



How Anticorruption Actors Can Use the EITI Standard: A Practical Guide

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In June 2023, the Extractive Industries Transparency Initiative (EITI) adopted the [2023 EITI Standard](#), which introduced significant new requirements that are either mandatory, expected or encouraged for implementing countries and companies, compared to the 2019 Standard.¹

In particular, the Standard now includes several obligations aimed at bringing more information into the public domain to advance gender equality, a just energy transition and anticorruption efforts.

In 2021, building on an [EITI-commissioned paper on the role of the EITI in fighting corruption](#), NRGi published two reports which showed how anticorruption actors could use EITI disclosures and spaces to advance their work, and recommended ways to strengthen the role and potential of the EITI for anticorruption purposes.²

In this new guide, NRGi updates its guidance for anticorruption actors—such as civil society, journalists, EITI Multi-Stakeholder Groups (MSGs) and government enforcement agencies—by outlining how the innovations of the 2023 Standard may help advance their efforts.

1 EITI, “[EITI launches 2023 EITI Standard](#),” 12 June 2023.

2 NRGi, [How Can Anticorruption Actors Use EITI Disclosures?](#) (2021); NRGi, [Recommendations for Strengthening the Role of the Extractive Industries Transparency Initiative in the Fight Against Corruption](#) (2021).

We identified **five objectives** that the 2023 updates to the EITI Standard can support:



Objective 1: Setting anticorruption targets

By encouraging MSGs to set clear anticorruption objectives in implementation of the Standard and requesting that companies publish their anticorruption policies, the EITI creates space for multi-stakeholder dialogue to promote anticorruption and hold companies more accountable.



Objective 2: Ensuring transparent and fair licensing processes

The 2023 Standard strengthens the reporting obligations for licensing processes, including fast-tracked awards and transfers. It also clarifies and expands the scope of the requested beneficial ownership (BO) disclosures, while encouraging stakeholders to use such disclosures. These are all key elements for detecting and deterring corruption in licensing processes.



Objective 3: Identifying corruption in the negotiation and enforcement of companies' obligations

The Standard now requires that implementing countries and companies disclose additional contractual documents, which can help identify corrupt practices at the negotiation and enforcement stages, through public scrutiny, project analysis and monitoring.



Objective 4: Scrutinizing management of the state's share of resources and revenues

New requirements in the 2023 Standard aim to increase transparency in state-owned enterprises (SOEs) and their operations—a major corruption risk area—and to reduce corruption in the management of the state's share of resources and revenues.



Objective 5: Supporting a corruption-free energy transition

For the first time, the new Standard includes disclosure requirements for data linked to the economics and viability of extractive projects, which will help stakeholders assess whether investment decisions are based on credible data that take into account energy transition scenarios and the public interest, rather than private interests.

Guide structure

For clarity, the guide is structured around the five objectives presented in the table above. For each of these, we explain the changes in the latest Standard, and what the new requirements should bring to the fight against corruption. We group these changes by topic. For each group of new disclosures or obligations (in the left column of the table), we suggest a list of actions that anticorruption actors can undertake (in the right column). We divide these actions by type of actor (MSGs, civil society organizations (CSOs) and journalists, and anticorruption institutions) and by category, according to whether they aim to:

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-  Highlight systemic vulnerabilities to corruption and close the gaps (contributing to corruption prevention), or
 -  Identify and investigate suspicious practices (contributing to corruption detection)
-

The list of actions we suggest is non-exhaustive and does not intend to limit any actors' initiative to design their own plan, activity or investigation. We seek instead to demonstrate the range and potential of concrete actions made possible by the EITI Standard, in particular the 2023 update. To illustrate our suggestions, we include examples of data use by anticorruption actors which served or may serve anticorruption purposes.

Readers of the digital PDF can find the definition of **highlighted** words by clicking on them.

Terminology

While we rephrase some of the requirements in this document to explain their full meaning, we are careful to retain the EITI terminology when indicating the nature of the obligation: mandatory, expected or encouraged. Below are the nuances, as [explained in the EITI Standard](#):

- **Mandatory.** The terms "required" and "must" in the EITI Standard indicate that the requirement is mandatory and will be taken into account in the assessment of progress towards meeting the EITI Standard.
- **Expected requirements.** The term "expected" in the EITI Standard indicates that the MSG should consider the issue and document its discussions, the rationale for disclosure or non-disclosure, and any barriers to disclosure. The EITI Validation process will consider and document the MSG discussions.
- **Encouraged requirements.** The terms "encouraged" and "could" in the EITI Standard indicate that the requirement is optional. Efforts by the MSG will be documented in Validation, but will not affect the overall assessment of progress towards meeting the EITI Standard.

Building on anticorruption in the 2019 Standard

This guide focuses mainly on the most recent updates to the EITI Standard, and does not explore all the ways in which the EITI can serve anticorruption purposes, both as a forum and through its disclosures. The guide should be considered as the latest addition to a series of existing materials that present the anticorruption potential of the 2019 Standard. In particular:

- The EITI-commissioned paper, [The EITI's role in addressing corruption \(2019\)](#)
- Transparency International Accountable Mining Programme's guide, [Using the EITI Standard to combat corruption](#), which focuses on requirement 2 of the Standard (2020)
- The EITI's guidance note, [Addressing corruption risks through EITI implementation \(2021\)](#)
- NRGi's reports, [How Can Anticorruption Actors Use EITI Disclosures? \(2021\)](#) and [Recommendations for Strengthening the Role of the Extractive Industries Transparency Initiative in the Fight Against Corruption \(2021\)](#).

Many of the requirements from the 2019 (and 2016) Standard already constituted significant opportunities to detect and deter corruption practices in the extractive sector, since they made robust transparency demands in many areas identified as high-risk for the sector, including license allocations, contracts, beneficial ownership (BO), state-owned enterprises (SOEs), payment flows, commodity trading, subnational payments and transfers. In addition, NRGi's review of EITI reporting data from an anticorruption perspective showed that while the situation varies from country to country, in many instances, disclosures have already provided

valuable information to highlight systemic vulnerabilities to corruption (such as discretionary decision-making, deviations from the rules, and poor oversight), and raw data and contextual information that can be used by anticorruption actors, especially in areas of high corruption risk, such as licensing and SOE finances. Such information can also help build an understanding of a country's general anticorruption efforts.

The annex of our 2021 report, [Recommendations for Strengthening the Role of the EITI in the Fight Against Corruption](#) mapped out the most relevant EITI reporting requirements from the 2019 Standard and identified the forms of corruption that they may illuminate.

Despite the progress achieved recently, the EITI is not perfect, nor comprehensive, and much remains to be done to make it more impactful—we share some suggestions in this document. However, the EITI has led to the publication of key qualitative and quantitative information, and offers a unique multi-stakeholder forum for discussion, where anticorruption actors, including civil society, have a seat at the table. In that sense, it is worth ensuring that the platform and its opportunities are used to their maximum capacity.



Objective 1: Setting anticorruption targets

Highlight systemic vulnerabilities to corruption

Identify and investigate suspicious practices

What are the new data and practices required, expected and encouraged?
Why is it useful for fighting corruption?

How can anticorruption actors use these new requirements in their work?

Requirement 1.2

→ 1.2.b.

What is new? Reporting companies are now expected to publish anticorruption policies.

Companies in the MSG are expected to engage in due diligence processes, while other reporting companies are encouraged to do so.

Why is it useful? This requirement puts an expectation on companies to publish their anticorruption policies and engage in due diligence processes aimed at reducing corruption (for companies in MSGs). This should push companies to strengthen their governance structures, document their anticorruption practices, and create or update these anticorruption policies before publication. It also encourages MSGs and stakeholders to assess these measures and monitor their implementation.

To strengthen disclosures:

MSGs should request that companies also report on implementation of their anticorruption policies, since this is one important way to measure the extent to which they put their commitments into practice.

The MSG can:

- Monitor disclosure of anticorruption policies and follow up with companies that have not complied. Encourage companies to also report on implementation of their anticorruption policies.
- Evaluate whether the policies comply with national anticorruption laws and regulations.
- Ensure that EITI supporting companies engage in rigorous due diligence processes and publish an anticorruption policy setting out how they manage corruption risk, including how they collect and take **risk-based** steps to use BO data regarding joint-venture partners, contractors and suppliers in their processes, as stated in [Expectation 7 for EITI supporting companies](#).
- Review the implementation of a company's anticorruption policy, if corruption allegations arise.

CSOs and journalists can:

- Ensure, in cases of non-disclosure, that barriers and plans to overcome them are described (as the Standard requires for non-compliance with expectations).
- Disseminate companies' anticorruption policies, identifying good and bad examples.
- Assess the policies against national anticorruption laws and international best practices, in particular checking whether they adopt a **risk-based approach** that is relevant to the national and sectoral context in which they are implemented.
- Encourage companies to evaluate and strengthen their anticorruption controls and procedures—for example, by using the [Transparency International Accountable Mining Programme's Responsible Mining Business Integrity tool](#) (for mining companies).
- Assess a company's practices in terms of anticorruption and due diligence against its policy and commitments, to highlight inconsistencies.

