITI work plan (Requirement 1.5) and public debate (Requirement 7.1):** Support MSG efforts to address anti-corruption issues.

For a more comprehensive overview, MSGs are encouraged to review the common corruption risks and relevant EITI Requirements in Annexe A.

Depending on the context and available resources, the MSG may consider expanding its focus to examine corruption risks and transparency needs in

areas not explicitly covered by the 2023 EITI Standard but prone to corruption. For example, local content disclosures may reveal vulnerabilities to self-dealing among political elites, contract inflation, collusion and tax evasion.[7]

CASE STUDY

Ghana: Assessing corruption risks in mining licensing

Ghana, Africa's leading gold producer, also mines diamonds, bauxite and manganese, contributing 7.7% to GDP and 6.7% to government revenue in 2022. In 2020, the Ghana Integrity Initiative used the MACRA tool to identify 17 corruption vulnerabilities in the mining license application process, highlighting 19 specific risks related to disclosure practices and the lack of proper community consultation. To address these issues, the study recommended digitising the licensing process and enhancing stakeholder engagement. In response, Ghana's Minerals Commission has now digitalised mineral licensing through the Mining Cadastre Administration System (MCAS).

Source: Ghana Integrity Initiative (2020), Diagnosing Corruption in the Extractives Sector: Philippines Case Study.

CASE STUDY

Philippines: Diagnosing integrity risks in the nickel sector

The Philippines, a top global producer of nickel--a mineral in high demand for low-carbon technologies—sought to address potential corruption risks in nickel extraction. In 2023, the Philippine EITI, with support from USAID, commissioned and integrity study using NRGI's corruption diagnostic tool. The study conducted a thorough investigation of integrity risks, particularly in licensing and contracting for large-scale nickel mines, and provided recommendations and an activity plan to strengthen Philippine EITI's anti-corruption efforts.

Source: NRGI (2023): Diagnosing Corruption in the Extractives Sector: Philippines Case Study.

Step 2: Agree objectives and develop an activity plan

After understanding the corruption risks most relevant to the national context, the MSG, in consultation with key anti-corruption actors, should agree on a set of clear objectives and develop an activity plan to address these risks.

Note: The time needed for this step depends on factors such as prior work, MSG capacity, resources and the number of relevant stakeholders. To undertake this step, the MSG could consider conducting an anti-corruption workshop (1-2 days), consultations or a series of work planning workshops (which may take up to one month). Where feasible, the MSG could consider establishing a dedicated anti-corruption working group to broaden and sustain work planning and implementation.

Key steps to consider:

1. Define anti-corruption objectives: The MSG has the flexibility to set objectives tailored to its context, which may range from enhancing transparency to deter wrongdoing, to strengthening oversight and public engagement.[8] Examples of possible objectives include:

- Improving the integrity of licensing and contracting processes to foster fair competition.

- Strengthening revenue collection, monitoring and management practices to support effective revenue mobilisation.

- Increasing corporate compliance and stakeholder use of beneficial ownership data to limit enablers of corruption.

- Contributing to national anti-corruption efforts by enhancing the capacity of revenue collection agencies and oversight bodies.

2. Plan activities that will contribute to the desired objectives: As noted under Step 1 and Annexe A, the EITI Standard outlines requirements that can form the basis for MSGs in developing activities aimed at addressing corruption risks. Based on the identified risks and objectives, the MSG should outline specific activities that support these goals. For example, if the objective is to reduce risks in the licensing process, the MSG might include activities related to licensing disclosures and awareness-raising among government agencies about corruption risks in licensing.

The MSG could also complement this work by mapping corruption risks and conducting workshops to discuss findings and identify actionable

recommendations and concrete activities. Where relevant, the MSG could incorporate recommendations from EITI Reports, Validation and other studies into the activity plan. To stay relevant and impactful, the MSGs may include innovative activities beyond the core EITI Requirements. Activities should be measurable and time-bound, as required under Requirement 1.5 on work plans. Examples can be found in Annexe B and Step 3 provides further details on potential activities.

In identifying activities, the MSG is encouraged to consider its capacity and resources. A useful framework for developing an activity plan involves categorising activities based on the objectives set by the MSG (see Step 2.1). Activities can be organised in several ways:

- **By intended outcomes:** Activities can be classified according to the outcomes they aim to achieve, such as exposing misconduct (e.g. analysing past corruption cases); providing contextual information (e.g. conducting diagnostic studies on integrity risks); supporting public discussion and monitoring (e.g. organising workshops and forums); and advancing norms or policies (e.g. developing policy recommendations).

- **By type:** For example, disclosure-related activities might include identifying and analysing key data points in EITI Reports to detect red flags or potential revenue leakages, while engagement and training activities could involve capacity-building workshops.

- **By time, resources and effort required:** These could be grouped as quick wins (e.g. documenting updates on a corruption case in an EITI Report); medium-term activities (e.g. conducting a basic analysis of a known case or hosting a series of capacity-building workshops); or long-term strategic initiatives (e.g. conducting a comprehensive audit of extractive revenue-funded subnational projects across several years, requiring significant data collection, analysis and stakeholder collaboration).

