



Identifying key enabling factors  
for successfully leveraging the EITI  
process to improve investment  
climate and anti-corruption

# Abbreviations

<b>ASM</b>	Artisanal and small-scale mining
<b>CPI</b>	Corruption Perceptions Index
<b>CSO</b>	Civil Society Organisation
<b>DRC</b>	Democratic Republic of the Congo
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>IFI</b>	International Financial Institution
<b>MSG</b>	Multi-Stakeholder Group
<b>SOE</b>	State-Owned Enterprise
<b>WGI</b>	Worldwide Governance Indicators

# 1. Executive Summary

This study examines the extent to which the Extractive Industries Transparency Initiative (EITI) contributes to improvements in **investment climate** and **anti-corruption outcomes**, using the Democratic Republic of Congo (DRC) and Zambia as case studies. It combines a **quantitative analysis** of governance and investment indicators during EITI membership with **qualitative research**, including document review, field interviews, and stakeholder

consultations to identify patterns and impact enabling factors. Based on these findings the report sets out targeted recommendations for governments, the EITI International Secretariat, donors, civil society, companies, and international financial institutions (IFIs) on how the EITI process can be further leveraged as an enabler for better investment climates and improved anticorruption efforts.

## 1.1 Purpose and Scope

The study aimed to:

1. Assess whether and how EITI implementation aligns with measurable changes in investment climate and governance indicators during membership.
2. Identify the institutional, political, and contextual factors that enable EITI to translate transparency into tangible economic and governance gains.

3. Formulate actionable recommendations to maximise EITI's effectiveness as a lever for investment and anti-corruption (AC) reforms.

Our quantitative analysis tracked relevant indicators such as regulatory quality, government effectiveness, and foreign direct investment (FDI) inflows during EITI membership. The qualitative work explored the mechanisms through which EITI influences decision-making, institutional practice, and investor perceptions.

## 1.2 Key Findings: Quantitative results

The first regression analysis investigates the statistical impact of **EITI membership on FDI**. The analysis tests the relationship between FDI and a set of indicators, including FDI inflow, the World Bank's Ease of Doing Business and Days to Open a Business indexes, the Fraser Mining Survey and Moody's Credit Rating, with EITI membership as the primary independent variable. This model is designed to assess whether EITI membership correlates with increased FDI, reflecting the potential influence of transparency initiatives on investor confidence.

In conclusion, the findings suggest that EITI membership can be associated with improved FDI performance in a subset of countries, especially in the Global South. Several countries exhibit statistically significant positive coefficients, indicating a robust and positive association between EITI implementation and foreign investor interest. Notably, the Democratic Republic of the Congo (coefficient = 1.44,  $p < 0.01$ ), Guyana (1.66,  $p < 0.01$ ), Timor-Leste (2.33,  $p = 0.01$ ), and Nigeria (0.78,  $p = 0.02$ ) demonstrate both strong model fit and significant FDI growth correlated with EITI participation. While the strength and significance of this effect remain context-dependent, the evidence

supports the view that EITI membership can contribute meaningfully to a country's investment climate when supported by broader institutional and governance reforms, strengthening sectoral oversight and implementation of regulations.

The regression analysis tests the relationship **between EITI membership and corruption perception** through a set of indicators, taking into account the Corruption Perceptions Index (CPI) by Transparency International and Worldwide Governance Indicators (WGI) – “Control of Corruption” and – “Voice and accountability” (both from the World Bank). It reveals that EITI participation can be associated with measurable improvements in anti-corruption performance. Several countries such as Senegal, Zambia, Guyana, and Nigeria stand out for their particularly strong results demonstrating a statistically significant and positive correlation between EITI implementation and reduced perceived corruption, highlighting the potential of transparency initiatives to reinforce public trust and institutional accountability.

A clear trend emerges when examining the quality and depth of EITI implementation across countries.



Those with more robust adherence to EITI standards — such as Senegal (very high implementation status) and Zambia (high) tend to experience greater improvements in corruption perceptions. This

pattern supports the argument that formal membership, but **only in combination with effective and credible implementation of EITI guidelines**, is key to achieving substantial governance benefits.

## 1.3 Key Findings: International Stakeholder Perspectives

Chapter 5 synthesises insights from interviews and consultations with a broad range of international stakeholders, including donor agencies, international financial institutions, the EITI International Secretariat, and global civil society organisations. 14 international stakeholders and sector experts were interviewed.