Anticorruption institutions can:

- Develop country- and context-specific guidance for anticorruption policies and due diligence processes, and work with the EITI and companies towards alignment.
- Develop or strengthen whistleblower protection policies and regulations.
- Use companies' reporting on policies and practices in the framework of the EITI to inform any ongoing case about corruption in the extractive sector.



Objective 1: Setting anticorruption targets

Highlight systemic vulnerabilities to corruption

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How can anticorruption actors use these new requirements in their work?

Requirement 2.1

→ 2.1.a.

What is new? The description of the legal framework governing the extractive industries must now include laws related to preventing corruption in the extractive sector.

Why is it useful? The clear articulation of the anticorruption legal framework should help clarify the existing provisions and generate a debate about its relevance and efficiency.

The MSG can:

- Conduct a review of the anticorruption legal framework against best practices and analyses of actual corruption cases and risks in the country, to ensure the framework is comprehensive and context-appropriate. Ensure that the description of the legal framework specifies whether the laws preventing corruption address the particular vulnerabilities facing the extractive sector.
- Organize public events to share information about the anticorruption legal framework.
- Ask to be included in any reform process for the anticorruption legal framework, to ensure adequate emphasis on the extractive sector.

CSOs and journalists can:

- Provide specific questions to the MSG that may need clarification regarding existing rules and practices.
- Conduct a critical review of the existing legal framework against best practices, taking into account actual corruption cases in the country.
- Request that any ongoing reform be documented through the EITI.
- Use the information in investigations of potential violations to anticorruption laws.

Anticorruption institutions can:

- Use the disclosures and the MSG's analysis to create debate and awareness about the anticorruption legal framework and whether it is fit for purpose in the specific context of the extractive sector.



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Requirements 1.4, 1.5, 7.1

→ 1.4.b.vii

What is new? As part of its work to approve workplans and oversee EITI implementation, the MSG is required to consider issues linked to extractive industry governance, including complementary activities related to anticorruption.

Why is it useful? Anticorruption is further promoted and restated as a core topic in the MSG terms of reference, and as an objective for EITI processes. This gives MSGs a clear mandate to address this topic in a more explicit and concrete manner.

→ 1.5.a.i and e.

What is new? The MSG work plan should reflect national priorities, which should include anticorruption (1.5.a) i). Newly added sub-requirement e) encourages the MSG to explain whether it discussed corruption cases during the year in review.

Why is it useful? The EITI work plan provides the starting point for activities that can help to maximize the uptake and use of EITI disclosures for anticorruption efforts. MSGs can formulate anticorruption-related objectives for EITI reporting and the EITI process. In addition, discussing corruption cases could ensure awareness among EITI stakeholders of relevant ongoing or recently concluded official investigations in the country, or concerning companies that operate in it. This would provide a factual basis for discussions about corruption, quelling rumors and misinformation about this important topic.

To strengthen disclosures:

In addition to describing whether it discussed corruption cases, the MSG should detail which specific cases it discussed, the conclusions of these discussions, and how they impacted its work plan.

The MSG can:

- Create an anticorruption working group or subcommittee, whose mission could include guiding the Independent Administrator (IA),³ reporting entities and relevant third parties to strengthen anticorruption-related disclosures, and lead anticorruption-related activities.
- Consider serving as a strategic coordination platform on national anticorruption efforts. In countries where such platforms already exist, MSGs can join or contribute to their work.
- Conduct a **corruption risk assessment or diagnostic** and use it as the basis for developing an anticorruption action plan. (See box below for examples.)
- Request that government entities and companies disclose additional policies and systems for managing corruption risks, such as procurement and subcontracting policies, whistleblower policies, asset disclosure and conflict of interest policies, due diligence requirements, audit requirements or company policies on political contributions, lobbying and the hiring of former government officials (so-called “revolving doors”).
- Organize surveys of MSG members (or a broader panel of stakeholders) to better understand their experiences with corruption. For example, ask companies to share anonymized information on whether they have experienced requests for bribes or material deviations from the rules.
- Deliver training or organize workshops to exchange knowledge about corruption in the extractive sector.
- Analyze real-life corruption cases and share recommendations on institutional responses and how the EITI can participate in mitigating these risks in the future.
- Map out anticorruption stakeholders to exchange information about corruption risks, practices and cases.

³ The Independent Administrator is an organisation, typically an auditing firm, which is appointed by an MSG to produce an EITI report.



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Requirements 1.4, 1.5, 7.1 (cont.)

→ 7.1

What is new? The MSG is encouraged to disclose data beyond the EITI requirements when this is useful to public debate, including regarding corruption risks in the extractive sector.

Why is it useful? While the requirement does not specify which information could or should be disclosed, it reaffirms that the overall objective of the EITI includes fighting corruption, and encourages MSGs to consider this objective when deciding the scope of disclosures. This could be an entry point for further information sharing about anticorruption strategies and cases.

We include in this guide ideas for further data and information to disclose, under the sections “To strengthen disclosures”.

CSOs and journalists can:

- In the MSG, promote anticorruption objectives and activities when discussing the annual work plan, including, for example, revision of the IA's terms of reference, or suggesting that flexible reporting include specific anticorruption objectives and focuses.
- Request that the MSG clearly documents its discussion about how to align EITI implementation with its anticorruption mandate.
- Bring corruption cases to the attention of the MSG. Monitor and share the MSG's discussions about corruption cases with the public and other anticorruption actors.

Anticorruption institutions can:

- Use the MSG's work to create debate and awareness about national anticorruption priorities in the extractive sector.

Examples of implementation

Creating a focus group on governance risks in supply chains

In Indonesia, the EITI established a focus group to analyze governance risks in the critical minerals supply chain for the battery industry, and commissioned a study describing each of these risks. The MSG is linking these efforts to the country's national anticorruption plan and conducted a study to identify how the EITI could provide support to existing anticorruption initiatives.

Leveraging the EITI to prompt investigation on a corruption case

In November 2020, CSOs in the Malawi EITI MSG brought to the group's attention a corruption case involving senior officers at the Ministry of Mining, pertaining to the renewal of a mining license, after several media outlets had covered the story.⁴ The CSOs leveraged the Malawi EITI reporting process and the multi-stakeholder platform to demand a public statement from the government and call for robust government action to address the allegations. The case was later reported to the Anti-Corruption Bureau, which subsequently conducted an investigation. These events prompted the Malawi EITI to develop an anticorruption policy and strategy, including measures to identify future deviations from laws and regulations.⁵

Creating an MSG anticorruption working group or subcommittee

- In countries where corruption is a sensitive topic which may create controversy, it may be strategic to frame anticorruption efforts as promotion of "integrity" or "good governance."
- It may also be more strategic to task existing thematic working groups or subcommittees with responsibility for mainstreaming anticorruption in other EITI thematic engagements, rather than to form a new grouping explicitly dedicated to working on corruption issues.
- Either way, a working group's mission should include engaging with external anticorruption actors such as government commissions, law enforcement agencies, auditors, anticorruption NGOs, investigative journalists and the compliance staff of reporting companies.

⁴ Mining & Trade News, "Malawi Govt. under fire over Ilomba Mine corruption scandal," 20 November 2020.

⁵ EITI, *Validation of Malawi* (2022).

What is a “corruption risk diagnostic”?

In this document, we make many recommendations to conduct “corruption risk diagnostics”. These exercises aim at helping anticorruption actors identify and understand the most concerning forms of corruption in their countries’ extractive sector, and decide where to start addressing them, since anticorruption engagement can be overwhelming.

We highly recommend that MSGs, CSOs, anticorruption institutions and other actors start with this type of diagnostic in order to be able to design anticorruption efforts adapted to the specific challenges of a situation (country, sector or step of the value chain), which are more likely to succeed than general one-size-fits-all actions. NNGI has developed a diagnostic tool, [Diagnosing Corruption in the Extractive Sector: A Tool for Research and Action](#), which covers corruption across the extractive industries decision chain. Transparency International’s Accountable Mining Programme has published another tool, the [Mining Awards Corruption Risk Assessment](#) (MACRA), which focuses on risks at the licensing, permitting and contracting stage. This has been used by Transparency International chapters in several countries. Note that MACRA is complemented by the [Responsible Mining Business Integrity Tool](#), which can be used by individual companies to assess their own integrity performance.