Understanding these categories helps the MSG to determine its direct role in implementing activities versus where collaboration with other stakeholders is needed to effectively achieve anti-corruption objectives.

3. Clarify roles and responsibilities. The MSG should clearly define its role and those of other stakeholders in implementing anti-corruption activities. Taking a more explicit role on anti-corruption can sometimes be met with resistance from actors within and outside of the MSG, so a clear articulation of the EITI's objectives can help secure broader support for these efforts. Depending on the country context and preferred approach to stakeholder engagement (Step 2.3), the MSG may adopt various roles, such as:

- **Informative role:** Disclosing and sharing relevant information with key agencies and the public.

- **Facilitating role:** Coordinating discussions and activities across agencies and stakeholders.

- **Advocacy role:** Pushing for reforms and initiatives, encouraging public debate, recommending policies and legislation.

To achieve broader objectives, the MSG should consider various types of interventions and the role of different actors. Where necessary, the MSG should map out its capacity constraints, particularly in addressing risks in complex transactions (e.g. commodity trading or contract negotiations) where it may have limited capacity, authority and/or information. Based on this, the MSG's work plan should clearly specify the roles of oversight actors and other stakeholders involved in anti-corruption efforts to ensure effective collaboration and accountability.

4. Align with national and global anti-corruption efforts. Anti-corruption work is more effective when coordinated with broader national and international initiatives. The MSG should engage with law enforcement agencies, anti-corruption commissions, supreme audit institutions, parliamentarians, civil society and the media to foster a comprehensive approach. Options include:

Incorporating new actors: The MSG may consider formally integrating oversight bodies into the MSG as members or observers. Establishing a dedicated anti-corruption working group can help to deepen and sustain the MSG's engagement with actors to address risks. In Indonesia, Mongolia, and Zambia, anti-corruption actors are engaged on the MSGs, while Ghana's Financial Intelligence Centre is part of a targeted EITI National Steering Committee on beneficial ownership.

- **Routine engagement**: Frequent public fora and consultations provide an opportunity to discuss corruption cases, systemic weaknesses and agree calls to action. Many EITI countries use press briefings on EITI Reports to foster public engagement.

- **Ad-hoc engagement:** The MSG may play an advisory role in drafting reports to inform policy. For example, in Senegal, the MSG collaborated with the government's Fiscal Investigation Centre and national anti-corruption agency to contribute to the National Anti-Corruption Plan. In cases where the MSG identifies corruption issues during its assessments or reporting, it may establish a need-based working relationship with relevant entities to refer these cases for further action.

- **Formal partnerships**: The MSG could establish formal cooperation agreements (e.g. Memorandums of Understanding) with anti-corruption actors. These agreements can outline protocol and procedures of engagement and information sharing. For example. in Malawi, the MSG is considering a data-sharing agreement with the Anti-Corruption Bureau to facilitate the information sharing.

To maximise impact and avoid redundancy, the MSG should align its efforts with existing national anti-corruption policies and plans, leveraging these frameworks to strengthen its initiatives. Where the national legal framework mandates, MSGs can initiate or be part of joint task force with anti-corruption actors focused on specific corruption risks in the extractive sector. These task forces can develop targeted approaches, including audits or compliance reviews, to uncover and address corrupt practices.

Depending on the national context, the MSG can also consider engaging with companies to address corruption risks related to the use of agents and intermediaries. MSGs are also encouraged to include women's rights organisations and marginalised groups and indigenous communities, to strengthen scrutiny of vested interest and governance challenges.

5. Integrate anti-corruption objectives and activities into the EITI implementation cycle. Requirement 1.5 specifies that MSG work plans must include EITI implementation objectives aligned with national priorities, including corruption-related issues where applicable. This does not require separate anti-corruption work plans but rather applying an anti-corruption lens to areas such as licensing, beneficial ownership, contract and revenue disclosure, social and environment expenditures, commodity trading and energy transition. The EITI's guidance on work plan offers examples of integrating anti-corruption measures into EITI implementation.

Where feasible, the MSG may consider incorporating their anti-corruption objectives and activities into a medium- or long-term anti-corruption strategy or policy. Under Requirement 1.5, MSGs are encouraged to include a narrative of whether they have considered publicly known corruption cases of national importance, and to document discussions, responses and recommendations.

CASE STUDY

Mongolia: Integrating anti-corruption in EITI work plans

Mongolia's 2021 work plan explicitly includes addressing corruption as an objective and outlines specific activities to meet this objective. As part of this, Mongolia piloted NRGI's diagnostic tool for corruption risks.

Source: Mongolia EITI (2020), Mongolia 2020-2021 EITI work plan; NRGI (2023), How to Fight Corruption in Mining: Piloting the Corruption Diagnostic Tool in Mongolia.