- **Broad Consensus on EITI's Value:** Stakeholders widely recognise EITI as a credible platform for transparency in the extractives sector. Its ability to convene diverse actors is seen as a unique strength, particularly in politically sensitive contexts.
- **Mixed Views on Impact Pathways:** While transparency is acknowledged as a prerequisite for improved governance and investment climate in the extractive sector, there is debate over whether EITI alone can deliver measurable changes without parallel reforms in enforcement, fiscal policy, and regulatory frameworks.
- **Concerns over "Scope Creep":** Some noted that EITI's mandate has expanded into thematic areas like gender, environment, and artisanal mining without proportionate resources or clear strategic prioritisation of EITI foci. This raises risks of diluting its core focus on revenue transparency and accountability.
- **Need for Performance Orientation:** International actors called for a shift from compliance-based validation towards results-oriented assessment, linking implementation quality more directly to governance and investment outcomes.
- **Opportunities for Strategic Linkages:** There is strong interest in integrating EITI data into other governance and investment frameworks (e.g., IMF Article IV consultations, World Bank project monitoring, ESG investor reporting). Stakeholders believe such linkages could enhance EITI's practical relevance and policy uptake.

## 1.4 Key findings: Case Studies (DRC and Zambia)

Chapter 6 presents case studies of the Democratic Republic of the Congo and Zambia, combining desk study, qualitative interviews with quantitative analysis to assess EITI's influence on investment climate and anti-corruption outcomes. It has to be noted that the qualitative findings rely on a limited number of stakeholders interviewed, four for Zambia and two interviews for the DRC.

### Zambia:

- Sustained political commitment, especially from the Ministry of Mines, has anchored EITI within broader sector reforms such as mining cadastre upgrades and project-level reporting.
- Quantitative analysis shows small but statistically significant improvements in regulatory quality during EITI membership, alongside steady FDI inflows.
- Civil society has effectively used EITI data to challenge SOE governance practices and advocate for more transparent royalty transfers.

### Democratic Republic of the Congo:

- High-level MSG representation, including sitting ministers, has created potential channels for policy influence, though political support has been inconsistent.
- Reforms in licence transparency and ASM traceability (notably cobalt and 3T supply chains) have improved investor due diligence opportunities but have not yet translated into statistically significant governance or FDI gains.
- Limited institutional follow-up on EITI findings remains a barrier to anti-corruption impact.

### Cross-cutting observations:

- In both countries, EITI has contributed to reducing information asymmetry for investors and building trust among stakeholders.
- However, the extent of impact depends heavily on domestic political will, integration of EITI into legal and regulatory frameworks, and the presence of enforcement mechanisms.

## 1.5 Key Enabling Factors

Analysis of both case studies identified seven enabling factors that shape whether EITI contributes to measurable improvements in investment climate (IC) and anti-corruption (AC) outcomes:

### 1. Strong Political Commitment and Reform Continuity

Sustained high-level backing across electoral cycles, particularly from ministries of finance, mines, or SOEs, creates policy predictability for investors and empowers enforcement bodies to act on irregularities. In Zambia, the Ministry of Mines' engagement supported cadastre reforms; in the DRC, senior MSG representation created direct decision-making channels, though commitment was inconsistent.

### 2. Systematic Contract and Licence Transparency

Public disclosure of fiscal terms, licence allocations, and cadastre data reduces perceptions of arbitrariness, improves investor risk assessment, and can help prevent rent-seeking. In Zambia and the DRC, cadastral reforms improved perceptions, but quantitative results show that other macro risks can outweigh these gains.

### 3. Institutional Follow-up on EITI Findings *(AC focus)*

Transparency has limited impact without enforcement. In Zambia, targeted follow-up coincided with governance improvements; in the DRC, weak institutional follow-up constrained impact.

### 4. High-level MSG Representation

When MSGs include ministers or SOE heads, recommendations are more likely to be adopted, accelerating reform and boosting investor and civil society confidence.

### 5. Integration of Artisanal and Small-scale Mining (ASM)

Including ASM supply chains in EITI reporting, increasing supply chain predictability, attracts responsible buyers, and reduces illicit trade risks.

### 6. Regional Transparency Frameworks *(AC and IC overlap)*

Cross-border disclosure can help curb smuggling, improve market confidence, and address regional corruption risks, particularly in high-risk commodities such as gold.

### 7. Positive Signalling Effect and Investor Perceptions *(IC focus)*

Even where quantitative results were mixed, based on interview responses, EITI membership signalled fiscal openness and regulatory stability to investors, shaping investment decisions beyond the raw data.

## 1.6 Recommendation

The study's recommendations are tailored to key stakeholder groups and organised according to their potential to strengthen the investment climate (IC), enhance anti-corruption outcomes (AC), or address

both simultaneously. The table below synthesises these targeted actions, reflecting both the quantitative evidence and the qualitative insights from interviews, case studies and consultations.