Below are examples of EITI MSGs and CSOs which conducted a diagnostic using NNGI’s diagnostic tool:

- In 2021, EITI Mongolia was the [first actor](#) to implement the NNGI diagnostic tool. The group focused on corruption in mining operations, including monitoring and accountability systems for public servants, competition concerns, and the roles of officials and local government authorities. Following these diagnostic steps, they developed an [action plan](#) for the EITI and Mongolia’s anticorruption agency, which included measures to improve both transparency and accountability, such as digitizing licensing procedures and conducting training and awareness-raising activities. The action plan was incorporated into the 2022 EITI Mongolia annual work plan.
- In 2021-2022, Colombian CSO Crudo Transparente applied the diagnostic tool to the oil and gas sector to identify corruption risks at the local level in two municipalities in the Casanare region. [The study](#) highlights the issuance of environmental authorizations, workforce hiring, the procurement of goods and services, and revenue management as the areas bearing the most significant corruption risks. The CSO also designed an action plan to address these risks.
- In the Philippines in 2022-2023, the EITI (PH-EITI) developed its own diagnostic and action plan based on the NNGI anticorruption tool. The group’s research led them to prioritize and focus on the licensing process in the large-scale nickel-mining sector. They identified 10 types of corrupt practices which undermine the integrity of the license allocation mechanisms and formulated a plan to start reducing these risks. According to the plan, PH-EITI will play a key role in its implementation, in particular by advocating for and coordinating specific changes to policies and practices with relevant government departments and institutions.
- In Guinea in 2022-2023, the Publish What You Pay (PWYP) coalition used the NNGI anticorruption diagnostic tool to [analyze the main risks](#) in the bauxite sector and develop an [action plan](#) to address each. EITI Guinea was involved in the research and diagnostic process, and published the documents on its website. Civil society actors hope to work with other stakeholders for [successful implementation](#) of this action plan.
- In 2023, Transparencia por Colombia [mapped the specific corruption risks in the oil and gas sector](#), using a methodology inspired by existing corruption diagnostic tools. They identified risks and their level at precise steps of the value chain: the licensing process, the enforcement of companies’ obligations, their use of goods and services, and the employment of local labor. [In another report published in parallel](#), they investigated 46 incidents of corruption linked to the extractive sector which were reported through two of their monitoring systems between 2016 and 2022. This analysis allowed them to describe trends in corruption practices.



Objective 2: Ensuring transparent and fair licensing processes

Highlight systemic vulnerabilities to corruption

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How can anticorruption actors use these new requirements in their work?

Requirement 2.2

→ 2.2.a.

What is new? Sub-requirement a) reinforces the reporting obligations associated with fast-tracked license allocation procedures in the year under review. For each process that has been expedited, the MSG is now required to document why, how the procedure was implemented, the criteria used and the institutions involved.

Why is it useful? Governments may choose to accelerate the allocation of licenses to attract companies or reduce the delay until a project starts production. As rising demand for critical minerals in the energy transition may increase competition and pressure on resource-rich countries to allocate mining rights, there is a corresponding risk that licenses may increasingly be granted through fast-tracked processes. However, fast-tracked allocation procedures can open the door to red flags for corruption, since some or all governance safeguards may be omitted, and the allocation may include a higher degree of opacity. Time may also be limited for community consultation, assessing impacts and devising mitigation plans. Further disclosure obligations may serve to deter and detect illegal practices in connection with these procedures.

The MSG can:

- Conduct a **diagnostic** of the fast-tracked licensing processes in order to identify how they can raise corruption risks (such as weakened or bypassed safeguards, or greater opacity in decision making). Design a **risk-based approach** for future reporting.
- Task the IA with commenting on trends in the number of fast-tracked processes each year, their outcomes and the main actors involved.
- Assess the rules associated with the declaration of license transfers, to highlight weaknesses in transparency and enforcement.
- Task the IA with comparing cases of reported license transfers with instances of ownership changes among license-holding companies, to spot discrepancies.
- Ensure information about potential license transfers is shared with the relevant authorities.

CSOs and journalists can:

- Review the criteria, procedures and practices of fast-tracked allocations to spot corruption risks.
- Check for trends across the fast-tracked processes described—for example, if the same company or same owners keep coming up—as a basis for potential further investigation.
- Share information about the rules associated with license transfers and the MSG's observations.
- Follow up with relevant bodies to ensure suspicious processes are investigated.
- Investigate cases and practices used by companies to avoid paying license transfer fees (including withholding tax and capital gains tax) in the operating countries.



Objective 2: Ensuring transparent and fair licensing processes

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Requirement 2.2 (cont.)

→ 2.2.d.

What is new? Paragraph d) was completed to encourage MSGs to report cases of changes in the majority ownership of companies holding licenses. Changes in the majority ownership of a company should in principle appear in the updated company reporting on legal ownership. It may also appear in its BO disclosure (Requirement 2.5). Reporting of license transfers is already mandatory, under Requirement 2.2. However, the updated requirement now encourages the MSG to analyze the legal and ultimate ownership data, to spot potential transfers that have not been declared.

Why is it useful? License transfers usually give rise to specific taxes or levies. Companies may seek to hide such a transaction or evade the law to avoid paying these taxes by selling the title-holding entity, rather than the title itself. Information on changes in a company's majority ownership may help relevant departments flag such cases, which may lead to further investigation into their exact circumstances. These practices may involve corrupt acts aimed at guaranteeing impunity.

Identifying these transfers is also important to allow a review of whether new title-holders are linked to politically exposed persons (PEPs), and whether companies selling licenses have run due diligence checks on potential purchasers. In addition, the new title-holders' identity (as well as the price paid for transferring the license) can also shed light on the identity of the former title-holders and the conditions in which the license was first granted (which may reveal potential conflicts of interests or corrupt arrangements).

Anticorruption institutions can:

- Analyze data on licensing practices over time, to detect improvements or deterioration in how procedures are followed, and to describe their potential impact in enabling corruption.
- Identify the fast-tracked licensing processes that may need extra review, and check for evidence of bribes or collusion to influence license awards or contract terms.
- In coordination with the relevant authorities, review cases of potential license transfers for evidence of corruption designed to hide the true nature of the transaction.



Objective 2: Ensuring transparent and fair licensing processes

Highlight systemic vulnerabilities to corruption

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Requirements 2.2.c), 2.3, 2.5

→ 2.2.c.

What is new? Sub-requirement 2.2.c) now specifies that BO data for applicants to licensing bids should be disclosed, along with the names of the applying companies. This is not an extension of the scope of BO disclosures, as Requirement 2.5 already requires that companies that apply for licenses and contracts disclose their ultimate owners, but it aims to ensure this information is disclosed together.

Why is it useful? Transparency of information is only useful to fighting corruption if data is disclosed in a usable format, allowing easy analysis and cross-comparisons between datasets. Through this specification, the Standard aims at encouraging data use by ensuring complementary sets of data (the names of the companies bidding for a license and their BO) are published alongside each other.

→ 2.3.d.

What is new? The requirement that EITI implementing countries maintain a license register is complemented by an encouragement that it be linked to existing BO platforms.

Why is it useful? While this sub-requirement does not entail new disclosure, it encourages connections between different data points and sources to foster data use—in this case, to cross-reference license data with the title-holders' BO data.

→ 2.5.f.

What is new? The requirement on BO now includes an encouragement (2.5.f) ii) to set a maximum 10 percent threshold for BO disclosure, while the exact threshold should be defined based on risks targeted by the country's anticorruption strategy. In addition, full disclosure of PEPs' BO data is now required, rather than just encouraged.

Why is it useful? Although from an anticorruption perspective, all beneficial owners should be disclosed (regardless of their interests), the indication of a maximum 10 percent threshold may encourage countries to strengthen their existing policies. Similarly, stronger reporting obligations for PEPs aims at improving the current incomplete BO legislation in EITI implementing countries. This updated requirement encourages implementing countries to improve consistency between their different anticorruption tools and their overall strategy.

The MSG can:

- Use the disclosures to demonstrate the feasibility and relevance of strong BO requirements and support demands that they be included in legislation.
- Support coordination between the institutions managing the disclosure of beneficial and legal ownership information, as well as license data.
- Request that publicly listed companies in the MSG explain their disclosures in stock-exchange filings and contribute to the MSG's assessment of disclosures' comprehensiveness.
- Systematically conduct a preliminary review of BO disclosures against a list of basic comprehensiveness and reliability criteria, and clearly indicate the names of non-compliant companies.
- Based on this preliminary review, adopt a **risk-based approach**: strengthen BO reporting obligations (for example, lowering the BO threshold) and follow-up analysis for specific types of companies, those which raise various red flags, or those extracting specific minerals or in specific geographic areas.
- Support relevant government entities to undertake post-license award compliance reviews.
- Task the IA with commenting on company ownership structures and patterns.
- Institutionalize mechanisms to share BO data with other relevant government agencies (such as procurement bodies, company registers, tax authorities and anticorruption agencies).



Objective 2: Ensuring transparent and fair licensing processes

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Requirements 2.2.c., 2.3, 2.5 (cont.)

To strengthen disclosures:

As stated above, MSGs should agree on BO definitions and thresholds that require companies to disclose the identity of all their beneficial owners, regardless of their level of interests.

What is new? MSGs are now encouraged (2.5.f) iii) to check the BO information disclosed by publicly listed companies through their stock exchange files. While the disclosure obligation is not new, the encouragement for the MSG to review the comprehensiveness and reliability of the data is.