CASE STUDY

Guinea: Anti-corruption action plan

In 2023, Guinea's MSG published its first Anti-corruption Action Plan, focusing on transparency and accountability in areas such as mining title issuance, payments, transfers and bauxite quality assessments. Developed using the NRGI corruption diagnostic tool, key measures include revising cadastral procedures, conducting anti-corruption awareness campaigns and implementing audits to ensure fair transactions. The plan also highlights the role of civil society in monitoring activities, raising public awareness, and addressing issues like transfer pricing. The goal is to reduce corruption risks, promote ethical practices and ensure that mining's financial benefits are captured and used effectively.

Source: ITIE Guinée (2023), Plan d'intervention 2024.

CASE STUDY

Indonesia: Linking to national reforms

Indonesia's national anti-corruption framework includes a reference to the EITI and the MSG's work plan links to existing national anti-corruption efforts. The work plan pays special attention to beneficial ownership reform as a concrete anti-corruption measure and seeks to work in partnership with the national Corruption Eradication Commission (KPK).

Source: OGP (2019), Seeking Synergy: OGP and EITI.

CASE STUDY

Nigeria: Engaging key actors

In Nigeria, strong political support for the Open Government Partnership (OGP) commitments on beneficial ownership has driven progress on establishing a beneficial ownership register. The Companies and Allied Matters Act (2020) and the Petroleum Industry Act (2021) provide a legal basis for establishing and maintaining public registers for licenses and beneficial ownership. Nigeria's Technical Unit on Governance and Anti-Corruption Reforms (TUGAR) plays a central role in diagnosing corruption and related governance issues.

Source: OGP (2019), Seeking Synergy: OGP and EITI.

Step 3: Implement activities

After identifying corruption risks, defining objectives and developing an activity plan, the MSG's next step is effective implementation. This involves carrying out planned anti-corruption activities while remaining adaptive and innovative to address real-time corruption cases. The MSG should prioritise "quick wins" to sustain momentum, while gradually tackling more complex and high-impact activities. Combining discrete, low-profile reforms with high-visibility public initiatives can deliver meaningful progress while demonstrating tangible results. Adopting this balanced and dynamic approach ensures that the MSG's efforts remain relevant and impactful in addressing national issues.

The MSG could consider leveraging existing strengths of EITI implementation, for example convening actors, supporting investigations, facilitating debate, conducting analysis, advocating for reforms or building stakeholder capacity. Flexibility to adjust its role and activities allows the MSG to respond effectively to context and emerging issues, maximising its anti-corruption efforts.

Note: The time needed for this step depends on MSG capacity and resources. Some activities may take a single day (e.g. during an MSG meeting), while others may span months or years, depending on complexity.

Activities to consider:

1. Disclose relevant information. EITI disclosure requirements provide a foundation for identifying anomalies that can support investigations and broader anti-corruption efforts. (see Annexe A). Often, complementary data is needed to fully assess corruption risks. Under Requirement 7.1.c(iii), the MSG can request, disclose and assess additional data from companies and authorities

not typically included in EITI reporting, such as information on asset declarations of politically exposed persons (PEPs) or corporate filings to stock exchanges. Expanding the scope of EITI reporting to cover additional risk areas, such as service contracting or the renewable energy sector, can also be beneficial. Where feasible, the MSG may disclose or submit data to directly support ongoing corruption investigations.

CASE STUDY

Mozambique: Uncovering corruption through EITI reporting

During the preparation of the 2020 Mozambique EITI Report, a fraud case involving collusion between tax officials and a reporting company was uncovered, revealing payment forgeries and embezzlement of state funds. Reconciliation of financial data as part of EITI reporting showed that the company had paid the funds, while the government had not received them. The MSG reported the findings to anti-corruption authorities, leading to investigations, recovery of payments and criminal charges.

Source: EITI (2023), Mozambique 2022 Validation Report.

CASE STUDY

Malawi: Documenting an alleged corruption case

Malawi's 2020-2021 EITI Report highlighted an allegation of bribery and corruption involving senior officers at the Ministry of Mining in connection with the renewal of a mining license. The case was reported to Malawi's Anti-Corruption Bureau (ACB), which initiated an investigation. The MSG has been closely monitoring the investigation and in October 2022, two individuals were arrested on corruption charges.

Source: MWEITI (2023): Malawi 2020-2021 EITI Report.

2. Analyse disclosures and provide recommendations. Publishing EITI Reports and undergoing EITI Validation should yield actionable insights. Under Requirement 7.3, the MSG should recommend improvements for extractive sector policies. For example, the MSG can assess deviations from licensing procedures (Requirement 2.2.a(iii-iv)) and analyse beneficial ownership data and contracts to provide recommendations on regulating contractual obligations by different corporate owners. EITI Validation reports also provide corrective

actions and strategic recommendations that may provide entry points for the MSG to address corruption risks.

