LTRC

Leveraging Transparency to Reduce Corruption

ANNOTATED BIBLIOGRAPHY:

Transparency, accountability, and participation along the natural resource value chain

OCTOBER 2018

Corruption is a critical global challenge, affecting many emerging and industrialized economies, and impairing inclusive social and economic development, financial stability, public confidence, and security around the world. An important set of recent initiatives to address corruption relate to transparency, accountability, and participation (TAP). Key questions remain open as to whether or not these "TAP" approaches and interventions have been well designed and implemented, and actually contribute to reducing corruption (or to other development goals). A related question is whether there are key determinants complementing TAP that are needed to ensure results in reducing corruption—including rule of law and regulatory and enterprise reform.

Leveraging Transparency to Reduce Corruption (LTRC) is designed to tackle such questions, with a particular focus on the natural resource field. This research project—led by Brookings and supported by Results for Development (R4D) and the Natural Resource Governance Institute (NRGI)—will establish and promote evidence-informed leading practices in TAP mechanisms in resource-rich countries and across the natural resource value chain.

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Acknowledgments

Oversight of the literature review process and annotated bibliography development was provided by LTRC's three principal investigators: Norman Eisen (Brookings Institution), Nathaniel Heller (Results for Development), and Daniel Kaufmann (Natural Resource Governance Institute).

LTRC's Program Director, Mario Picón (Results for Development), and Deputy Program Director, Robin Lewis (Brookings Institution) provided support with oversight and management of the annotated bibliography process.

Brookings Senior Fellow John Hudak and Brookings Fellow Molly Reynolds led the review process for the annotated bibliography summaries. Courtney Tolmie (Results for Development) and Philip Wallach (formerly at Brookings, now with the R Street Institute) provided support during the first phases of the literature review. Victoria Bassetti provided assistance with the last phase of the annotated bibliography's development.

A team of indefatigable research assistants and interns contributed their efforts on the drafting, tagging, and coordination of the annotated bibliography entries, including Christine Stenglein, Praneetha Vissapragada, Preston Whitt, and Nicholas Zeppos, as well as Teddy Becker-Jacob, Benjamin Daly-Jones, Andrew Kenealy, Kelsey Landau, Nasim Mirreh, Heidi Payter, Rachel Penner, Eric Teller, and Tasfia Zaman. Adrienne Epstein, Colby Galliher, and Kiersten Rhodes also provided assistance with the final phase of the annotated bibliography's development.

Dissemination of the annotated bibliography was supported by the Brookings communications team, including Eric Abalahin, George Burroughs, Brennan Hoban, Yohann Paris, Jessica Pavone, Elizabeth Sablich, Louis Serino, Tracy Viselli, and Cameron Zotter.

Methodology

Overview

From fall 2017 to fall 2018, the Leveraging Transparency to Reduce Corruption (LTRC) team reviewed more than 650 books, papers, and other resources in the transparency, accountability, and participation (TAP) and/or natural resource space and subsequently developed the annotated bibliography we present here.[1]

As part of the initial literature review process, the team categorized the resources according to whether they related to natural resources and assigned a priority level of I, II, or III (from lowest- to highest-priority, respectively) to provide a rough measure of salience to the project's research questions. Newer, heavily cited, and more extensive papers were more likely to receive a higher prioritization, as were reports and articles describing discrete interventions.

From this pool of more than 650 resources, we curated a subset of nearly 150 resources relating to TAP approaches along the natural resource value chain, which comprise the majority of this annotated bibliography. (More about the curation process is in the section entitled "Filters," below.)

In addition, the principal investigators (PIs), Norman Eisen (Brookings Institution), Nathaniel Heller (Results for Development), and Daniel Kaufmann (Natural Resource Governance Institute) approved the inclusion of several other papers, tools, and datasets, some of which fell outside the parameters of the initial subset, to supplement the pool of resources. Each of these additional resources in the annotated bibliography is preceded by an asterisk.

All of the forgoing resources were analyzed and categorized (or "tagged") by the team of researchers.[2] Two lead reviewers, Brookings Senior Fellow John Hudak and Brookings Fellow Molly Reynolds, shared principal responsibility for quality control of each summary in the annotated bibliography, with one of them (or, in a few cases, both) reviewing each summary and providing feedback on its structure, clarity, and methodological descriptions.

The team completed a trial run at the start of the annotated bibliography development process, in which both of the lead reviewers assessed a set of 13 entries produced by the literature review team, developed and compared feedback, and shared that feedback with the team.

To improve consistency and accuracy in the tagging process, each entry was tagged independently by at least two members of the literature team. After comparing tags, each pair of co-taggers resolved any discrepancies with each other directly and/or in response to inputs from other members of the literature review team during regular meetings.

1 For more information on the literature review process, please contact us at LTRC@brookings.edu. For more information on LTRC, please see https://www.brookings.edu/about-the-leveraging-transparency-to-reduce-corruption-project/ or contact us at LTRC@brookings.edu.

2 Note that resources categorized as tools and datasets did not receive tags, as those resources did not fully align with our existing tagging methodology.

Filters

To curate the subset of relevant resources contained in the annotated bibliography, we applied a series of criteria to our full pool of more than 650 resources.

First, we filtered the larger pool to capture TAP literature in the natural resource space specifically. To complete this step, we filtered resources identified as a priority II or III citations with a "natural resource" tag.

Next, we further filtered the resources using a series of bibliographic criteria, which included a combination of source type, publication date, and length (the latter served as a rough proxy to filter out resources that might not contain sufficient description and analysis for our team's purposes):

Books and book sections	Journals	Reports
2010–2017	2010–2017	2014–2017; 10 or more pages

We selected our date parameters for journals and books in part because this timeline accommodates key milestones in this rapidly evolving field. We selected a shorter-term timeframe for reports, given that part of their value-add derives from an ability to publish more timely data and analysis than journal articles and books with a longer publication timeline.

That approach had limitations, such as not accounting for new work published in 2018, or important older research. As noted above, we made an effort to accommodate those and other limitations of our approach by including additional resources that did not fall within the criteria above but that the team referenced as useful in the initial small-scale studies consideration process and/or that were included at the suggestion of the PIs. These resources are marked with an asterisk. Of course, we recognize that there are many other resources that also provide important insight into these issues.

As the above criteria suggest, while the resources included in the annotated bibliography are relevant to the project's focus areas of TAP and natural resource governance, we are not claiming that this annotated bibliography provides a comprehensive accounting of all the salient literature in this space. Indeed, given the scope of our literature review and ongoing developments in the field, we fully recognize that this first iteration of our annotated bibliography reflects only a portion of the universe of literature in the TAP and natural resource governance space. We will continue to monitor updates in the field moving forward.

Our hope is that this annotated bibliography will serve as a useful resource for those interested in TAP and natural resource governance. In addition to reading the annotated bibliography entries, readers can explore the annotated bibliography tagging details at https://www.brookings.edu/LTRC. We welcome all feedback, including specific suggestions on additional resources for inclusion in future iterations of this annotated bibliography. Please contact us at LTRC@brookings.edu to help identify more resources.

Category descriptions

Below are descriptions of categories the researchers assigned to the AB resources. A spreadsheet containing all of the AB resources with their full tags is available online at https://www.brookings.edu/LTRC.

Field	Tag	Working Definition[3]
Publication type	Book or book section	
	Journal article	
	Report (includes working papers)	
Journal type	Editor/Peer-reviewed[4]	"Each article receives a minimum of two rigorous reviews from reviewers of the Issue Editors' choosing, at least one of which is a blind review from a reviewer outside IDS."[5]
	Editor-reviewed	Note: For purposes of this annotated bibliography, this category includes law reviews.
	Editor-solicited/Peer-reviewed	Self-explanatory.
	Not Peer-reviewed	Self-explanatory.
	Peer-reviewed	Self-explanatory.
	Peer-reviewed (single blind)	Self-explanatory.
Focus area	Access to information (A2I) and intermediation	Supplying information/data to citizens. This usually involves an actor(s) in addition to citizens or government (e.g. CSOs, media) helping interpret or use the information/data.
	Asset and beneficial ownership disclosure	Making all assets, business activities, and owners (both legal and beneficial) available to the public.
	Budgets and fiscal openness	Any opening of budgeting processes or participation in budgeting decisions.
	Community resource management	Authorizing and helping communities manage their natural resources for local benefits.
	Corporate social responsibility	Involving or leveraging private sector philanthropic efforts.
	Decentralization and revenue sharing	Efforts to return resource-generated revenues to local/subnational communities, including (1) revenue sharing programs and (2) decentralization polices (including, but not limited to, revenue decentralization).
	Free, prior, informed consent (FPIC)	Involving the receipt of community consent before beginning a natural resource project (transparency, accountability, participation). Note: This tag is used when it is explicitly designated as such by the authors of the resource.

3 Note these are operational definitions developed by the LTRC literature review team for purposes of categorizing annotated bibliography entries.

4 Note: Only applies to resources in this AB from the Institute of Development Studies' issue on *Opening Governance.*

5 IDS Bulletin Editorial Policies: Focus and Scope. (n. d.) Retrieved from http://bulletin.ids.ac.uk/idsbo/about/editorialPolicies#focusScope

Field	Tag	Working Definition[3]
Focus area (continued)	Government monitoring and enforcement	Top-down accountability, where a government, government-related agency/bureaucrat, or supreme audit institution monitors and sanctions corrupt behavior.
	Interface and user feedback mechanisms	Any means of collecting input and feedback from citizens, usually including a dialogue between community members, government, and/or private sector.
	International multistakeholder initiatives (IMSI)	Denoting the involvement of international institutions or international standards/efforts. Typically, these initiatives are about A2I (focused on the Extractive Industries Transparency Initiative [EITI]), but not in all cases. Note: For annotated bibliography purposes, primarily applies to the EITI, Publish What You Pay, Open Government Partnership, and Open Contracting Partnership. Most international organizations, including the United Nations and World Bank, are not considered to be IMSIs.
	Open contracting and procurement	Making contracting and procurement bids and decisions transparent.
	Social audits and civil society monitoring	Citizens and/or civil society monitoring, reporting on, and/or sanctioning performance.
	Other	If the source does not contain references to any of the focus areas above.
Geography	Country name	Any countries identified as focus countries in the resource if the number of countries is fewer than 15.
	Geographic region name	If 15 or more focus countries are referenced or are referenced in passing, and they are all in the same region, the region provided by the author is given. If the resource does not list specific countries but does list regions of focus, the terminology provided by the author(s) is listed.
	Global	If 15 or more focus countries are referenced, or many countries are mentioned in passing, and they are all from a variety of regions, or no specific focus countries or regions are mentioned, "Global" is listed. A resource is generally tagged with both "Global" and a specific country or geographic region if and only if that resource uses both global and country- or region-specific datasets. Possible exceptions were discussed among literature review team members.

Field	Tag	Working Definition[3]
Methods	Case study	An article that describes or interprets an individual case or cases, often written in the form of a detailed narrative. Does not need to be a country-specific case study (e.g., could be a case study on the EITI).
	Meta-analysis	A subset of systematic reviews; a method for systematically combining pertinent qualitative and quantitative study data from several selected studies to develop a single conclusion or set of conclusions that has greater statistical power.
	Observational — Ethnographic	Researcher observes ongoing behavior in natural settings, including ethnographic, sociological, and anthropological research.
	Observational — Datasets	Researcher observes or studies large-scale datasets to draw conclusions. Includes analysis of panel data, spatial analysis, natural experiments, and descriptive analysis.
	Randomized experiments and evaluations	Study involving randomization as carried out by a research team.
	Survey	Involves asking questions of respondents, ranging from short questionnaire feedback to an intensive one-on-one, in-depth interview. Note: Survey is not labeled if it is used as a tool within another methods tag.
	Other: <Short Descriptor>	Miscellaneous category for other resources, including policy briefs, theory, and literature reviews. Literature reviews are generally tagged as such if designated by the author(s).
Natural Resource Value Chain	1: Consent	Includes project-specific consultation, FPIC, and special considerations for indigenous/marginalized populations.
	2: Contract	Transparency and accountability in how concessions, licenses, and contracts to begin exploitation are competed and awarded.
	3: Production	All steps of exploitation and production, including special considerations for parastatal resource companies, local sourcing requirements, etc.
	4: Revenue	Paying and collecting resource-derived revenues from companies to governments and/or communities. Includes any efforts to avoid taxes, like transfer pricing.
	5: Spending	How resource-derived revenues are managed, spent, transferred, and/or invested.
	N/A	Resource does not specifically address any value chain step. If resource addresses more than one, all relevant steps are listed.

Publication count by category

The tables below display the number of resources in this annotated bibliography by specific categories.[6] Note that each entry could receive multiple "tags" within the same category (e.g., a resource could be tagged with two or more focus areas).

For more information on these categories (including an explanation of how we categorized resources geographically), please review the category descriptions above.

PUBLICATION TYPE	
Book	8
Book section	6
Journal article	56
Report	87
Total	**157**

GEOGRAPHY	
Africa	1
Algeria	1
Angola	6
Argentina	2
Australia	1
Azerbaijan	1
Bolivia	14
Botswana	1
Brazil	10
Burkina Faso	2
Cambodia	2
Cameroon	4
Canada	2
Cape Verde	1
The Caribbean	1
Central African Republic	1
Chile	6
China	4
Colombia	11
Côte d'Ivoire	1
The Democratic Republic of the Congo	7
Denmark	2
Ecuador	8
Egypt	1
Equatorial Guinea	1
Ethiopia	4
Gabon	1
Germany	1
Ghana	18
Global	68
Guatemala	4
Guinea	2
Guyana	1
Honduras	3
India	9
Indonesia	13
Iran	1

6 Note that these counts do not include five tools/datasets in the annotated bibliography, as those resources did not fully align with our existing tagging methodology.

