



# Identifying Key Enabling Factors for Successfully Leveraging the EITI Process to Improve Investment Climate and Anti-Corruption

# Abbreviations

<b>AC</b>	Anti Corruption
<b>ASM</b>	Artisanal and small-scale mining
<b>BGR</b>	Bundesanstalt für Geowissenschaften und Rohstoffe (Federal Institute for Geosciences and Natural Resources, Germany)
<b>BMZ</b>	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Cooperation and Development)
<b>BOT</b>	Support Beneficial Ownership Transparency
<b>CPI</b>	Corruption Perceptions Index
<b>CSO</b>	Civil Society Organisation
<b>DOM</b>	Dominican Republic
<b>DRC</b>	Democratic Republic of the Congo
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>EGC</b>	Entreprise Générale du Cobalt
<b>FATF</b>	Financial Action Task Force
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>IC</b>	Investment Climate
<b>ICGLR</b>	The International Conference on the Great Lakes Region
<b>IFI</b>	International Financial Institutions
<b>IV</b>	Instrumental Variable (in econometrics)
<b>MSG</b>	Multi-Stakeholder Group
<b>MTM</b>	Mid-Term Monitoring
<b>PACRA</b>	Patents and Companies Registration Agency
<b>PEP</b>	Politically Exposed Persons
<b>PWYP</b>	Publish What You Pay
<b>SDG</b>	Sustainable Development Goal
<b>SOE</b>	State-Owned Enterprise
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>WGI</b>	Worldwide Governance Indicators
<b>ZEITI</b>	Zambia Extractive Industries Transparency Initiative
<b>ZIPAR</b>	Zambia Institute for Policy Analysis and Research
<b>ZRA</b>	Zambia Revenue Authority

# Content

1	Executive Summary	4
2	Introduction	10
3	Research Design	13
4	Global-Level Quantitative Analysis: Exploring the Link between EITI-Implementation, Improved Investment Climate and Anti-Corruption Efforts	17
5	Global Stakeholder Perspectives: Exploring the Link between EITI-Implementation, Improved Investment Climate and Anti-Corruption Efforts	30
6	Country Case Studies: Insights from the Democratic Republic of the Congo and Zambia	34
7	Results: Key Enabling Factors on the Effectiveness of the EITI in Improving Investment Climate and Anti-Corruption Efforts	51
8	Recommendations	55
9	Bibliography	59

# Executive Summary

# 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 DRC (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 DRC 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.

#### DRC:

- 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. Recommendations

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>Promote investor confidence through evidence-based advocacy 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>

# Introduction

## 2. Introduction

### 2.1. Purpose and Scope of the Study

This study investigates how the Extractive Industries Transparency Initiative (EITI) contributes to improving governance and investment conditions in resource-rich countries. While transparency is widely acknowledged as a prerequisite for better sector governance, the question of how it translates into concrete outcomes – such as enhanced investor confidence or more effective anti-corruption (AC) efforts – remains under-explored. Through data analysis, interviews, and an in-depth examination of two EITI-implementing countries, Zambia and the Democratic Republic of Congo (DRC), this report seeks to understand whether and under what conditions EITI implementation can foster measurable improvements in these areas.

Rather than assuming automatic benefits from transparency, the study focuses on the real-world mechanisms, enablers, and constraints that influence EITI's effectiveness at the impact level. It places particular emphasis on a central hypothesis that good EITI performance – characterised by timely, credible, inclusive, and policy-relevant implementation – can contribute to improved anti-corruption outcomes and a more attractive investment climate. However, it also recognises that strong EITI performance alone is unlikely to be sufficient. The study therefore also explores the additional contextual factors that enable or constrain this effect, including the strength of domestic institutions, political will, civic space, and the integration of EITI data into broader governance and reform processes.

In this context, the report addresses a key evaluative question: Under what conditions can good EITI performance be leveraged to reduce corruption and improve the investment climate? In addition to assessing the direct contributions of EITI, the study examines how its outputs can act as catalysts within broader reform coalitions and accountability ecosystems – particularly when combined with complementary governance initiatives and local ownership of the transparency agenda.

This inquiry is closely aligned with the EITI's Strategic Priorities for 2024–2028<sup>1</sup>, notably leveraging the EITI Standard and its multi-stakeholder approach and its core priorities of (1) tackling corruption, (2) strengthening domestic revenue mobilisation and (3) informing the energy transition. By linking the assessment to these strategic goals, the study contributes to a growing body of evidence on how the EITI can move from a compliance-driven model to a results-oriented approach that supports better development outcomes.

Finally, the report offers a set of forward-looking recommendations directed at the EITI International Secretariat, development partners, civil society, EITI implementing governments, industry actors and financial institutions. These focus on how to more deliberately harness EITI processes and data for concrete improvements in sector governance, anti-corruption, and the investment climate.

### 2.2. Context: Relevance of EITI to Anti-Corruption and Investment Promotion

In many developing countries and emerging economies, the extractive sector remains a vital component of the national economy and a significant source of public revenue. Its contribution to economic development and to the Sustainable Development Goals (SDGs) depends on responsible governance that maximizes value creation, ensures equitable and transparent taxation, promotes decent working conditions, and safeguards environmental and social standards (OECD, 2023; World Bank, 2021).

Effective governance in the extractive sector must mitigate adverse local effects on environmental quality, human rights, and social cohesion. This requires strong institutions, transparent decision-making, and robust oversight, areas where EITI can play a foundational role. By creating an inclusive,

multi-stakeholder framework that facilitates public disclosure of key data and policy processes, EITI seeks to strengthen accountability and improve the quality of governance in resource-rich settings (van der Ploeg & Poelhekke, 2017).

There is a well-established theoretical and empirical nexus between corruption and investment climate: corruption not only distorts competition and resource allocation but also increases uncertainty, transaction costs, and reputational risks for investors (Campos et al., 2021; IMF, 2023). In the extractive sector, where capital investments are large and long-term, the perceived risk of rent-seeking and arbitrary regulation can be a major deterrent to both foreign and domestic investment.

1 <https://eiti.org/documents/eiti-strategic-priorities-2024-2028>

The transparency generated by EITI processes can contribute to restoring trust in institutions, reducing corruption risks, and improving predictability for investors. However, despite more than a decade of implementation in many countries, there is growing recognition that outputs such as reports and

disclosures do not automatically lead to impacts. As emphasised in recent evaluations (EITI, 2023), the challenge is now to translate transparency into tangible and sustainable improvements<sup>2</sup>, particularly in the areas of anti-corruption and investment promotion.

## 2.3. Commissioning Partners and Motivation for the Study

This study was commissioned by by GIZ Sector Programme “Extractives and Development IV,” which is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and jointly implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Federal Institute for Geosciences and Natural Resources (BGR). The programme provides strategic policy advice to BMZ on matters related to mining and raw materials, contributes to shaping international debates on responsible resource governance, and supports German development cooperation with evidence-based analysis and practical guidance.

The motivation behind this study lies in addressing a key challenge facing the EITI today: how to better link governance processes to development outcomes. As demands grow for EITI to demonstrate tangible results, particularly in the realms of governance and economic performance, this study seeks to fill a critical evidence gap. By identifying pathways through which EITI implementation can foster improved governance and investment conditions, the study aims to strengthen the case for EITI and inform more impact-oriented support strategies.

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2 *Extractive Industries Transparency Initiative (EITI). (2023). EITI Evaluation Report, 2023, <https://www.eitiopenevaluation.org/reports/index.html>*

# Research Design

## 3. Research Design

This study employs a mixed-methods approach combining global quantitative analysis with qualitative interviews of international stakeholders as well as country-level qualitative research with a focus on two case studies (DR Congo and Zambia) to assess the impact of EITI implementation on

investment climate and anti-corruption outcomes. This design enables both broad comparative insights and in-depth contextual understanding, yielding evidence-based conclusions grounded in diverse data sources.

### 3.1. Global Quantitative Analysis

At the international level, the study undertakes a quantitative analysis of publicly available datasets across all EITI countries related to investment climate and anti-corruption. The objective is to

explore whether participation in the EITI is associated with improvements in key investment and anti-corruption indicators.

#### 3.1.1. Investment Climate (FDI) Indicators

To examine EITI's impact on investment attractiveness, the following indicators were used where available:

1. **FDI inflows: Trends in foreign direct investment volumes (UNCTAD, World Bank)**
2. **Fraser Institute Investment Attractiveness Index: Measures investor perceptions of policy frameworks and mineral potential**
3. **Ease of Doing Business Index: Regulatory efficiency (World Bank)**
4. **Global Competitiveness Index: Broader economic and institutional competitiveness (World Economic Forum)**

5. **Country Risk Ratings: Creditworthiness (Fitch, Moody's)**

6. **Time to Start a Business: Efficiency of business registration processes**

The analysis aims to identify correlations between EITI implementation and improvements in these indicators, as well as the contextual conditions that enable EITI to positively influence investment environments.

#### 3.1.2. Anti-Corruption Indicators

To assess governance outcomes, the following anti-corruption indicators will be considered, where available:

1. **Corruption Perceptions Index (CPI) by Transparency International**
2. **Worldwide Governance Indicators (WGI) – “Control of Corruption” and**

3. **Worldwide Governance Indicators (WGI) – “Voice and accountability” (both World Bank)**

These indicators will serve as proxies for perceptions of institutional integrity and transparency, given the limited availability of case data.

### 3.2. Qualitative Interviews with International Stakeholders

Qualitative data is enriched through anonymised semi-structured interviews with key national and international stakeholders. These interviews are designed to capture diverse perspectives on the actual and perceived impact of EITI on governance and the investment environment. The qualitative

interviews provide crucial contextual depth to the global quantitative analysis presented in Chapter 3.1. While the statistical models identify patterns of association between EITI participation and improvements in investment or anti-corruption indicators, the interviews offer insights into the mechanisms,

limitations, and enabling conditions behind these correlations. Key themes addressed include: the effectiveness of EITI processes, barriers to impact, stakeholder engagement dynamics, and the interplay between EITI and broader reforms.

The qualitative results are based on perspectives shared during semi-structured interviews with 20 EITI stakeholders total (international and national level) between April and August 2025. On the international level, the authors spoke to four representatives from multinational mining and

resource companies, one donor and four international financial organisations, four from civil society organisations and three staff from the EITI International Secretariat. The interviews were anonymised and findings were clustered according to (1) investment climate and (2) anti-corruption. On the national level (DRC and Zambia), the authors spoke to both national EITI coordinators, two private sector representatives, one MSG member from government and one civil society representative.

### 3.3. Country-Level Qualitative Research: Country Case Studies

The study includes in-depth case studies of Democratic Republic of Congo (DRC) and Zambia, two countries with long-standing EITI membership and varying extractive sector profiles. These countries were selected based on three main criteria: (i) the length and maturity of EITI engagement, (ii) demonstrated progress in EITI validation and implementation, and (iii) availability of complementary data and stakeholder access. Importantly, both countries are considered relatively advanced in their EITI implementation, allowing the study to investigate a core evaluation question: when a country has made substantial progress in aligning with EITI standards, what enabling factors such as political will, institutional reforms, or enforcement capacity are needed to translate transparency into tangible anti-corruption outcomes and improved investment climates? This approach enables the study to move beyond correlation and explore enabling and constraining conditions that mediate EITI's real-world impact.

Each case study follows a structured analytical framework that includes:

- Historical and institutional analysis of EITI processes
- National legal and policy reforms linked to transparency and investment
- Country-level trends in FDI and governance indicators
- Analysis of EITI's perceived contribution to governance and investment promotion

Primary sources include an in-depth document review of EITI reports, validation outcomes, national policy documents, academic articles as well as findings of the quantitative analysis, complemented by in-country stakeholder interviews. Four stakeholders were interviewed in Zambia, while only two stakeholders could be interviewed in the DRC. This presents a methodological limitation (see 3.4. below).

### 3.4. Methodological Limitations

Several limitations are acknowledged in the design and scope of this study. To mitigate these issues, the study incorporates triangulation, cross-verification of data sources, and transparency in reporting

analytical assumptions and constraints. See below table listing a number of methodological limitations in the quantitative analysis as well as mitigation strategies responding to those limitations.

Limitation	Description	Mitigation Strategy
<b>Attribution vs. Correlation</b>	Improvements in investment or governance indicators may result from broader reforms, not EITI alone.	Clearly state the distinction between correlation and causation; avoid overclaiming impact.
<b>FDI Volatility and External Factors</b>	FDI trends are heavily influenced by global economic cycles, commodity price shocks, and regional trends. Changes may not be due to EITI.	Contextualise findings with reference to global economic conditions; avoid attributing changes solely to EITI.
<b>Sector-Specific FDI Data Gaps</b>	Most available FDI data is aggregated and not disaggregated by sector. Extractive-sector-specific FDI data is often unavailable.	Acknowledge the limitation; where possible, triangulate with qualitative or case study insights on sector trends.
<b>Data Availability</b>	Some governance and anti-corruption indicators (e.g. enforcement data, whistleblower reports) are not consistently available.	Focus on obtainable proxies (e.g. CPI, WGI); supplement with qualitative evidence and case studies.
<b>Perception-Based Indicators</b>	CPI and WGI reflect perceptions rather than verified outcomes.	Triangulate with interview and document-based findings to validate or nuance interpretations.
<b>Time Lag Effects</b>	Reforms triggered by EITI may take years to materialise and may not be captured within the data period.	Use long time series where possible.
<b>Comparability Issues</b>	Differences in country contexts and reform histories limit comparability across EITI and non-EITI countries.	Apply cautious interpretation of cross-country comparisons; highlight contextual factors in case studies.
<b>Stakeholder Bias</b>	Interviews may reflect institutional or political bias.	Triangulate interview data with quantitative and documentary evidence to validate claims.
<b>Limited number of interviews for case studies</b>	The qualitative findings for Zambia rely on four interviews while in DRC, only two stakeholders could be interviewed.	Triangulate interview data with quantitative and documentary evidence to validate claims.