Why is it useful? Experience has shown that publicly listed companies sometimes share unusable links to filings that are supposed to contain their BO information, or which include only partial information. In addition, while these companies may present a lower risk in terms of hidden beneficial owners, it remains important to scrutinize their structure and ownership. Stock exchange rules often allow companies to disclose legal owners, rather than natural persons, and not all require the same level of transparency and disclosure about shareholders and ownership. A company may intentionally seek to be listed as a public company to provide a veil of legitimacy, and potentially mask integrity risks from both government regulators and investors.

→ 2.5.g.

What is new? The encouragement to disclose the legal owners of companies is now an obligation. Companies are now also encouraged to detail their ownership structure.

Why is it useful? More detailed information on ownership structures enables identification of connections between companies, which may help expose corruption schemes.

CSOs and journalists can:

- Advocate for the introduction or amendment of BO legislation that meets (at a minimum) the criteria set in the EITI Standard (preferably with no lower threshold for disclosures).
- Request more user-friendly disclosure formats and platforms that would interconnect beneficial and legal ownership data, as well as licensing data.
- Monitor whether EITI supporting companies publicly declare support for BO transparency and disclose their BO, as expressed under to [Expectation 6 for EITI supporting companies](#).
- Use information on BO, legal owners and ownership structures to identify red flags such as the presence of PEPs, connections to companies linked to controversies or incorporated in secretive jurisdictions, ownership through shell companies, nominee shareholders, or the refusal to disclose data. Databases from other jurisdictions can also be useful.
- Build other actors' capacity to understand and use BO data by organizing workshops and "hackathons" during which actors with various skillsets are invited to collaborate and analyze the data.

Anticorruption institutions can:

- Ensure the government uses BO data to screen extractive license applications.
- Use new disclosures and leads from other anticorruption actors' preliminary research to launch investigations.

Examples of data use

Raising red flags among BO disclosures

In 2020, Myanmar EITI conducted a [study](#) on the country's first-ever disclosures of BO information. While the report did not constitute a comprehensive assessment of the accuracy of the data disclosed, it allowed the EITI to raise some red flags as to the comprehensiveness of the disclosures and identify leads to improve the quality of the next reporting round. Going further, Global Witness reviewed the same data and [found](#) that over one third of companies either filed inadequate or inaccurate disclosures, did not submit any filing or filed late. The analysis pointed to cases where companies failed to disclose ties to the military and non-state armed groups, and also showed the potential of disclosures, including by identifying a parliamentarian with major mining interests.

Facilitating the analysis of BO data

In Colombia in 2020, the EITI developed a [tool](#) in partnership with Directorio Legislativo to identify corruption risks related to PEPs. The tool cross-checks BO data for extractive companies with financial disclosures to generate red flags, such as potential conflicts of interest in licensing and contracting. Nearly 20 percent of these have involved high- and middle-ranking officials. With the support of the Opening Extractives program, the tool is being [piloted in Nigeria](#), drawing on data from the country's forthcoming BO registry. It will use algorithms designed in consultation with local partners to identify context-specific risk factors and analyze connections between companies and PEPs. This is a new step in data sharing among Nigerian government entities.

Since 2019, the cadastre office has requested the submission of BO data as a precondition for new license applications and renewals, in particular to identify previous mining title holders seeking to avoid payment of outstanding service debts by abandoning their old licenses and applying for replacements using newly formed companies. Where such individuals or companies are identified in declarations of companies applying for new licenses, they are compelled to clear their debts or have their new applications rejected. From 2019 to 2021, 15,483 applications were rejected and 4,997 revoked. Cadastre staff reported that this approach substantially increased revenue. In 2021, the revenue generated by the office reached its highest level, more than doubling the revenue of 2018.⁶

Using BO data to identify deviations from legal provisions

In 2022, the Ghanaian CSO NOPRA spotted wrongdoings by a mining company operating under restructured ownership in Ghana and incorporated in Australia. Using Ghana's BO register, NOPRA (supported by the Opening Extractives program) could link the companies to Australia and provide evidence that some of the directors of the Ghanaian structure had a criminal past that should have prevented them owning a mining license in Ghana. The CSO informed the relevant government entities, which later revoked the company's mining license.⁷

6 Open Ownership, *Who benefits? How company ownership data is used to detect and prevent corruption* (2022).

7 Modern Ghana, "Is Ghana Effectively Using Beneficial Ownership Data For Due Diligence in its Extractive Sector?" (2022), and Ghana Business News, "NOPRA commends government for action against Cassius Mining Limited," 12 September 2022.

BO data checks by journalists

In 2022, journalists from a Ghanaian media outlet tried to contact a number of individuals disclosed as beneficial owners of mining companies for which the reported beneficial ownership information seemed incomplete, in order to check their identity and ask questions. While they didn't uncover any proof of corruption, their initiative illustrates how journalists can help raise red flags about companies based on their publicly available reporting.⁸

Informing investigations

In 2020, the Office of the Auditor General in Zambia was able to draw on findings from EITI reporting and Validation to undertake a risk assessment on licensing processes. Recommendations identified opportunities to strengthen procedures, including the assessment

of applications and compliance in reporting and oversight. As a result of the assessment, the Ministry of Mines has cancelled 874 licenses and is considering further reforms to address the weaknesses identified.⁹

Identifying PEPs among companies that have obtained energy producing licenses

In 2022, Armenian media outlet *civic.am* identified PEPs among the beneficial owners of companies which had been allocated licenses to produce energy after market liberalization.¹⁰ The journalist also highlighted that a company owned by an active member of the National Assembly had received a license to build a small hydroelectric power plant and produce electricity, but had not yet started construction of the project 18 months later, raising questions as to why they wanted to obtain the license.¹¹

Practical resources for navigating and using beneficial ownership disclosures

- A [workbook by Open Ownership](#) explores various scenarios of corporate structures to help users understand and analyze the information disclosed, and a [guide](#) supports data users wishing to analyze BO data.
- Many countries now have BO registers (sectoral or covering the whole economy) that are fully accessible to the public (for example, [the U.K.](#), [Nigeria](#), [Myanmar](#)). The [Open Ownership register](#) consolidates millions of BO datapoints from Latvia, Slovakia, the U.K. and Denmark.
- This [brief](#) from the Opening Extractives program explains how BO data is used in anticorruption efforts in the extractive sector.
- A [guide](#) from Transparency International's Accountable Mining Programme explains how to promote BO and integrity screening in the mining sector. In addition, [this briefing](#) by NREGI offers advice on how governments can strengthen their licensing processes to tackle basic corruption risks posed by problematic BO linkages.

⁸ Ghana Business News, "Companies in Ghana mining sector providing incomplete, false beneficial ownership information," 9 December 2022.

⁹ EITI, [Zambia EITI 2018 report](#) and [Zambia EITI MSG review of the outcomes and impact of EITI template](#) (2020).

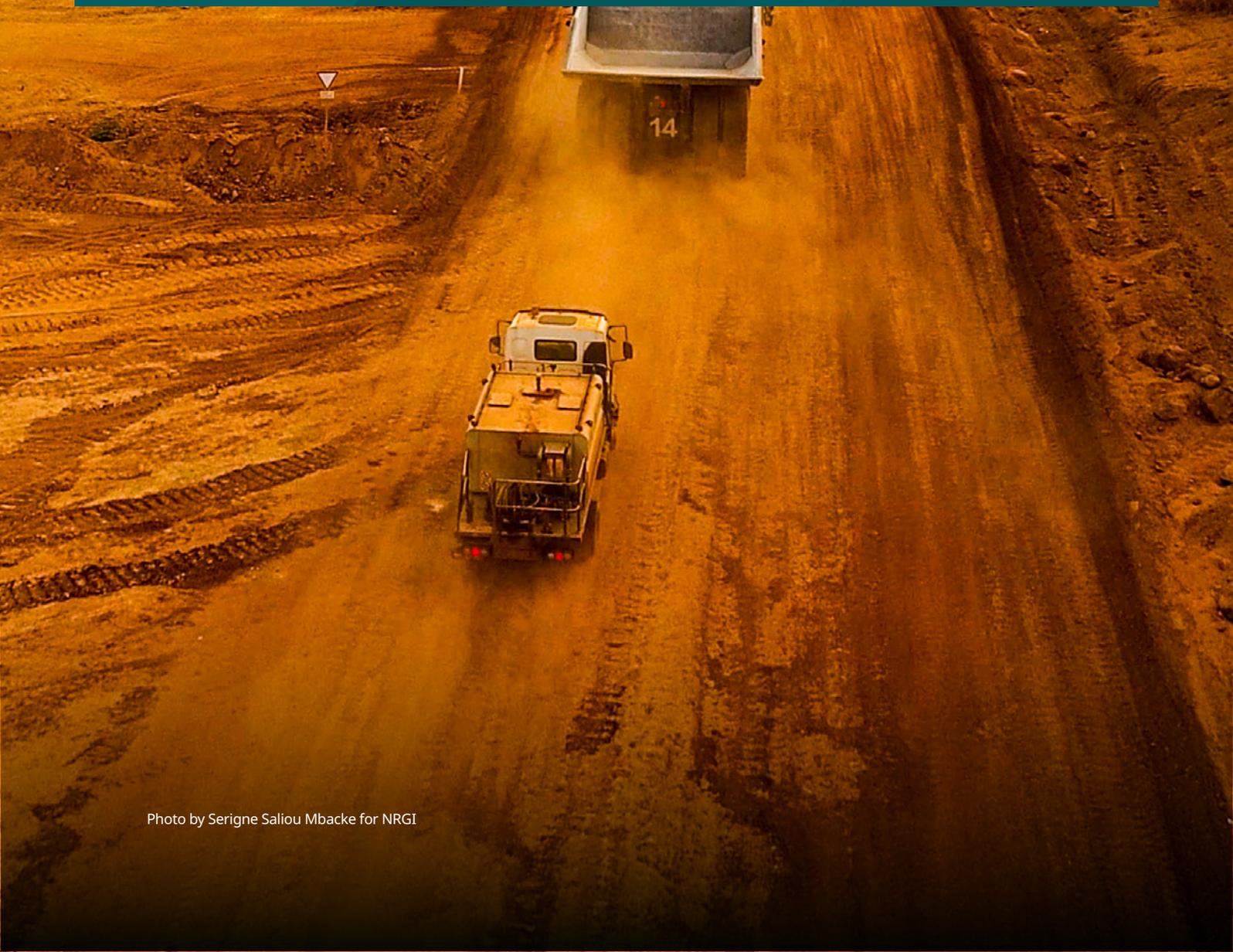
¹⁰ Civic, "It's been almost 10 months since the monopoly of HEC was abolished. 40 electricity producers and 18 consumers have entered the liberalized market. Who are the real competitors of HEC?" 25 November 2022.