GEOGRAPHY	
Iraq	1
Japan	1
Kazakhstan	1
Kenya	8
Kuwait	1
Kyrgyz Republic	1
Lao People's Democratic Republic	1
Latin America	2
Latin America and the Caribbean	1
Liberia	9
Madagascar	2
Malawi	1
Malaysia	3
Mali	1
Mexico	7
Mongolia	3
Morocco	1
Mozambique	3
Myanmar	7
Namibia	1
Nepal	2
Netherlands	1
Niger	2
Nigeria	13
Norway	2
Pakistan	2
Papua New Guinea	2
Peru	18
Philippines	6

GEOGRAPHY	
Republic of Congo	4
Russia	4
São Tomé e Príncipe	2
Saudi Arabia	1
Sierra Leone	6
Solomon Islands	1
South Africa	8
Soviet Union	1
Spain	1
Sri Lanka	1
Sub-Saharan Africa	1
Sudan	1
Tajikistan	1
Tanzania	9
Thailand	2
Timor-Leste	4
Togo	1
Trinidad and Tobago	1
Tunisia	2
Turkmenistan	1
Uganda	8
United Kingdom	1
United States of America	3
Uruguay	1
Venezuela	1
Vietnam	1
Zambia	7
Zimbabwe	3
Total	**396**

METHODS	
Case study	75
Meta-analysis	9
Observational — Datasets	40
Observational — Ethnographic	3
Other: Literature review	16
Other: Policy brief	21
Other: Policy recommendations	22
Other: Theory	8
Randomized experiments and evaluations	4
Survey	3
Total	**201**

VALUE CHAIN	
N/A	8
VC1: Consent	18
VC2: Contract	25
VC3: Production	31
VC4: Revenue	35
VC5: Spending	28
Total	**145**

FOCUS AREA	
Access to information and intermediation	47
Asset and beneficial ownership disclosure	6
Budgets and fiscal openness	9
Community resource management	14
Corporate social responsibility	15
Decentralization and revenue sharing	24
Free, prior, informed consent	8
Government monitoring and enforcement	45
Interface and user feedback mechanisms	24
International multistakeholder initiatives	38
Open contracting and procurement	21
Other	25
Social audits and civil society monitoring	21
Total	**297**

Bibliography Entries

Aaronson, S. A. (2011). **Limited partnership: Business, government, civil society, and the public in the Extractive Industries Transparency Initiative (EITI).** *Public Administration and Development, 31*(1), 50–63. https://doi.org/10.1002/pad.588

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Case study

Value Chain: VC4: Revenue

Summary:

In this case study of the Extractive Industries Transparency Initiative (EITI), the author examines the initiative as a public-private partnership, hypothesizing that, though the EITI membership is rapidly increasing, the partnership is not as effective as it has the potential to be. She identifies three possible reasons for this. First, the EITI's component parts—government, civil society groups, and businesses—have different visions of the initiative. Second, some implementing governments have minimized the role of civil society organizations, either by not letting them fully participate or by not consistently providing them with the information they need to exercise accountability. Third, in many countries that have adopted the EITI, the public and legislators are not aware of this participation, which limits the ability of the EITI to combat corruption.

To test her hypotheses, the author interviewed EITI Secretariat staff, participants, and supporters; surveyed the EITI's business supporters in the 23 countries and 38 firms committed to EITI; and researched primary and secondary source scholarship on the EITI, public-private partnerships, and anti-corruption initiatives. After a short review of the EITI's historical evolution and increased compliance standards, the author examines how the EITI's partnering groups have contributed to the process. There is no single path to EITI success, she argues, as compliant countries are both authoritarian and democratic, and progress in many countries has been slow. Some governments have successfully used the EITI process to improve governance and promote greater transparency. The author also explains that NGOs, though fundamental to the EITI's success through their role in monitoring and reporting, are sometimes constrained by lack of access to information and poor communication networks, and many EITI countries still struggle to work effectively with civil society groups.

The author argues that key constraints inherent in the EITI structure are the differing objectives of its partners and the failure of many states to effectively inform and include their citizens in resource extraction-related decisions. Policymakers in developing countries support the EITI because it is voluntary and cheap to implement, with positive investment spillovers outweighing the costs of compliance. Policymakers in developed countries support it because it allows them to effect change in developing countries while avoiding direct responsibility for conditional loans or aid. Industry executives support the EITI because it is not mandatory, while developing country NGOs support it because it has the potential to improve governance gradually. Each of these partners also have differing critiques of the EITI. While generally positive toward the initiative, NGOs tend to support mandated transparency. Industry opinion is more divided, with executives claiming that the EITI is too weak, needs to focus on the entire chain of revenues and payments, is unhelpful as a model for other industries, and will not be effective unless national oil and mining companies become more supportive of it. Prominent national oil companies have not expressed any support for the EITI; conversely, some NGOs and American policymakers support the expansion of the EITI to developed countries. This multiplicity of viewpoints limits the effectiveness of the EITI's public-private partnership model, and leaves it struggling to satisfy all of its partners. The author concludes that, despite these limitations, a growing number of partners are committed to the EITI's success; however, for the EITI to truly combat corruption, partners must do more to ensure that the public fully participates in the discussion surrounding resource revenue

Abdulai, A.-G. (2017). ***Competitive clientelism and the political economy of mining in Ghana*** (ESID Working Paper No. 78). The University of Manchester. Retrieved from http://www.effective-states.org/working-paper-78/

Publication Type: Report
Focus Area: Other
Geography: Ghana
Methods: Case study
Value Chain: VC5: Spending

Summary:

In this working paper, the author studies how power-sharing and political settlements between political elites in Ghana affect the allocation of mineral resource revenues. The author's analysis is based upon interviews with Ghanaian politicians, government officials, and other key stakeholders, as well as relevant theoretical literature and data on the distribution of mining revenues in Ghana. The author begins by exploring the history of political settlements between rival political factions in Ghana from post-colonial times to the present and explaining how these bargains affected natural resource governance. The author argues that political settlements in Ghana during the period from 1992 to the present (as well as the post-colonial period from 1874 to 1965, which is also examined) are best understood as being characterized by "competitive clientelism"—competition between elite groups that drives party leaders to channel resources towards short-term political ends, such as maintaining coalition stability, rather than long-term development agendas.

The author finds that political settlements have indeed diverted resource revenues from development goals to political ones, and that Ghana's political history shapes present-day decision dynamics. In particular, elites shared significant mineral revenues with societal groups that broker land and votes in rural areas in order to avoid provoking their resistance. The author notes that these findings challenge suggestions that inclusive political settlements can lead to better resource revenue management, as in these instances what constituted broader inclusion often simply entailed "buying-off" potential rivals (p. 39).

Aceron, J., & Isaac, F. (2016). ***Going vertical: Citizen-led reform campaigns in the Philippines***. Making All Voices Count. Retrieved from http://www.makingallvoicescount.org/publication/going-vertical-citizen-led-reform-campaigns-philippines/

Publication Type: Report

Focus Area: Social audits and civil society monitoring

Geography: Philippines

Methods: Case study

Value Chain: VC1: Consent

Summary:

This study examines the structure and strategic orientation of civil society organizations (CSOs) in the Philippines through the lens of vertical integration. The authors consider the vertical integration of civil society—the engagement of networked organizations around a single issue at all levels of government and in multiple sectors of society—as the best way for CSOs to yield reforms that reduce corruption and social exclusion, which are themselves seen as the products of vertically integrated power structures. Vertically integrated civil society campaigns, the authors argue, arise when campaigners confront "the reality of power" (p. 50). The authors conclude that, by engaging all levels of governance, CSOs can identify exactly where failures of governance occur and confront them, minimizing elite resistance by building power across society. This study critiques the "simplistic" consensus that transparency alone will improve government accountability, instead advocating that civil society coalitions must build political power through strategies of confrontation, monitoring, and engagement employed relative to the state (p. 50). This work contributes to the literature on civil society structure and coalition management in the context of a weak state.

The authors select seven case studies of successful civil society-led policy interventions in the Philippines, each of which employed some form of strategic vertical integration, though none of the campaigns used that term. The cases were selected based on organizational profile, relative "success," national prominence, willingness to grant access, and issue diversity (p. 6). The seven policy interventions addressed five issues: school textbook procurement, reproductive health, indigenous rights, peasant land rights, and mining. Only the anti-mining campaign was natural resource-specific. This campaign emerged to challenge a mine in Mindanao that was approved without social and environmental scrutiny under a permissive mining law. Community organizations established protest camps to obstruct the mine while engaging in dialogue with local, regional, and national authorities. As a result, the communities won a first-of-its-kind environmental protection order from the local government, which protected the watershed from mining; environmental and social due diligence rules were then reexamined at a federal level. The other case studies helped illuminate several conclusions about CSO organizational tactics. When CSOs form vertically integrated networks, they can tackle failures of governance at all levels of the power structure; enhance their collective power to shape public opinion; and leverage local, grassroots enthusiasm. This study serves as a valuable analysis of Philippine civil society and is primarily applicable to that country's unique context. However, its conclusions about the dynamics of multi-level, national engagement between civil society and the state can inform further scholarship on vertical integration as an organizational tactic. This report yields potentially powerful recommendations for civil society organizations pursuing transparency at all levels of government, but its exclusive focus on successes leaves open the question of whether all CSOs can adapt to the challenges of this organizational model.

African Center for Economic Transformation (ACET). (2017). ***Comparative study on local content in mineral, oil and gas sectors: Policies, legal and institutional frameworks-trends and responses in selected African countries.*** Retrieved from http://acetforafrica.org/publication/comparative-study-on-local-content-and-value-addition-in-mineral-oil-and-gas-sectors-policies-legal-and-institutional-frameworks-trends-and-responses-in-selected-african-countries/

Publication Type: Report

Focus Area: Other

Geography: Burkina Faso; Ethiopia; Ghana; Mozambique; Namibia; Nigeria; South Africa; Zambia

Methods: Case study

Value Chain: VC3: Production

Summary:

Using case studies of eight sub-Saharan African countries, this report synthesizes lessons for governments considering legislation to require local content (LC) or value addition (VA) policies as a strategy for increasing national benefits from resource extraction. LC regulations are development policies that require international extractives companies to hire, train, spend, and borrow in the localities from which resources are extracted. VA regulations require those companies to go beyond just extraction and process resources in-country before export. The latter tend to be easier for businesses to incorporate but confer fewer benefits directly to citizens.

The authors note that there is no single best LC or VA strategy, as most of their more extensive observations are specific to countries and regulatory regimes. Still, by comparing the eight cases, the authors are able to synthesize a number of general lessons from which other governments could learn. First, LC and VA may be effective at helping existing technical local companies grow but will be less effective at creating new technically-skilled companies. Second, the specific definition of "local" used in each case will need to be adaptable, in order to take advantage of broader markets and supply chains. Finally, because developmental arguments for LC and VA do not always match up with the business case, LC and VA must be considered as intrinsic parts of broader national development planning and industrial policies and must be championed at the highest political levels.

Allison, E. H., Ratner, B. D., Åsgård, B., Willmann, R., Pomeroy, R., & Kurien, J. (2012). **Rights-based fisheries governance: From fishing rights to human rights.** *Fish and Fisheries*, *13*(1), 14–29. https://doi.org/10.1111/j.1467-2979.2011.00405.x

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Community resource management

Geography: Global

Methods: Other: Policy brief

Value Chain: VC2: Contract; VC3: Production

Summary:

The authors investigate the efficacy of fishery governance reforms designed to address human rights violations of fishermen and women (fisherfolk) in small-scale fisheries in developing nations around the globe and to prevent the depletion of global fish stocks and other negative environmental externalities. The authors note that most recent fishery governance reforms focus on generating a system of fishery property rights. Property rights reforms include restrictions on each fisherfolk's access to the fishery and his or her total catch. In addition to preventing overfishing and other environmental harm, property rights reforms, the thinking goes, reduce exposure of fisherfolk to the actions of others, lower their overall risk, and stabilize their catch expectations. Proponents of these reforms argue that fisherfolk are incentivized to comply with the rights program as their long-term livelihood depends on the reforms' success.

The authors argue, conversely, that fishery property rights reforms are based on faulty assumptions about the incentive structures of fisherfolk. By focusing exclusively on fisherfolk's long-term economic incentives, fishery property rights reforms neglect widespread violations of fisherfolk's human rights that cause these men and women to feel vulnerable and insecure. Feelings of vulnerability, in turn, lead to poor resource stewardship and a decreased likelihood of appropriately participating in property rights reforms. Fisherfolk who feel secure, the authors argue, will be more likely to comply with fishery property rights reforms. To address fisherfolk's economic, social, and cultural vulnerability and insecurity, the authors argue that fishery governance reforms should include a broader human-rights based approach. Such an approach extends far beyond simple fishery governance reform and would engage the whole of government to address the most immediate causes of fisherfolk insecurity. Using evidence from studies on poverty and human rights practices in fishing communities, the authors briefly explore what such holistic reform would look like in the Lake Victoria region of Africa, the Philippines, and Chile.

Andrews, K. T., & Caren, N. (2010). **Making the news: Movement organizations, media attention, and the public agenda.** *American Sociological Review, 75*(6), 841–866. https://doi.org/10.1177/0003122410386689

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation

Geography: United States of America

Methods: Observational — Datasets

Value Chain: N/A

Summary:

The authors of this study are interested in what features and strategies make some social movements more successful than others at garnering media attention. Drawing upon theory on the social construction of news from political science, communications, and sociology, the authors explain the forces of influence on news. They explain that media coverage is complex and culturally driven, which affects the media's determinations of what stories are worthy of attention; those determinations are influenced by deadlines, social relationships, and a movement's identity and strategy.

The authors surveyed 187 environmental organizations headquartered in North Carolina and examine their news coverage in regional newspapers during a two-year timeframe. Using regression analysis, the authors analyze how aspects of an organization's capacity, strategy, and identity impacted the media attention it garnered. Controlling for geographic proximity to the news source, the specific features analyzed include age of the organization, number of staff members, number of task committees, whether it is a member-based organization, advocacy and lobbying activities, media efforts undertaken, and prominence of relevant issues.

The analysis shows that organizations with more staff members and those that leverage advocacy, demonstrations, and relationships with media personnel and political figures experience increased media coverage. Similarly, organizations that operate within existing institutions and structures garner more media coverage. The authors find that, besides the number of staff members, the other features of an organization's capacity (years of establishment, task committees, and networks) do not influence media coverage. Confrontational tactics and stories of personal transformation are found to garner less attention. The authors state that they determined media coverage increases for organizations that are geographically proximate to media centers, meaning that they address local issues, especially those related to social or economic issues. The research also shows, however, that topics with a state- and national-level environmental focus garner the most media attention. The authors note further opportunities for study on the determinants of media coverage by examining the content of media attention, exogenous influences on news cycles, and other issues outside of environmental movements.