**Global-Level Quantitative Analysis:  
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## 4. Global-Level Quantitative Analysis: Exploring the Link between EITI-Implementation, Improved Investment Climate and Anti-Corruption Efforts

This analysis employs a linear regression model to examine the relationship between a) EITI membership and foreign direct investment and b) EITI membership and levels of perceived corruption across a range of countries.

The key independent variable is a binary indicator for EITI membership, measured across years of active participation and include **for the FDI model:**

1. FDI inflow
2. Ease of Doing Business Index
  - a. Days to Open a Business Index
  - b. Overall Ease of Doing Business
3. The Fraser Mining Survey
  - a. Investment Sentiment
  - b. Policy Predictability
4. Moody's Credit Rating
  - a. To quantify the credit rating, the model assigns a numerical value to the ratings, with a non-investment rating having a negative effect, while an investment grade rating having a positive effect.

### 4.1. Foreign Direct Investment

The first regression analysis investigates the statistical impact of EITI membership on FDI inflows. The analysis tests the relationship between FDI and a set of indicators, including FDI inflow, the World Banks' 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. Due to the inherent volatility of FDI, which can fluctuate significantly year to year, the data is transformed by

and **for the anti-corruption model:**

5. The Global Corruption Perceptions Index
6. The World Bank Governance Indicators
  - a. Control of Corruption
  - b. Voice and Accountability

The regressions are run at the country-year level, and standard errors are clustered by country to account for within-country correlation over time. To capture the effect of membership in EITI, the model uses a dummy variable, which denotes years of membership as 1 and years in which a country has been outside of the organisation as 0. The statistical analysis is conducted in three iterations that use a linear regression against the indicators listed above.

taking the natural logarithm of FDI inflows. This transformation serves to stabilise the variance and mitigate the effects of extreme values, allowing for a more robust and interpretable analysis. By smoothing the data, the natural logarithm helps reduce statistical noise and ensures that the model focuses on underlying trends rather than short-term fluctuations. The regression omits variables in cases, where there is collinearity between the different variables or missing data for certain markets that are not covered by Fraser Mining Survey, for example.

## 4.2. Anti-Corruption

The second regression analysis examines the relationship between EITI membership and corruption, measured through the Corruption Perception Index as well as the World Bank's Control of Corruption and Voice and Accountability Indexes. Unlike the first regression, this model intentionally omits FDI inflows from the set of independent variables. The rationale behind this omission is that

FDI inflows, which are often influenced by factors such as economic stability and market conditions, are not typically direct indicators of perceived corruption levels. Given that the relationship between FDI and corruption perceptions is complex and potentially indirect, including FDI in this regression may not add significant explanatory value.

## 4.3. Results of the Quantitative Analysis

The results of the findings are presented in the tables below, with a brief commentary over the significance of EITI membership. The data provides an overview of:

1. statistical significance (p-value<0.05 = higher statistical significance)
2. model suitability (Regression fit-squared) and
3. coefficient (a higher coefficient denotes a stronger impact of EITI membership on better efforts against corruption or higher FDI flows).

The countries have been ranked by highest to lower statistical significance. Each model used to produce the statistical analysis uses an average of 15 annual observations per country, starting from 2000 to 2023, depending on data availability.

### 4.3.1. EITI's Impact on FDI

Coefficient	Statistical significance	Regression fit	Country	Current EITI status	Observation
1.44	0.00	0.87	Democratic Republic of the Congo	High	Positive and significant impact during membership, with high model fit.
1.66	0.00	0.72	Guyana	Fairly low	Positive and significant impact during membership, with moderate model fit.
-1.13	0.01	0.67	Armenia	High	Negative coefficient signals a weak relationship, statistically significant, with moderate model fit.
2.33	0.01	0.55	Timor-Leste	Moderate	Positive and significant impact during membership, with moderate model fit.
0.78	0.02	0.71	Nigeria	Moderate	Positive and significant impact during membership, with moderate model fit.
1.17	0.02	0.74	Kazakhstan	Suspended for missing reporting deadline	Positive and significant impact during membership, with moderate model fit.
0.65	0.02	0.97	Guatemala	Suspended for lack of progress	Positive and significant impact during membership, with high model fit.
-3.42	0.03	0.97	Suriname	Suspended for missing reporting deadline	Negative coefficient signals a weak relationship, statistically significant, with high model fit.

Coefficient	Statistical significance	Regression fit	Country	Current EITI status	Observation
2.82	0.05	0.55	Mongolia	Moderate	Positive and borderline significant impact during membership, with moderate model fit.
1.04	0.06	0.78	Peru	Meaningful progress	Positive and borderline significant impact during membership, with moderate model fit.
1.41	0.06	0.54	Madagascar	Fairly low	Positive and borderline significant impact during membership, with moderate model fit.
5.64	0.12	0.56	Afghanistan	Suspended due to political instability	Positive but not statistically significant impact during membership, with moderate model fit.
-0.35	0.12	0.96	Colombia	Moderate	Negative coefficient signals a weak relationship, not statistically significant, with high model fit.
1.51	0.14	1.00	Papua New Guinea	Moderate	Positive but not statistically significant impact during membership, with high model fit.
0.94	0.16	0.49	Kyrgyz Republic	Fairly low	Positive but not statistically significant impact during membership, with low model fit.
2.45	0.17	0.85	Ethiopia	Suspended for missing reporting deadline	Positive but not statistically significant impact during membership, with high model fit.
0.68	0.20	0.18	Germany	High	Positive but not statistically significant impact during membership, with low model fit.
-0.43	0.21	0.42	Seychelles	Meaningful progress	Negative coefficient signals a weak relationship, not statistically significant, with low model fit.
-1.18	0.22	0.95	Philippines	Moderate	Negative coefficient signals a weak relationship, not statistically significant, with high model fit.
0.58	0.22	0.93	Ghana	Moderate	Positive but not statistically significant impact during membership, with high model fit.
1.25	0.22	0.43	Liberia	Moderate	Positive but not statistically significant impact during membership, with low model fit.
1.83	0.24	0.20	Norway	High	Positive but not statistically significant impact during membership, with low model fit.
1.14	0.25	0.30	Central African Republic	Suspended for inadequate stakeholder engagement	Positive but not statistically significant impact during membership, with low model fit.
0.97	0.30	0.50	Indonesia	Fairly low	Positive but not statistically significant impact during membership, with low model fit.

Coefficient	Statistical significance	Regression fit	Country	Current EITI status	Observation
-0.67	0.31	0.31	Mauritania	Moderate	Negative coefficient signals a weak relationship, not statistically significant, with low model fit.
-1.25	0.31	0.51	Trinidad and Tobago	Moderate	Negative coefficient signals a weak relationship, not statistically significant, with moderate model fit.
0.61	0.32	0.16	Sao Tome and Principe	Suspended	Positive but not statistically significant impact during membership, with low model fit.
0.64	0.34	0.37	Tajikistan	Meaningful progress	Positive but not statistically significant impact during membership, with low model fit.
1.28	0.35	0.77	Ecuador	Fairly low	Positive but not statistically significant impact during membership, with moderate model fit.
-0.33	0.41	0.72	United Kingdom	Meaningful progress	Negative coefficient signals a weak relationship, not statistically significant, with moderate model fit.
1.20	0.42	0.15	Guinea	High	Positive but not statistically significant impact during membership, with low model fit.
0.85	0.43	0.83	Dominican Republic	Moderate	Positive but not statistically significant impact during membership, with high model fit.
0.37	0.44	0.73	Sierra Leone	High	Positive but not statistically significant impact during membership, with moderate model fit.
0.44	0.48	0.91	Mozambique	Moderate	Positive but not statistically significant impact during membership, with high model fit.
-0.49	0.50	0.22	Netherlands (Kingdom of the)	Fairly low	Negative coefficient signals a weak relationship, not statistically significant, with low model fit.
0.34	0.52	0.62	Senegal	Very high	Positive but not statistically significant impact during membership, with moderate model fit.
-0.46	0.52	0.68	Ukraine	Moderate	Negative coefficient signals a weak relationship, not statistically significant, with moderate model fit.
0.10	0.55	0.79	Cote d'Ivoire	Moderate	Positive but not statistically significant impact during membership, with moderate model fit.
-0.89	0.55	0.48	Niger	Under enhanced scrutiny	Negative coefficient signals a weak relationship, not statistically significant, with moderate model fit.
1.19	0.59	0.31	Myanmar	Suspended due to political instability	Positive but not statistically significant impact during membership, with low model fit.

Coefficient	Statistical significance	Regression fit	Country	Current EITI status	Observation
0.22	0.63	0.61	Mali	Fairly low	Positive but not statistically significant impact during membership, with moderate model fit.
27.45	0.68	0.50	Iraq	Fairly low	Positive but not statistically significant impact during membership, with moderate model fit.
0.69	0.68	0.09	Burkina Faso	Moderate	Positive but not statistically significant impact during membership, with very low model fit.
0.21	0.71	0.50	United Republic of Tanzania	High	Positive but not statistically significant impact during membership, with moderate model fit.
-1.55	0.73	0.12	Chad	Fairly low	Negative coefficient signals a weak relationship, not statistically significant, with very low model fit.
0.30	0.77	0.29	Mexico	Suspended for inadequate stakeholder engagement	Positive but not statistically significant impact during membership, with low model fit.
0.19	0.79	0.62	Malawi	Moderate	Positive but not statistically significant impact during membership, with moderate model fit.
-0.10	0.79	0.93	Albania	Moderate	Negative coefficient signals a weak relationship, not statistically significant, with high model fit.
0.28	0.79	0.45	Zambia	High	Positive but not statistically significant impact during membership, with low model fit.
-0.27	0.81	0.75	Cameroon	Suspended for inadequate stakeholder engagement	Negative coefficient signals a weak relationship, not statistically significant, with moderate model fit.
1.19	0.89	0.50	Togo	Fairly low	Positive but not statistically significant impact during membership, with moderate model fit.
-0.02	0.94	0.96	Honduras	Suspended for inadequate stakeholder engagement	Negative coefficient signals a weak relationship, not statistically significant, with high model fit.
-0.02	0.94	0.62	Uganda	High	Negative coefficient signals a weak relationship, not statistically significant, with moderate model fit.
-0.07	0.95	0.39	Argentina	Moderate	Negative coefficient signals a weak relationship, not statistically significant, with low model fit.
0.00		0.98	Angola	Yet to be assessed	No coefficient reported; model fit very high. No interpretation possible.

The empirical findings suggest that EITI membership is frequently associated with increased FDI inflows. Several countries exhibit statistically significant positive coefficients, indicating a robust and positive association between EITI implementation and foreign investor interest. Notably, the DRC (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. These cases support the hypothesis that transparency-enhancing reforms can contribute to improved investor confidence.

Other countries, such as Kazakhstan, Guatemala, and Mongolia, also show positive and statistically significant coefficients, albeit with slightly lower fit statistics, despite e.g. Guatemala being suspended. These results further reinforce the positive association between transparency initiatives and investment attractiveness.

However, the results are not uniformly positive. A small number of countries, including Armenia and Suriname, display significant but negative coefficients, suggesting that in certain contexts, EITI membership may not be sufficient to offset other investor concerns such as political instability or weak institutions. Additionally, many countries – including Peru, Senegal, Liberia, and Côte d'Ivoire – exhibit positive coefficients that are not statistically significant, implying that while EITI may be associated with higher FDI, the effect is not robust enough to generalise without accounting for country-specific factors.

While overall statistical significance and impact is relatively low – especially among developed markets such as Germany, the United Kingdom, and Norway – EITI membership appears to have a more substantial influence on FDI inflows in several countries in Sub-Saharan Africa. Furthermore, there is no strong correlation between the status of the implementation and the effect on FDI to be observed. Interestingly, even countries that are currently suspended from EITI, such as Cameroon, have experienced a positive relationship between prior EITI participation and FDI inflows, suggesting a lagging or residual benefit from initial transparency commitments.

Overall, the regression model provides moderate to strong explanatory power in several cases, with R-squared values exceeding 0.7 in countries such as

DRC (see Figure 1), Guatemala, and Colombia. The inclusion of governance and creditworthiness controls ensures that the estimated impact of EITI membership is not conflated with broader macroeconomic conditions. Nevertheless, data limitations – particularly with respect to the Fraser Mining Survey coverage – may introduce variability across the sample.

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. For example, Figure 1 below shows the relation between EITI membership of the DRC and how it correlates with FDI inflow and Fraser Institute's Policy Perception Index, a composite measure in their annual survey of mining companies that assesses how government policies and regulatory environments affect a mining jurisdiction's attractiveness for investment. Figure 2 shows the same data for Guyana, including the Ease of Doing Business index and a general upward trend during EITI membership. While the strength and significance of this effect remain context-dependent, the evidence supports the view that transparency and accountability initiatives can contribute meaningfully to a country's investment climate when supported by broader institutional reforms. It seems to however not be possible to draw conclusions on observable patterns such as status of the EITI implementation, regional trajectories or other factors such as oil vs. mining countries.

A recent study by Dosmaganbetov and Nanovsky (2024) published in *Energy Policy*<sup>3</sup> strengthens the evidence base on EITI's role in investment promotion. Their econometric analysis, using a sample of 46 resource-rich countries over two decades, confirms that EITI implementation has a statistically significant positive impact on FDI inflows – particularly in countries with weak institutions or governance challenges. Notably, the effect of EITI membership on FDI is stronger in Sub-Saharan Africa and in countries with initially lower investment levels, echoing our own findings.