Stakeholder	Investment Climate (IC)	Anti-Corruption (AC)	Both IC & AC
<b>National Governments</b>	<ul style="list-style-type: none"> <li>Integrate EITI data into investment promotion (roadshows, sector profiles, national plans)</li> <li>Ensure legal backing for transparency measures (contract disclosure, licensing, beneficial ownership)</li> <li>Strengthen cross-ministerial coordination for investment reforms.</li> </ul>	<ul style="list-style-type: none"> <li>Institutionalise follow-up mechanisms so that EITI findings trigger audits/enforcement</li> <li>Enhance MSG authority and representation with senior decisionmakers</li> <li>Improve subnational fiscal transparency (timely, verifiable transfer disclosures).</li> </ul>	<ul style="list-style-type: none"> <li>Integrate ASM reporting within EITI to boost traceability</li> <li>Embed EITI indicators into national performance monitoring</li> <li>Improve systematic disclosure to obtain timely and accurate data for IC and AC efforts</li> <li>Encourage the active participation of Chinese companies in the Multi-Stakeholder Groups, which are often not represented in the MSG, limiting the inclusiveness of transparency processes</li> </ul>
<b>EITI International Secretariat</b>	<ul style="list-style-type: none"> <li>Performance-oriented Standard revisions, with incentives and stronger enforcement (e.g., shortened revalidation cycles, public "implementation action plans").</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen linkages with oversight bodies via data-sharing protocols and referrals.</li> </ul>	<ul style="list-style-type: none"> <li>Structured peer learning on licensing reforms, subnational reporting, SOE oversight</li> <li>Support systematic disclosure efforts in member countries</li> <li>Encourage the active participation of Chinese companies in the Multi-Stakeholder Groups, which are often not represented in the MSG, limiting the inclusiveness of transparency processes</li> <li>Refocus mandate and avoid scope creep, keeping mandatory requirements tied to its core mandate of voluntarily disclosure of payments and revenues.</li> </ul>
<b>Donors &amp; Development Partners</b>	<ul style="list-style-type: none"> <li>Support digitalisation of cadastres and revenue reporting</li> <li>Encourage innovation (real-time data platforms, regional frameworks, climate/transition minerals integration).</li> </ul>	<ul style="list-style-type: none"> <li>Invest in watchdog capacity (CSOs, local media for data analysis and investigations).</li> </ul>	<ul style="list-style-type: none"> <li>Align support with reform windows where political will and civil society capacity exist</li> <li>Support systematic disclosure efforts</li> <li>Encourage regional transparency frameworks to address illicit trade and boost confidence.</li> </ul>

Stakeholder	Investment Climate (IC)	Anti-Corruption (AC)	Both IC & AC
<b>Civil Society</b>	<ul style="list-style-type: none"> <li>Evidence-based advocacy on transparency and government accountability using EITI data.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen investigative partnerships with journalists/ research institutes</li> <li>Amplify subnational advocacy for royalty redistribution and social investment tracking.</li> </ul>	<ul style="list-style-type: none"> <li>Invest in technical capacity and thematic specialisation</li> <li>Foster structured civil society coalitions for joint analysis, reuse of data? and advocacy based on EITI data, in order to strengthen collective accountability, reduce fragmentation of efforts and increase policy influence.</li> </ul>
<b>International Financial Institutions</b>	<ul style="list-style-type: none"> <li>Integrate EITI performance into investment risk assessments for lending/guarantees.</li> </ul>	<ul style="list-style-type: none"> <li>Tie governance lending to EITI enforcement (action on identified irregularities).</li> </ul>	<ul style="list-style-type: none"> <li>Promote cross-country comparability using EITI data to benchmark governance and investment readiness.</li> </ul>
<b>Companies</b>	<ul style="list-style-type: none"> <li>Champion project-level disclosure to meet EITI/due diligence requirements to strengthen legal certainty, reduce political risk and de-risk investment.</li> <li>Demonstrate compliance with international due diligence standards (OECD Due Diligence, anti-bribery, ESG) to actively de-risk investment.</li> </ul>	<ul style="list-style-type: none"> <li>Support Beneficial Ownership Transparency (BOT) by fully disclosing ownership structures and politically exposed persons (PEPs) to prevent corruption, conflicts of interest, and illicit financial flows.</li> <li>Promote transparency in procurement and supply chains (disclose subcontracting/procurement and PEP involvement), in line with EITI expectations.</li> </ul>	<ul style="list-style-type: none"> <li>Active MSG participation to shape reforms that support both fair competition and clean governance.</li> <li>Support capacity-building initiatives with MSGs and civil society including on tax structures, contract terms, beneficial ownership, and revenue flows, to strengthen public oversight and market integrity.</li> </ul>

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