Armah-Attoh, D. (2015). ***Ghana's oil revenue management: Convergence of popular opinion, the law and practice*** (Policy Paper No. 19). Afrobarometer. Retrieved from http://afrobarometer.org/sites/default/files/publications/Policy%20papers/ab_r6_policypaperno19.pdf

Publication Type: Report

Focus Area: Decentralization and revenue sharing

Geography: Ghana

Methods: Survey

Value Chain: VC2: Contract; VC5: Spending

Summary:

In 2011, the government of Ghana approved the Petroleum Revenue Management Act (PRMA) to rigorously regulate the use of oil revenues and limit government fiscal discretion (such as potential over-spending using oil-based debt). The authors, whose institution is responsible for carrying out Ghana's Afrobarometer public attitudes surveys, included sets of specific questions in the 2012 and 2014 surveys about the rules the Act implemented. This report aims to identify the convergence (or divergence) of the desires and aspirations of Ghanaians with the realities of the Act.

Although the questions simplified some of the Act's complexities, and in some cases could seem somewhat leading, results still demonstrate strong interviewee support for the tenets of the Act. More than 90 percent of respondents agreed with saving "part of" oil revenues "for future generations"; 85 percent supported using oil revenues to fund national development plans; and 83 percent supported using "only some percentage" of revenue," "to be determined by Parliament," for annual budget support (pp. 3, 6). More than 90 percent expressed the expectation that Parliament would oversee oil revenue management and that audited reports on oil revenue management would be published in newspapers and/or online.

Questions about two proposed changes to the law were also included. From 2010 to 2015, several leaders of oil-producing regions had been advocating for special funds and disbursements to their regions. A majority opposed such a change, instead supporting the existing requirement that funds be used to ensure balanced regional development. Finally, although there was no specific policy proposal at the time to add such a mechanism to the PRMA, 90 percent of those surveyed supported publishing all contracts between the government and oil companies. The authors underscore this last finding as a strong recommendation for the government to consider in future reform efforts.

Asiedu, E., & Lien, D. (2011). **Democracy, foreign direct investment and natural resources.** *Journal of International Economics, 84*(1), 99–111. https://doi.org/10.1016/j.jinteco.2010.12.001

Publication Type: Journal article
Journal Type: Peer-reviewed
Focus Area: Other
Geography: Global
Methods: Observational — Datasets
Value Chain: N/A

Summary:

The authors examine how democratization in developing countries impacts their ability to attract foreign direct investment (FDI). They consider whether a democratic system promotes FDI and how natural resources affect that relationship, as well as whether investors prefer less democracy when engaging with countries that export natural resources. They hypothesize that natural resources could play a part, because most FDI in natural resource-exporting countries goes to the extractives sector and their exploration and extraction require a large sunk cost. Because of these factors, democracies may be less appealing to investors, since those with government power are voted in and out regularly. Similarly, governments often limit FDI in the extractives industry because the sector itself is so valuable, and, thus, corporations fostering close ties with officials is necessary—a feature common in autocracies. Additionally, the authors believe that there is a negative correlation between natural resource export intensity and FDI.

The authors gather data on democracy from Freedom House, Polity IV, and the International Country Risk Guide for 112 developing countries from 1982 to 2007 to create a compounded measure of democracy for each country. The authors compile data for the dependent variable, net FDI/growth domestic product (the field's standard measure for the relative amount of FDI) from the World Development Indicators by the World Bank. They also interact a measure of democracy with the percentage of their exports that were natural resources (fuel and/or minerals), then use a dynamic panel data model. The authors find 90 countries where the expansion of democracy may increase FDI and 22 countries where it may decrease FDI. The findings suggest that foreign direct investors prefer democracy when operating in countries that do not export natural resources but prefer less democratic governments in countries that do. In this study, the size of natural resources, rather than the type, acted as a confounding variable affecting this relationship.

Astuti, R., & McGregor, A. (2015). **Responding to the green economy: How REDD+ and the One Map Initiative are transforming forest governance in Indonesia.** *Third World Quarterly*, *36*(12), 2273–2293. https://doi.org/10.1080/01436597.2015.1082422

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Government monitoring and enforcement; Interface and user feedback mechanisms; Open contracting and procurement

Geography: Indonesia

Methods: Case study

Value Chain: VC1: Consent; VC2: Contract; VC3: Production

Summary:

Within the context of the Reducing Emissions from Deforestation and Forest Degradation (REDD+) global movement to protect forests and reduce emissions, this study investigates Indonesia's One Map Initiative (OMI) to centralize geographical information about the country's forests. Three pieces of the OMI are reviewed: a moratorium on forest concessions, the "One Database" push to aggregate disparate public and private forest datasets, and the "One Standard" principle for standardizing participatory mapping programs. To each policy, the authors apply a critical lens to identify "de-politicisation" that might have disempowered environmental and social activists (p. 2281).

In 2011, the government of Indonesia issued a moratorium on licensing in primary forested areas due to conflicts and at least seven million hectares of overlapping claims. While the moratorium created a technical space for civil society to participate in forest policymaking, the authors point out that it also took a contested political governance issue and rendered it purely technical. Similarly, according to the authors, the government intentionally downplayed legacies of grievances and corruption in the One Database push. Companies and individuals were promised amnesty for any past corruption in securing licenses to entice them to submit the license data that the government needed for sustainable planning moving forward. Finally, even the most potentially empowering element of the OMI—incorporating participatory mapping into the Initiative via the One Standard—was flawed according to the authors' interpretation. Even though the government saw the One Standard as a way to clarify contestations over land and incorporate indigenous claims into official data, the authors saw the One Standard as a simplistic imposition of technological standards that resulted in limited real participation from indigenous actors.

What is needed, the authors argue, is a reconceptualization of initiatives to improve governance in data-poor contexts of contestation over natural resources. Deeply embedded political problems of corruption, power, marginalization, and disputed rights cannot be solved by purely technical solutions. Instead, these global initiatives and their national-level programs must be seen as spaces of political contestation that apply those new technical opportunities to resolve historic political injustices.

Auld, G., & Gulbrandsen, L. H. (2010). **Transparency in nonstate certification: Consequences for accountability and legitimacy.** *Global Environmental Politics, 10*(3), 97–119. https://doi.org/10.1162/GLEP_a_00016

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Case study

Value Chain: N/A

Summary:

Through analysis of the certification schemes of the Forest Stewardship Council (FSC) and the Marine Stewardship Council (MSC), two international civil society organizations (CSOs), the authors argue that the organizations' differing transparency policies impact their perceived legitimacy and accountability. In each case, the ecolabel a company receives is the end result of the certification process and is widely seen as an example of governance by disclosure. However, the authors suggest that examining procedural and outcome transparency will better assess the transparency of these organizations, as an ecolabel too narrowly conceptualizes information disclosure. In this case, procedural transparency is defined as "the openness of governance processes [of an organization]," and outcome transparency as the "substantive ends of a given policy intervention" (pp. 99-100).

In completing their analysis, the authors use data from FSC and MSC policy documents, as well as information from selected assessment reports from third-party auditors and interviews with FSC and MSC staff, industry representatives, and other stakeholders. They discover that FSC membership, consisting of more than 800 individuals and organizations in 2009, holds ultimate authority, but its National Initiatives maintain substantial rule-making power by localizing the program's global standard. This high degree of collaboration has established the FSC's legitimacy through its broad, ongoing stakeholder engagement and its membership's highly inclusive nature, despite simultaneously causing delayed decisionmaking. On the other hand, the MSC operates with a centralized governance system—its Board of Trustees makes decisions, which may be informed annually by a Stakeholder Council. Additionally, its national affiliates hold less power than the FSC's, as they are the program's promoters. This structure has allowed the MSC to derive its legitimacy from its efficient and transparent procedures and from its use of stakeholder expertise as needed. Both organizations have improved their accountability through procedural and outcome transparency, such as disclosing companies' audit outcomes online, although MSC has not followed in the FSC's footsteps by publishing accreditation reports. In order to fully understand these CSOs' transparency, and thus their legitimacy and accountability, the governance provisions behind their auditing and ecolabeling processes must be considered.

Ballón, E., Molina, R., Claudia, V., & Monge, C. (2017). ***Mining and institutional frameworks in the Andean region***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/mining-and-institutional-frameworks-andean-region

Publication Type: Report

Focus Area: Decentralization and revenue sharing; Government monitoring and enforcement; Interface and user feedback mechanisms

Geography: Bolivia; Chile; Colombia; Ecuador; Peru

Methods: Case study

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This report examines the fiscal, social, and environmental policies that have progressed, stagnated, or regressed during the most recent period of high demand for natural resources affecting the Andean countries of Bolivia, Chile, Colombia, Ecuador, and Peru. Through structured case studies, the authors confirm both of their hypotheses: (1) that the countries' investment-promoting policies have a great impact on decentralization, participation mechanisms, and environmental regulation; and (2) that governments are engaging in a race to the bottom to favor investments. The implications of the second hypothesis are that this tendency negates advancements in decentralization, participation mechanisms, and environmental regulation garnered from the boom. The authors explain that the economic growth and poverty decrease experienced from the boom is fundamentally unsustainable due to the necessity of high external demand and the presence of productivity gaps, manifested by unequal access to employment and large informal sectors in the labor markets.

The case studies document each country's respective context of decentralization, civic participation, and formal environmental management. The authors also discuss economic history, covering each country's structures and institutions and the impacts of international market and policy trends. Through the comparative analysis of the countries' democratizing and decentralizing reforms, environmental management, and economic stability, the authors identify four notable cycles of high demand for extraction in the region. Each cycle incentivized the governments to implement policies designed to benefit from the high demand, which in turn affected institutions and reforms. The authors find that, although the investment policies were basically identical, the outcomes and trends during the high demand cycles varied according the unique and complex history and context of each country as it entered the boom. For the most recent cycle, the profits and public revenue created a governing environment that allowed for decentralization, participation, and environmental institutionalization, but this tolerance for change ended with the end of the high demand cycle. Across the cases, international pressure, the interests of elites, and social conflicts influenced the direction and depth of changes to fiscal, social, and environmental policies.

Barma, N. H., Kaiser, K., Le, T. M., & Viñuela, L. (2012). ***Rents to riches? The political economy of natural resource-led development***. The World Bank. Retrieved from https://openknowledge.worldbank.org/handle/10986/2381

Publication Type: Book

Focus Area: Decentralization and revenue sharing; Government monitoring and enforcement; International multistakeholder initiatives; Open contracting and procurement

Geography: Angola; Bolivia; Chile; the Democratic Republic of the Congo; Ecuador; Ghana; Lao People's Democratic Republic; Mexico; Mongolia; Niger; Nigeria; Timor-Leste; Trinidad and Tobago

Methods: Case study; Other: Policy recommendations

Value Chain: VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

In this book, the authors explore the relationship between political economies and natural resource governance. The authors provide a comprehensive framework for designing interventions that are compatible with a country's political dynamics and institutions for the capture and distribution of resource rents. These interventions would aim to enhance public welfare through natural resource governance. Backed by the economic, political, and institutional literature on the rentier state and the resource curse, the authors find that credible commitments by governments, indicated by intertemporal commitments and political inclusivity, are essential to improving natural resource management. The authors use case studies of 13 countries in Africa, East Asia, Latin America, and the Caribbean—alongside consultations with World Bank and International Monetary Fund experts—to bring together empirical evidence and development practitioners' understandings of sector operations. The countries chosen vary in geographical coverage and government capacity, but consistently have low capacity in their government agencies. Several cases also feature conflicts of interest with high-ranking public officials profiting from extractives enterprises, making policy change more difficult.

The authors formulate a typology of political economies along two dimensions—political inclusivity and intertemporal credibility—to aid in developing targeted interventions. Because development practitioners cannot fundamentally change a country's political economy setting, the authors argue that an approach that implements interventions that are compatible with the existing political dynamics and incentives is necessary. In addition, rather than identifying "best practices" to be applied broadly to extractives sector management, the authors recommend developing unique "good fit" interventions that differ based on where each country falls along the axes of political inclusion and intertemporal commitment (p. x).

The authors describe three kinds of incentive-compatible interventions across the natural resource value chain. The first intervention type focuses on extending time horizons, such as by establishing rule-based systems with enforceable consequences; this enhances outcome predictability and increases stakeholder confidence. The second intervention type focuses on social, economic, and political inclusion to engage stakeholders to cooperate on sector management. Examples of this include efforts to equalize information access on contract terms and fiscal decisions. The third intervention type establishes legal and regulatory structures specific to the extractives sector to enable accountability and functionality even within an unstable or corrupt political economy. The authors apply their typology to examine past and current political systems in their case studies, particularly examining the interaction of policy and technical interventions with the existing political system. They examine three factors within extractives sector management: sector organization and capacity, fiscal regimes, and public investment of resource rents. Through this application, the authors review principles, lessons, and consequences for the interventions, emphasizing how the suggested interventions interact with political dynamics and established institutions.

Based on the authors' review of common prescriptions and mechanisms in natural resource management, they identify key principles that support effective interventions across the natural resource value chain. The authors conclude that solving the collective action problems of the extractives industry requires key players to reduce information asymmetries, lengthen time horizons, and improve cooperation. The most reliable scenario for directing resource rents to development riches occurs when a government has the capacity to make credible, long-term commitments to extractives industry stakeholders and citizens, and where the reigning political system incentivizes the use of resource wealth for the collective welfare of its citizens. They find that it is critical to integrate emerging stakeholders into a collaborative policymaking process at all levels in order to ensure that programs will be best able to transform resource rents into development riches. This contribution is important to this literature because, as more countries engage in resource extraction, they too will encounter these political dynamics, further enforcing the need for constructive collaboration between all stakeholders and donors.

Bauer, A., Gankhuyag, U., Halling, S., Manley, D., & Venugopal, V. (2016). ***Natural resource revenue sharing***. Natural Resource Governance Institute; United Nations Development Programme. Retrieved from https://resourcegovernance.org/analysis-tools/publications/natural-resource-revenue-sharing

Publication Type: Report

Focus Area: Decentralization and revenue sharing

Geography: Global

Methods: Other: Literature review

Value Chain: VC4: Revenue; VC5: Spending

Summary:

The authors conduct a review of economic outcomes in states that employ natural resource-specific revenue sharing. The authors examine more than 30 countries that have established rules for natural resource revenue distribution at the subnational level that are distinct from those governing the allocation of general public funds. As the authors explain, states generate rules governing the redistribution of natural resource revenues to constituent subnational governments that generally fall into one of two categories: (1) derivation-based revenue sharing, or (2) indicator-based revenue sharing. Derivation-based formulas explicitly seek to return revenues collected by the state back to resource-producing regions. This is accomplished through intergovernmental transfers or by enabling local governments to directly tax extraction companies. Conversely, indicator formulas allocate funds based on information gleaned from a variety of regional welfare markers, including subnational population, poverty, and economic growth figures. Therefore, in indicator-based systems, resource revenues may not return to the original producer regions.