The study highlights that transparency reforms like EITI can reduce investor risk perception by signalling institutional improvement and lowering the cost of information asymmetry. Furthermore, the authors argue that EITI implementation is more effective when embedded in broader governance frameworks and accompanied by fiscal transparency. However, the article also cautions against overstating EITI's

3 Ablay Dosmaganbetov, Simeon Nanovsky, Henrique de Oliveira, and Papa Wesseh, *Unveiling the Nexus: Impact of the Extractive Industries Transparency Initiative (EITI) on Foreign Direct Investment (FDI)*, *Energy Policy* 190 (2024)

role. Similar to our own results, it finds that the impact of EITI on FDI is heterogeneous across countries and often conditioned by other institutional variables, such as regulatory stability, rule of law, and state capacity.

In summary, the findings of the study provide

academic validation of our regression analysis: EITI membership can support a more favourable investment climate, particularly in lower-income countries, but its effectiveness depends on complementary reforms, quality of implementation, and institutional context, as we will see in the following chapters.

### Democratic Republic of Kongo: FDI flow before and after EITI Membership

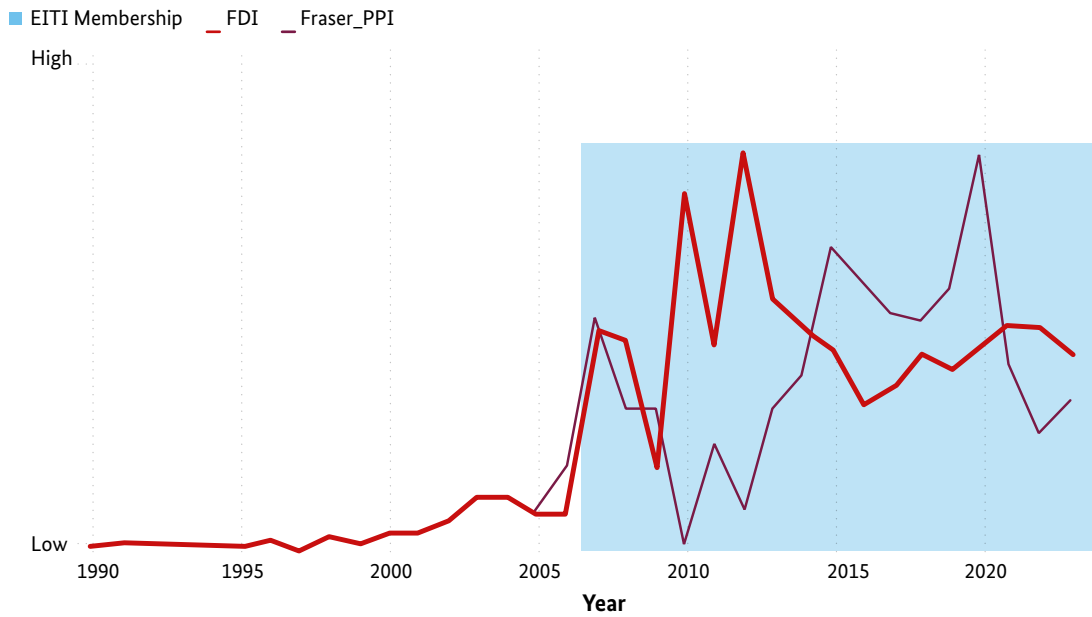


Figure 1: EITI membership, FDI inflow and Fraser Mining survey indicators for DRC

### Guayana: FDI flow before and after EITI Membership



Figure 2: EITI membership, FDI inflow, Ease of Doing Business and Fraser Mining survey indicators for Guyana

### 4.3.2. EITI's Impact on Corruption

Coefficient	Statistical significance	Regression fit	Country	Current EITI status	Observation
10.22	0.00	0.91	Senegal	Very high	Positive and statistically significant impact during membership, with high model fit.
8.31	0.00	0.75	Zambia	High	Positive and statistically significant impact during membership, with moderate model fit.
9.01	0.00	0.92	Guyana	Fairly low	Positive and statistically significant impact during membership, with high model fit.
4.33	0.00	0.82	Ukraine	Moderate	Positive and statistically significant impact during membership, with moderate model fit.
11.56	0.00	0.66	Ghana	Moderate	Positive and statistically significant impact during membership, with moderate model fit.
4.75	0.00	0.78	Nigeria	Moderate	Positive and statistically significant impact during membership, with moderate model fit.
12.78	0.00	0.68	Liberia	Moderate	Positive and statistically significant impact during membership, with moderate model fit.
-4.15	0.00	0.73	Netherlands (Kingdom of the)	Fairly low	Negative coefficient signals a weak relationship with corruption, with moderate model fit.
4.49	0.00	0.85	Albania	Moderate	Positive and statistically significant impact during membership, with high model fit.
6.48	0.00	0.66	Mongolia	Moderate	Positive and statistically significant impact during membership, with moderate model fit.
6.13	0.00	0.59	Burkina Faso	Moderate	Positive but not statistically significant impact during membership, with low model fit.
2.36	0.00	0.49	Chad	Fairly low	Positive but not statistically significant impact during membership, with low model fit.
3.18	0.00	0.52	Cameroon	Suspended for inadequate stakeholder engagement	Positive but not statistically significant impact during membership, with moderate model fit.
5.58	0.01	0.77	Sierra Leone	High	Positive and statistically significant impact during membership, with high model fit.
4.50	0.01	0.91	Indonesia	Fairly low	Positive and statistically significant impact during membership, with high model fit.
4.22	0.01	0.75	Papua New Guinea	Moderate	Positive and statistically significant impact during membership, with moderate model fit.

Coefficient	Statistical significance	Regression fit	Country	Current EITI status	Observation
4.23	0.01	0.89	Philippines	Moderate	Positive and statistically significant impact during membership, with high model fit.
-3.80	0.04	0.64	Mauritania	Moderate	Negative coefficient signals a weak relationship with corruption, with moderate model fit.
4.20	0.04	0.33	Suriname	Suspended for missing reporting deadline	Positive but not statistically significant impact during membership, with low model fit.
7.21	0.05	0.87	Seychelles	Meaningful progress	Positive but not statistically significant impact during membership, with high model fit.
4.65	0.06	0.82	Myanmar	Suspended due to political instability	Positive but not statistically significant impact during membership, with moderate model fit.
-3.05	0.06	0.49	Mexico	Suspended for inadequate stakeholder engagement	Negative coefficient signals a weak relationship with corruption, with low model fit.
2.58	0.09	0.39	Mozambique	Moderate	Positive but not statistically significant impact during membership, with low model fit.
1.42	0.11	0.78	Honduras	Suspended for inadequate stakeholder engagement	Positive but not statistically significant impact during membership, with high model fit.
-4.64	0.12	0.23	Afghanistan	Suspended due to political instability	Negative coefficient signals a weak relationship with corruption, with very low model fit.
-3.28	0.14	0.37	Malawi	Moderate	Negative coefficient signals a weak relationship with corruption, with low model fit.
1.75	0.14	0.48	Colombia	Moderate	Positive but not statistically significant impact during membership, with moderate model fit.
-1.34	0.15	0.29	Democratic Republic of the Congo	High	Negative coefficient signals a weak relationship with corruption, with low model fit.
-1.90	0.16	0.76	United Kingdom	Meaningful progress	Negative coefficient signals a weak relationship with corruption, with high model fit.
3.59	0.20	0.65	Argentina	Moderate	Positive but not statistically significant impact during membership, with moderate model fit.
-2.20	0.21	0.16	Norway	High	Negative coefficient signals a weak relationship with corruption, with very low model fit.
-1.83	0.22	0.36	Gabon	Moderate	Negative coefficient signals a weak relationship with corruption, with moderate model fit.

Coefficient	Statistical significance	Regression fit	Country	Current EITI status	Observation
2.32	0.23	0.90	Angola	Yet to be assessed	Positive but not statistically significant impact during membership, with high model fit.
2.45	0.25	0.85	Ethiopia	Suspended for missing reporting deadline	Positive but not statistically significant impact during membership, with high model fit.
2.01	0.25	0.41	Guatemala	Suspended for lack of progress	Positive but not statistically significant impact during membership, with low model fit.
1.45	0.28	0.18	Peru	Meaningful progress	Positive but not statistically significant impact during membership, with very low model fit.
2.66	0.35	0.24	United Republic of Tanzania	High	Positive but not statistically significant impact during membership, with low model fit.
1.62	0.35	0.87	Guinea	High	Positive but not statistically significant impact during membership, with high model fit.
0.93	0.39	0.05	Uganda	High	Positive but not statistically significant impact during membership, with very low model fit.
1.61	0.40	0.25	Iraq	Fairly low	Positive but not statistically significant impact during membership, with low model fit.
1.93	0.50	0.69	Ecuador	Fairly low	Positive but not statistically significant impact during membership, with moderate model fit.
-0.78	0.51	0.18	Dominican Republic	Moderate	Negative coefficient signals a weak relationship with corruption, with low model fit.
1.70	0.53	0.62	Madagascar	Fairly low	Positive but not statistically significant impact during membership, with moderate model fit.
1.83	0.57	0.78	Timor-Leste	Moderate	Positive but not statistically significant impact during membership, with high model fit.
1.04	0.63	0.35	Trinidad and Tobago	Moderate	Positive but not statistically significant impact during membership, with low model fit.
-0.90	0.66	0.51	Niger	Under enhanced scrutiny	Negative coefficient signals a weak relationship with corruption, with moderate model fit.
-1.10	0.67	0.90	Armenia	High	Negative coefficient signals a weak relationship with corruption, with high model fit.
-0.60	0.67	0.76	Kyrgyz Republic	Fairly low	Negative coefficient signals a weak relationship with corruption, with moderate model fit.

Coefficient	Statistical significance	Regression fit	Country	Current EITI status	Observation
0.49	0.78	0.82	Kazakhstan	Suspended for missing reporting deadline	Positive but not statistically significant impact during membership, with high model fit.
-0.14	0.79	0.30	Germany	High	Negative coefficient signals a weak relationship with corruption, with moderate model fit.
1.21	0.82	0.63	Cote d'Ivoire	Moderate	Positive but not statistically significant impact during membership, with moderate model fit.
0.30	0.84	0.56	Tajikistan	Meaningful progress	Positive but not statistically significant impact during membership, with moderate model fit.
-0.15	0.92	0.52	Central African Republic	Suspended for inadequate stakeholder engagement	Negative coefficient signals a weak relationship with corruption, with low model fit.
-0.10	0.95	0.07	Mali	Fairly low	Negative coefficient signals a weak relationship with corruption, with very low model fit.
-0.03	0.99	0.65	Togo	Fairly low	Negative coefficient signals a weak relationship with corruption, with very low model fit.
-0.01	0.99	0.05	Congo	Moderate	Negative coefficient signals a weak relationship with corruption, with very low model fit.
0.00		0.12	Sao Tome and Principe	Suspended	Positive but not statistically significant impact during membership, with very low model fit.

The regression analysis examining the relationship between EITI membership and corruption perception indicators reveals that EITI participation is often associated with measurable improvements in anti-corruption performance. Several countries demonstrate 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.

Countries such as Senegal, Zambia, Guyana, and Nigeria stand out for their particularly strong results. In these cases, EITI membership can be significantly associated with improved corruption perceptions, as evidenced by high coefficients and robust model fit. These findings suggest that transparency measures introduced through EITI participation may have catalysed governance reforms and enhanced public sector accountability, thereby reducing perceived corruption.

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), Zambia (high), see Figure 3, Nigeria (moderate), and Seychelles (meaningful progress) – tend to experience greater improvements in corruption perceptions. This pattern supports the argument that not only formal membership, but also effective and credible implementation of EITI guidelines is key to achieving substantial governance benefits. The data underscores that successful EITI participation can be associated with stronger regulatory frameworks, improved information disclosure, and more effective oversight mechanisms. For example, Figure 3 and 4 show the trends in the Corruption Perception Index and World Bank Governance Indicators (Control of Corruption and Voice and Accountability) for Zambia and Senegal generally coinciding with EITI membership.

Interestingly, even countries with suspended membership status, such as Myanmar and Cameroon, exhibit positive coefficients – albeit not always statistically significant. These cases indicate that even partial or incomplete engagement with EITI principles may yield incremental governance benefits. This suggests a potential signalling effect, whereby association with EITI’s transparency and accountability framework can foster modest improvements in corruption perceptions, even in politically or institutionally constrained environments.

In sum, the analysis supports the conclusion that EITI membership – particularly when combined with substantive and sustained implementation efforts – can serve as an effective instrument in advancing anti-corruption objectives. While the magnitude of impact varies by country and institutional context, the overarching trend points to a positive relationship between transparency-driven reforms and perceived governance integrity.