The MSG can further support investigations by triangulating production, exports and revenue data; analysing financial disclosures, beneficial ownership information, contracts; and comparing audits reports and Validation assessments to identify anomalies. Such analysis can help uncover smuggling, discrepancies in revenues and subnational transfers, unusual licensing timelines, conflicts of interest among PEPs with stakes in extractives projects, and mismatches between contract terms and corporate behaviour.

Resources such as NRGI's [briefing](#) on using EITI disclosures for anti-corruption (as well as its earlier [report](#))[9] can guide such analyses, which could be included in the EITI Report or a separate study.

CASE STUDY

Liberia: Post-award audit on licenses

In Liberia, the MSG conducted a post-award audit to examine mining licensing transparency, identifying critical governance gaps and providing recommendations to strengthen integrity in the licensing process.

Source: LEITI 2016: [Post Award Process Audit II](#).

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3. Support public discussion, monitoring and advocacy: Given the complex nature of the sector, public understanding of corruption and capacity can be limited. Stakeholders may also be unaware of existing EITI data or how to translate data into action and advocacy Under Requirement 7.1, the MSG can provide a platform for stakeholders to stimulate informed debate and advocate for solutions to address corruption risks. Where possible, the MSG should also engage anti-corruption actors (e.g. anti-corruption bodies, corporate investigators, investigative journalists, civil society groups and community leaders) to introduce EITI data and enhance methods for analysing information.

The MSG can also support journalists with data and insights to facilitate investigations. Partnering with civil society groups on advocacy initiatives can further strengthen transparency and anti-corruption frameworks.

The MSG may also lead public awareness campaigns to highlight corruption risks and the role of transparency. Outreach activities can provide an opportunity for consultations with stakeholders on the effectiveness of anti-corruption efforts. Companies could consult communities to identify corruption

risks in the implementation of social projects. Governments could explain licensing outcomes to address public concerns. Civil society could advocate for regular updates on anti-corruption plans from regulatory agencies and companies.

CASE STUDY

Colombia: Using beneficial ownership data

In 2020, the EITI, in partnership with Directorio Legislativo, developed a tool to identify corruption risks associated with politically exposed persons (PEPs). The tool cross-references beneficial ownership data with financial disclosures to flag potential conflicts of interest in licensing and contracting. A similar tool is being piloted in Nigeria to identify risk factors and analyse connections between companies and PEPs.

Source: EITI & Open Ownership (2023). Who benefits? How company ownership data is used to detect and prevent corruption.

4. Facilitate cooperation and collective action. The EITI's strength lies in its ability to convene agencies to address shared goals for extractive sector governance. The MSG could for example engage with new actors such as ministries, regulators, law enforcement, central banks and anti-money laundering councils to advance beneficial ownership reforms. This collaborative approach can extend to anti-corruption initiatives, with the MSG engaging prosecutors, corruption commissions, judicial bodies, parliamentarians and ombudspersons to foster inter-agency cooperation. Using these platforms, the MSG may wish to consult, agree and issue policy recommendations to government officials based on its analysis of corruption risks. Regional cooperation may also be beneficial.

CASE STUDY

Armenia: Collective efforts to strengthen government systems and oversight

In 2020, Armenia published its first beneficial ownership declarations for extractive companies as part of its EITI implementation. By 2023, thanks to inter-agency cooperation and continuous legal reform, Armenia had expanded its ownership disclosure requirements to cover the entire economy, launching a public beneficial ownership register which covers approximately 120,000 legal entities.

Investigative journalists have used the register to scrutinise corporate structures, expose hidden interests and flag illicit activities. For instance, Civic reported how journalists used beneficial ownership data to reveal connections between high-profile politicians and lucrative mining ventures in Armenia, shedding light on potential conflicts of interest and irregularities in contract awards.

Source: EITI (2024): Digging deeper: How Armenia is leading the way in beneficial ownership transparency.

5. Conduct capacity building. The MSG is encouraged to provide training on corruption risks and the EITI's role in addressing them. These could include workshops on data analysis to identify red flags, focusing on technical disclosure requirements related to SOE transactions, in-kind revenues, barter and infrastructure arrangements or beneficial ownership. Training should be informed by the significant corruption risks in the country and extend to anti-corruption actors beyond MSG members.

CASE STUDY

Ghana: Using beneficial ownership data to strengthen integrity

In 2022, the civil society organisation NOPRA identified potential misconduct by a mining company using data from Ghana's beneficial ownership register, revealing directors with criminal records abroad. NOPRA notified relevant authorities, leading to the non-renewal of the company's mining license.

Source: The Herald (2022). Minerals Commission stops Cassius Mining Ltd in Talensi.

6. Respond to emerging corruption risks and cases. The MSG is encouraged to provide a narrative of whether it has considered publicly known corruption cases in the sector that are of national relevance and to document its discussion, response and recommendations (Requirement 1.5.e).

The MSG can draw on EITI Reports and Validation, which often reveal discrepancies, governance weaknesses and red flags that signal potential corruption. The MSG should proactively address these in line with annual work plans (see Step 2) to foster a culture of continuous oversight.