¹¹ Civic, "Anna Grigoryan, deputy of the Hayastan bloc, has not submitted the construction project of her HPP in Syunik to the PSC for the second time, the license has been suspended," 24 November 2022.

What is a risk-based approach?

The recommendation to use a “risk-based approach” occurs often in this guide. This refers to the strategy of primarily focusing analysis efforts and reporting obligations on areas identified as high-risk for corruption. It encourages stakeholders to understand at which steps corruption is more likely to occur, based on reported cases or the identification of institutional weaknesses, including through running a corruption diagnostic.

Based on these findings, users develop a scope of work to address the areas of greatest potential concern. This approach allows users to prioritize actions, develop step-by-step plans and manage resources. It is also an adaptable approach, as reporting obligations or areas of focus can be adjusted, refined or strengthened as new data is released and new analyses illustrate how certain risks diminish or increase.





Objective 3: Identifying corruption in the negotiation and enforcement of companies' obligations

Highlight systemic vulnerabilities to corruption

Identify and investigate suspicious practices

What are the new data and practices required, expected and encouraged?
Why is it useful for fighting corruption?

How can anticorruption actors use these new requirements in their work?

Requirements 2.4, 6.1, 6.4

→ 2.4.a., b., d. and e.

What is new? The requirement was supplemented (in paragraphs a), b), d) and e)) to explicitly extend the obligations of disclosure to material exploration contracts and licenses, in addition to exploitation ones, with the liberty for the MSG to decide which are considered material.

Why is it useful? This clarification closes a potential loophole, since exploration contracts and licenses may also include terms that can lead to corrupt practices, just as can contractual documents for projects in the exploitation phase. It could also be useful in tracking companies which engage in influence peddling by acquiring exploration licenses without the requisite capacity, only to later trade them for profit.

→ 2.4.d.

What is new? While the requirement already obliged implementing countries to publish any “annexe, addendum or rider” to a contract or license, the MSG must now agree exactly what types of documents should be considered as such, taking into account demands from other stakeholders (2.4.d) ii).

Why is it useful? This new obligation is meant to encourage the publication of supplementary documents linked to contracts and licenses, by having MSGs discuss which documents this definition may cover in their own context and considering the information needs of civil society, citizens, journalists, government institutions and companies. Given that these documents modify or add to the existing terms of the main contract, it is not possible to fully understand the nature of what has been agreed without them. They are therefore necessary to any analysis of these deals.

The MSG can:

- Organize wide consultations as part of the debate to identify which documents are included in the definition of annexes, addendums, riders, documents giving rise to environmental or social payments, impact assessments, monitoring reports and permits.
- Once a consensus has been reached, publish a list of the exact documents that should be disclosed, project-by-project, to enable monitoring of whether they are published in full. Regularly update this list according to the evolving information needs of stakeholders (such as civil society, journalists, citizens and anticorruption agencies), corruption risks identified by anticorruption actors, and potential allegations arising in the public debate.
- Conduct a **corruption risk diagnostic** on exploration contracts.
- Clearly identify, each year, gaps in the disclosure of contractual documents and describe the reasons behind them, including the responsibilities of individual companies and government entities. Engage individually with companies until full disclosure is reached, and report on the outcomes.
- Support relevant government entities in documenting cases and allegations of companies' non-compliance with environmental and social obligations, and the response from enforcement bodies in each case. Uneven enforcement and arbitrary decisions may indicate bribery or political connections.
- Build its capacity about how amendments to contracts are decided, and identify where corruption might occur. Design a process to track and publicly document the adoption of amendments to contractual documents.

CSOs and journalists can:

- Organize consultations with a broad range of civil society actors to discuss which types of supplementary documents should be considered an annex, addendum or rider, and submit a list of documents to the MSG, with the corresponding justifications.
- Regularly review the comprehensiveness of disclosures of environmental and social documents considered in Requirements 6.1 and 6.4 and communicate any gaps.



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Requirements 2.4, 6.1, 6.4 (cont.)

→ 6.1.b. and c.

What is new? Implementing countries are expected to disclose all documents that give rise to environmental or social payments (6.1.a) and b)). The MSG is also now encouraged to monitor their implementation (6.1.c)).

Why is it useful? The disclosure of these documents will facilitate analysis of their terms and monitoring of their implementation to spot potential corrupt practices, both at the negotiation and enforcement stages.

→ 6.4.b.

What is new? Implementing countries and reporting companies are required to ensure that environmental, social and gender impact assessments, monitoring reports, permits, and licenses that are mandated by law or contract, are publicly accessible in practice.

Why is it useful? The extension of the scope of disclosures may allow closer monitoring of a project's compliance with its environmental and social obligations, and lead the authorities to investigate the reasons for any deviations—which may include corruption.

- Conduct a review of all the contractual mechanisms generating environmental and social payments or benefits, to identify corruption risks in their design and implementation.
- Evaluate the implementation of a selection of agreements giving rise to social payments, with a view to detecting practices such as diversion or misappropriation of funds, hidden bribes or kickbacks. Red flags may include the presence of PEPs among beneficiaries, in-kind benefits that are difficult to trace, and limited social impact of the project.
- Conduct a project-by-project review of compliance with environmental administrative obligations. While non-compliance does not necessarily involve corruption, this research may constitute a strong basis for further investigation as to why companies may have been able to avoid certain obligations.
- Identify terms of exploration contracts (and their annexes) that may constitute corruption red flags, such as suspiciously advantageous fiscal or administrative conditions for a company, the unusual presence of intermediaries, or the introduction of opaque new payments.
- Monitor and highlight non-compliance with minimum work obligations by companies with exploration licenses, and identify defaulting companies that may be trading their blocks or concessions without meeting minimum obligations. This may highlight red flags for influence peddling and corruption.

Anticorruption institutions can:

- Coordinate with institutions in charge of monitoring contract compliance to detect and investigate potential acts of corruption.
- Assess whether procedures and criteria have been respected in the evaluation and validation of a selection of impact assessments. Irregular procedures and undue validation may indicate a risk of corruption.



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Requirement 4.1

→ 4.1.c.

What is new? The requirement describing which types of payments should be disclosed and reconciled has been reworded. One modification is the replacement of the term “bonuses” by the more general term of “one-off payments.”

Why is it useful? One-off payments may be associated with higher corruption risks, since they may be less traceable. This new wording may help ensure one-off payments are all reported and their official terminology is not used to exclude them from the scope.

To strengthen disclosures:

MSGs should also ask governments to explain the rationale behind the introduction of each one-off payment.

The MSG can:

- Ensure there is no minimum threshold for the disclosure of one-off payments.
- If any new type of payment is identified and disclosed, enquire why these had not been reported before.

CSOs and journalists can:

- Compare the categories of payments disclosed and identify new ones. Use publicly available contracts and documents to ensure the list of payments in the EITI reporting scope is comprehensive.
- Review the one-off payments reported in the period under review and ensure they are all tracked back to the state treasury.

Anticorruption institutions can:

- Based on the results of preliminary research by other anticorruption actors, proceed with any necessary further investigation.