### Zambia: FDI flow before and after EITI Membership

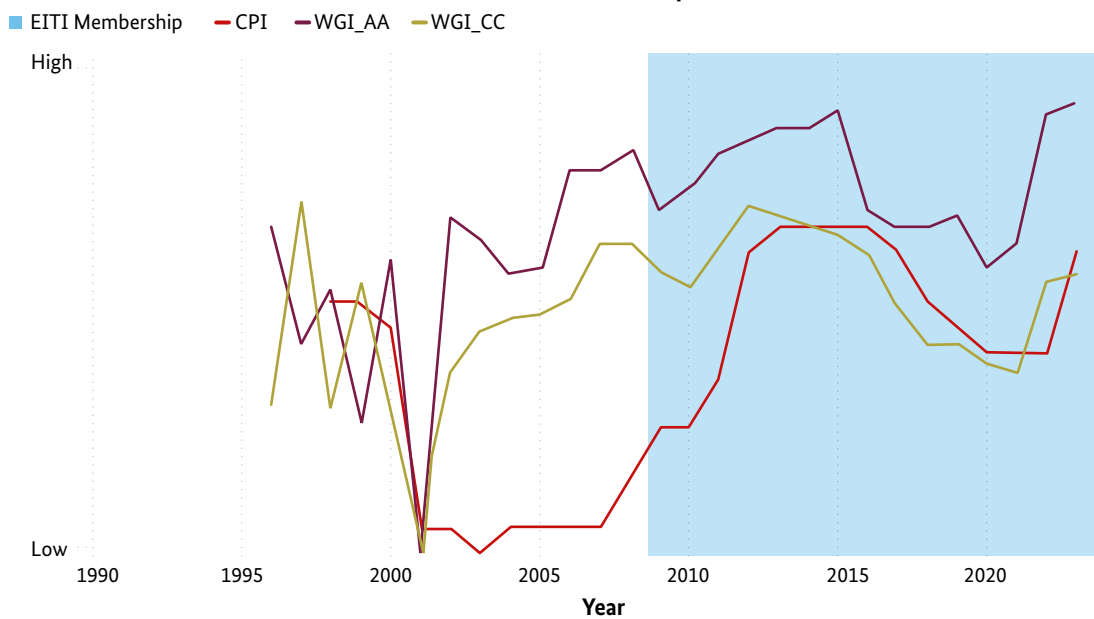


Figure 3: EITI membership, Corruption Perception Index and World Bank Governance Indicators (Control of Corruption and Voice and Accountability) for Zambia

### Senegal: FDI flow before and after EITI Membership

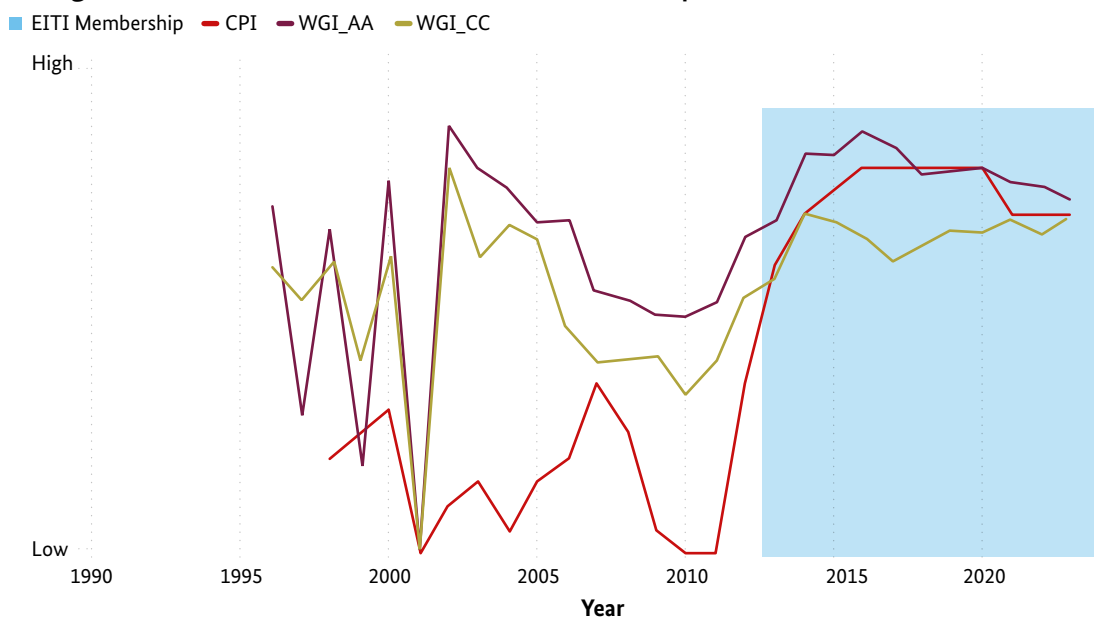


Figure 4: EITI membership, Corruption Perception Index and World Bank Governance Indicators (Control of Corruption and Voice and Accountability) for Senegal

**Global Stakeholder Perspectives:  
Exploring the Link between EITI-  
Implementation, Improved Investment  
Climate and Anti-Corruption Efforts**

## 5. Global Stakeholder Perspectives: Exploring the Link between EITI-Implementation, Improved Investment Climate and Anti-Corruption Efforts

The below results are based on perspectives shared during semi-structured interviews with 20 EITI stakeholders total (international and national level) between April and August 2025. On the international level, the authors spoke to a total of fourteen stakeholders: four representatives from multinational mining and resource companies, one donor and four international financial organisations, four from civil society organisations and three staff from the

EITI International Secretariat. The interviews were anonymised and findings were clustered according to (1) investment climate and (2) anti-corruption. On the national level (DRC and Zambia), the authors spoke to both national EITI coordinators, two private sector representatives, one MSG member from government and one civil society representative.

### 5.1. Unlocking EITI's Potential for Investment Climate Gains: Key Findings

#### Systematic Disclosure: Reducing Information Asymmetry for Investors

While EITI does not directly drive investment decisions, it provides an indirect benefit by reducing information asymmetry and signalling government openness. Disclosure of contracts, technical data, and licensing procedures enables investors to make better-informed decisions and facilitates due diligence.

Project-level and systematic disclosures were cited as especially useful. On the other hand, the delayed release of EITI data limits its utility for real-time investment planning. The initiative's potential lies in lowering the perceived risk for responsible investors and increasing competitiveness by providing timely and accurate data. The standard already sufficiently offers the opportunity to contribute to a better investment climate if implemented well. A more impact-oriented, timely publication of data can enable the EITI process to actively contribute to an improved investment climate.

**Interviewee:** *"If you can get to a point where you have 50 plus governments publishing contracts, including financial terms, in real time, publishing tax and royalty payments down to the project level, and with public beneficial ownership registers (...) if you put those three aspects of the Standard together in a jurisdiction and you have real-time disclosure of those three elements, that to my mind starts to become transformational."*

#### Government Interest and Stability

Investment-friendly environments depend on broader governance conditions. When governments actively implement EITI and maintain commitment across political transitions, it signals policy consistency – a key consideration for investors. For example, continued implementation across administrations demonstrates a level of institutional maturity that reassures investors.

However, political will can diminish, especially when EITI becomes politically contentious. In such cases, countries may only do the minimum required to avoid suspension, eroding EITI's role as a meaningful governance signal.

**Interviewee:** *"In some cases (...) the EITI becomes irrelevant to policy discussions in a country and the multi-stakeholder groups stops being a place where interesting conversations are being had and it moves somewhere else. So, once you've checked the EITI box, it's easy for governments to let it wane."*

**Interviewee:** *"EITI support and maintenance over time is indicative of a government's ability to take on initiatives, implemented by previous administrations and support policy over time. So, in terms of being indicative of some sort of legal stability, it's an interesting indicator."*

### Company Type and Risk Appetite

The impact of EITI on investment varies by investor type. Larger, regulated companies are more responsive to transparency requirements, while smaller or privately held firms may view EITI as burdensome. Reporting requirements must be proportional to company capacity and contextualised to avoid deterring exploration-stage investment.

In the current geopolitical climate, resource-rich countries are seeking more value addition. Yet, investors require governance assurances before committing to high-capital projects like refining and processing facilities. EITI can contribute to those assurances if appropriately implemented.

**Interviewee:** “The type of investor in a country will determine how successful the EITI implementation is or is not. What are their interests? (...) Which companies are interested in transparency? (...) We have seen some companies before which were very clear that they did not want their contracts to be put out there in the public.”

**Interviewee:** “To my mind, what good looks like, is jurisdictions that have the strategic and thought leadership and political will to seek to position themselves using EITI as a tool or mechanism to encourage that kind of race to the top and to encourage responsible, top tier, investment as part of their policy framework.”

### Data Accessibility and Use

Effective data presentation and usability are key enablers of EITI’s value to investors. Raw data is less helpful than data that is accessible, timely, and integrated into platforms that facilitate analysis. At the subnational level, where investment impacts are most directly felt, better data dissemination can support community engagement and reduce social conflict.

Despite its limitations, EITI offers a low-cost entry point for policy engagement. It enables dialogue on

broader institutional reforms and contributes to a more transparent investment environment, even if it is not the decisive factor for capital allocation.

**Interviewee:** “The only thing that would meet those criteria (of enabling anti-corruption and investment climate impacts) is around systematic disclosure.”

**Interviewee:** “I’ve seen these EITI reports, they’re really complicated, who is the beneficiary of this information, is it national governments? I think there’s a mismatch between that and what the end-users actually want, and how accessible they find the existing format.”

**Interviewee:** “I think the question around end-user accessibility as well as meeting the informational requirement needs of people in local governments, which have much lower capacity, are the questions that we see over and over. Information just does not trickle down.”

### EITI as a Platform for Engagement

EITI provides a structured forum for dialogue among governments, industry, and civil society. This has value beyond compliance, fostering cross-country learning and raising standards of responsible business conduct.

In some regions, the initiative facilitates regional policy alignment and creates opportunities for mutual learning. For companies, EITI participation can enhance reputational standing and demonstrate commitment to governance standards, particularly when in-country representatives engage actively.

**Interviewee:** “It can be a very effective platform in some countries (...) in many countries the institutional structures can be quite weak (...) where you have strong champions, and you have the strength and advocacy of EITI International, it’s a great platform for going further than just pure transparency.”

## 5.2. Unlocking EITI’s Potential for Anti-Corruption Impact: Key Findings

### Accountability and Enforcement

A major barrier to EITI’s anti-corruption impact is the absence of real enforcement mechanisms. Without consequences for non-compliance, EITI risks being seen as symbolic. The participation of companies with pending corruption cases on the EITI International Board undermines trust in the initiative.

There is a recognised need for stronger connections between EITI and national anti-corruption agencies, state auditors, and oversight bodies. However, stakeholders caution that expanding EITI’s scope could dilute its effectiveness, also in regards to anti-corruption. The initiative must define its core focus clearly to avoid overreach and ensure consistent application.

The process of compiling EITI reports encourages consensus-building, which has some accountability benefits. Yet, when the data is not integrated into formal policy-making or enforcement frameworks, these benefits are limited.

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**Interviewee:** *“EITI enables accountability (...) but you also need the other scaffolding of accountability, institutions, ethics, compliance, culture, and well-funded anti-corruption commissions and a free media.”*

#### Civil Society and MSG Effectiveness

The ability of civil society to engage meaningfully in EITI processes is a critical enabler of its anti-corruption potential. In contexts where civic space is restricted or civil society is under-resourced, this potential is not realised. Balanced multi-stakeholder groups (MSGs) contribute significantly to trust and oversight, but disproportionate government representation undermines this balance in some countries.

The composition and empowerment of MSGs are often overlooked. In cases where government dominates MSGs or the group lacks cohesion, the check-and-balance function of EITI is weakened. Civil society participation also serves as a proxy for government commitment to transparency.

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**Interviewee:** *“Civil society is still the number one issue in almost every jurisdiction, either they’re not organised or they’re not being allowed to participate or express views, or throttled in some way shape or form (...) that’s a pretty fundamental piece of the EITI. (...)”*

**Interviewee:** *“In Indonesia, where the MSG has three representatives from CSOs, sitting in front of ten representatives from government, I don’t think that’s a good setting.”*

#### Scope and Use of Data

The constant expansion of scope and increase in requirements has made EITI vulnerable to becoming all things to all stakeholders. While some argue for maintaining anti-corruption as a focus, others suggest a narrowed emphasis on fiscal transparency would be more impactful. The increasingly challenging requirements lead to divergent interpretations across countries, making cross-comparison difficult and expectations uneven.

There is also a disconnect between data production and its use. If the data is not being accessed and

utilized by anti-corruption actors – such as journalists, watchdogs, and public institutions – it fails to serve its intended purpose.

**Interviewee:** *“We’ve got this disconnect between the rate at which the Standard has expanded and the ability of implementing countries to meet that Standard.”*

**Interviewee:** *“EITI will have to have a filter, what can they accommodate, what can they leave (...) they should really focus on keeping their core business.”*

#### Political Will

EITI’s relevance to anti-corruption efforts depends heavily on political leadership. Governments often adopt EITI as a reform signal, but interest tends to wane once initial visibility is achieved. In later stages, EITI risks becoming a liability – used by political opponents if a country is suspended – leading to a focus on box-ticking rather than reform.

However, continued EITI engagement can reflect a government’s capacity to uphold long-term commitments. In politically unstable environments, this continuity can limit the potential for corruption and support broader institutional resilience.

**Interviewee:** *“Political will at the government level (...) Is an essential ingredient.”*

**Interviewee:** *“You need to have this champion somewhere, this high-level figure, you need the authority, you need to have the invitation coming from a body, an institution that everybody will feel obliged to answer.”*

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# Country Case Studies: Insights from the Democratic Republic of the Congo and Zambia

# 6. Country Case Studies: Insights from the Democratic Republic of the Congo and Zambia

## 6.1. Method and Selection Criteria

This chapter presents the rationale and methodology behind the selection of the DRC and Zambia as the two focus countries for the case studies conducted in this study. The objective of the case study component is to examine, in greater depth, the enabling conditions under which EITI implementation may contribute to measurable improvements in the investment climate and anti-corruption efforts. Through a combination of qualitative and quantitative data, the case studies aim to identify good practices, country-specific dynamics, and actionable entry points to strengthen the impact orientation of EITI.

### Selection Criteria

The selection of DRC and Zambia was based on a set of predefined methodological criteria intended to ensure analytical relevance, data availability, and alignment with development cooperation priorities:

#### 1. Strong EITI Implementation Track Record:

Both countries demonstrate consistent commitment to EITI and transparency reforms. Zambia achieved a “High” score (90) in its most recent validation under the 2019 EITI Standard, while the DRC also attained a “High” score (85.5), reflecting tangible efforts to improve transparency and accountability in the extractive sector. Both countries have long-standing membership in the EITI, with Zambia joining in 2009 and the DRC in 2007. Importantly, with both countries considered relatively advanced in their EITI implementation, it allows the study to investigate a core evaluation question: when a country has made substantial progress in aligning with the EITI Standard, what enabling factors such as political will, institutional reforms, or enforcement capacity are needed to translate transparency into tangible anti-corruption outcomes and improved investment climates? This approach enables the study to move beyond correlation and explore enabling and constraining conditions that mediate EITI’s real-world impact.