The authors conclude that both systems have benefits and drawbacks, and they assess these in sequence by synthesizing data on the revenue-sharing experiences of all nations examined and by conducting seven national-level case studies. Derivation-based sharing is straightforward and transparent, and it incentivizes natural resource production by rewarding producer regions. Such systems can also mitigate conflict by compensating those areas that suffer the negative operational externalities of extraction. However, in derivation-based regimes, resource revenues can fluctuate drastically based on commodity prices. This can lead to a cycle of local economic "booms" and "busts," which in turn can proliferate the maelstrom of inflation, sectoral displacement, and wasteful government spending that is associated with Dutch Disease. Furthermore, poorly designed derivation-based schemes can exacerbate subnational conflicts by creating regional wealth disparities and fomenting tension between "producer" and "non-producer" regions.

By contrast, indicator-based systems lack the volatility that accompanies derivation-based formulas, and they can also be hand-tailored to provide high-impact funds to the neediest areas. However, indicator-based approaches lack the simplicity and transparency of derivation-based systems, and technocrats may struggle to collect the necessary info for prudent decisionmaking. Despite the potential setbacks of both systems, the authors argue that recipient regions can benefit from resource revenue sharing that incorporates coherent plan design along with a set of clear and pragmatic objectives. They also advise that resource-rich subnational regions should take active steps to promote sustainable economic growth by reinvesting natural resource revenues back into financial, human, and physical capital.

Bauer, A., Iwerks, R., Pellegrini, M., & Venugopal, V. (2016). ***Subnational governance of extractives: Fostering national prosperity by addressing local challenges***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/subnational-governance-extractives-fostering-national-prosperity

Publication Type: Report

Focus Area: Budgets and fiscal openness; Decentralization and revenue sharing; Government monitoring and enforcement

Geography: Global

Methods: Other: Policy brief

Value Chain: VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

The authors provide national and local policymakers with a high-level summary of the Natural Resource Governance Institute's findings from eight years of projects and seven subnational policy papers. They argue that subnational management of natural resources, along with national government management, is necessary to create long-term sustainable development in resource-rich countries. They argue that citizens must have a clearer voice in these matters because the experimental nature of local management strategies can guide national design and certain agreements (community development agreements and corporate social interventions) only occur at the subnational level. Often, citizens revert to conflict to voice their frustrations about extractives projects, further highlighting the importance of their legitimized involvement.

The authors point out that many countries have decentralized their governance systems through revenue sharing to include local perspectives. Exploring examples from around the globe, they use the natural resource decision chain to map out common struggles and opportunities that arise from subnational management of natural resources. In their analysis, the authors address issues ranging from licensing and revenue sharing to managing revenues, local content, and spending. At each step in the chain, they provide policy recommendations to overcome these challenges in the future, which they ground in examples of effective policies from a variety of countries. They also address the importance of transparency throughout the entire chain to better inform local communities. Common challenges include: restrictions on subnational actions due to national legislation or practices; misalignment of interests between the national government, subnational governments, and extractives corporations; lack of local capacity in terms of managing revenues and providing skilled workers to increase local content; and system asymmetry between national and local governments, such as with land tracking tools. In general, the authors argue that the decentralization of revenues should be aligned with public service expenditure responsibilities in order to promote sustainable development.

Finally, the authors suggest areas for future research through knowledge gaps they found in the field. For example, understanding the relative costs and benefits of decentralizing mineral licensing and the impact of different types of revenue sharing arrangements would enhance their work. Furthermore, they suggest studying how resource revenue formulas were determined and their impact on conflict, different types of local content mechanisms, channels of corruption at different levels of government, and types of transparency measures that lead to increased accountability.

Bauer, A., Shortell, P., & Delesgues, L. (2016). ***Sharing the wealth: A roadmap for distributing Myanmar's natural resource revenues.*** Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/sharing-wealth-roadmap-distributing-myanmars-natural-resource-revenues

Publication Type: Report

Focus Area: Decentralization and revenue sharing

Geography: Myanmar

Methods: Case study

Value Chain: VC4: Revenue; VC5: Spending

Summary:

The authors examine the distribution of Myanmar's natural resource revenues from the central government, which is the primary collector, to subnational authorities across the nation. To do so, the authors research pertinent literature, including Myanmar's first Extractive Industries Transparency Initiative (EITI) report published in 2016, and conducted interviews with Burmese government officials and other key stakeholders. The authors contend that resource revenue sharing, when done effectively, is important for three primary reasons: it improves development outcomes and the quality of public investment, it attracts high-quality private investors, and it helps reduce violent conflict (which several regions in Myanmar experience).

The authors find that the natural resource revenue distribution in Myanmar has multiple shortcomings. In particular, revenues are distributed to subnational entities on an *ad hoc* basis, and there is no standard formula for assigning funds. This allows officials to make allocations based on political rather than developmental reasons. Yet long-term economic considerations seem to have played a role in decisionmaking too; the authors conclude that, throughout the period from 2013 to 2014, the government seemed to favor states and regions with greater development needs. However, there was little correlation between the size of fiscal transfers per capita and those localities' own-source revenue generation per capita. This means that states that directly collected little did not proportionately receive more funding. The authors also note that the estimated value of actual exported minerals was more than ten times what was reported by the government. The authors provide eight detailed recommendations regarding how to design an effective resource revenue sharing system that would remedy the shortcomings of Myanmar's.

Bebbington, A. (2010). **Extractive industries and stunted states: Conflict, responsibility and institutional change in the Andes**. In R. Raman & R. Lipschutz (Eds.), *Corporate social responsibility: Comparative critiques* (pp. 97–115). London: Palgrave MacMillan UK. Retrieved from https://wordpress.clarku.edu/abebbington/2010/2010/extractive-industries-and-stunted-states-conflict-responsibility-and-institutional-change-in-the-andes/

Publication Type: Book section

Focus Area: Corporate social responsibility

Geography: Peru

Methods: Other: Theory

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

Drawing on a case study of Peru, the author builds a theoretical framework for the role of corporate social responsibility (CSR) programs in resource-rich countries. CSR programs in this analysis perform typically governmental functions such as local and regional planning, conflict resolution, and investment in public goods. The company itself might conduct CSR or establish a separate entity for that purpose. CSR programs are an attempt, the author argues, to combat the effects of the resource curse at the project level that in aggregate have the opposite effect.

The author describes this process as twofold and does so through a conceptual frame with some anecdotal evidence from the Andes region. First, extractives companies operate in remote areas with weak state presence, typically without securing the consent of the community, and step into the role of the state with the intent to quell conflict and build legitimacy. The author argues that this prevents the state from building its own capacity to provide for citizens. Second, at the national level, companies lobby for favorable institutional arrangements that can perpetuate the resource curse, such as a lack of free, prior and informed consent or laxity in environmental regulation. Through CSR activities, the author contends, open public debate about the benefits and costs of extraction is "disarticulated" into a series of bilateral transactions (p. 107). This both prevents groups across society from acting collectively in response to a particular project, and, in the long term, suppresses necessary debates about the role of extraction in development writ large.

Bebbington, A., Abdulai, A.-G., Hinfelaar, M., Bebbington, D. H., & Sanborn, C. (2017). ***Political settlements and the governance of extractive industry: A comparative analysis of the longue durée in Africa and Latin America*** (ESID Working Paper No. 81). The University of Manchester. Retrieved from https://www.commdev.org/wp-content/uploads/2017/07/esid_wp_81_bebbington_et_al.pdf

Publication Type: Report

Focus Area: Corporate social responsibility; Decentralization and revenue sharing

Geography: Bolivia; Ghana; Peru; Zambia

Methods: Case study; Other: Literature review

Value Chain: VC3: Production; VC4: Revenue; VC5: Spending

Summary:

In this working paper, the authors examine the causes and consequences of institutional change in extractives sector governance. Drawing their data from a review of literature on political settlements, this study examines how temporal and spatial factors, as well as differences across types of resources, affect the formation of political settlement agreements and decisions about resource extraction and inclusion. The authors select Bolivia, Ghana, Peru, and Zambia as cases for their similarities in political history, natural resource dependence, and types of natural resource endowments. The authors use literature reviews, interviews, and workshops with key informants to examine how transnational influences and ideas, corporate social responsibility policies, and commodity taxation affect poverty and political settlements.

The authors assess a relationship between natural resource extraction and inclusive development, which has shifted over time and influenced the "overall nature of the political settlement" (p. 26). The authors characterize the four countries as price takers with limited internal markets and poorly diversified economies reliant upon the export of minerals and hydrocarbons. They find global commodity markets to be implicated in the constitution of national political actors. The authors draw upon the examples of mine workers in Zambia and Bolivia who were unionized until the neoliberal reforms of the 1980s, as well as a newer set of political actors related to artisanal and small-scale mining. Competitive-clientelist regimes are associated with privatization and encouraging foreign direct investment, while also being prone to "underinvest in state-directed approaches to economic diversification" (p. 20). The authors also conclude that the potential for resource rents and the high investment costs incentivize political exclusion.

The authors note that periods of "dominant leader/dominant party" settlements are more likely to lead to nationalization of the mining and hydrocarbon sectors and the rise of ideas of resource nationalism, while competitive-clientelist politics tends to private control and "more deliberate efforts to use rents for poverty reduction initiatives" (p. 27). The authors also reference the growing legitimacy of "technocracies" (emergent centers of bureaucracy), which manage the trade-offs between promotion of investment and the protection of citizenship rights (p. 28). Moving forward, the authors argue that analysis needs to be acutely aware of how historically significant ideas can be periodically mobilized by elites and excluded groups. Finally, the authors note that the presence of transnational actors means a "complex politics of scale" operates across the four resource governance cases (p. 29).

Bebbington, A. J., Arond, E., & Dammert, J. L. (2016). ***Scalar politics and transnational governance innovations: A political settlements lens on the Extractive Industries Transparency Initiative in the Andes*** (ESID Working Paper No. 66). The University of Manchester. Retrieved from https://eiti.org/sites/default/files/documents/esid_wp_66_bebbington_arond_dammert.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; Corporate social responsibility; International multistakeholder initiatives

Geography: Bolivia; Colombia; Peru

Methods: Case study

Value Chain: VC4: Revenue

Summary:

This working paper examines Extractive Industries Transparency Initiative (EITI) adoption decisions as a political settlement in Peru (an early adopter), Colombia (a late adopter), and Bolivia (a non-adopter). The EITI is an international voluntary program that encourages countries to promulgate national legislation mandating the public disclosure of all royalties paid to governments by the extractives industry. EITI decisions are understood as a consequence of interactions between ideas and groups at national and transnational scales, particularly regarding how international conceptions of "transparency" may be leveraged for domestic political ends. Transnational civil society drove a campaign to normalize transparency as part of inclusive economic development, meaning that countries were able to access normative and political benefits from embracing the EITI. The authors do not take a position on the efficacy of the EITI, but rather aim to clarify "how EITI happened" using a political settlements framework (p. 4). To that end, they employ stakeholder interviews and conduct literature reviews in each of their three case countries.

All three case studies in this report are Andean countries that recently experienced institutional shifts from *de jure* (Peru) or *de facto* (Bolivia and Colombia) authoritarianism to neoliberal (Peru and Colombia) or populist (Bolivia) democratization. In Peru, elites embraced the EITI in 2005 as part of a concerted effort to brand the country as open and transparent after the end of dictatorship, and in response to pressure from the World Bank and NGOs. Following studies by independent auditors, Peru was admitted as a fully compliant member. Peru's tenure in the EITI has been marked by significant NGO and private-sector participation, although numerous civil society groups consider transparency to be a minor issue relative to social and environmental conflicts driven by resource extraction; they either dismiss the EITI or advocate that it be broadened in scope. Nevertheless, EITI compliance has become a "niche" that Peru uses to project an image of democratic accountability (p. 19). Colombia was a later adopter, submitting its application in 2014 and building institutional arrangements to seek compliance. Extraction and transparency are major pillars of development, democratization, and peacebuilding as conceived by the Colombian government. International development organizations, foreign civil society, and foreign governments also influenced Colombia's decision. In Peru and Colombia, the mining, oil, and gas sectors saw the EITI as improving their political legitimacy by making the public aware of the size of their royalty payments to the government; debate in these countries focused on whether to expand or constrain the scope of the EITI. Bolivia, however, showed little interest in international normative appeals for the EITI, choosing instead to nationalize the resource

sector and introduce other "patchy" and limited transparency mechanisms (p. 34). This settlement reflects the governing party's need to keep the powerful national mining and oil companies on its side. In all three countries, settlements were determined by shifts in political power that opened up different ideological conceptions of "transparency" and realigned the material interests of important actors.

The authors argue that countries with emerging neoliberal governance regimes and extractives sectors that support the EITI tend to be more amenable to adopting the initiative, while resource nationalist governments are more reticent. The authors suggest that the decision to join the EITI, and the details of its implementation, are the result of contestation among interest groups at the national level. As this paper only compares cases from Andean countries, its analysis can only directly reflect the political dynamics of that region. This regional focus means that readers must temper their expectations of wider applicability.

Bhattacharyya, S., Conradie, L., & Arezki, R. (2017). **Resource discovery and the politics of fiscal decentralization.** *Journal of Comparative Economics, 45*(2), 366–382. https://doi.org/10.1016/j.jce.2017.02.003

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Budget and fiscal openness; Decentralization and revenue sharing

Geography: Global

Methods: Observational — Datasets

Value Chain: VC4: Revenue; VC5: Spending

Summary:

In this study, the authors examine the relationship between natural resource discovery and fiscal decentralization. To do so, they develop and test a model of the causal relationship between the discovery of giant and supergiant reserves of oil, gas, and minerals, and the political institutions and fiscal relations of 77 countries between 1970 and 2012 using a dataset on those countries constructed by the authors. Building on the extensive literature on the determinants and effects of fiscal decentralization, the authors' primary theoretical predictions about natural resource discovery are that governments will (1) centralize fiscally to maximize revenue or (2) allow for greater decentralization to gain public favor or improve fiscal efficiency.

For the dependent variable in their empirical model testing their theoretical predictions, the authors use data from the World Bank Database of Fiscal Decentralization Indicators to measure fiscal decentralization. Their key independent variable is a measure of resource discovery drawn from a dataset they construct from several sources. Because they are also interested in whether the relationship between resource discovery and fiscal decentralization is affected by democratization, they use a measure of democratization from Polity IV as the dependent variable in a second analysis. Although it seems likely that a government anticipating increased revenue would increase public goods expenditures, such as education and health, the study finds no statistically significant effect in this regard. Tax and intergovernmental transfers are most affected by resource discovery, while source revenue, property tax, educational expenditure, and health expenditure are not significantly impacted. Overall, the authors conclude that the discovery of natural resources has very little effect on the decentralization of revenue but does lead to centralization of government expenditure.