Examples of data use

Highlighting inconsistencies through the monitoring of environmental administrative obligations

Mexican CSO Carto Crítica built an online [map](#) aggregating data from different sources (including governmental) and showing project-level information for 857 mines. For the country's 249 metallic mines, the map also includes data on environmental requirements, such as whether there is an available impact assessment, or whether the company requested a permit to use water and declared any pollution events.

While not a compliance assessment, the analysis clearly shows which procedures the company has gone through. It allowed Carto Crítica to flag, for example, that a company had not declared a single water pollution incident in 17 years, despite spilling 40 million liters of copper sulfate into rivers in 2014, contaminating local water supplies and causing disease. Fifty-five percent of Mexico's metallic mines have not declared any pollution in 17 years, a number unlikely to be credible.

While not directly demonstrating corruption, this type of analysis may be a significant entry point for further investigation into what made it possible for some companies to avoid reporting obvious pollution incidents.¹²

Using government and company reporting to monitor compliance with obligations and procedures

Philippines CSO Bantay Kita monitors mining companies' compliance with social and environmental requirements, as well as several tax obligations, through reviewing key documents, permits and reports available on government websites and databases, or accessible at the local level.

These include tax returns filed at the municipal level, notices of payment into local funds, customs office receipts, minutes from meetings or reports of key decision-making committees, minutes from community consultations, maps of affected communities as designed by the contractor, land certificates, companies' environmental and sociocultural impact statements, evaluation reports by relevant government agencies, and agreements between communities and contractors.¹³

¹² Carto Crítica, *Las Minas en el Territorio Mexicano, Un Análisis del Número, Ubicación y Condiciones Ambientales* (2023).

¹³ Bantay Kita, *Deepening Access, Transparency, and Accountability to Improve Natural Resource Governance and Empower Communities, USAID Final Narrative Report 2019-2023*, p.19.



Objective 4: Scrutinizing management of the state's share of resources and revenues

Highlight systemic vulnerabilities to corruption

Identify and investigate suspicious practices

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Requirements 2.5, 2.6, 4.2

→ 2.5.f.v

What is new? The requirement now includes new BO disclosure obligations for SOEs. In particular, SOEs are required to disclose the name of the state(s) owning or controlling them, the level of ownership and details about how ownership or control is exerted. If the SOE is not fully owned by the state, BO information must be disclosed, as required of any other company.

Why is it useful? SOEs are associated with various corruption risks, such as officials awarding commodity trading contracts or offering unduly favorable commercial terms to politically connected companies, or misappropriating revenue payments for personal or political use.¹⁴ SOEs often have complex corporate structures, sometimes spread across multiple jurisdictions, and the ways in which states exert ownership or control over SOEs can often fall outside established BO definitions.¹⁵ Further information about how SOEs are controlled may highlight the role of some PEPs, which can be useful in anticorruption analysis. It will also help understand when an SOE is partly owned by foreign states or SOEs.

To strengthen disclosures:

This [technical guidance](#) by the EITI and Open Ownership provides details of the scope of information that SOEs and implementing countries should disclose on how these entities are controlled.

→ 2.6.b.

What is new? When SOEs fail to disclose audited financial statements, as requested by the Standard, they are now expected to justify why.

Why is it useful? Audited financial statements are useful for monitoring a company's compliance with good financial governance practices. They may be a useful source in integrity analyses and the identification of problematic practices.

The MSG can:

- Where an SOE fails to disclose audited financial statements due to legal barriers, formulate recommendations for the necessary amendments to remove these obstacles.
- Clarify and list all entities (agents, intermediaries, suppliers and contractors) for which SOEs should disclose BO.
- Support relevant institutions in cross-checking BO information on SOEs' business partners (including commodity buyers) with that on other legal ownership, BO and PEP databases (including from other jurisdictions), to spot indications of potential undue political influence.
- Conduct a review of corruption risks in SOEs' investment decision-making processes.
- Disclose an overview of state participation in projects involving critical minerals, to enhance public scrutiny.

¹⁴ NREGI, *Anticorruption Guidance for Partners of State-Owned Enterprises* (2022).

¹⁵ EITI and Open Ownership, *Defining and capturing data on the ownership and control of state-owned enterprises* (2023).



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Requirements 2.5, 2.6, 4.2 (cont.)

→ 2.6.c.

What is new? SOEs are also now required to publish an anticorruption policy, along with other reporting companies.

Why is it useful? The obligation to publish anticorruption policies helps ensure SOEs have the necessary procedures in place. Once these are published, stakeholders can use them to understand a company's practices, request further information and hold it accountable.

To strengthen disclosures:

MSGs should ask SOEs (and all reporting companies) to also report on the implementation of these policies.

→ 2.6.d.

What is new? SOEs are now encouraged to disclose their investments in the extractive sector and how these are aligned with climate risk considerations.

Why is it useful? Transparency over SOEs' own investments in the sector might help detect and deter instances of officials misappropriating SOE funds for personal gain or political purposes.

→ 2.6.e.

What is new? SOEs are encouraged to disclose the identity and beneficial owners of their agents or intermediaries, suppliers or contractors for material transactions. The encouragement to disclose the identity of intermediaries playing a role in the SOE's sales of the state's share of commodities is replicated in Requirement 4.2.b).

Why is it useful? Intermediaries are high-risk actors from an anticorruption point of view. Revealing their BOs may help detect the involvement of PEPs, in particular in the sale of the state's share of commodities. SOEs may also make purchases from politically connected companies, or offer them procurement contracts or special treatment, which highlights the need to ensure transparency about the real owners of these companies. Procurement transparency improves oversight of suppliers, and the publication of ownership data can help ensure that local procurement contracts are awarded fairly. It can also promote fair implementation of local-content laws by preventing foreign entities from obtaining contracts using fronting by national individuals.

CSOs and journalists can:

- Review SOEs' anticorruption policies against best practices and country-specific corruption risks, and advocate for strengthening these.
- Conduct a survey among representatives of companies and government institutions about the role of intermediaries in SOEs' transactions, to inform the debate about which situations might justify their use.
- Check the background of companies buying the state's share of commodities, and identify under-qualified companies or PEPs in their ownership structure. This may raise questions over the selection process for buyers. Put this information in perspective with any publicly available sales data.
- Organize a public debate about the rules and regulations applicable to SOEs' decision-making processes, as well as their latest investment decisions.
- Undertake analysis of SOEs' financial statements, identify deviations from good financial and governance practices, and advocate for change and compliance.



Objective 4: Scrutinizing management of the state's share of resources and revenues

Highlight systemic vulnerabilities to corruption

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How can anticorruption actors use these new requirements in their work?

Requirements 2.5, 2.6, 4.2 (cont.)

To strengthen disclosures:

MSGs should ensure this information is disclosed effectively, even though it is only encouraged by the Standard, since it is key information targeting very high-risk areas. Similarly, MSGs should request that all reporting companies (not only SOEs) disclose the identity of their intermediaries, suppliers or subcontractors, given the risks associated with these transactions and the economic significance of extractive industry suppliers. (Between 2008 and 2017, extractive companies spent, on average, just under a trillion dollars a year on suppliers.)¹⁶

→ 4.2

What is new? Implementing countries and SOEs are now encouraged to disclose the agreements for the sale of the state's share. They are also encouraged to disclose the BO of companies buying the state's share of commodities (rather than just the name of the company) and the identity of potential intermediaries in these sales (4.2.b)).

Requirement 2.6.e) echoes the encouragement for SOEs to disclose the identity of the intermediaries they use for all their material transactions.

Why is it useful? Disclosure of the sales agreement for the state's share of commodities will bring more transparency about the terms of the deal. Together with identity and BO information about the buyers and intermediaries in these sales, this is key information for detecting potentially corrupt practices whereby officials award commodity trading contracts to politically connected companies or offer them unduly favorable commercial terms.

To strengthen disclosures:

MSGs should require rather than encourage these disclosures.

Anticorruption institutions can:

- Conduct a review of the corruption risks associated with SOEs and suggest disclosure requirements to limit these risks, particularly in terms of BO data regarding SOEs themselves and their joint-venture partners.
- Demand inclusion in the legal framework of reporting obligations about the BO of different types of SOE business partners.
- Organize anonymized surveys among SOE staff to enquire about implementation of the anticorruption policy and occurrence or allegations of corruption.
- Run background checks on SOEs' business partners (including agents and intermediaries), using legal and BO databases and other corporate information available in and outside the country. Investigate any red flags.
- Investigate all credible leads raised by other anticorruption actors, related to the integrity of SOEs' business partners.

¹⁶ NRG, *Beneath the Surface: The Case for Oversight of Extractive Industry Suppliers* (2020).



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Requirements 3.2, 3.3, 4.1, 4.3, 4.10

→ 3.2.b.

What is new? Disclosing the methods for calculating production volumes and values is now an obligation, and no longer an encouragement. Implementing countries now have an obligation to describe data verification mechanisms and possible data weaknesses.