#### 2. Availability of Data and Stakeholder Access:

Each country was selected due to the availability of relatively detailed EITI reporting, public macroeconomic data, and existing research. In Zambia, regular mining tax reports and recent increases in mining revenues provided a strong basis for quantitative analysis. In the DRC, qualitative insights from governance reforms and anti-corruption initiatives formed the backbone of inquiry. In both contexts, strong in-country partnerships (including through initiatives of German Development Cooperation) ensured access to key stakeholders from government, civil society, and the private sector.

#### 3. Relevance to Key Research Themes:

Each country offers distinct strengths for exploring specific impact dimensions. Zambia provides an opportunity to explore links between transparency, tax policy, and investment incentives in a mining-dominant economy. The DRC presents a compelling context for assessing how EITI can contribute to improved anti-corruption outcomes, particularly in complex governance environments.

#### 4. Integration with German Development Cooperation:

Both countries are official partners of the German Federal Ministry for Economic Cooperation and Development (BMZ), and benefit from existing good financial governance and/or extractive sector programmes. This alignment enhances the potential for uptake of findings and integration into ongoing policy dialogue.

Each case study follows a structured analytical framework that includes both desk-study and interview insights on:

- Overview of EITI implementation
- EITI’s impact on investment climate and anti-corruption
- Identified enabling factors impacting investment climate and anti-corruption efforts



## 6.2. Case Study 1: Zambia

### 6.2.1. Desk-Study: Overview of EITI Implementation

Zambia's implementation of the EITI represents a significant and evolving effort to promote good governance, transparency, and accountability in a national context marked by heavy dependence on copper, periodic political shifts, and persistent public demands for reform. As a country where mining constitutes over 70% of export earnings and contributes roughly 17% to GDP, the stakes for effective governance in the extractive sector are high. (Zambia EITI Report 2021, 2023) Since joining the EITI in 2009, Zambia has undergone three Validation cycles, most recently in 2021, when it achieved a high score of 90 under the 2019 EITI Standard. (Zambia 2021 Validation Report, 2021) This score reflects robust progress in institutionalising transparency norms and systematic disclosures in a sector historically prone to opacity and elite capture.

EITI implementation in Zambia is coordinated by the Zambia Extractive Industries Transparency Initiative (ZEITI), which operates under the Ministry of Mines and engages with a multi-stakeholder group (MSG) composed of government, industry, artisanal and small-scale mining (ASM) representatives, and civil society actors. ZEITI has progressively improved the quality, frequency, and relevance of its reporting. Notable enhancements include substantive beneficial ownership disclosures, company-level disaggregation of payments, project-level production data, integration with the Mining Cadastre system, and reconciliation of financial flows from state-owned enterprises (SOEs). (Zambia EITI Report 2021, 2023) In addition, expenditure tracking has expanded beyond the formal EITI reporting scope, further strengthening fiscal transparency and domestic accountability. These measures are not merely technical, they have had real implications for the politics of accountability, investment governance, and fiscal management.

Recent ZEITI disclosures show a significant increase in tax contributions from the mining sector despite lower overall copper production and subdued price developments. Mining tax revenues reached a record USD 1.9 billion, representing an 11% increase compared to the previous year. Through EITI reporting, companies are also disclosing more detailed payment data at the project level, enabling government institutions to assess whether fiscal

obligations are being met in line with contractual and legal terms. ZEITI disclosures have further helped to identify gaps in licensing procedures and award criteria. These findings were used by Zambia's Supreme Audit Institution in its risk assessment, which subsequently audited whether mineral rights had been issued in compliance with mining legislation and whether license holders were meeting their reporting and operational obligations. The audit identified multiple opportunities to strengthen the licensing process, including the assessment of applications, compliance with quarterly reporting by companies, and oversight of export licenses.<sup>4</sup>

Zambia's mining sector is primarily governed by the Mines and Minerals Development Act of 2015, while the oil and gas sector is regulated under the Petroleum (Exploration and Production) Act of 2008. Environmental aspects of extractive activities fall under the Environmental Management Act, which governs environmental protection and impact mitigation.

Zambia's mining sector operates under a tax-royalty fiscal regime (concessionary system), which has undergone repeated reforms over the past decade. In 2014, the government increased mineral royalty rates and temporarily removed the 30% corporate income tax for mining companies to stimulate production and public revenues. This "royalty-only" regime, however, increased production costs, complicated revenue administration, and failed to deliver the expected fiscal gains. In response, the tax regime was amended in 2015, reducing the royalty rate to 9% and reintroducing a 30% corporate income tax. In December 2018, mineral royalties were increased again by 1.5 percentage points, effective from January 2019. In 2022, the deductibility of mineral royalties for income tax computation was reintroduced. The fiscal regime remains a contested and politically sensitive issue in public debate.<sup>5</sup>

The mining sector is principally regulated by the Ministry of Mines and Minerals Development, the Mining Cadastre Department, and the Zambia Revenue Authority. Mineral rights are issued under a licence-based system governed by the Mines and Minerals Development Act. Zambia operates two cadastre offices, one at central and one at provincial

4 EITI, Zambia, <https://eiti.org/countries/zambia>

5 *ibid*

level, and maintains an online mining cadastre system. While no overarching legal requirement exists for full contract disclosure, selected licences, concessions, and development agreements are publicly accessible through the Resource Contracts Portal. Oil and gas rights are issued by the Minister of Mines and Mineral Development under the Petroleum Act through competitive bidding.

In the area of beneficial ownership, Zambia amended its Companies Act in 2017 to mandate disclosure and establish a beneficial ownership register hosted by the Patents and Companies Registration Agency (PACRA). Implementing regulations were adopted in 2019, and the Companies Amendment Act of 2020 aligned the definition of beneficial owner with the Financial Action Task Force (FATF) standard. Since joining the global Opening Extractives Programme in 2021, PACRA has been working to improve the coverage and accuracy of beneficial ownership data. Legal and beneficial ownership information is accessible upon payment of an administrative fee.<sup>6</sup>

## 6.2.2. EITI's Impact on Investment Climate in Zambia

### Results of Desk-Study:

Zambia's efforts to align its EITI commitments with broader investment climate reforms have had mixed but encouraging results. On the one hand, persistent challenges remain – particularly around tax policy uncertainty, royalty deductibility rules, and disputes over VAT refunds. (Tax Justice Network Africa, 2022) On the other hand, EITI-backed transparency has become part of the government's narrative to re-engage international investors. The Hichilema administration, elected in 2021 on a pro-reform and anti-corruption platform, has explicitly cited ZEITI as part of its mining governance reform package. (EITI International Secretariat, 2022)

The government's ambition to scale copper production from 880,000 tonnes in 2022 to 3 million tonnes by 2032 (Reuters, 2022) is premised in part on attracting responsible investment, with fiscal transparency seen as a precondition for de-risking capital inflows.

Foreign direct investment (FDI) trends support this narrative to some extent. According to UNCTAD's 2023 World Investment Report, Zambia saw an increase in FDI inflows from USD 1.1 billion in 2021 to USD 1.6 billion in 2022, much of it directed at greenfield and brownfield mining projects (UNCTAD, 2023). This perception of renewed investor confidence is consistent with our quantitative analysis, which shows a positive change in Zambia's predicted FDI growth rate in the EITI membership period compared to its own pre-EITI baseline, although the statistical significance is marginal.

### Insights from Stakeholder Interviews:<sup>7</sup>

#### Structured Engagement and Political Buy-In

Zambia has demonstrated strong institutional commitment to EITI since its inception. The stakeholder structures are well-established and ideologically aligned with Zambia's affinity for orderly, process-driven governance. High-level political buy-in was present from the start, with broad representation across stakeholder groups supporting meaningful engagement. However, recent political developments have affected the perceived consistency of transparency efforts. One MSG representative noted that the current administration is seen as less transparent, and while EITI enjoys formal government backing, there is limited ambition to extend its reach across the entire extractive industry – particularly the ASM sector, which remains largely unregulated. Another MSG member states that this consistent engagement, especially through EITI reporting, has boosted investor confidence and improved industry compliance with tax transparency. Companies are increasingly careful to report their tax revenues transparently, reflecting the reputational influence of the EITI framework. This aligns with the quantitative finding that Zambia's EITI membership period shows a modest but positive upward trend in FDI inflows, suggesting that perceptions of improved governance may play a role in investment decisions.

6 *ibid*

7 *The following synthesis is based on detailed interviews with four key stakeholders involved in Zambia's EITI implementation between April and August 2025. Their anonymized insights provide a country-specific lens on how EITI affects investment climate and anti-corruption outcomes.*

While EITI is not explicitly referenced in investment policies or decisions, it contributes to Zambia's investment climate by enhancing institutional predictability and signalling openness to international standards of good governance. Another MSG's member's views on this is more nuanced: while EITI membership is seen as a signal that a country is working to improve transparency, it is generally not a decisive factor in investment decisions. Instead, conversations with government tend to focus on fiscal and regulatory stability, with EITI often playing only an indirect role. Interviewees however noted that EITI coordination has fostered stronger public-private relationships by convening joint meetings between the Zambia Revenue Authority (ZRA), industry, and the EITI office, strengthening trust across stakeholders. Government leadership – both moral and financial – has been particularly crucial, bolstered by active industry support and momentum from IMF engagement. This structured and politically supported approach increases investor confidence by demonstrating Zambia's willingness to embrace transparency, reform and policy continuity, factors that reduce perceived investment risks. Such institutional trust-building may help explain the gradual improvement in FDI levels during EITI membership observed in our econometric analysis.

However, the non-legislated nature of EITI in Zambia means it functions more as a goodwill initiative than a legally binding framework.

#### **Data Accessibility and Sector-Specific Innovation**

Zambia is ahead of the curve in data transparency. The mining sector portal, funded by the Chamber of Mines, already publishes licensing information for 2025 – outpacing current EITI requirements. The Chamber's financial support for ZEITI and for the disclosure portal indicates that industry actors perceive tangible value in transparency, notably as a means of demonstrating the sector's economic contribution and strengthening public legitimacy. EITI has also been creatively used to engage energy companies to disclose contractual and forecast data, aligning transparency with Zambia's ambition to produce 3 million tons of copper. MSG representatives highlighted ongoing efforts to integrate real-time data flows between EITI and their internal revenue management systems, as well as with the Ministry of Mines. Such system interfacing is expected to improve both administrative efficiency and the real-time transparency that investors value. At the

same time, interviewees noted several structural challenges: Chinese investors are not represented in the MSG, limiting the inclusiveness of transparency processes. Beneficial ownership reform is progressing slowly, and there is no integrated IT platform linking the mining cadastre with tax systems in place, but feasibility studies have been carried out, financed by the private sector while waiting for the World Bank to come in with a larger reform project. As one stakeholder put it, "there is currently no mainstreaming of EITI in place." This gap in mainstreaming may explain why the quantitative FDI effect, while positive, remains statistically weak – suggesting that institutionalisation is necessary to turn transparency into sustained investment gains.

Proactive and automatic disclosures would have the potential to reduce information asymmetries for investors and enable improved due diligence and risk assessment. Still, challenges remain. Understanding and use of EITI data outside the Ministry of Mines is limited, with poor cross-ministerial coordination and minimal public awareness. This constrains the full investment-related benefits of transparency, as broader policy coherence and stakeholder oversight are needed to convert disclosure into credibility. CSOs need support to engage meaningfully, with stakeholders emphasising the importance of capacity building in mining terminology, accounting, and data analysis – areas where industry has stepped in constructively.

#### **Mainstreaming and Modularity**

Both stakeholders emphasised the importance of mainstreaming EITI within government systems to improve sustainability and reduce redundancy. This approach is seen as key to improving long-term data accessibility and reinforcing systemic governance improvements – qualities valued by investors seeking stable policy environments. There is a shared view that EITI data should be seen not as a separate stream, but as part of broader mining data governance. The modular approach to the EITI Standard was used, allowing Zambia to prioritise disclosures that align with national priorities, rather than ticking all boxes indiscriminately. Tailoring EITI implementation to national investment objectives – such as focusing on licensing, fiscal terms, or production forecasting – can help make transparency efforts more relevant to investor concerns, while also demonstrating reform ownership and strategic intent.

### 6.2.3. EITI's Impact on Anti-Corruption Efforts in Zambia

#### Results of Desk-Study:

One of the more significant governance challenges Zambia has faced in the mining sector is the perceived lack of transparency and accountability in the operations of SOEs – particularly ZCCM-Investment Holdings (ZCCM-IH) (EITI International Secretariat, 2021). ZEITI reporting has become an important tool for illuminating the opaque financial arrangements of ZCCM-IH, including its role in acquiring majority ownership of Mopani Copper Mines in 2021. The deal, valued at USD 1.5 billion, was structured through a complex loan arrangement with Glencore, and EITI disclosures have provided civil society with a means of interrogating the terms and governance risks of this acquisition. (idem) This type of enhanced disclosure is consistent with our quantitative results, which show modest improvements in governance-related indicators during EITI membership, even if the changes are not large enough to be statistically strong.

ZEITI has also contributed to anti-corruption efforts by exposing inconsistencies in declared payments by mining companies and actual government receipts. For example, its 2021 report revealed that several companies, including Kansanshi Mining and Barrick Lumwana, had made advance royalty and corporate tax payments to the Treasury and SOEs, raising questions about discretion, predictability, and public oversight. These findings prompted the Office of the Auditor General and the Public Accounts Committee of the National Assembly to call for more stringent controls on pre-financing arrangements and improved treasury reconciliation practices. (Zambia EITI Report 2021, 2023) Our quantitative analysis during EITI membership shows a small but positive shift in public sector accountability indicators, which aligns with these qualitative accounts of improved scrutiny over revenue flows.