Media coverage and public allegations may also expose corrupt practices. Occasionally, stakeholders may report misconduct directly to the MSG. In such cases, the MSG is encouraged to take prompt actions to remain responsive to real-time issues.

The MSG may consider the following steps:

- **Initial briefing:** Invite relevant members or external experts to brief the MSG on the case.

- **Assessment and decision:** Determine the level and type of MSG engagement, considering the case's relevance to the sector, alignment with MSG objectives and potential reputational risks. Based on this assessment, options include issuing a public statement, monitoring or taking direct action.

- **Public statement:** The MSG chair may release a statement advocating for transparency and adherence to national laws and global standards.

- **Monitoring and documentation:** The MSG may assign a team or committee to track the case and document it in the EITI Report or as a separate study.

- **Direct action:** The MSG may raise awareness, recommend preventative measures, engage stakeholders or inform reforms to address regulatory gaps (see Step 3.1).

To streamline this practice, the MSG could codify these steps into a standard response procedure, emphasising the use of EITI data to address cases effectively.

CASE STUDY

Malawi: Leveraging the EITI for action on corruption

Civil society used the EITI platform to call for government action on the allegations of corruption in mining licensing (see Malawi example under Step 3). The MSG responded on the case, which was later investigated by the national anti-corruption agency. These events prompted the Malawi EITI to develop an anti-corruption policy and strategy to inform future responses to similar cases.

Source: EITI (2022). Malawi 2022 Validation Report.

7. Consider potential implementation pitfalls and solutions. In implementing anti-corruption activities, the MSG should be aware of potential challenges and plan measures to address them:

- **Timing:** Clear timelines and resources provide direction and can help avoid delays. The MSG should align timelines with opportunities in national reform processes, such as legislative approvals, strategic development plans or international anti-corruption commitments.

- **Resources:** Insufficient financial and technical resources can hinder implementation. The MSG should ensure adequate funding, seeking support from national and international partners when needed.

- **Reporting burden:** Government entities and companies may need to report under various global standards and national frameworks, which may affect the quality of engagement in anti-corruption efforts. Various frameworks, such as the Initiative for Responsible Mining Assurance (IRMA) Standard for Responsible Mining, OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals and Global Reporting Initiative (GRI) standards, provide valuable tools to address corruption. Understanding the similarities and differences among these standards allows the MSG to streamline efforts, avoid duplication and integrate complementary disclosures into EITI reporting.

Step 4: Monitor results

A monitoring framework enables the MSG to link its overall objectives (Step 1), anti-corruption activities (Step 2) and actual results achieved (Step 3). By outlining activities, expected outcomes and regularly reviewing outputs, the MSG can strengthen implementation, demonstrate value and garner support.

The time needed for this step depends on MSG capacity and resources. Routine monitoring should be conducted at least annually, though more frequent checks are encouraged to ensure implementation is on track.

Key steps to consider:

1. Align monitoring with EITI processes. The MSG should align its monitoring framework with EITI processes to streamline preparation for Validations, annual work planning and progress reporting. This alignment makes it easier to monitor progress on anti-corruption efforts. Key processes include:

- **Work planning:** Activities in work plans should follow a results chain with clearly defined inputs, outputs and outcomes. The MSG should use indicators that measure the success at each stage of the results chain, applying "SMART" criteria (Specific, Measurable, Achievable, Relevant and Time-bound).

- **Validation:** EITI Validation templates, particularly the "Outcomes and impact" template, can assist in monitoring specific results. Aligning monitoring frameworks with these template enhances annual reporting and Validation.

- **Annual progress reviews:** Progress against the work plan should be reviewed and evaluated annually (Requirement 1.5). Monitoring and evaluation (MEL) frameworks help link the annual work plan with progress reports, foster a learning culture and strengthen implementation.

2. Learn from monitoring and review. The MSG should consider whether activities are yielding the intended outputs and outcomes as outlined in its work plan. Regular reviews of indicators and monitoring data can foster learning and improve implementation. While annual reviews are essential, quarterly reviews may help identify bottlenecks and implementation challenges, enabling timely adjustments. Where feasible, the MSG may consider commissioning an independent evaluation to assess the impact of its anti-corruption efforts on national priorities.