Why is it useful? This information can be used to detect inconsistencies in reported production, including underreporting, which may be enabled or facilitated by companies paying bribes to officials in order to reduce revenue-based obligations. Together with information on exports, it should also help in determining revenues, taxes and other payments due to the state, including expected subnational transfers.

→ 3.3.b.

What is new? Disclosing the methods for calculating export volumes and values is now an obligation, and no longer an encouragement. Implementing countries are now obliged to describe data verification mechanisms and possible data weaknesses.

Why is it useful? This information can be used to detect inconsistencies in reported exports, including underreporting, which may be enabled or facilitated by companies paying bribes to officials in order to reduce revenue-based obligations. Together with production information, it should also help in determining revenues, taxes and other payments owed to the state.

→ 3.3.d.

What is new? Exporting companies and buyers of commodities, including commodity traders, are now encouraged to disclose realized sales volumes and values by project. The 2019 Standard only included an encouragement for implementing countries to disaggregate exports by project (Requirement 3.3) and for buyers to disclose realized sales when buying from the state (including an SOE) (Requirement 4.2.c)). This new measure expands the scope of sales for which disclosure is encouraged.

The MSG can:

- Compare production volume and value calculation methodologies, as well as monitoring mechanisms, with best practices to highlight corruption risks associated with underreporting and undervaluation.
- Analyze practices around tax deductions and incentives to highlight corruption risks in decision making and monitoring.
- Conduct a **diagnostic** of corruption risks in cost control policies and practices, and adopt a **risk-based approach** in future reporting obligations.
- Task the IA (or another consultant) with identifying potential indicators or documented cases of corruption from cost audit reports.
- Support the relevant institutions in charge of tax control or anticorruption to compare data from commodity sellers and buyers, to spot inconsistencies.



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Requirements 3.2, 3.3, 4.1, 4.3, 4.10 (cont.)

Why is it useful? Being able to compare data from sellers and buyers helps identify inconsistencies in prices—for example, those which may be associated with voluntary undervaluation to reduce benefits in the producing country or to benefit an intermediary who obtained special treatment due to political connections or as the result of a bribe.

To strengthen disclosures:

MSGs should require exporting and buying companies to disclose these transactions, rather than only encouraging this. In addition, according to [Expectation 4 for EITI supporting companies](#), EITI supporting companies buying oil, gas or mineral resources from the state in EITI implementing countries are expected to disclose volumes received and payments.

→ 4.1.e.

What is new? All reporting companies are now encouraged to disclose tax deductions and incentives in the period under review.

Why is it useful? Selectively granting tax incentives to specific companies, or the use of other mechanisms that excessively reduce government revenue from the sector, can be a sign of bribery or favoritism in contract negotiations. Where overly generous incentives are enshrined in the legal framework, they can be indicative of undue corporate influence over policymakers. Stakeholders should analyze information on all practices that can be considered tax deductions, to understand the rationale behind these decisions and ensure they are not the result of undue favors.

→ 4.3.a. and b.

What is new? While MSGs are still required to gain a full understanding of any material barter or infrastructure agreement (including resource-backed loan agreements), they are now required to ensure these are comprehensively described to the public (4.3.a)). Implementing countries are also encouraged to publish the contracts themselves (4.3.b)).

CSOs and journalists can:

- Widely share with the public and relevant institutions the results of any **corruption diagnostic** produced by the MSG. Analyze and share findings related to the comprehensiveness and reliability of EITI data and highlight those associated with corruption risks.
- Advocate for amendment of the regulatory framework and change in practices to avoid undue tax incentives, and encourage the MSG to report on the progress of these reforms.
- Use production, export and cost data to calculate revenues, taxes and other payments due, and compare with reported payments.
- Widely share user-friendly summaries of the barter arrangements.
- Review the barter agreements to identify corruption red flags, such as the presence of intermediaries or unusual conditions for the realization of the services provided in exchange of the commodity. Publicly question the rationale justifying certain terms of the agreement that may be particularly unfavorable to the state.
- Monitor the enforcement of infrastructure provisions and enquire into the reasons behind any gaps, which may be linked to the payment of bribes to officials. Track implementation of the financial conditions and detect unjustified payments or unusual schemes.
- Compare commodity sellers' and buyers' data to spot inconsistencies in reported production and values, using sales contracts, if available. Comparisons between similar contracts, statistics from commodities' destination countries and reference prices may also be useful to highlight unusual data points.



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Requirements 3.2, 3.3, 4.1, 4.3, 4.10 (cont.)

Why is it useful? The disclosure of barter agreements in their entirety would provide further insights into the terms of the deals, and allow identification of potential red flags that could trigger further investigation such as the presence of intermediaries without clear justification, or unusual conditions for the realization of the services provided in exchange for the commodity. It could also facilitate the monitoring of agreements' implementation, and enquiries in case of irregularities.

→ 4.10

What is new? Implementing countries are required to disclose government policies and practices for monitoring oil, gas and mining project costs, and expected to disclose final cost and tax audit reports (or summaries).

Companies and implementing countries are encouraged to disclose declared costs disaggregated by project and by category (operating and capital expenditures), including costs incurred since the project began.

Why is it useful? Companies may use cost accounting to reduce the share of production or the value created that accrues to the state. It is also a technically difficult area where rules are sometimes opaque or exposed to interpretation, rendering enforcement and control more challenging. Information about the policies and practices for cost control and monitoring by the government enables stakeholders to clarify existing rules, and identify vulnerabilities to corruption in their enforcement.

Project-level cost data is also key to highlight unusual practices through comparisons between projects and countries.

To strengthen disclosures:

Given the importance of cost data for project-level analysis, MSGs should ensure that such data is effectively disclosed, even though this is only encouraged under the 2023 Standard.

Anticorruption institutions can:

- Investigate further any corruption risk, suspicious practice or allegation put forward by the MSG or CSOs in their preliminary analyses, in terms of undervaluation or underreporting of production, sales or exports, attribution of tax reductions or negotiation, implementation of barter arrangements, or cost control mechanisms.



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Requirement 5.2

→ 5.2.a.

What is new? While comparison between the amounts that should have been transferred from the national to the subnational government according to the revenue-sharing formula, and those actually transferred, was already a requirement under the 2019 Standard, the 2023 Standard encourages governments to explain any discrepancies.

Why is it useful? Stakeholders must follow up comparisons between theoretical and actual transfers with a thorough investigation. Such enquiries could help detect schemes or revenue leaks used to serve political or patronage agendas.

To strengthen disclosures:

MSGs should ensure that explanations for any discrepancies are published, even though this is only encouraged by the Standard. MSGs could also consider publicly explaining the rationale behind the formula used for the calculation of subnational transfers, as well as behind any changes to it, including through additional mechanisms.

The MSG can:

- Discuss the comprehensiveness and reliability of the explanations provided by relevant government entities.
- Follow up on any risks highlighted by the EITI or other anticorruption actors, by including this information in reports and monitoring any ongoing reforms.

CSOs and journalists can:

- Widely share information about subnational transfers (amounts due, disbursed and received, and discrepancies), in particular with actors at the local level.
- Conduct field research to cross-check information, using the government's explanations about discrepancies in the amounts transferred to the subnational level.
- Conduct an anonymized survey among civil servants at national and local levels in charge of subnational transfers, exploring the prevalence and types of corrupt practices.
- Keep track of trends in subnational transfers over the years and analyze them in the context of local politics. For example, do transfers increase or decrease based on election cycles?

Anticorruption institutions can:

- Investigate all suspicious practices highlighted by government reporting or anticorruption actors' research in relation to government subnational transfers.

Examples of data use

Understanding oil sales practices

Since 2016, EITI Congo has reported on individual oil sales, whether by the SOE or by private operators. In 2022, it commissioned a [study](#) to analyze sales data, among other data points, published for the years 2016 to 2020. Conclusions included that while quality and shipping costs are on par, the Congolese blends sell at prices below their regional counterparts, that the largest seller of the main type of crude sells at lower prices and that the SOE in charge of selling the state's share sells at a lower price than private companies. The study also found that while the legal framework provides for the price used to value the sales for fiscal calculations purposes to reflect sales between independent buyers, this does not occur in practice. Even though none of these conclusions indicates corrupt practices, they definitely call for further investigations, especially given the SOE's history of corrupt deals involving intermediaries that resulted in lower state revenues.¹⁷

Using historical production data to analyze a risky deal on future royalties

In 2020, the Ghanaian EITI commissioned a [study](#) to determine whether a controversial transaction by which the government proposed to sell the majority of its future gold royalties to an offshore company constituted a fair deal for the country. The objective for the government was to raise US\$500 million in capital to ease its growing debt crisis by listing 49 per cent of shares, retaining the remaining 51 percent. By combining production data from EITI reports and other datasets, the report found that the company's shares were undervalued compared to the estimated value of future royalties, meaning that this deal would deprive the government of future revenues.