At the same time, emerging research cautions that transparency alone may be insufficient to produce anti-corruption impacts. A recent ICTD working paper (ITCTD Working Paper, 2024) argues that EITI's effectiveness is highly dependent on three scope conditions: (1) the type and quality of data disclosed, (2) the capacity of civil society and citizens to engage with and act on the data (publicity), and (3) the existence of meaningful accountability platforms and enforcement mechanisms. Without these conditions, transparency may be performative rather than transformative.

Zambia provides a case in point. While ZEITI has improved transparency in tax and royalty reconciliation and placed public scrutiny on state actors, civil society still struggles with the volume and complexity of disclosures. Many CSOs lack the analytical capacity to convert data into action, and community-level engagement is hampered by language barriers and limited access to user-friendly information. Moreover, accountability mechanisms remain weak, with the MSG often dominated by powerful stakeholders and lacking legal enforcement authority. (ITCTD Working Paper, 2024) As the working paper notes, ZEITI in Zambia has delivered small-scale wins, but failed to substantially reduce corruption or improve trust. This institutional fragility may help explain why, despite slight improvements in governance indicators during EITI membership, our quantitative analysis does not show a statistically significant reduction in measured corruption risks.

ZEITI's efforts around procurement and licensing processes offer some promise. The piloting of beneficial ownership disclosure in 2022 marked an important step toward curbing hidden interests and politically exposed persons (PEPs) in mining. However, these reforms are still nascent, and the lack of integration with IT platforms and mainstream governance systems undermines their impact. In some cases, the complexity and opacity of compliance efforts have created new opportunities for manipulation, rather than reducing corruption. (ITCTD Working Paper, 2024)

Another important area where EITI data has informed anti-corruption discussions is in procurement and license allocation. While Zambia's mineral licensing process is increasingly digitised through the Mining Cadastre Portal, ZEITI has highlighted lingering concerns around discretionary license renewals and beneficial ownership transparency. In 2022, ZEITI's MSG began piloting the publication of beneficial ownership registers for mining companies, responding to long-standing civil society pressure to expose politically exposed persons (PEPs) who may be using corporate structures to obscure ownership of mining assets. (EITI International Secretariat, 2023) These reforms remain incomplete, but the very process of disclosure has opened space for public debate and institutional scrutiny.

### Subnational Governance and Royalty Transfers

Transparency in subnational revenue sharing is a second critical domain where ZEITI has had notable impact and potentially an effect on anti-corruption. Under Zambia's amended Mines and Minerals Development Act, mineral royalty revenues are earmarked for partial redistribution to local authorities in producing regions – particularly the Copperbelt and North-Western provinces. However, ZEITI reports have consistently documented delays, inconsistencies, and underfunding in the actual disbursement of these transfers. In 2021, out of a total of ZMW 3.2 billion (US\$119 million) in mineral royalties collected nationally, only ZMW 232 million (7.25%) (US\$9 million) was transferred to local councils – a decline from 2020, despite rising copper prices and government assurances of improved fiscal decentralisation. (Zambia EITI Report 2021, 2023)

ZEITI's transparency has given civil society organisations and media outlets a basis to call for greater predictability, formula-based allocation, and timely reporting on subnational revenue flows. In 2023, the Zambia Institute for Policy Analysis and Research (ZIPAR) published an analysis using ZEITI data that demonstrated how opaque and delayed royalty transfers exacerbate social tensions in mining communities and undermine local development planning. (ZIPAR, 2023) ZEITI's consistent publication of subnational revenue data has also strengthened local accountability mechanisms, including ward-level participatory budgeting in municipalities such as Solwezi and Chingola. (EITI International Secretariat, 2021)

At the same time, the lack of data on how subnational revenues are actually spent remains a blind spot in anti-corruption measures. ZEITI has begun engaging with the Ministry of Local Government and Rural Development to explore the feasibility of tracking expenditures against earmarked mining revenues. This is seen as a crucial next step in moving from revenue transparency to impact-level accountability, especially in contexts where mining operations generate both wealth and substantial social and environmental externalities. Our quantitative analysis for Zambia during EITI membership does not yet show measurable improvement in subnational expenditure-tracking indicators, underlining the gap between revenue transparency and spending accountability.

### Insights from Stakeholder Interviews:<sup>8</sup>

#### Institutional Over Legal Reforms

While legislative backing for EITI is lacking, institutional reforms and effective implementation have been prioritised as the more impactful route to fostering transparency and accountability. Zambia's MSG is seen as a space where stakeholders regularly engage despite deep-rooted distrust, using structured dialogue to build shared understanding. EITI has also institutionalised key governance functions, such as tax and royalty reconciliation, and contributed to a more transparent administrative culture. According to an MSG member, "everything we do is in the public": officials and companies alike are now subject to civil society scrutiny in ways that were previously uncommon. This perception is consistent with our quantitative results for Zambia during EITI membership, which show small upward shifts in public-sector accountability indicators, even if these remain below statistical significance thresholds.

However, awareness of EITI among civil society remains low. A PWYP Zambia poll revealed that only 10 of 40 extractives-focused CSO respondents were familiar with EITI. This underscores the need to enhance outreach and education within civil society and beyond. This disconnect limits the potential for more widespread public accountability and weakens EITI's anti-corruption reach.

#### Anti-Corruption Framing and Political Sensitivity

Stakeholders cautioned against presenting anti-corruption efforts as punitive or accusatory. Framing transparency solely as an anti-corruption tool risks politicising EITI and alienating key actors. A more palatable and constructive narrative is needed – one that recognises multiple benefits of transparency, including improved governance, accountability, and investment attractiveness. Interviewees noted that EITI's value lies in enabling systemic change and sector-wide transparency, not in enforcement. The initiative has contributed to "improving trust in tax and royalty reconciliations" and has created channels for more consistent interrogation of government and industry by civil society. This aligns with global shifts toward preventive, systems-based approaches to anti-corruption. Our governance indicator analysis during Zambia's EITI membership suggests that this greater scrutiny may be part of a gradual strengthening of institutional accountability, though measurable changes are still modest.

<sup>8</sup> The following synthesis is based on detailed interviews with four key stakeholders involved in Zambia's EITI implementation between April and August 2025. Their anonymized insights provide a country-specific lens on how EITI affects investment climate and anti-corruption outcomes.

However, EITI's influence is uneven across stakeholder groups. While large international companies like Barrick and First Quantum participate actively, certain actors – including Chinese investors and the ASM sector – remain largely outside its reach. One MSG member remarked: “Chinese investors are not represented on the MSG, they have their own chamber, they don't talk to us.”

#### Leadership and Institutional Champions

The role of leadership was repeatedly emphasised. The Secretary of the Treasury's backing of the MSG has been transformative, demonstrating that effective champions can provide the access, legitimacy, and authority needed to advance reforms. Success in Zambia is attributed less to individuals and more to institutional embedding of leadership roles.

#### Balancing Standard Expansion and Country Capacity

Both stakeholders raised concerns over the pace and scope of changes to the EITI Standard. Interviewees stated that Zambia was still adapting to the 2019 Standard when the 2023 revisions were introduced. Stakeholders called for a more calibrated approach that focuses on relevance and feasibility over comprehensiveness. Where political will, institutional coordination, and civil society capacity align, EITI contributes to more transparent governance, increased scrutiny of tax and revenue flows, and greater public awareness. For Zambia, this combination of factors appears to have coincided with small, positive movements in governance-related indicators during EITI membership, although causality cannot be assumed. However, its reach remains constrained by limited legal authority, non-participation of key actors (e.g. Chinese investors, ASM), and gaps in public engagement. As such, while EITI has improved transparency and accountability within segments of the mining sector, its full anti-corruption potential remains underleveraged.

## 6.3. Zambia: Identified Enabling Factors

### 6.3.1. Enablers for a Stronger Investment Climate

- 1. If there is sustained high-level political commitment, EITI gains legitimacy and continuity:** Direct involvement of senior officials, notably the Secretary of the Treasury, has anchored ZEITI within national fiscal governance and investment promotion agendas, signalling reform seriousness to investors.
- 2. If the MSG fosters regular, inclusive dialogue, investor confidence increases:** The structured engagement between government, civil society, and industry through the MSG has built trust, encouraged compliance with tax transparency, and created a predictable forum for addressing sector concerns.
- 3. If EITI data is integrated with sector systems, investment risks can be reduced:** Upcoming integration of ZEITI disclosures with the Mining Cadastre and the introduction of project-level reporting could provide disaggregated, accessible data that help responsible investors assess fiscal and regulatory risks more accurately.
- 4. If EITI implementation is tailored to national priorities, it remains relevant to investor needs:** Zambia's modular approach, prioritising copper mining and aligning disclosures with production and licensing reforms has kept transparency efforts aligned with national development strategies and investor interests.

### 6.3.2. Enablers for Stronger Anti-Corruption Outcomes

- 1. If SOE operations are disclosed through EITI, governance risks are more visible:** ZEITI reporting on ZCCM-IH's Mopani acquisition and other SOE transactions has given civil society and Parliament tools to question deals and push for more accountable state asset management.
- 2. If payment discrepancies are revealed, oversight institutions can act:** Findings on advance tax and royalty payments have prompted the Auditor General and Public Accounts Committee to call for tighter controls and improved reconciliation processes.

**3. If subnational revenue flows are published, local accountability can improve:** ZEITI's reporting on royalty transfers to producing regions has enabled municipalities and civil society to demand more predictable and transparent allocations, supporting ward-level participatory budgeting in some areas.

**4. If beneficial ownership disclosure is piloted, hidden interests become harder to conceal:** The 2022 pilot of beneficial ownership registers for mining companies has opened new channels to identify politically exposed persons, addressing a long-standing governance blind spot.



## 6.4. Case Study 2: Democratic Republic of Congo (DRC)

### 6.4.1. Desk-Study: Overview of EITI Implementation

The DRC represents one of the most resource-rich countries globally, with vast reserves of copper, cobalt, gold, and other strategic minerals. Yet, its extractive sector has historically been plagued by opacity, elite capture, and limited public accountability. Since joining the EITI in 2007, the DRC has embarked on a complex and, at times, uneven path toward transparency and good governance in its natural resource management.

The DRC was most recently validated against the 2019 EITI Standard in 2022, earning an overall score of 85.5 points, which placed it in the „High“ category. (EITI International Secretariat, 2022) This marked a notable improvement from prior cycles and reflected advancements in data disclosure and multi-stakeholder engagement. However, the validation also flagged significant concerns related to the consistency of data collection, the clarity of state-owned enterprise (SOE) reporting, and the reliability of subnational transfers. (Idem) This complex landscape makes the DRC an ideal case to examine the conditions under which EITI implementation may (or may not) support broader governance and investment-related outcomes.

A central feature of EITI implementation in the DRC has been the gradual move toward contract transparency. Following persistent advocacy from civil

society actors and donors, the DRC government began publishing mining contracts and annexes, including production sharing agreements in the hydrocarbon sector. By 2020, nearly all mining contracts signed after 2005 had been disclosed through the EITI portal or other government websites. (Democratic Republic of the Congo 2020-2021 EITI Report, 2023) This represents a major shift from earlier years, when extractive contracts were treated as confidential and inaccessible to the public.

However, questions remain about the depth and utility of these disclosures. While 327 contract documents are available<sup>9</sup>, the beneficial ownership of many companies involved in these deals is often unclear or inconsistently reported. Furthermore, the financial terms – such as signature bonuses, advance payments, and tax exemptions – are frequently omitted or not cross-referenced with revenue data. (NRGI, 2021) This is particularly salient in the case of Gécamines, the state-owned mining company. The 2020 and 2021 EITI Reports highlighted multiple instances where Gécamines received advance payments from joint venture partners, including China Molybdenum and Sicominex, that were not reflected in the national treasury accounts. (Democratic Republic of the Congo 2020-2021 EITI Report, 2023) Such discrepancies underscore the challenge of tracking resource flows across parallel channels of revenue management.

### 6.4.2. EITI's Impact on Investment Climate in DRC

#### Results of Desk-Study:

The DRC's investment climate continues to be shaped by both its mineral potential and its challenging regulatory and security environment. The 2018 revision of the Mining Code introduced higher royalty rates and removed certain fiscal exemptions, prompting backlash from international mining firms.<sup>10</sup> Although these changes were not driven directly by the EITI process, the transparency it fostered helped civil society and policy actors frame debates around fiscal justice and resource nationalism.<sup>11</sup>

Foreign direct investment (FDI) flows into the extractive sector remain high in absolute terms, with copper and cobalt exports driving sustained investor interest. (U.S. Department of State, 2023) However, international risk indices continue to flag corruption, contract uncertainty, and inconsistent tax enforcement as major deterrents. The DRC ranks poorly on Transparency International's Corruption Perceptions Index (170th out of 180 in 2023), (Transparency International, 2024) and the World Bank's Doing Business indicators show ongoing administrative bottlenecks and regulatory unpredictability. (World Bank, 2020)

9 Interview with the EITI national coordination, 29.04.2025

10 BBC, DR Congo signs new mining law despite companies' opposition, <http://www.bbc.com/news/world-africa-43355678>, 10 Mar 2018, accessed on 08.08.2025

11 Extractive Industries Transparency Initiative (EITI), Democratic Republic of the Congo, <https://eiti.org/countries/democratic-republic-congo>, accessed on 08.08.2025

Our quantitative analysis shows that during EITI membership, the DRC experienced statistically significant positive coefficients, indicating a robust and positive association between EITI implementation and foreign investor interest (coefficient = 1.44,  $p < 0.01$ ), which demonstrates both strong model fit and significant FDI growth correlated with EITI participation.

Figure 1 below shows the relation between EITI membership of the DRC and how it correlates with FDI inflow and Fraser Institute's Policy Perception Index, a composite measure in their annual survey of mining companies that assesses how government policies and regulatory environments affect a mining jurisdiction's attractiveness for investment.