Bhattacharyya, S., & Hodler, R. (2010). **Natural resources, democracy and corruption.** *European Economic Review, 54*(4), 608–621. https://doi.org/10.1016/j.euroecorev.2009.10.004

Publication Type: Journal article
Journal Type: Peer-reviewed
Focus Area: Other
Geography: Global
Methods: Observational — Datasets
Value Chain: VC4: Revenue

Summary:

The authors examine the link between natural resources and corruption, and how that relationship is affected by the quality of democratic institutions. They first present a game-theoretic model that predicts that, when examining a sample of countries that differ in such characteristics as democratic institutions, resource rents will negatively impact countries with weak democratic institutions but will be neutral or even positive in countries with strong democratic institutions.

The authors then empirically test their theoretical model, using a reduced form econometric model and panel data that covers 124 countries from 1980 to 2004. Their data includes measures of corruption, natural resources, democracy, and income. The dependent variable is corruption using the corruption index from the Political Risk Services. The key independent variables are natural resource rents, as measured by World Bank's adjusted net savings dataset and democracy, as measured in Polity IV.

The findings support the theoretical prediction that natural resources rents feed corruption in countries with weak democratic institutions but not in countries with strong democratic institutions, as defined as having an average Polity2 score at or above 8.6. These results are robust to such controls as the countries' legal origins (with systems based on British, German, Scandinavian, and socialist law as the relevant categories), effects of income, time varying common shocks (as measured using year dummy variables), and regional fixed effects. The findings imply that resource-rich countries tend to be corrupt, because the presence of resources encourages governments to engage in rent-seeking, but this tendency can be ameliorated if the governments are accountable to their citizens. Democratization may therefore be a tool for corruption reduction in resource-rich countries.

Bickham, E. (2015). ***Mining and the Extractive Industries Transparency Initiative***. International Council on Mining and Metals. Retrieved from https://eiti.org/sites/default/files/documents/eiti_review_report_v10_-_final.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Case study

Value Chain: VC4: Revenue

Summary:

In this report commissioned by the International Council on Mining and Metals (ICMM), the author finds strong support for the Extractive Industries Transparency Initiative (EITI) overall from members of the mining industry through interviews and questionnaires. A significant limitation of this report is that its methods are not shared in detail; the number of respondents and the interview protocols and questionnaires are not included in the report.

Key findings include that industry actors caution against the EITI hardening requirements such that some countries will lose their member status, and that the two-year lag in EITI reporting is a barrier to the initiative's effectiveness. A perception among the respondents is that every mine or project is different, that more data being available could give countries a false impression of the value of their particular resource deposits, and/or that the EITI will be manipulated by actors in some countries to raise taxes. Some respondents expressed satisfaction with the EITI sticking to its core objective of revenue transparency, but when pressed did agree that upstream and downstream monitoring are also desirable. Broadly speaking, the respondents saw the EITI as improving transparency but not governance.

Bowler, D., Buyung-Ali, L., Healey, J., Jones, J. P., Knight, T., & Pullin, A. S. (2010). **The evidence base for community forest management as a mechanism for supplying global environmental benefits and improving local welfare** (CEE Review No. 08–011). *Environmental Evidence*. Retrieved from www.environmentalevidence.org/SR48.html

Publication Type: Journal article

Journal Type: Peer-reviewed (single blind)

Focus Area: Community resource management

Geography: China; Ethiopia; Guatemala; Honduras; India; Mexico; Nepal; Pakistan; Philippines; South Africa; Tanzania; Thailand; Zimbabwe

Methods: Meta-analysis

Value Chain: VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The authors perform a systematic review of empirical evidence on the effectiveness of community forest management (CFM) in less developed countries. Specifically, the authors gather articles measuring at least one of the following outcomes: biodiversity; forest cover or forest condition; fuel wood availability; carbon sequestration; land degradation or conversion; forest loss; desertification; forest productivity; water supply; and local welfare indicators, including income, employment, food security, social equity, income inequality, and health. The review includes studies providing both quantitative and qualitative evidence and is limited to studies making comparisons between the presence and absence of CFM. The authors gather articles by searching multiple electronic databases, websites of related NGOs, and general web research. A list of 11 English-language, four Spanish-language, and five French-language queries were developed in concert with subject experts. The initial search yielded 6,355 articles and was reduced by reviewing titles and abstracts. The final review consists of 42 articles.

The authors conclude that the systematic review reveals there may be some benefits of CFM, but those benefits are largely limited to forest condition, which includes such measures as tree density, forest basal area, plant species richness, and species diversity. However, the authors believe that these variables are not robustly tested indicators of tree condition. On all other outcomes, authors find mixed evidence. The authors make a number of recommendations for future research, including attempting to agree on a set of robustly tested indicators of tree conditions and appropriately qualifying results based on short-duration projects. The authors also suggest that their finding of mixed evidence should signal to institutions making costly project interventions that they should be more critical in evaluating project successes.

Bradshaw, C. J. A., Giam, X., & Sodhi, N. S. (2010). **Evaluating the relative environmental impact of countries.** *PLOS ONE, 5*(5), e10440. https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0010440

Publication Type: Journal article

Journal Type: Peer-reviewed (single blind)

Focus Area: Other

Geography: Global

Methods: Observational — Datasets

Value Chain: N/A

Summary:

The Environmental Kuznet's Curve (EKC) theory states that a country's relative environmental impact and per capita wealth have a nonlinear relationship. Existing literature often examines this theory by calculating a country's sustainability using human health and economic indicators; however, this paper relies on a new set of metrics to measure countries' proportional (relative to resource availability) and total environmental impact. The authors choose the country as their unit of analysis because national governments can reasonably change their behaviors with regard to environmental degradation; however, they contend that their findings have a widespread global impact on international trade treaties, carbon taxation, and development aid. In measuring environmental impact, the authors consider natural forest loss, habitat conversion, marine captures, fertilizer use, water pollution, carbon emissions, and species threat to create a combined environmental degradation score, and then rank countries accordingly. They aim to identify best policy practices and compare their new indexing method to others that are common in the field. Additionally, this paper examines the impact of countries' human population size and growth, wealth, and governance quality on the new indices.

The authors use existing environmental and socio-economic data on their chosen metrics for 228 jurisdictions (defined as "countries" by the authors). In determining proportional rank, they omit 49 of these jurisdictions because they did not have sufficient available information on more than three of the metrics. Analysis showed that the worst performers, with the highest proportional environmental impact, include Singapore, Korea, and Qatar, while the best are Eritrea, Suriname, and Lesotho. In terms of absolute rank, the authors remove 57 jurisdictions and find that countries with the highest populations and global economic power tended to also have the highest absolute environmental impact—Brazil, the United States, China, and Indonesia are among the lowest rankings. A key discovery was that Asian countries (China, Indonesia, Japan, Malaysia, Thailand, and the Philippines) are among the highest-impact countries in terms of both proportional and total impact. The findings suggest that, as countries get richer, their proportional environmental impact increases, contradicting the EKC theory.

Bradshaw, S., Linneker, B., & Overton, L. (2016). ***Gender and social accountability: Ensuring women's inclusion in citizen-led accountability programming relating to extractive industries.*** Oxfam America. Retrieved from https://www.oxfamamerica.org/explore/research-publications/gender-and-social-accountability/

Publication Type: Report

Focus Area: Social audits and civil society monitoring

Geography: Global

Methods: Other: Literature review

Value Chain: N/A

Summary:

The authors examine gender bias in citizen-led social accountability efforts (participatory programs that shift some oversight responsibility to citizens outside of the official political processes) in the extractives industry context. The authors aim to build on others' findings that even the best-intentioned citizen participatory programs can still be characterized by unequal power relationships that systematically favor men over women, and that the extractives industry seems to be a particularly patriarchal context.

The authors surveyed literature pertaining to four related research questions: (1) What are gender-based barriers to participation in political processes in developing nations? (2) What does the literature suggest are potential drivers of gender-based exclusion in citizen-led accountability efforts explicitly? (3) Why have existing citizen-led accountability efforts succeeded, or failed, in ensuring women's inclusive participation? And (4) what might international stakeholders (in particular Oxfam) do to improve gender inclusion within citizen-led social accountability efforts?

The authors answer each question in turn. They identify seven primary gender-based barriers to political participation including, for instance, gendered attitudes, unequal access to education, and financial factors. The authors also identify eight gender-based barriers to participation in citizen-led accountability efforts, specifically noting, for example, that current programs tend to pursue technical processes removed from contextual realities, to the detriment of women. The authors explore the most commonly used gendered social accountability tools, assessing which seem to work best in practice. These include, for instance, initiatives that demand accountability for outcomes that benefit women, initiatives that include mechanisms designed to involve particular marginalized groups, and initiatives that track outcomes disaggregated by group in order to measure which groups benefit more than others. Finally, the authors conclude with a set of recommendations to improve the equal and active inclusion of women in citizen-led social accountability efforts in extractives contexts.

Bradshaw, S., Linneker, B., & Overton, L. (2017). **Extractive industries as sites of supernormal profits and supernormal patriarchy?** *Gender and Development, 25*(3), 439–454. https://doi.org/10.1080/13552074.2017.1379780

Publication Type: Journal article

Journal Type: Editor-reviewed

Focus Area: Other

Geography: South Africa; Tanzania

Methods: Other: Literature review; Other: Theory

Value Chain: VC3: Production

Summary:

In this article, the authors update a previous systematic review by synthesizing recent published research and NGO publications with two ethnographic studies from South Africa and Tanzania. Their goal in bringing in these detailed collections of individual experiences and focus groups is to demonstrate the need for a more nuanced understanding of the economic and social relations of men and women living in extractives contexts. Their first insight into this understanding is to highlight the stereotypical hyper-masculinity that extractives work such as mining can produce, due to the danger, risk, and physical strength associated with it. This association can couple with the supernormal profits that some extractives projects can produce to create a "supernormal patriarchy." The authors' second insight is that this supernormal patriarchy affects different groups of women in different ways, and even the same women in different ways over time. For example, not all women who migrate to the site of extractive activity do so to engage in sex work, and even those who do may seek and eventually achieve informal, marriage-like statuses with individual male workers that replicate more "normal" relationships. Furthermore, many women, especially older women, are able to set up formal hospitality businesses that profit from extractives projects, but many of these formal businesses still rely on young, often transitory women to attract male clientele. In conclusion, the authors argue, gender-focused development programs in the extractives field must ensure their analyses make space for the multitude of extreme, complex, and fluid gendered identities.

Bria, E., Heller, P. R. P., Lassourd, T., Westenberg, E., George-Wagner, M., & Bauer, A. (2016). ***Indonesia's oil and gas legislation: Critical issues.*** Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/indonesia%E2%80%99s-oil-and-gas-legislation-critical-issues

Publication Type: Report

Focus Area: Asset and beneficial ownership disclosure; Decentralization and revenue sharing; Government monitoring and enforcement; Open contracting and procurement

Geography: Indonesia

Methods: Other: Policy recommendations

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The authors analyze their own global research, as well as existing work on extractives sector governance, to provide recommendations for Indonesian oil and gas law. Rather than producing new research, they apply past findings in the distinct context of Indonesia in the hopes of influencing the country's public debate. The authors suggest four key issues to address in the legislation's update: institutional design, the fiscal regime, subnational revenue transfers, and transparency mechanisms. As they examine these issues, three primary themes emerge: a focus on sustainable, local development; improved sector governance; and the importance of using the law as a starting point.

The authors acknowledge that the ongoing debate on institutional design revolves around strengthening Indonesia's state-owned enterprise (SOE), Pertamina. They emphasize oversight and accountability options along with ways to limit the SOE's privileges by law. They look at the advantages and disadvantages of existing systems, ranging from monopoly to free competition, within a variety of countries to better inform this debate. In doing so, they suggest that, while forming a system, decisionmakers should simultaneously cultivate incentives for private investment, bolster Pertamina's commercial and technical performance, and increase Pertamina's participation in the sector. The authors also analyze contractual and supply/demand side reforms in an effort to overcome the country's current lack of private investment in its oil and gas industries. These reforms can have long-term implications, but their power will be limited by the way the government decides to strengthen Pertamina, as SOEs can hurt investor confidence. Since Indonesia is already decentralizing its government, the authors recommend the creation of mechanisms through the law that assist subnational governments in handling oil/gas revenue transfers more effectively. Finally, they suggest that Indonesia mirror the global trend toward transparency by requiring the disclosure of contracts, licenses, and beneficial ownership agreements, and promoting accountability through public forums and trainings.

Brooks, J., Waylen, K. A., & Mulder, M. B. (2013). **Assessing community-based conservation projects: A systematic review and multilevel analysis of attitudinal, behavioral, ecological, and economic outcomes.** *Environmental Evidence, 2*(2). https://doi.org/10.1186/2047-2382-2-2

Publication Type: Journal article

Journal Type: Peer-reviewed (single blind)

Focus Area: Community resource management

Geography: Global

Methods: Meta-analysis

Value Chain: VC3: Production

Summary:

The authors use a multivariate model to assess the degree to which 136 community-based conservation (CBC) projects achieved four types of success: attitudinal, behavioral, ecological, and economic. The predictor variables are: national context, such as World Governance Indicators; project design, such as the use of participatory practices and capacity-building; and community characteristics, such as threats to natural resources and support from local institutions. To evaluate success, the authors code articles about the projects. A limitation of this systematic review is that the authors determine that more than 80 percent of the studies in their sample are of low quality relative to gold-standard experimental design that controls for confounding factors. The authors note that this limitation is common to the field of CBC evaluation due to lack of funding.

The strongest evidence the authors find is for the effect of project design characteristics on the success of CBC projects. They find statistically significant associations between all four outcomes and participation, engagement, and social capital, and some evidence that community characteristics have importance in CBC success, but with no one variable that affects all four outcomes. The authors do not find evidence that national characteristics, such as governance indicators or GINI coefficient, systematically influence the success of CBC projects.