A report by the Office of the Special Prosecutor also pointed to allegations of corruption in the process leading up to the approval of the deal.¹⁸ The government subsequently suspended the deal to conduct further consultations.

Identifying PEPs among clients

An international mining equipment manufacturer operating in Zambia used beneficial ownership data from the sectoral register of EITI Zambia when performing due diligence on companies seeking to purchase equipment, to look for red flags linked to companies with mining licenses. When due diligence raised red flags, the manufacturer terminated relationships, including with companies whose beneficial owners were politically affiliated.¹⁹

Identifying under-allocation of mining revenues at the local level

In 2021, Brazilian organization Ibase and PWYP UK published a [report](#) on the local impacts of an iron ore mine, using field research as well as payment data published by the mining company and Brazilian authorities. Thanks to the public availability of royalties paid at the national level by the company (which it disclosed) and the amount received by the municipality (disclosed by the authorities), they were able to identify evidence of government under-allocation of mining revenues to the municipality hosting the mine. While Brazil is not an EITI implementing country, this example shows the effective use of data, and the importance of ensuring that the relevant authorities explain any discrepancy.

17 Global Witness, *The Riddle of the Sphinx: where has Congo's oil money gone?* (2005).

18 Office of the Special Prosecutor of the Republic of Ghana, *Report on the Analysis of the Risk of Corruption [...] In Relation to the Gold Royalties Monetisation Transaction [...]* (2020).

19 Open Ownership, *Who benefits? How company ownership data is used to detect and prevent corruption* (2022).



Objective 5: Supporting a corruption-free energy transition

Highlight systemic vulnerabilities to corruption

Identify and investigate suspicious practices

What are the new data and practices required, expected and encouraged?
Why is it useful for fighting corruption?

How can anticorruption actors use these new requirements in their work?

Requirements 2.1, 3.1, 3.4, 4.10, 5.3

→ 2.1.b., c., d., e.

What is new? Implementing countries are now required to disclose an overview of national energy transition commitments, policies and plans that are relevant to the extractive industries (and any ongoing reforms). They are also encouraged to provide a summary description of carbon pricing mechanisms or carbon taxes, public subsidies and other forms of state support that are material to the extractive industries (and any related ongoing reforms).

Why is it useful? Actors with vested interests in the fossil fuel sector may seek to unduly influence decision makers to delay or block measures advancing the transition to a low-carbon economy. They may also seek to capture business opportunities arising through such a transition. Subsidies can also be prone to corruption if decision makers use them to confer undue benefits to select actors. This means the information obtained under this requirement will be useful to assess these corruption risks and whether the necessary safeguards are in place. Disclosing commitments can also allow various actors to follow their implementation, spot deviations and investigate the motives (including potential corruption) for such deviations.

To strengthen disclosures:

MSGs should consider making the encouraged disclosures mandatory and requesting disclosure of the assumptions and justifications underlying some of these mechanisms (such as the subsidies), to shed more light on why and how they were decided.

→ 3.1.b.

What is new? Implementing countries and companies are encouraged to disclose data on proven economic oil, gas or mineral reserves, where available.

Why is it useful? This requirement aims at preventing asymmetry of information on reserves between governments, companies and the public, which might facilitate corruption by maintaining opacity in decision-making about the management of these resources.

The MSG can:

- Encourage companies to disclose production and cost projections at project level.
- Ensure that data are made available in user-friendly formats and answer the information needs of all actors involved in the energy transition discussion, including local-level actors.
- Share the information with relevant government bodies and environmental CSOs involved in the energy transition, to compare data sources and jointly assess the reliability of disclosures. Publish the results.
- Task a consultant to estimate break-even and shut-in prices for oil and gas projects.
- Compare greenhouse gas (GHG) emissions of each extractive project and assess their credibility.

CSOs and journalists can:

- Check that the necessary anticorruption safeguards (transparency, monitoring processes, accountability, and fair and equitable opportunities) are included in energy transition policies and plans, at the decision-making as well as the enforcement stages.
- Make sure that stakeholders active at the local level (CSOs and communities) are included in dissemination activities and have access to relevant data that are useful to them.



Objective 5: Supporting a corruption-free energy transition

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Why is it useful for fighting corruption?

How can anticorruption actors use these new requirements in their work?

Requirements 2.1, 3.1, 3.4, 4.10, 5.3 (cont.)

→ 3.4

What is new? Companies are encouraged to disclose GHG emissions, disaggregated by project.

Why is it useful? While this information may not be useful for directly detecting corrupt practices, it will be useful to allow a transparent and fact-based debate about the impact of extractive projects, as well as the future of individual fossil fuel projects. This can help prevent the discussion being captured by actors with vested interests or sole control over the narrative. It may also be useful for identifying projects with high GHG emissions which public companies may seek to sell to companies with lower environmental and social standards.

→ 4.10

What is new? Implementing countries are required to disclose government policies and practices for monitoring oil, gas and mining project costs, and expected to disclose final cost and tax audit reports (or summaries). Companies and implementing countries are encouraged to disclose annual declared costs disaggregated by project and category (operating and capital expenditures), including costs incurred since the project began.

Why is it useful? As explained above (Requirement 4.10 in Objective 4), information about government cost control and monitoring policies and practices enables clarification of the existing rules, as well as the identification of vulnerabilities to corruption in their enforcement. From an energy transition perspective in particular, cost data can inform estimates of break-even and shut-in prices at the project level, and feed into debates regarding the future of fossil fuel projects. Being able to take part in these conversations with data-driven arguments will help stakeholders counter narratives motivated by private or corrupt interests, and identify decisions based on such interests.

→ 5.3

What is new? Implementing countries are now expected (rather than being encouraged) to disclose extractive revenue forecasts and their underlying assumptions (projected production costs and price data). Countries are also now encouraged to explain how the energy transition and climate risk have been considered in revenue forecasting. Companies may now be asked by MSGs to disclose production and cost projections at project level, which may serve to inform calculations as to the break-even and shut-in prices for each.

Why is it useful? Information on revenue forecasts and their underlying assumptions facilitates data-based discussions about the energy transition, in particular in fossil fuel-producing countries. This can prevent the debate from being captured by actors driven by private interests, and decisions from being taken based on unclear or biased hypotheses.

- Assess the transparency and accountability of carbon pricing and public subsidy mechanisms, and check for corruption risks. This [U4 Helpdesk briefing](#) highlights various risks, such as bribery of policymakers or legislators, trading in influence, cronyism or nepotism, bribery of tax authorities and enforcement officers, or embezzlement of carbon tax revenue.
- Review and analyze the assumptions on which revenue estimates are based, to detect weaknesses and biases in the rationales proposed, with the objective of ensuring a public debate and decision making based on credible data.
- Conduct financial analyses of projects' economic viability under various energy transition scenarios, and publicly question the decisions that led to the approval of potentially non-viable projects.

Anticorruption institutions can:

- Assess the credibility of the datapoints disclosed by companies and governments, based on a review of the methodologies used and peer comparisons.

Examples of data use

Developing alternative narratives

In 2020, Open Oil modeled the projected revenues from two major gas fields under development in Senegal. According to the research, while the internal rate of return was estimated at 28 percent under pre-COVID circumstances and without operational difficulties, it dropped to 9 percent when taking into account the energy transition and operational delays, which may be below what investors consider investment-worthy.

According to Carbon Tracker, Senegal and Ghana would both see less than half of their projected revenues materialize in a low-carbon scenario, and the nascent oil and gas projects in Uganda would yield no revenues.²⁰ These examples show why and how projected production, costs and price data at the project level can be used to inform public debates in oil and gas-producing countries about the future of production and the viability of each project.

This is particularly important to balance the asymmetry in information between decision makers and the public, which usually means that decisions are taken based on opaque or biased assumptions, and in some cases for personal or political agendas.

Shining light on public subsidies to fossil fuels through EITI reporting

In 2007, Germany decided to phase out subsidies to the coal sector by the end of 2018. EITI reporting has shown that subsidies to the coal sector totaled nearly EUR 1.3 billion in 2016 and EUR 1.05 billion in 2017, compared to total gross government revenue from the extractive sector of less than EUR 500 million a year.

In Mongolia, by calculating the discount in the unit price of thermal coal sales to the power plants, and comparing these to prevailing market prices for Mongolian coal exports, EITI disclosures have enabled oversight of both the unit cost and total value of these off-budget subsidies.

These data can provide insights for policymakers assessing options for the future of such subsidies. They can also support other actors when questioning the rationale by which some public subsidies are decided and maintained.²¹

²⁰ Carbon Tracker, *Beyond Petrostates* (2021).

²¹ EITI, *Subsidies at What Cost? Shedding Light on State Support for Fossil Fuel Consumption* (2021).

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About NRGi

The Natural Resource Governance Institute is an independent, non-profit organization that supports informed, inclusive decision-making about natural resources and the energy transition. We partner with reformers in government and civil society to design and implement just policies based on evidence and the priorities of citizens in resource-rich developing countries. Learn more at www.resourcegovernance.org