### Democratic Republic of Congo: FDI flow before and after EITI Membership

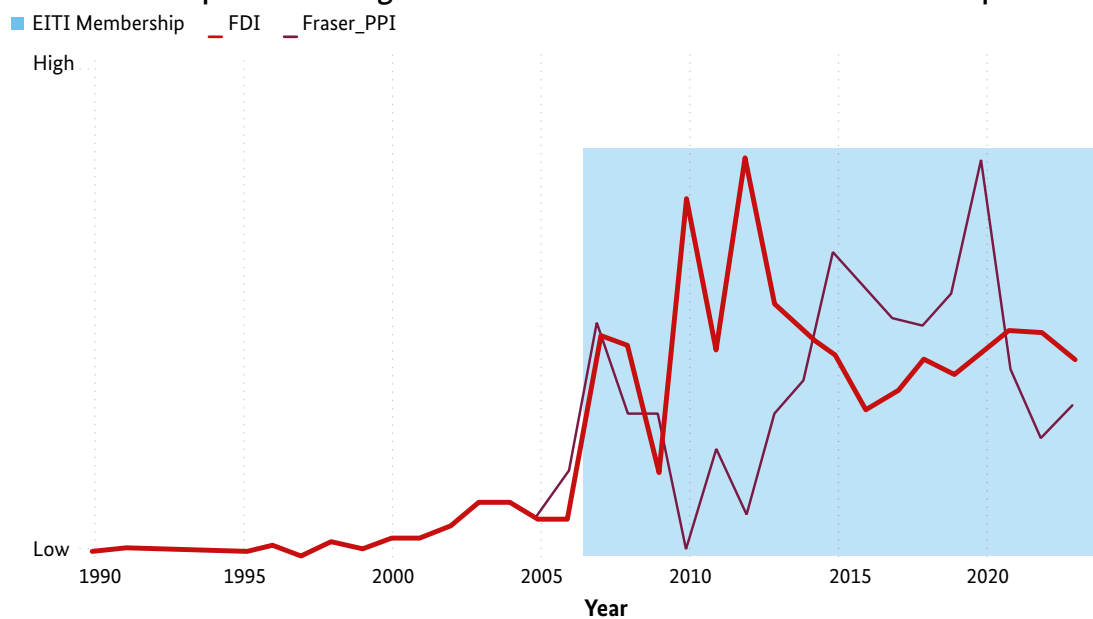


Figure 1: EITI membership, FDI inflow and Fraser Mining survey indicators for DRC

#### Insights from Stakeholder Interviews:<sup>12</sup>

According to one interviewee, the initiative has significantly improved transparency in DRC's extractive sector, positively influencing investor confidence. While operators continue to express concerns about high taxation and regulatory burdens, the increased clarity brought by EITI – particularly regarding tax and royalty obligations – has helped stabilise expectations and improve the predictability of the investment environment and fostering trust. The systematic publication of contracts and mining titles through the mining cadastre was noted as a critical milestone that has contributed to a stronger business climate. Furthermore, the disclosure of contractual terms and ownership structures has enhanced public awareness and civic engagement, contributing to greater legitimacy for investment and government over-

sight. This perception is consistent with the direction of change in our FDI indicator results during EITI membership, even if the observed effect is small.

Another representative on the MSG observed that, from a qualitative perspective, the fact that most companies participate in EITI reporting is already a positive sign for the business climate. They stressed that EITI's value for investors lies not only in data collection but also in the ability to communicate to the public a clearer picture of the sector's real economic impact. According to this perspective, strategic communication on results remains insufficient, particularly towards government decision-makers, which can limit the initiative's influence on investment-related policy.

<sup>12</sup> The following synthesis is based on detailed interviews with two key stakeholders involved in DRC's EITI implementation between April and August 2025. Their anonymized insights provide a country-specific lens on how EITI affects investment climate and anti-corruption outcomes.

The interviewee noted that EITI's engagement with ASM is a promising new development that could also affect the investment climate by promoting more formalisation and potentially integrating state-owned enterprises such as *Entreprise Générale du Cobalt (EGC)* into the governance framework. They

also underlined that EITI DRC operates with limited resources and depends heavily on state budget allocations, which affects its independence and may constrain its ability to fully leverage transparency for improving the investment climate.

### 6.4.3. EITI's Impact on Anti-Corruption in DRC

#### Results of Desk-Study:

In terms of anti-corruption and accountability, EITI has contributed to opening civic space and enabling scrutiny.<sup>13</sup> Civil society actors in the MSG have leveraged EITI data to draw attention to missing revenues, unpaid subnational royalties, and politically exposed persons linked to extractive ventures. For example, the 2021 EITI Report disclosed that 40% of the mining royalties owed to provincial governments in Haut-Katanga and Lualaba were not disbursed on time, in violation of legal mandates. (Democratic Republic of the Congo 2020-2021 EITI Report, 2023) These findings sparked media investigations and parliamentary inquiries, although enforcement of corrective measures remains limited. This is consistent with our quantitative governance indicators for the DRC during EITI membership, which show slight positive movement in measures of public sector accountability, though the changes are not statistically significant.

EITI has also shed light on broader governance shortcomings within SOEs and subnational governance systems. While statutory frameworks call for the redistribution of 15% of mining royalties to provinces and 10% to local territories, in practice these transfers are frequently delayed or misallocated. (Idem) Provincial authorities often lack timely access to disaggregated data on what should be received, limiting their capacity to hold central authorities accountable.

#### Insights from Stakeholder Interviews<sup>14</sup>

##### EITI's Role in Legal and Policy Reforms

The 2018 revision of the Mining Code was directly influenced by EITI processes, one interviewee stated. For the first time, the Code included explicit provisions on transparency, contract disclosure, and social obligations. This has had measurable

downstream effects, such as the legal requirement that 0.3% of turnover from extractive companies be allocated to local development funds – an outcome born from sustained dialogue within the EITI MSG.

Further, the national EITI office published early reports on advance payments made by Gécamines, which led the Court of Accounts to conduct a formal audit. The audit's findings reinforced EITI disclosures and triggered a procedural change: such payments must now be routed through the Ministry of Finance, ensuring greater traceability and oversight.

##### Subnational Governance and Royalties

The representative highlighted the central role of EITI in revealing systemic problems in the distribution of mining royalties to provinces like Lualaba and Haut-Katanga. For example, the 2021 EITI Report disclosed that 40% of due royalties were not transferred on time, violating legal commitments. These findings catalyzed broader media and political scrutiny, although administrative enforcement remains a challenge. Our quantitative governance indicators for the DRC – which capture broader aspects of public sector accountability – show no statistically significant change during EITI membership, reinforcing the qualitative finding that transparency alone has not yet translated into measurable improvements in fiscal transfer reliability.

Thematic studies – often commissioned outside of the main EITI Reports – have also proven instrumental. The DRC publishes up to six such studies annually, covering issues such as SOE governance, environmental impacts, and the integration of artisanal mining, such as “Evaluation of the social and economic engagements”, “Transparency of State Owned Enterprises”, “Forestry sector”<sup>15</sup>. This has allowed for a deeper, more flexible engagement with urgent policy questions.

<sup>13</sup> Interview with national EITI coordinator, 29.04.2025

<sup>14</sup> The following synthesis is based on detailed interviews with two key stakeholders involved in DRC's EITI implementation between April and August 2025. Their anonymized insights provide a country-specific lens on how EITI affects investment climate and anti-corruption outcomes.

<sup>15</sup> [https://www.itierdc.net/rapports\\_itie/](https://www.itierdc.net/rapports_itie/)

### Anti-Corruption Impacts and Institutional Response

The interviewee acknowledged that EITI disclosures have played an important role in catalysing anti-corruption responses, albeit indirectly. For example, the fiscal advance payments by Gécamines, first flagged in EITI reports, were subsequently investigated by the General Inspectorate of Finance and referred to the judiciary. In the case of the Sino-Congolese agreements, EITI disclosures prompted the President's Office to initiate contract renegotiations. However, the interviewee was clear: EITI stops at transparency – follow-up actions must be taken by state institutions and civil society. This reflects the pattern in our quantitative findings, where indicators of control of corruption remain broadly stable during EITI membership, suggesting that transparency measures have not yet translated into significant shifts in measured corruption risk.

Building on this point, the interviewee emphasised the need for stronger investigative linkages within EITI. While the initiative is robust on disclosure, it lacks enforcement tools or investigative mandates. They recommended establishing clearer provisions for EITI data to directly trigger audits or formal investigations, particularly around asset transfers and contract renegotiations. Importantly, they cautioned against relying solely on media allegations in corruption cases, underscoring the need for methodological rigour to substantiate findings and ensure due process.

A representative on the MSG stressed that EITI plays an important reputational role in the fight against corruption and in promoting good governance, but that this role is not yet fully realised. They highlighted that strategic communication is a major gap: the initiative needs to go beyond data collection and proactively demonstrate the concrete impacts of transparency on governance and anti-corruption outcomes. This includes showing how the extractive industries contribute to the economy and providing greater visibility for EITI's work both nationally and internationally.

The interviewee also noted that higher-level government participation is critical for governance impact. While the Ministry of Planning actively chairs discussions, the Ministries of Mines and

Finance should also be more involved in MSG processes to ensure that identified irregularities, such as unpaid royalties or opaque transactions, are followed up with enforcement actions. Such high-level engagement is seen as essential to closing the gap between transparency and accountability, thereby reducing opportunities for corruption.

Another interviewee also highlighted the strategic focus on integrating artisanal mining into the EITI process. By publishing sector-specific reports on cobalt, diamonds, and 3Ts (tin, tungsten, tantalum), the national secretariat has taken steps to map production and bring greater visibility to a sector historically characterised by informality. This increased traceability is seen as a means to reduce illicit trade flows, strengthen supply chain oversight, and address corruption risks associated with unregulated mineral production. This aligns with our quantitative observation that while governance indicator scores remained largely unchanged during EITI membership, the qualitative expansion of traceability systems could lay the groundwork for future measurable gains.

### Civic Space and Civil Society Engagement

One interviewee described the civic space as “broadly open,” noting that civil society participates freely and actively in EITI discussions. However, they pointed out that while many NGOs are vocal, few have the research capacity to fully substantiate their claims. Strengthening the technical expertise of civil society is therefore seen as essential to enhancing the quality of the public debate around extractives governance.

### Regional Transparency and Traceability

The interviewee advocated for strengthening EITI's role in regional transparency mechanisms, particularly to track cross-border mineral flows. They cited cases such as Uganda exporting more gold than it officially produces, illustrating how a regional EITI framework could help detect and trace illicit mineral trading routes, especially in Eastern DRC. Establishing shared data systems – potentially linked to infrastructure initiatives like the Lobito Corridor – between DRC, Angola, and Zambia was seen as a way to improve oversight, reduce smuggling, and close governance loopholes exploited for corrupt practices.

## 6.5. DRC: Identified Enabling Factors

### 6.5.1. Enablers for a Stronger Investment Climate

1. **If contract and licence transparency is systematic, investor uncertainty decreases:** Public disclosure of almost all post-2005 mining contracts, production-sharing agreements, and cadastre data has clarified fiscal terms and regulatory obligations. When investors can see the rules and obligations clearly, they can better assess risks, reducing disputes and fostering long-term investment decisions.
2. **If EITI findings are acted upon by institutions, business confidence increases:** When the Court of Accounts audited advance payments to Gécamines following EITI disclosures – and new rules required such payments to go through the Ministry of Finance – it signalled to investors that governance practices are improving and irregularities will be addressed.
3. **If the MSG includes high-level political actors, EITI recommendations are more likely to reach decision-makers:** In the DRC, the MSG's unusually senior composition – including five sitting ministers – provides a direct channel for transparency discussions to inform policy debates. While the integration of EITI provisions into the 2018 Mining Code cannot be attributed solely to this factor, such representation increases the likelihood that EITI priorities are considered in legislative and regulatory processes.
4. **If artisanal and small-scale mining (ASM) is integrated into EITI, supply chain predictability improves:** Sector-specific reports on cobalt, diamonds, and 3Ts help making ASM supply chain more transparent, supporting due-diligence compliance and making the DRC more attractive to responsible buyers and investors.

### 6.5.2. Enablers for Stronger Anti-Corruption Outcomes

1. **If EITI data is used by civil society in an open civic space, misuse of public resources is more likely to be exposed:** Civil society representatives have flagged missing revenues, identified politically exposed persons, and triggered parliamentary inquiries – keeping corruption risks in the public eye and prompting scrutiny.
2. **If EITI disclosures trigger institutional reforms, oversight capacity strengthens:** The procedural change to route Gécamines advance payments through the Ministry of Finance increased traceability of major revenues, reducing opportunities for off-budget transactions.
3. **If transparency extends to subnational revenue flows, local accountability improves:** EITI reporting on royalty transfer delays has armed provinces like Lualaba and Haut-Katanga with evidence to demand timely and accurate payment
4. **If EITI expands into ASM traceability, illicit trade risks are reduced:** Mapping production in traditionally informal sectors helps detect and deter smuggling and other corruption risks linked to unregulated mineral flows.
5. **If EITI is embedded in a regional transparency framework, cross-border illicit flows are harder to hide:** Linking DRC reporting with neighbouring countries – particularly on high-risk commodities like gold – could help identify discrepancies, close smuggling routes, and strengthen governance across the region.

## Results:

Key Enabling Factors on the Effectiveness of the EITI in Improving Investment Climate and Anti-Corruption Efforts

# 7. Results: Key Enabling Factors on the Effectiveness of the EITI in Improving Investment Climate and Anti-Corruption Efforts

This chapter synthesises findings from the global quantitative analysis, case studies in Zambia and the DRC, and qualitative stakeholder interviews to

identify the principal enabling factors influencing the effectiveness of the EITI in improving investment climates and reducing corruption.