Budino, A., Ananda, R., & Abdullah, M. (2017). ***Administration of coal permit under coordination and supervision of KPK***. Publish What You Pay Indonesia. Retrieved from https://pwyp-indonesia.org/en/314967/administration-of-coal-permit-under-coordination-and-supervision-of-kpk/

Publication Type: Report

Focus Area: Government monitoring and enforcement

Geography: Indonesia

Methods: Other: Policy recommendations

Value Chain: VC2: Contract

Summary:

This report discusses the enactment of mining and coal laws in Indonesia and the consequences of decentralizing the management of the mining sector from the central government to the local government. Before 2001, the central government had enacted two mining laws for foreign investment in the mineral and coal sectors under which coal concessions were established and authorized by the central government. However, after the fall of the Suharto regime, the central government delegated management of the mining sector to local governments. The central government also adopted legislation that ended the use of contracts or agreements in favor of mining business permits for exploration and production. The enactment of this law coincided with substantial growth in both coal and mineral production and sales. From 2001 to 2009, the mineral and coal productions and sales significantly increased, and, in 2010, the number of permits issued grew significantly, to 10,000. In addition to the new law, the Director General of Mineral and Coal also issued two relevant circular letters in 2009 and 2012 requesting that governors and mayors suspend temporarily the issuance of new mining business permits until certain regulatory steps were taken. Importantly, the Ministry of Energy and Mineral Resources stated their intention to revoke business permits of companies that violate these letters.

The increase in the number of permits to companies and the absence of a centralized cadastral system with unified codes created several problems, including overlapping permits caused by territorial boundary disputes. Other permit problems include the existence of companies without permits, illegal issuance of mining permits for areas where mining was prohibited (e.g., conservation and protected forests), and unlawful exports. To address these problems, the central government reviewed existing permits and worked with Korsup Minerba, a natural resource-focused extension of Indonesia's anti-corruption commission, to develop five strategies for effective implementation of the permit policy.

To conclude, the authors note that the effectiveness of the action plans developed based on their findings remains unclear. A follow-up detailed report addressing whether the recommendations have been implemented is needed.

Burgess, R., Hansen, M., Olken, B. A., Potapov, P., & Sieber, S. (2012). **The political economy of deforestation in the tropics.** *The Quarterly Journal of Economics, 127*(4), 1707–1754. https://doi.org/10.1093/qje/qjs034

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Government monitoring and enforcement

Geography: Indonesia

Methods: Observational — Datasets

Value Chain: VC3: Production; VC4: Revenue

Summary:

The authors examine the relationship between deforestation in Indonesia and the decisions made by local politicians and bureaucrats concerning the amount of logging they allow under their jurisdiction. The authors consider two forces that influence logging decisions: (1) the number of jurisdictions in the area and (2) the availability of alternative sources of rents for local officials. They use Indonesian satellite-based deforestation data from 2001 to 2008 to quantify forest loss and the official dates of the Indonesian national parliament approvals of new districts to determine the number of districts present in an area at any given time.

The authors use panel data to test whether the number of districts in the province impacts the prices and quantity of wood felled in the province. District splitting in Indonesia leads to Cournot-style competition among the districts, wherein competing entities produce the same, undifferentiated product simultaneously, and independently choose the quantity to produce, which affects the overall market price of the product. As is consistent with the Cournot framework, under which increasing the number of districts should cause the amount of wood extracted to rise and the price to fall, the authors find that dividing a province by adding one district increases the rate of deforestation in that province by 8.2 percent and reduces local wood prices in the province by 3.3 percent. When a district splits and therefore reduces an official's market power because there is less land to log, the official increases rent extraction and allows higher rates of logging. In addition, each $1 of rents received from oil and gas by the district leaders reduces logging by 0.3 percent in legal logging zones and 0.6 percent in illegal logging zones. When alternative sources of rents increase as a result of increased oil and gas revenue, the official decreases rent extraction due to the higher cost of being found engaging in illegal activity. Policy implications are that central government policies may be insufficient on their own to curb deforestation and local officials who currently benefit from forest-related rents need to be better incentivized to prevent deforestation.

Busse, M., & Gröning, S. (2013). **The resource curse revisited: Governance and natural resources.** *Public Choice, 154*(1–2), 1–20. https://doi.org/10.1007/s11127-011-9804-0

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Other

Geography: Global

Methods: Observational — Datasets

Value Chain: VC4: Revenue; VC5: Spending

Summary:

In this detailed econometric study, the authors use a large panel data set of 129 countries from 1984 to 2007 to investigate the relationship between corruption and natural resource wealth. In addition to corruption, the authors are also concerned with resource wealth's effect on two other components of governance: the strength and quality of the bureaucracy, and the strength and impartiality of the legal system. The authors use different measures of corruption, bureaucracy quality, and law and order as their dependent variables. Data for each of these three variables is drawn from perception-based indicators gathered in the International Country Risk Guide (ICRG), published by the Political Risk Services Group; these measures allow them to analyze data dating back to 1984. Corruption in the ICRG is broadly defined to includes financial corruption, nepotism, patronage, and illicit political party financing.

The key independent variable is natural resource abundance measured several ways. The principal measure is the percentage of country exports that are natural resources. Other variables like press freedom and conflict intensity (i.e., internal or external conflict) are also incorporated into the model. To address potential endogeneity among the governance indicators and the independent variables of interest, the authors use an instrumental variable approach.

The authors find that higher resource exports are strongly and significantly correlated with more corruption, even when controlling for additional country-level variables like conflict and press freedom. When the sample is limited to only developing countries, the strong relationship between resource exports and corruption holds, although conflict has a higher impact. For bureaucratic quality, resource exports do have a negative effect, but the effect is not statistically significant. Finally, for the strength and impartiality of the legal system, the regression showed no significant relationship among either the full or developing country sample.

Cauchi, M., & Iwerks, R. (2016). ***Improving impacts of extractive resource wealth through subnational multi-stakeholder groups in the Philippines***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/improving-impacts-extractive-resource-wealth-through-subnational-multi

Publication Type: Report

Focus Area: Interface and user feedback mechanisms; International multistakeholder initiatives; Open contracting and procurement; Social audits and civil society monitoring

Geography: Philippines

Methods: Case study

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This case study describes the lessons and challenges of two pilot projects undertaken by the Philippines' subnational Extractive Industries Transparency Initiative (EITI) component, Bantay Kita—a civil society group bringing together anti-mining groups and pro-transparency groups. The group focuses on small-scale mining, which dominates the extractives sector in the country. The lessons learned from these pilot projects give insights on decisionmaking and monitoring for the extractives sector, which are helpful in understanding how the EITI can be best implemented in the Philippines. From their findings, the authors further identify the need for continued monitoring interventions, particularly concerning sustainable practices and effective information use.

Bantay Kita's pilot project had two goals: gaining insights for implementation of the EITI and improving development governance of wealth from natural resources. The pilots were organized in two regions by holding multistakeholder forums that collaborated to create action plans, concluding with the development of two multistakeholder groups (MSGs) focused on transparency and accountability in decisionmaking. Both MSGs were able to enforce their capacity for cooperative action by piloting promising and accessible projects under strictly administrative guidance of the authors. The authors find that it was essential to bring the right stakeholders and representatives onboard; particularly important was engaging local networks and leaders of marginalized groups who enforce the principles of transparency and were committed to enabling cooperation alongside industry experts.

The Philippines' national government has largely decentralized public services, environmental regulation, and fiscal responsibility, with extractives industry tax and royalties managed by local governments, leading to local influence on extraction industry policymaking and project approval. At times, the authors find that this decentralization creates overlaps and conflicts of jurisdiction, affecting accountability structures, such as when both large- and small-scale mining licenses are granted in the same geographic area by both national and city agencies. Considering the specificities of such decentralized mining agencies, the authors identify a need for the MSGs to improve administrative organization and to consistently address project-specific engagement to have a full understanding of extraction effects, including the need to improve information dissemination and reporting mechanisms to the public.

Chayes, S. (2017). ***When corruption is the operating system: The case of Honduras***. Carnegie Endowment for International Peace. Retrieved from http://carnegieendowment.org/2017/05/30/when-corruption-is-operating-system-case-of-honduras-pub-69999

Publication Type: Book
Focus Area: Government monitoring and enforcement
Geography: Honduras
Methods: Observational — Ethnographic
Value Chain: VC1: Consent

Summary:

In this book, the author analyzes the system of corruption in Honduras and posits that the public, private, and criminal sectors in that nation are acting as an integrated, mutually reinforcing, and kleptocratic network. The discussion of corruption is wide-ranging across multiple sectors, including money laundering, drug trafficking, misappropriation of public funds, embezzlement from the public healthcare system, and tax systems structured to benefit oligarchical interests. The definition of corruption is also broad; the author seeks to identify "signs that [corrupt actors] are colluding in the illegitimate capture of wealth on behalf of network members—that they are, in effect, looting the commons" (p. 5). The methodology is a narrative review of Honduran history, the laws enabling its system of corruption, and its constitutional structure. Data sources are interviews conducted by the author and other primary material; the author also details a number of anti-transparency, accountability, and participation (TAP) laws passed in the last decade following the 2009 military coup in the nation.

The book does not discuss the extractive industry *per se*. Honduras does not have extensive oil or mineral resources. It does have extensive forests, but the discussion of that resource is scattered throughout the book. The nation also has a large palm oil industry that is partially controlled by a corrupt network. The author does, however, spend considerable time discussing the impact of corruption on Honduras' decisions to press forward with hydroelectric and solar energy projects, arguing that the country's kleptocratic network has leveraged international climate concerns to its benefit. She chronicles efforts by the Honduran public-private-criminal network to obtain international financing for hydroelectric, solar, and palm oil facilities that are built over the objection of local populations and that provide few if any development benefits. This surge in green energy products, she argues, is its own version of the "resource curse." She argues development bank personnel have been "captured" by their borrowers.

The author explores one intervention and one quasi-intervention. The more formal intervention is the creation in 2015 of an anti-corruption commission: Misión de Apoyo Contra la Corrupción y la Impunidad en Honduras (MACCIH, or, Support Mission Against Corruption and Impunity in Honduras). She sees it as a positive development but notes that it has no autonomous power. It cannot bring corruption prosecutions. It can assist investigations but not initiate them. It can provide input into legislative proposals but cannot pass them. It does have some power of publicity. The author notes that most of her interviewees in the book are skeptical the commission will remain independent or effective for long. The second, quasi-intervention is an endogenous culture-based justice movement founded in 1993, the Civic Council of Popular and Indigenous Movements in Honduras. The movement, whose founder was assassinated in 2016, aims to increase participation, but the author does not thoroughly analyze it or assess its effectiveness or success.

Corrigan, C. C. (2014). **Breaking the resource curse: Transparency in the natural resource sector and the extractive industries transparency initiative.** *Resources Policy, 40*, 17–30. https://doi.org/10.1016/j.resourpol.2013.10.003

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Observational — Datasets

Value Chain: VC4: Revenue

Summary:

The Extractive Industries Transparency Initiative (EITI) addresses the "resource curse" by increasing transparency and accountability in the sector with the goal of improving how countries' institutions function. The author examines the effectiveness of the EITI in minimizing the curse's negative effects, particularly its impact on the relationship between resource abundance and low economic development and resource abundance and poor governance quality. She hypothesizes that the EITI will improve both economic development and governance in a country, depending on the size of its resource sector.

The author uses panel data from the World Bank covering the years 1995 to 2009 and 200 countries and territories, to assess the effects of EITI membership. Key independent variables are EITI membership and amount of natural resources, measured by UNCTAD as a country's total primary exports/total merchandise exports. Dependent variables are each country's level of economic development and quality of governance, measured using GDP per capita and data from the Worldwide Governance Indicators (WGI) project, respectively. The WGI project examined measures of voice and accountability, political stability/no violence, government effectiveness, regulation quality, rule of law, and control of corruption. The author uses each of these separately in a series of regressions, each of which includes controls for a variety of potentially confounding variables. (She uses an indicator variable for Norway, for example, since it is an outlier in terms of wealth and governance among other EITI member countries.)

The author finds partial support for her hypotheses. Results show that the effects of the resource curse on GDP per capita decrease with the EITI, suggesting the initiative's positive impact on economic development. With regard to the EITI minimizing poor governance, her results vary among the WGI measures. The harmful effects of resource abundance on government effectiveness, regulation quality, and rule of law decreased significantly—in many cases entirely counteracting the resource curse. There were weaker, yet notable, improvements to countries' control of corruption, and voice and accountability under the EITI. However, regressions showed no improvement with the EITI on political stability/no violence. She attributes the mixed results to the short time since the EITI's implementation and to certain features of the EITI, including the nature of its membership processes and the negative selection of countries who join (they tend to have lower GDPs). Nonetheless, the results are positive, as the evidence suggests that the EITI enhances economic well-being and some aspects of governance in resource-endowed countries. The author suggests that researchers complete similar studies on the EITI in the next five to ten years to understand its long-term impacts.

Cruz Vieyra, J., and Masson, M. (Eds.). (2014). ***Transparent governance in an age of abundance: Experiences from the extractive industries in Latin America and the Caribbean***. Inter-American Development Bank. Retrieved from http://publications.iadb.org/handle/11319/6681

Publication Type: Book

Focus Area: Access to information and intermediation; Budgets and fiscal openness; Decentralization and revenue sharing; Government monitoring and enforcement; International multistakeholder initiatives; Open contracting and procurement; Social audits and civil society monitoring

Geography: Latin America; the Caribbean

Methods: Case study; Observational — Datasets; Other: Literature review; Other: Policy brief

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

In this edited volume, the authors assess the impact of transparency in extractives industry governance in the Latin American and Caribbean regions (LAC). The book is divided into three parts, each with four chapters. Part one reviews the theoretical work relevant to extractives sector governance, part two explores how governments can increase natural resource revenue and provide better services to their citizens through better legislation and increased transparency in licensing and contracts, and part three assesses how transparency can improve fiscal regimes and institutions. The final chapter highlights the need for continued transparency, accountability, and participation (TAP) efforts in LAC to support inclusive, extractives-driven sustainable development. Unless otherwise specified, the chapters principally draw conclusions from a combination of a review of pertinent literature, data from government and international initiative documents, and interviews with stakeholders.