Annexe A: Common corruption risks and relevant EITI Requirements

AREAS IN THE EXTRACTIVE SECTOR VALUE CHAIN	CORRUPTION RISKS	EITI REQUIREMENTS	RELATED GUIDANCE
Legal framework	Weak governance framework and practices	1. Requirement 2.1 on laws and institutions related to preventing corruption	Addressing corruption risks through EITI implementation
License allocations	Bribery, collusion, political capture, undue influence, favouritism, absence of a competitive process	2. Requirement 2.2 on license awards, including deviations from the rules and "fast-tracked" awards 3. Requirement 2.3 on linking license and beneficial ownership registers	Contract and license allocations Register of licenses
Contracts	Political capture, non-compliance, conflicts of interest	4. Requirement 2.4 on disclosure of new or amended contracts, including encouragement to disclose exploration contracts 5. Requirements 4.2 and 4.3 on commodity trading, barter and infrastructure agreements	Contracts
Beneficial ownership	Conflicts of interest, illicit financial flows, shell		

	companies, money laundering	6. Requirement 2.5 on names and details of beneficial owners, legal owners and politically exposed persons (PEPs), including clear thresholds for reporting	[Defining and capturing data on the ownership and control of state-owned enterprises](#) https://eiti.org/guidance-notes/understanding-financial-statements-state-owned-enterprisesMSG oversight of beneficial ownership disclosures
State-owned enterprises	Abuse of authority, conflicts of interest, misappropriation of funds, favouritism in contracting and regulation	7. Requirements 2.6, 4.5 and 6.2 on revenue retention, financial flows and quasi-fiscal spending, as well as beneficial ownership disclosure for agents, intermediaries, suppliers or contractors 8. Expectation 7 of the Expectations for EITI supporting companies on anti-corruption policies and due diligence	[State participation and state-owned enterprises](#) [Understanding financial statements of state-owned enterprises](#) [Quasi-fiscal expenditures](#)
Commodity trading	Bribery, conflicts of interest, misappropriation, inappropriate trading benchmarks, unbalanced trading terms, unqualified buyers, price manipulation, undervaluation of production and exports	9. Requirements 3.2, 3.3 and 4.2 on buyers, commodities, prices and volumes of sales, and disclosure of sales agreements	[Reporting guidelines for companies buying oil, gas and minerals from governments](#)
Revenue collection and flows	Misappropriation, bribery, money laundering, false invoicing, tax		

		understatement or evasion, unfavourable tax exemptions	10. Requirement 2.1 on legal and fiscal framework	Defining materiality, reporting thresholds and reporting entities
			11. Requirement 3 on reserves, production and exports	Open data policies and disclosures
			12. Requirement 4 on revenue flows and costs	
Revenue management, including subnational payments	Misappropriation, diversion of funds, opaque transfer mechanisms, political capture		13. Requirement 4.6 and 5.2 on subnational payments and transfers, sharing formulas and allocated vs. actual transfers	Subnational payments and transfers
			14. Requirement 5.1 and 5.3 on budgets and revenue management and expenditures	
Social and environmental expenditures	Non-compliance with laws or contractual commitments, kickbacks, bribery, misappropriation of funds		15. Requirement 6.1 on social and environmental spending, including expectation to disclose contracts mandating payments	Social and environmental expenditures
Artisanal and small-scale mining (ASM)	Extortion of informal miners, bribery and favouritism in formalisation and licensing processes, underreporting of production, smuggling, money laundering, illicit financial flows		16. Requirement 3.2 and 3.3 on ASM production and exports	Coverage of artisanal and small-scale mining (ASM) in EITI reporting
			17. Requirement 6.3 on estimate of informal sector activity	
Cross-cutting	All of the above		18. Requirement 1.2 on company engagement,	

		anti-corruption policies and due diligence (see also Expectations for EITI supporting companies)	Establishing an EITI work plan
			Establishment and governance of multi-stakeholder groups
		19. Requirement 1.4 on MSG governance	
		20. Requirement 1.5 on MSG workplans, monitoring and review	Recommendations from EITI reporting
		21. Requirement 7.1 on disclosures and public debate beyond the EITI Requirements	

Annexe B: Examples of how to apply the steps for specific risk areas

License allocations

Step 1: Identify corruption risks in license allocation and contracting

- Conduct a corruption diagnostic analysis and/or consult relevant stakeholders to identify vulnerable stages (e.g. application, review, negotiation, approval), commodities or practices (e.g. opaque negotiation, short application to award dates, staffing deficits) in the licensing process.

- Discuss and agree on how EITI Requirements 2.1, 2.2, 2.3 and 2.4 can help address these risks.

Step 2: Agree objectives and develop an activity plan

- Set objectives for addressing corruption (e.g. to ensure fair competition by enhancing the integrity of lithium licensing and contracting procedures).

- Review the license register to identify corruption risks (e.g. unusually short or long licensing timelines) and prepare a policy brief to address governance weaknesses (e.g. ambiguous technical criteria and discretionary policies).

- Facilitate discussions among licensing officials on using beneficial ownership data in license allocations.

- Engage regulatory bodies (e.g. minerals, petroleum or anti-corruption commissions) to align priorities and define roles.

- Invite relevant agencies to participate in the MSG as a member or observer

- Sign a memorandum of understanding (MOU) with the anti-corruption agency for annual updates on potential cases for investigation.

Step 3: Implement activities

- Secure adequate funding for activity implementation.

- Carry out activities likely to achieve the greatest impact.

- Invite the mining or petroleum authority to provide an update on an ongoing cases and establish a working group to monitor cases.