## 7.1. Key Enabling Factors

### 1. Sustained Political Commitment

Across cases, visible and continuous political backing for EITI, particularly when anchored in ministries of finance, mines, or state-owned enterprises, has been a decisive factor in translating transparency into real outcomes. **When governments actively support EITI across electoral cycles, investors perceive greater policy predictability, and enforcement bodies have the authority to cooperate with auditors and act on irregularities.** In Zambia, for example, the sustained engagement of the Ministry of Mines helped maintain licensing and cadastre reforms, supporting a more predictable regulatory environment. In the DRC, the unusually senior composition of the MSG, including sitting ministers, created direct channels to decision-makers, although political support has been more variable over time. This difference may help explain why our quantitative analysis for Zambia detected a small but statistically significant improvement in governance indicators related to regulatory quality during EITI membership, whereas in the DRC governance scores remained broadly stable.

### 2. Systematic Contract and Licence Transparency

**When contract and licence transparency is systematic, investor uncertainty decreases.** Public disclosure of fiscal terms, licence allocations, and cadastre data allows investors to assess risks more accurately, reducing disputes and supporting longer-term investment planning. In both Zambia and the DRC, improvements in cadastral transparency were cited by operators as reducing the perception of arbitrary decision-making. Our FDI indicator analysis for the DRC, however, suggests that while these reforms may have improved perceptions, other structural and political risks continued to weigh heavily on actual investment flows, with observed changes not reaching statistical significance.

### 3. Institutional Follow-Up on EITI Findings (Anti-Corruption)

Transparency alone rarely changes behaviour unless irregularities identified through EITI reporting are acted upon. **Where EITI findings have triggered audits, policy reforms, or procedural changes – such as the Court of Accounts’ audit of advance payments to Gécamines in the DRC – oversight capacity has been strengthened and opportunities for off-budget transactions reduced.** Our governance indicator results show that in Zambia, this type of follow-up coincided with small but measurable improvements in regulatory quality, whereas in the DRC, the absence of systematic enforcement has limited such gains.

### 4. High-Level MSG Representation

When MSGs include senior decision-makers, such as ministers or heads of SOEs, EITI recommendations are more likely to feed directly into legislative or regulatory processes. **This can influence investment climate by accelerating reforms and anti-corruption outcomes by increasing the likelihood that irregularities are addressed at the highest level.** However, the effect is contingent on political will: in contexts where MSG discussions do not translate into cabinet-level decisions, the potential impact remains unrealised.

### 5. Integration of ASM into EITI

**Improving ASM supply chain transparency through sector-specific reporting – such as the cobalt and 3T reports in the DRC – can increase supply chain predictability, helping companies meet due-diligence requirements and attracting responsible buyers. Over time, greater traceability in ASM can**

**also reduce corruption risks linked to illicit trade,** but in our dataset, these impacts are more visible in qualitative accounts than in measurable governance or corruption scores.

## 6. Regional Transparency Frameworks

**Embedding national EITI processes in regional frameworks – particularly in high-risk commodities such as gold – can help identify cross-border discrepancies and reduce smuggling routes.** This is especially relevant in the Great Lakes region, where illicit trade undermines domestic revenue collection and fuels corruption. While our quantitative indicators capture only national-level governance trends, interview evidence strongly supports the potential of cross-border traceability systems to close corruption loopholes. The International Conference on the Great Lakes Region (ICGLR) already refers to EITI in its regional certification mechanism, providing a good example of how EITI could be integrated in regional frameworks.

## 7. Positive Signalling Effect and Investor Perceptions

Even where quantitative results are statistically weak or mixed, the quantitative regression results suggest a macro-level signalling effect of EITI participation on investor perceptions. This effect is visible in the positive coefficients across several countries, including the DRC where increased FDI inflows coincided with EITI membership.

However, this macro-level effect is not mirrored at the individual company decision level. None of the mining companies interviewed identified EITI membership or implementation status as a direct factor in their investment decision-making, risk screening, or project selection criteria. EITI membership does not feature explicitly in corporate risk matrices, due diligence frameworks, or investment committee assessments. Companies instead prioritise factors such as geological potential, fiscal terms, regulatory stability, political risk, security conditions, and infrastructure availability.

This contrast indicates that the observed positive association between EITI participation and FDI does not operate through an explicit firm-level compliance filter, but rather through broader reputational and informational channels at country level. In this sense, EITI appears to function as a background governance signal, shaping overall country narratives on transparency and reform orientation rather than acting as a decisive investment threshold.

Enabler	Additional Condition (“+ X”)	Impact Area: Investment climate (IC), anti-corruption (AC)	Specific Improvement	Evidence/Example
<b>1. Sustained political commitment</b>	Maintained across electoral cycles and anchored in key ministries (Finance, Mines, SOEs)	IC & AC	IC: Greater policy predictability for investors; AC: Stronger authority for enforcement bodies to act on irregularities	Zambia – Ministry of Mines maintained cadastre reforms, regulatory stability; DRC – ministerial MSG members, but variable political backing. Quant: Zambia saw small but statistically significant improvement in regulatory quality; DRC stable.
<b>2. Systematic contract &amp; licence transparency</b>	Fiscal terms, allocations, and cadastre data disclosed regularly & reliably	IC	Reduced investor uncertainty, improved risk assessment, fewer disputes	Zambia & DRC cadastral transparency cited by operators. Quant: DRC FDI indicator shows perception gains but no statistically significant flow changes due to broader risks.
<b>3. Institutional follow-up on EITI findings</b>	EITI-identified irregularities trigger audits, reforms, or procedural changes	AC (secondary IC effect)	AC: Stronger oversight, fewer off-budget transactions; IC: Greater investor trust in enforcement	DRC – Court of Accounts audit of Gécamines advance payments → new payment routing rules; Zambia – follow-up coincided with small regulatory quality gains.
<b>4. High-level MSG representation</b>	Senior decision-makers in MSG feed recommendations into formal decision-making	IC & AC	IC: Faster policy reform uptake; AC: Higher chance of irregularity follow-up	DRC – Ministers in MSG increased policy access; impact depends on political will.
<b>5. Integration of ASM into EITI</b>	Sector-specific reporting with traceability systems	IC & AC	IC: Predictable supply chains attracting responsible buyers; AC: Reduced illicit trade risks	DRC – cobalt & 3T reports improved traceability; impacts mainly qualitative so far.
<b>6. Regional transparency frameworks</b>	Cross-border data sharing & traceability, esp. for high-risk commodities	AC (secondary IC effect)	AC: Reduced smuggling, closed corruption loopholes; IC: Potential for more stable supply chains	Great Lakes – potential for gold traceability; strong qualitative evidence from interviews.
<b>7. Positive signalling effect</b>	Active EITI implementation + communication of reforms to investors	IC	Reduced information asymmetry, perceived regulatory stability	Zambia – FDI inflows coincided with fiscal openness signalling; DRC – transparency influenced investor risk perceptions despite governance challenges.

# Recommendations

## 8. Recommendations

Drawing on the study's empirical findings, case studies, and stakeholder consultations, this chapter offers actionable recommendations for strengthening the EITI as a lever for improved investment climates and anti-corruption outcomes. These

recommendations are structured according to key stakeholder groups and respond to the enabling factors and barriers identified in Chapter 7.

### 8.1. For National Governments of EITI Implementing Countries

#### Investment Climate

- **Integrate EITI data into investment promotion:** Embed EITI disclosures in investor roadshows, sector investment profiles, and national development plans to showcase fiscal openness and regulatory stability.
- **Ensure legal backing for transparency measures:** Enshrine contract disclosure, licensing transparency, and beneficial ownership requirements in law to guarantee predictability for investors.
- **Strengthen cross-ministerial coordination for investment reforms:** Align finance, mines, trade, and investment promotion agencies around EITI data to reduce bureaucratic bottlenecks.

#### Anti-Corruption

- **Institutionalise follow-up mechanisms:** Mandate that EITI findings trigger audits and enforcement actions

- **Enhance MSG authority and representation:** Include senior decision-makers in MSGs to enable direct translation of transparency into anti-corruption measures.
- **Improve subnational fiscal transparency:** Ensure timely and verifiable disclosure of transfers to local governments.

#### Both IC and AC:

- **Integrate ASM reporting within EITI:** Strengthen ASM supply chain traceability to both attract responsible investment and reduce corruption risks.
- **Embed EITI indicators into national performance monitoring:** Use them to assess progress in governance reforms and investment readiness.

### 8.2. For the EITI International Secretariat

#### Investment Climate

- **Performance-oriented Standard revisions:** Maintain core transparency principles but introduce incentives that reward countries for using EITI to improve the predictability, stability, and clarity of investment conditions. This could include the introduction of differentiated implementation pathways based on country performance and institutional capacity. Rather than relying on shorter Validation cycles, which are unlikely given current budgetary constraints, the recently introduced Mid-Term Monitoring (MTM) mechanism should be fully leveraged as the central performance and accountability tool between Validations. MTM provides a structured process to (i) help the EITI Board systematically track progress by multi-stakeholder groups in responding to Validation recommendations, (ii) offer more targeted guidance and implementation support in between Validation cycles, and (iii) improve countries' preparedness for assessment against the 2023 EITI Standard.

- At the same time, enforcement mechanisms for persistent non-compliance should be strengthened through more systematic use of MTM follow-up. This could include shortened revalidation cycles for underperforming countries to increase scrutiny, publicly disclosed, time-bound implementation action plans to address identified shortcomings and a more systematic linkage between EITI outcomes and external financing, whereby donors increasingly consider whether governments effectively act on EITI-identified irregularities when allocating both grants and loans.

#### Anti-Corruption

- **Strengthen linkages with oversight bodies:** Facilitate data-sharing protocols and referrals to investigative and anti-corruption agencies, ensuring that EITI disclosures can be operationalised in enforcement, audit, and sanction processes.

**Both IC and AC:**

- **Structured peer learning:** Convene targeted exchanges on practical challenges like integrating EITI into licensing reforms, improving subnational revenue reporting, or strengthening SOE oversight – all of which impact both governance and investor perceptions.
- **Refocus mandate and avoid scope creep:** Address growing concerns that the EITI Standard is expanding into too many thematic areas without sufficient resources or clarity of purpose. Keep the mandatory requirements tightly linked to EITI’s core objectives of extractive sector transparency and accountability, while allowing optional modules for interested countries. This will safeguard coherence, comparability, and credibility across all implementing countries.

### 8.3. For Donors and Development Partners

**Investment Climate**

- **Support digitalisation of cadastres and revenue reporting:** Fund technology that reduces investor uncertainty and accelerates licensing.
- **Encourage innovation and experimentation:** support pilot initiatives that push the boundaries of EITI’s current scope – such as real-time data platforms, regional disclosure frameworks, or integration with climate and transition minerals agendas.

**Anti-Corruption**

- **Invest in watchdog capacity:** Provide sustained funding to CSOs and local media for data analysis and corruption investigations.

**Both IC and AC**

- **Align support with reform windows:** Target assistance where political will and civil society capacity are present, enabling simultaneous IC and AC gains.
- **Encourage regional transparency frameworks:** Promote cross-border disclosure to tackle illicit trade and improve market confidence.

### 8.4. For Civil Society

**Investment Climate**

- **Promote investor confidence through evidence-based advocacy:** Use EITI data to highlight predictable and fair fiscal regimes.
- **Utilise EITI data to correctly inform** the public and mining communities on investment projects and avoid misinformation which could lead to community opposition.

**Anti-Corruption**

- **Strengthen investigative partnerships:** Work with journalists and research institutes to expose corruption risks identified in EITI data.

- **Amplify subnational advocacy:** Use EITI and national-level findings to campaign for improved royalty redistribution and social investment tracking at the community level.

**Both IC and AC**

- **Invest in technical capacity and thematic specialisation:** Strengthen CSO expertise in mining taxation, company structures, and state budgets to deepen engagement with EITI reports.
- **Foster data reuse and accountability:** Build coalitions with investigative journalists and research institutions to translate EITI data into actionable advocacy or oversight tools.

### 8.5. For International Financial Institutions

**Investment Climate**

- **Integrate EITI performance into investment risk assessments:** Factor EITI compliance and follow-up mechanisms into lending and guarantee conditions.

**Anti-Corruption**

- **Tie governance lending to EITI enforcement:** Require governments to act on EITI-identified irregularities as part of governance loan agreements.

**Both IC and AC**

- **Promote cross-country comparability:** Use EITI data to benchmark governance and investment readiness across countries for investors and donors.

## 8.6. Companies

**Investment Climate**

- **Champion project-level and contract disclosure:** Publicly support and comply with EITI's contract transparency requirements, including full disclosure of extractive contracts, licenses, and amendments, to increase legal certainty, reduce political risk, and strengthen investor confidence.
- **Demonstrate compliance with international due diligence standards:** Align EITI reporting with OECD Due Diligence, anti-bribery standards, and ESG frameworks to actively de-risk investment and improve access to responsible finance.

**Anti-Corruption**

- **Support Beneficial Ownership Transparency (BOT):** Fully comply with and actively promote EITI's beneficial ownership disclosure requirements to expose hidden ownership structures, prevent conflicts of interest, and reduce risks of corruption, tax evasion, and illicit financial flows.

- **Promote transparency in procurement and supply chains:** Publicly disclose sub-contracting arrangements, procurement procedures, and politically exposed persons (PEPs) involved in supply chains, in line with EITI expectations, to reduce corruption vulnerabilities.

**Both IC and AC**

- **Active MSG participation:** Engage constructively to shape reforms that support both fair competition and clean governance.
- **Support capacity-building initiatives:** Collaborate with MSGs and civil society to improve shared understanding of tax structures, contract terms, beneficial ownership structures, tax regimes, and revenue flows, strengthening public oversight and market integrity.

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