Part One:

Chapter one provides background information on the challenges of converting natural resource revenues into sustainable economic development and the types of transparency initiatives that have been designed to improve governance for that purpose. Chapter two assesses the performance of LAC nations on the Natural Resource Governance Index's 2013 Resource Governance Index (RGI), which rates nations across a series of good governance indicators. The author analyzes the RGI data on LAC nations to establish countries' relative strengths and weaknesses, both in comparison to one another and to nations in other regions. The author notes that LAC nations scored highly on indicators measuring the presence of transparency rules and accountability mechanisms, but received low scores on indicators measuring good governance outcomes (i.e., control of corruption, rule of law, and government effectiveness). The author concludes that LAC nations struggle to fully implement laws mandating transparency. Chapter three outlines the evolving scholarly views on whether natural resource extraction can be a feasible strategy for sustainable economic development, noting the wide margin of disagreement. The author concludes that broad studies attempting to assess resource extraction inputs and development outputs are no longer of much use to policymakers; rather, scholars would do well to pursue narrower studies that examine how resource extractors interact with the rest of the local economy. The author subsequently provides an overview of the existing literature in this space, pointing out its gaps. Chapter four analyzes the relationship between oil wealth and civil conflict in the LAC regions by conducting logistic regressions using data on armed conflict and oil wealth from 1960 to 2006. The author notes that oil-rich nations in LAC are roughly just as likely to experience civil conflict as oil-rich countries elsewhere (and are significantly more likely to experience this conflict than oil-poor countries), with one important difference: no LAC country has ever experienced secessionist conflicts, in which rebels fight for a sovereign state rather than control of the central government.

Part Two:

Chapter five is a legal analysis that examines the implications of the United States' Dodd-Frank Act section S504 and the European Union's Accounting and Transparency Directives for the extractives industry in LAC. Drawing upon those two rules, as well as pertinent information on transparency practices in LAC that the regulations would affect, the author provides thorough explanations of what the laws mean for LAC governments, citizens, and corporations. The author argues that transparency is not in itself a solution, but rather one of the initiatives necessary to improve natural resource governance in LAC and, in turn, increase development. Chapter six is a case study that assesses the role of information dissemination in licensing in the oil exploration, consent, and contracting processes. The authors outline the two principal methods of licensing: the auction method and the discretionary method. The auction method allocates rights to the applicants willing to pay the largest sum of money, while the discretionary method provides the government with greater agency in determining to whom the rights will be awarded. The authors identify different categories of information that might be made available to stakeholders and examines how this information is disseminated and used in practice in two LAC and two non-LAC countries with varied rights allocation methods. The LAC countries are Brazil, which uses the auction method, and Colombia, which uses a mix of discretionary and auction methods. The non-LAC nations are the United States (auction) and Norway (discretionary). The authors conclude that the dissemination of specific, purpose-driven, and targeted information is important for effective licensing and the promotion of sustainable development. Chapter seven examines how increased transparency, in the form of publicly released oil contracts, can lead to improved resource governance by analyzing how transparency can enhance citizens' abilities to hold governments accountable. The author identifies several forms of actionable information that can be derived from oil contracts and thus could increase accountability. These include, for instance, the government's share of the profits from oil production in comparison to the private sector. The author analyzes data from more than 100 oil contracts signed in eight LAC nations between 1955 and 2002 to analyze these forms of information in turn, pointing out their utilities and complications. The author concludes that, because oil contracts are generally difficult to measure and interpret, transparency alone will not lead to greater accountability or improved natural resource governance. However, when the studied forms of information are clarified and citizens' feedback is incorporated into contract design, accountability is more likely to be enhanced. Chapter eight is a case study that examines the nation of Trinidad and Tobago's efforts to manage the tradeoffs inherent in competing demands for increased transparency from initiatives such as the Extractive Industries Transparency Initiative (EITI), and the maintenance of confidentiality obligations in tax legislation and in the contracts themselves. The authors outline applicable competing requirements and laws and explore ways to overcome the obstacles posed.

Part Three:

Chapter nine is a case study examining transparency efforts aimed at extractives revenue management in Colombia. The authors identify reasons why resource extraction has not led to a higher quality of life for Colombians, highlighting the pervasive negative effects of corruption at multiple government levels. They provide an overview of ongoing efforts to improve revenue management through increased transparency, detailing, in particular, new websites containing user-friendly extractives information that encourages and facilitates civilian monitoring.

The authors take stock of signs of success as well as potential shortcomings and conclude with program recommendations for the Colombian context. Chapter 10 analyzes the effects of oil revenue sharing on the public finances of local governments in Brazil that received fund transfers. Conducting multiple regressions on data on more than 5,000 municipalities between 2000 and 2011, the author finds that when a locality receives a fund transfer, (1) the probability of releasing public finance data is reduced, (2) local expenditures increase across many types of sectors, and (3) the efficiency of this spending decreases with the size of the windfall shock. Chapter 11 analyzes the relationship between a country's oil abundance, its institutional quality, and its performance (economic growth and oil sector performance, specifically). Using data drawn from the World Development Indicators, the Penn World Tables, the International Energy Agency, the International Monetary Fund, and Baker-Hughes for the periods of 1984 to 2010 and 1996 to 2010 (the only periods with quality institutional data) for a sample of 85 countries around the globe, the authors generate two panel models. The authors find a strong positive correlation between oil abundance and economic growth, but institutional quality seems to have little correlation with the performance of the oil sector. The authors conclude that broad institutional quality indicators do not accurately reflect the quality of institutions most relevant to oil sector performance and note the need for indicators that might better measure the quality of those specific mechanisms. Chapter 12 is a case study that explores the role of the Council on Ethics of the Norwegian Government Pension Fund Global, which assesses companies for inclusion or exclusion in the fund. The author explains the fund's criteria for inclusion and notes that extractives sector companies form a disproportionately large percentage of those excluded due to the challenges of the industry, which the author outlines. The author concludes that the fund can play a significant role in shaping corporate behavior with the carrot of inclusion and the stick of exclusion.

Cust, J., & Viale, C. (2016). ***Is there evidence for a subnational resource curse?*** Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/there-evidence-subnational-resource-curse

Publication Type: Report

Focus Area: Access to information and intermediation; Decentralization and revenue sharing; Government monitoring and enforcement

Geography: Australia; Brazil; Canada; China; India; Indonesia; Peru; Russia; United States of America

Methods: Meta-analysis

Value Chain: VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The authors conduct a meta-analysis to examine whether subnational regions are susceptible to the resource curse, a phenomenon in which the presence of substantial natural resource endowments is associated with suboptimal economic outcomes. The authors review the literature surrounding the subnational resource curse by three sources of impact: (1) directly, via the extraction activity; (2) indirectly, via the revenues generated by the extraction spent at the subnational level; and (3) via regional spillovers. They conclude that the literature on direct impacts of extractives projects (namely, the socioeconomic benefits of mining and hydrocarbon projects) generally provides evidence of positive economic impacts through increased household income and employment and backward linkages with local businesses. But most studies have not separated the local impact of this economic effect from its impact on migrants to the regions, and the results of these studies are specific to the regions and projects of interest. Therefore, these case studies cannot adequately assess the generalized existence of a resource curse at the local level. The authors then examine the literature on indirect impacts, and they find that, though the number of studies is limited, the studies generally find weak or negative effects of resource revenue on regional socioeconomic performance. Recent work on regional spillovers further suggests that resource-related infrastructure can drive trade linkages, though it improves connections to distant markets rather than neighboring markets.

The authors conclude that there is insufficient evidence in support of a subnational resource curse. However, there are several mechanisms that explain why extraction produces markedly divergent economic outcomes in different situational contexts. The authors pinpoint six reasons resource-rich localities may underperform economically: (1) revenue mismanagement and corruption, (2) conflict, (3) labor migration, (4) displacement of the agricultural and manufacturing sectors, (5) local price distortions, and (6) social and environmental harms. The authors make policy recommendations including increasing revenue transfers to local governments gradually while the capacity to spend is improved; central government support of local governments banking unspent funds; and enhancing such accountability measures as checks, balances, and transparency of transfers. The authors also propose policies for local governments, including using resource revenue to diversify their economies, strategic investments in infrastructure and other sectors, and efforts to mitigate local price increases to avoid crowding out other sectors in the regional economy. The authors conclude by noting the following areas for further research: political trends toward fiscal decentralization; the comparative magnitudes of local, regional, and national channels of effect; and revenue sharing arrangements for improved local welfare.

*Darby, S. (2010). ***Natural resource governance: New frontiers in transparency and accountability***. Transparency and Accountability Initiative. Retrieved from http://www.transparency-initiative.org/archive/wp-content/uploads/2011/05/natural_resources_final1.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; Free, prior, informed consent; Interface and user feedback mechanisms; International multistakeholder initiatives; Open contracting and procurement; Social audits and civil society monitoring

Geography: Global

Methods: Survey; Other: Policy recommendations

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

In this extensive report, the author first summarizes the frontline issues affecting natural resource governance across the value chain, and then recommends practical transparency, accountability, and participation (TAP) interventions for a wide variety of actors and contexts. Both the issue identification and recommendations are drawn from 47 interviews with practitioners and experts and a review of the literature.

At value chain stages one and two, the main issues are conflicts between different resource users, power asymmetries in project consultations and contract negotiations, and the quality of information about natural resource projects. The author recommends three types of interventions at these stages: improve information management systems, build the incentives and capacity of civil society to negotiate, and support international multistakeholder initiatives focused on shifting consumer preferences away from suppliers that do not adequately consult with resource stakeholders.

At value chain stage three, the author underscores the opacity of the leadership of state-owned enterprises as a primary concern, and therefore recommends beneficial ownership work focused on politically exposed persons. At value chain stage four, the author identifies tax avoidance as a frontier issue. Citing the Extractive Industries Transparency Initiative (EITI) as the most promising vehicle for this work, the author recommends civil society and independent audits of the specific challenge of transfer pricing, where companies sell to their own subsidiaries to lower taxation rates and deny governments due revenue. Finally, at value chain stage five, the author focuses on the challenges of sub-national management and the use of resource revenues. To address these challenges, the author recommends government-focused interventions to improve, or in many cases create, transparency and accountability mechanisms and capacity at the local level.

Darby, S., Bickham, E., Simanjuntak, F., & Warner, N. (2015). ***Review of international governance and oversight of the EITI***. Extractive Industries Transparency Initiative. Retrieved from https://eiti.org/document/review-of-international-governance-oversight-of-eiti

Publication Type: Report

Focus Area: International multistakeholder initiatives

Geography: Global

Methods: Case study

Value Chain: VC4: Revenue

Summary:

In this review of the Extractive Industries Transparency Initiative's (EITI) structure and governance, the authors identify issues and tensions in the organization, and make a series of recommendations regarding the structure and operations of the EITI Board and Secretariat. They base their analysis on interviews with 85 EITI stakeholders, including current and former members of the Board and Secretariat and those involved in EITI implementation in-country. They also conducted research in a small number of implementing countries, attended a regional meeting of EITI coordinators, visited the EITI Secretariat, conducted a limited literature review, reviewed EITI internal documents, and quantitatively analyzed several of those documents.

The authors contend that there are two broad debates regarding how EITI should proceed organizationally and the proper role of the Board. The first debate is between those Board members who support expanding compulsory rules for implementing countries and those who believe that EITI should be shaped primarily by local reformers. Others contend, however, that focusing on the performance of individual countries is in fact its core imperative. The second debate concerns how hands-on the Board should be, with many Board members viewing deliberations as too tactical and detailed. Given these divergent views, the authors recommend that EITI implement a Board development program to ensure that even if Board members disagree about such key issues as the direction EITI should head and the proper role of the Board, they at a minimum understand the EITI's organizational structure, processes, and governance arrangements.

The authors conduct an analysis of Board attendance rates, finding that members from implementing countries attended only 57 percent of meetings, while members from both companies and civil society attended 93 percent of the time. The authors argue that low participation by implementing countries reflects an imbalance of power across the EITI. While the number of implementing countries has quadrupled in the last 10 years, those same countries are the least able or willing to participate in the EITI's core governance structure. Implementing country Board members are often placed at a disadvantage by such processes as receiving lengthy Board documents in their native languages later than English speakers and through difficulties with translation services. The authors identify a series of risks posed by low implementing country participation, including the possible emergence of a gap in the policy debate between companies and civil society and what is occurring on the ground. In response, they recommend that the implementing country constituency on the Board is increased, that the Board provide funding to implementing country representatives to cover travel and accommodation costs, and that the EITI establish an EITI Implementation Forum outside of Board processes to engage and strengthen implementing country voices.

The authors then examine Board committees. Board members sit on anywhere from zero to three committees. This disparity can lead to a sizable minority that is disengaged from Board operations. The authors therefore recommend that all Board members be required to sit on at least one committee, that the committee structure be simplified, and that the number of members on each committee be increased. These changes would also ensure that the Board Chair never heads more than one committee, which the authors recommend. To help further reduce the Chair's significant workload, the authors recommend the creation of a Deputy Chair. The authors find mixed assessments from their interviewees about the role of the International Secretariat, which is responsible for the day-to-day operations of the EITI. Concerns about the Secretariat include a power imbalance between the Board and the Secretariat due to the depth of the latter's experience with the EITI, a debate regarding whether the Secretariat should propose policy and lead the EITI Association or simply implement the decisions of the Board, and a sense that the Secretariat has a partisan stake in favor of implementing countries and their governments. The authors recommend reforms designed to improve oversight of the Secretariat's work. Finally, the authors make a few broad remarks on the EITI's funding structure. They note that the majority of the EITI's funding comes from supporting countries and development agencies and that few Board members appear to be interested in finance or fundraising. They recommend that the Board develop a strategy to diversify its funding sources and that all the funding models be made available on the EITI website. The authors conclude by noting that there is a lack of transparency around how the EITI works and recommend that all relevant documents be easily accessible and publicly available on the EITI website.

*David-Barrett, L., & Okamura, K. (2013). ***The transparency paradox: Why do corrupt countries join EITI?*** (Working Paper No. 38). European Research Centre for Anti-Corruption and State-Building. Retrieved from https://eiti.org/sites/default/files/documents/The-Transparency-Paradox.-Why-do-Corrupt-Countries-Join-EITI1.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; Government monitoring and enforcement; International multistakeholder initiatives; Social audits and civil society monitoring

Geography: Global

Methods: Observational — Datasets

Value Chain: VC4: Revenue

Summary:

The authors of this report are interested in why corrupt countries voluntarily commit themselves to the soft law transparency standards of the Extractive Industries Transparency Initiative (EITI). They review how reduction in corruption comes about through the EITI and test how accountability contributes to this reduction. They use data on 185 countries drawn from Transparency International's Corruption Perceptions Index (CPI), World Bank Development Indicators, and the EITI. The authors note an important caveat that data limitations decreased their sample size for several models. The authors find that countries join the EITI in order to bolster their reputation in the international community and gain associated benefits such as increased development aid. They also find that highly corrupt countries with high levels of natural resources do not join the EITI, but among more corrupt countries that do join, corruption reduces over time. To analyze their data further, the authors conducted a comparative analysis by matching EITI-implementing countries with non-members bearing similar CPI and natural resource dependency; these findings aligned with the previous quantitative findings. The authors attribute corruption reduction to the EITI requirement of establishing a multistakeholder group, as it increases the public's authority to hold the government accountable for natural resource management decisions.