Step 4: Monitor results

- Consider including the following indicators in the monitoring framework:

  - Input: Number of license process analyses conducted by the MSG.

  - Output: Number of recommendations directed at specific actors or agencies.

  - Outcome: Adoption of recommendations to inform regulatory reforms.

Subnational payments and revenue collection

Step 1: Identify corruption risks in subnational payments and revenue collection

- Conduct a corruption diagnostic analysis report or consult relevant stakeholders to identify vulnerable stages (e.g. government allocation, regional disbursement, revenue use), commodities (e.g. annual license fees for ASM miners) or practices (e.g. delayed or no disbursements, diversion of fund, political interference) in the payment and disbursement process. Identify subnational jurisdictions with elevated risks.

- Discuss how EITI Requirements 4.1, 4.6, 5.2 and 6.1 can help address these risks.

Step 2: Agree objectives and develop an activity plan

- Set objectives for addressing corruption (e.g. to promote local government revenue mobilisation by strengthening collection, monitoring and management practices).

- Conduct a comparative analysis on royalty payments to central government vs. disbursement to local governments, providing recommendations to inform public debate on non-disbursement where such cases exist.

- Develop a policy brief with recommendations for addressing deviations between calculated and actual transfers to local governments and strengthening revenue sharing mechanisms.

- Facilitate discussions between national and subnational governments to address these deviations.

- Engage agencies and companies to align priorities and define roles.

- Identify local community forums for discussing EITI findings and include local government representatives in the MSG.

Step 3: Implement activities

- Secure adequate funding for activity implementation.

- Carry out activities likely to achieve the greatest impact.

- Conduct community visits to monitor subnational revenues use.

- Issue a press release to inform public debate on findings of subnational corruption.

- Consider timelines for local elections and local budget allocation when collecting and using information on subnational corruption.

Step 4: Monitor results

- Consider including the following indicators in the monitoring framework:

  ○ Input: Number of participants engaged in capacity development.

  ○ Output: Self-reported capacity gains among participants.

  ○ Outcome: Improvement in practices to inconsistencies reported.

Environmental and social obligations

Step 1: Identify corruption risks in environmental and social obligations

- Conduct a corruption diagnostic analysis report or consult relevant stakeholders to identify vulnerable stages (e.g. approval of environmental impact assessments (EIAs), payment of damages and rehabilitation fees), commodities or practices (e.g. non-compliance to commitments, under/over reporting payments and expenditures). Identify any companies or government agencies showing heightened risks.

- Discuss how EITI Requirement 6.1 and others can help address these risks.

Step 2: Define objectives and develop an activity plan.

• Set objectives for addressing corruption (e.g. to strengthen capacity of environmental protection agencies in corruption prevention and improve social benefits to communities).

• Document and analyse past corruption cases related to non-payment and/or misuse of social and environmental funds.

• Map and analyse ESG commitments and implementation for key companies and compare actual payments with contractual commitments.

• Build capacity of local beneficiaries to scrutinise disclosures and seek accountability.

• Engage communities, environmental agencies and companies to align priorities and define roles.

• Engage parliamentarians to take action based on MSG findings.

Step 3: Implement activities

• Secure adequate funding for activity implementation

• Carry out activities likely to achieve the greatest impact.

• Conduct community visits to monitor social and environmental projects.

• Align EITI Reports with corporate ESG reporting to reduce reporting burdens.

Step 4: Monitor results

• Consider including the following indicators in the monitoring framework:

  ○ Input: Number of community development and environmental management agreements analysed against actual payments/actions.

  ○ Output: Identified inconsistencies between actual and committed ESG indicators.

  ○ Outcome: Investigated inconsistencies between actual and committed social and environmental payments.

Annexe C: Further resources

Mission Critical: Strengthening governance of mineral value chains for the energy transition EITI	This study provides an overview of global value chains of transition minerals, as well as governance risks and opportunities.
Mining awards corruption risk assessment tool Transparency International	This tool allows users to identify and assess the underlying causes of corruption in mining sector awards. It has been used across 23 mining jurisdictions, and identifies more than 80 common corruption risks.
Diagnosing corruption in the extractive sector: a tool for research and action NRGI	This seven-step tool is a flexible and adaptable guide that helps users engage on sensitive topics, identify and understand major corruption issues, develop multi-stakeholder participation and support, and build and implement action plans to prevent corruption in the future.
How Anticorruption actors can use the EITI Standard NRGI	This guide provides guidance for anticorruption actors—such as civil society, journalists, EITI MSGs and government enforcement agencies—by outlining how the innovations of the 2023 EITI Standard may help advance anti-corruption efforts.
Recommendations for strengthening the role of the EITI in the fight against corruption NRGI	This memo details recommendations for EITI to strengthen its relevance for anticorruption efforts.
Using the EITI Standard to combat corruption Transparency International	This paper highlights key lessons for combatting corruption through effective implementation of the EITI's disclosure requirements on license allocations (Requirement 2.2).
Preventing corruption in energy transition mineral supply chains	

NRGI	An Expert Group on Preventing Corruption in Transition Minerals, which brings together perspectives from civil society, governments, academia and international organizations, developed a set of key recommendations to tackle corruption in mineral supply chains. The development process was led by the Natural Resource Governance Institute (NRGI), with advice from the OECD Centre for Responsible Business Conduct and the EITI.
Race to renewables: tackling corruption and integrity risks in the renewable energy sector EITI	This report outlines corruption and integrity risks in the renewable energy sector and recommendations for stakeholders to address them.
Corruption in extractive value chain OECD	This paper discusses various types of risks in the extractive sector and provides actionable recommendations on how to address them.
How to address bribery and risks in mineral supply chains OECD	This report provides practical answers to frequently asked questions on how companies can identify, prevent, mitigate and report on risks of contributing to bribery and corruption through their mineral sourcing.
Twelve red flags: Corruption risks in the award of extractive sector licenses and contracts NRGI	This paper examines over 100 cases of license or contract awards in the oil, gas and mining sectors which gave rise to corruption accusations. The paper lists 12 red flags of corruption in license and contract awards and includes illustrative examples for each.
Beneficial ownership screening: Practical measures to reduce corruption risks in extractives licensing	

NRGI	This briefing offers advice on how governments can strengthen their extractives licensing policies and processes to tackle corruption risks posed by problematic beneficial ownership linkages.
Anti-corruption in the renewable energy sector U4	This paper highlights various types of risks in the renewable energy sector and how local political economies influence these risks.
Guideline for monitoring and evaluation of the EITI GIZ	This guideline summarises how monitoring and evaluation (M&E) is relevant to specific requirements in the EITI Standard and describes the benefits of having a strong M&E framework. It also presents a generic results framework and presents specific steps that MSGs can take to develop and implement an M&E framework. The guide has been applied in several countries including Ukraine, Mauritania and Togo.
A users' guide to measuring corruption Global Integrity/UNDP	This guide provides a critical review of indicators and methodologies used to measure corruption and anti-corruption efforts, including the strengths and weaknesses of different approaches. It presents best practices and case studies for how to use corruption and anti-corruption indicators.
Approaches to monitor identified external corruption risks in development programmes U4/Transparency International	This synthesis of research presents strategies and methods for measuring corruption and corruption risk across the value chain of development programmes, with an emphasis on corruption risks that are more difficult to identify and to measure.
Monitoring and evaluation (M&E) of anti-corruption activity plans World Bank	This note presents best practice in demonstrating the impact of anti-corruption efforts, with an emphasis on their implementation in the Italian context. It offers good practice in selecting indicators and outlines the competencies required for developing and implementing M&E frameworks.

Endnotes

1   For the purpose of this note, the term "corruption" is defined as "the abuse of entrusted power for private gain" in accordance with Transparency International's definition.

2   Alexandra Gillies (2019). *The EITI's Role in Addressing Corruption.* Retrieved from https://eiti.org/document/eitis-role-in-addressing-corruption; NRGI (2021). *How Can Anti-Corruption Actors Use EITI Disclosures? Retrieved from https://resourcegovernance.org/publications/how-can-anti-corruption-actors-use-eiti-disclosures.*

3   For more information and additional types of risks, see NRGI (2021), *Recommendations for Strengthening the Role of the EITI in the Fight Against Corruption*. Retrieved from
      https://resourcegovernance.org/analysis-tools/publications/recommendations-strengthening-role-EITI-against-corruption.

4   Global Witness (2021). *Jade and Conflict: Myanmar Vicious Circle*. Retrieved from https://www.globalwitness.org/en/campaigns/natural-resource-governance/jade-and-conflict-myanmars-vicious-circle/

5   For an example of how dynamically priced commodities are prone to trade-related corruption, see Open Oil (2018), EITI Commodity Trading in Indonesia. Retrieved from https://eiti.org/document/commodity-trading-in-indonesia.

6   For an example of how decentralisation policies may be abused, see Transparency International Australia (2017), *The risk assessment of corruption in the awarding of mining permits in Indonesia*. Retrieved from https://transparency.org.au/publications/indonesia-risk-assessment-of-corruption-in-the-awarding-of-mining-permits/.

7   NRGI (2015). *Local Content - Strengthening the Local Economy and Workforce*. Retrieved from
      https://resourcegovernance.org/publications/primer-local-content.

8   NRGI (2021). *Diagnosing Corruption in the Extractive Sector: A Tool for Research and Action*. Retrieved from
      https://resourcegovernance.org/analysis-tools/publications/diagnosing-corruption-extractive-sector-tool-research-and-action.

9   NRGI (2021). How Can Anti-corruption Actors Use EITI Disclosures?
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**Extractive Industries
Transparency Initiative**

Rådhusgata 26   +47 222 00 800
0151 Oslo   secretariat@eiti.org
Norway   eiti.org