The authors explain that, with oil sector transparency emerging as an international norm, the benefits of building a reputation for transparency and improved governance now outweigh the benefits of engaging in corrupt practices, as donors, lenders, and companies are more willing to engage with countries pursuing transparency. The authors do not make a causal claim that the promise of aid is the driver of the EITI's popularity, but they identify this as a potential research opportunity. The authors further hypothesize that as the EITI becomes increasingly popular, the value of compliance will decline, as compliant countries will no longer stand out as leaders in the transparency movement. The authors anticipate that this will lead to a decline in motivation to join the initiative and remain compliant. The authors suggest that the EITI model may be useful in other areas lacking global- and national-level regulation.

Deininger, K., Ali, D. A., & Alemu, T. (2011). **Impacts of land certification on tenure security, investment, and land market participation: Evidence from Ethiopia.** *Land Economics, 87*(2), 312–334. https://doi.org/10.3368/le.87.2.312

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Community resource management

Geography: Ethiopia

Methods: Observational — Datasets

Value Chain: VC1: Consent

Summary:

The authors examine the early impact of a community-focused land certification program in the Amhara region of Ethiopia on perceived feelings of effective government protection against forced eviction, land-related investment, and land market participation. The certification program, implemented by the government, replaced standard full land titles with non-alienable use right certificates, provided joint-ownership to spouses, and engaged the community in plot boundary identification and adjudication. To assess the impact of the program, the authors analyze data collected between 1999 and 2007 from four rounds of a panel survey of 900 randomly selected rural households in the region. The first three waves of the survey were conducted before the certification program was implemented. When the fourth survey was conducted, those households that had received certification were considered treated, and those that had not constituted the control group.

Using several regression analyses, the authors find that the certification program significantly increased perception of tenure security, led to greater investment in the repair of conservation structures in terms of time and money, and increased both the amount of land rented out by certified land users as well as the propensity to rent out land to others. The authors also note that the calculated economic benefits of the program greatly exceeded its cost.

Desai, D., & Jarvis, M. (2012). **Governance and accountability in extractive industries: Theory and practice at the World Bank.** *Journal of Energy & Natural Resources Law, 30*(2), 101–128. https://doi.org/10.1080/02646811.2012.11435288

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; Government monitoring and enforcement; International multistakeholder initiatives; Open contracting and procurement; Social audits and civil society monitoring

Geography: Global

Methods: Case study; Other: Theory

Value Chain: VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

The authors consider accountability in natural resource governance across every link of the value chain. They review the governance and accountability dimensions of extractives development, then employ an extensive case study of the World Bank, ultimately examining its engagement to date in the extractives sector and identifying avenues for multilateral institutions to increase support for accountability. The authors emphasize that, given the complexity of the extractives sector, government responses must also be nuanced and tailored to their local contexts. The next step is to build accountability, which the authors define as transparency plus participation. To do so, institutions and other such frameworks must be viewed as important parts of country contexts shaped by political forces. The participation of actors in the public sphere, such as civil society and the media, can facilitate information flows and accountability processes, though the authors acknowledge that the public sphere is not a cure-all and can come with its own attendant problems. The authors analyze frameworks for action in building accountability, starting with the value chain encompassing all key decision points in the extractives sector, and note that the chain leading to development impact is only as strong as its weakest link.

The authors turn to the role of multilateral development agencies in fostering accountability, focusing on the World Bank as a case study in illustrating the opportunities and constraints facing the international donor community in strengthening governance in the extractives sector. The World Bank's engagement in the past decade has been based on the 2004 Extractive Industries Review, which has translated to greater Bank engagement around extractives governance, both in setting standards and promoting good practice. This includes the Bank's commitment to improved transparency; with its support for the Extractive Industries Transparency Initiative (EITI), the authors point to the likely emergence of a *de facto* global standard for revenue disclosure transparency. To convey such issues beyond simple disclosure, such as whether countries are receiving a fair share of rents or spending or are investing revenues for development outcomes, the Bank announced the EITI++ initiative in 2008. The EITI++ recognizes that accountability can extend both upstream and downstream and holds companies accountable for specified commitments in terms of social, environmental, and economic impacts. The authors note the following areas in which the Bank has been focusing its efforts to improve the extractives industry's governance: (1) going beyond working just with the range of relevant ministries to include the range of key stakeholders, including industry and civil society; (2) producing high-quality political economy analyses to inform project design; (3) using technology such as SMS and GIS mapping to facilitate citizen reporting; and (4) forming an internal Extractives Industry Task Group to bring together World Bank staff working in this sector.

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). (2016). ***Assessing the effectiveness and impact of the Extractive Industries Transparency Initiative (EITI)***. Retrieved from https://eiti.org/sites/default/files/documents/eiti_impact_study_giz_2016.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global; the Democratic Republic of the Congo; Mozambique

Methods: Case study; Observational — Datasets; Other: Literature review

Value Chain: VC2: Contract; VC4: Revenue

Summary:

The authors leverage mixed methods in their evaluation of the Extractive Industries Transparency Initiative (EITI) using statistical analysis, surveys, interviews, and case studies. To assess the effectiveness and impact of EITI candidacy and membership, the authors employ a statistical analysis of 10 variables selected from the World Bank's World Development Indicators. In order to strengthen their analysis, the authors also engage two case studies, one from the Democratic Republic of the Congo and the other from Mozambique, consisting of surveys and semi-structured interviews with public, private, and civil society stakeholders. The DRC case study shows improvements in data collection and financial management but limited impact in mining areas. The Mozambique case study reveals EITI efforts to be too centralized at the government level, under-funded, and lacking political leadership. The authors find less impact in countries at either end of the development spectrum, with better prospects where stakeholders are tied to overall political and economic transformation.

Finding few significant results from their extensive analysis, the authors conclude that the effects of EITI status are significant on a country's level of net foreign direct investment and the time spent by the private sector in preparing and paying taxes. These limited findings indicate that there is little evidence for the potential impacts of the EITI. The authors attribute the lack of evidence of impact to the logic behind the EITI. They posit that, because the EITI focuses on policy-level changes, the scope of the initiative is not comprehensive enough to have an effect, as it does not have the capacity to address the multiple external influences that impact the development of those same policies. The authors do note broad agreement on the expectations of the EITI, but less agreement on how to measure its effects, finding that current insights on impact were based on perceptions and anecdotal evidence rather than measurable data; any changes driven by the 2013 Standard are not yet reflected in World Bank data. Among their recommendations are for the EITI to implement a comprehensive measurement and evaluation system, alongside specific recommendations for strategy, cooperation, and management. A limitation to this research is that, in developing their analysis, the authors determine that several of their independent and dependent variables needed to be excluded due to incomplete data, owing to inconsistent reporting on corruption. Therefore, several major explanatory variables were left out of this research.

*D'Souza, A., & Kaufmann, D. (2013). **Who bribes in public contracting and why: Worldwide evidence from firms.** *Economics of Governance, 14*(4), 333-367. http://dx.doi.org/10.2139/ssrn.1563538

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Open contracting and procurement

Geography: Global

Methods: Observational — Datasets

Value Chain: VC2: Contract

Summary:

The authors examine key issues surrounding worldwide public procurement bribery, using the World Economic Forum's (WEF) 2006 Executive Opinion Survey to analyze firm procurement bribery and bribe size (defined by the authors as the percentage of the contract value offered). The survey data includes 11,232 business managers' anonymous answers to 146 questions within 125 countries. To increase honest answering among respondents, the WEF framed the survey around business "competition" rather than "corruption," dispersing limited indirect corruption-based questions throughout the survey and asking business managers to assess procurement bribery among firms similar to their own. The authors then use variables constructed from a quantitatively-oriented public procurement bribery question ("When firms like yours do business with the government, how much [% fee] of the contract value are they expected to pay in 'additional payments' for the bid to succeed?") in a probit model testing a series of factors affecting bribery decisionmaking (p. 338). The authors focus on the relationship between bribery and distinct dimensions of governance: (1) transparency, freedom of press, and voice and accountability (all relating to "citizen demand-driven aspects of governance"); as well as (2) rule of law and government effectiveness (relating to "public sector supply-driven aspects of governance") (p. 336). The authors discuss comprehensive limitations of the econometric estimations, including an inability to control for unobserved heterogeneity among firms, and incorporate solutions throughout the article.

The authors' raw data reveal that approximately 32 percent of respondents acknowledged bribery to safeguard government contracts among similar firms. Higher frequencies of bribery were reported within impoverished non-Organisation for Economic Cooperation and Development countries. The authors find additional factors that influence bribery decisions among firms, including: (1) firm location, (2) national citizen-driven dynamics such as transparency and a free press, and (3) national public sector factors such as government effectiveness and the rule of law. Although their results suggest that smaller domestic firms practice bribery more often, bribe amounts average 8 percent of the contract value between domestic and multinational firms. The authors reason that larger foreign firms may be less inclined to bribe because of higher chances of being caught, more resources, transparency, increased citizen-driven good governance factors in their home country, and larger reputational costs. The authors suggest that procurement bribery may be reduced by heightening costs and lowering potential bribery profits, as firms are motivated to maximize their profits. Additional suggestions include strengthening state transparency initiatives, investigative institutions, journalistic freedom, partnerships among media and international NGOs to better publicize bribery occurrences. States and multinational firms should also compile publicly available lists of firms found guilty of procurement bribery. The authors call for further research on public procurement bribery and reputational costs.

Duflo, E., Greenstone, M., Pande, R., & Ryan, N. (2013). **Truth-telling by third-party auditors and the response of polluting firms: experimental evidence from India.** *The Quarterly Journal of Economics, 128*(4), 1499–1545. https://doi.org/10.1093/qje/qjt024

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Government monitoring and enforcement

Geography: India

Methods: Randomized experiments and evaluations

Value Chain: VC3: Production

Summary:

The authors report on a two-year field experiment involving the pollution auditing practices of 473 industrial production plants in Gujarat, India. The study is designed to determine if plants' competition for the business of third-party auditing systems fosters conflicts of interest that undermine both regulatory goals and reporting accuracy. To test whether auditor independence increases truth-telling in regulatory compliance, half of the auditors were compensated centrally. Auditors were also randomly assigned to plants in order to reduce the incentive for false reporting, as concerns about future employment and preferential compensation were no longer relevant. Finally, the authors increase the chances of inaccuracies being discovered by randomly auditing the reports.

The results of this study indicate that pollution metrics were systematically underreported by the control group, wherein auditors were chosen and paid directly by the production plant. In addition, the results suggest that providing financial independence through a central auditing agency lessens this underreporting bias, as reports consistently showed increased accuracy when auditors were independently assigned and paid by a centralized agency. Finally, increased audit accuracy and oversight led to a reduction in plant pollution—most notably for those pollutants subject to the highest scrutiny. In its second year, the experiment tied increased compensation to reporting accuracy, revealing a positive relationship between financial incentives and truth-telling. In sum, this study demonstrates how increasing and incentivizing reporting accuracy can in turn disincentivize corrupt reporting and acceptance of bribes. The results of this study support the notion that embedding financial incentives into reforms can increase regulatory compliance, though the authors acknowledge that its application may be limited across other contexts and industries.

Dupuy, K. (2017). ***The global participation backlash: Implications for natural resource initiatives*** (U4 Brief 2017:4). Chr. Michelsen Institute. Retrieved from https://www.cmi.no/publications/6256-the-global-participation-backlash

Publication Type: Report

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Other: Policy recommendations

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

Important civil society organization (CSOs) activities are under threat in many resource-rich countries, the author argues, with serious implications for the effectiveness of multistakeholder initiatives. The author defines the impact of CSOs on multistakeholder initiatives as taking the following four forms: generating and sharing information, setting moral standards, democratizing process, and holding the initiative accountable for its goals. According to the author, 23 Extractive Industries Transparency Initiative (EITI) member countries have introduced legislation limiting the activities of CSOs, including barring them from political activity and restricting their revenue sources. Restrictions such as these can make the EITI and similar multistakeholder initiatives less effective or entirely ineffective, and they can empower CSOs that are hand-picked by regulators to espouse government-friendly views. This policy brief does not provide a granular analysis of new legislation, but instead gives a list of countries where CSO-limiting laws have been passed with a few illustrative examples.

The author makes the following recommendations: for donors to respond to increasing limits on the activities of CSOs in resource-rich countries, they call for additional research to build evidence regarding which underlying conditions permit civil society to enact the role it is widely believed to have in combating the resource curse. Second, they recommend that donors support capacity-building by local CSOs and pressure on governments by international CSOs in countries where civil society is being repressed.

*Esteves, A. M., Coyne, B., & Moreno, A. (2013). ***Local content initiatives: Enhancing the subnational benefits of the oil, gas and mining sectors.*** Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/local-content-initiatives-enhancing-subnational-benefits-oil-gas-and

Publication Type: Report

Focus Area: Decentralization and revenue sharing; Free, prior, informed consent; Government monitoring and enforcement

Geography: Global

Methods: Other: Policy brief

Value Chain: VC2: Contract; VC3: Production; VC5: Spending

Summary:

The authors provide a summary of policy strategies for governments to effectively incorporate local content provision in the extractives sector. Local content provision refers to placing requirements on extractives projects to use local labor, products, resources, and businesses. The key purpose of local content initiatives, the authors write, is to contribute economic capital at the subnational or national level not purely for its own sake, but to further public policy objectives. The authors support their conclusions by synthesizing numerous local content initiatives in oil-, gas-, and mineral-producing countries.

In the authors' framework, governments must balance maximizing local content initiatives against their complement: taxes and royalties. Trading off between these two can effectively make it possible for extraction to generate both national and subnational benefits, and to avoid conflict in the impacted community. The authors describe a wide range of approaches to this balancing problem. In Nigeria, for instance, there are statutory requirements for the percentage of Nigerian workers on certain projects. Other countries have regulatory frameworks that require companies to submit local content provision plans, the oversight of which can be costly. Additional strategies include requiring outreach to local communities about opportunities and initiatives by governments to register local suppliers. Local content provision can also be developed with indigenous communities as part of the free, prior, informed consent process.

A limitation of this work is the lack of empirical evidence regarding which of these techniques is effective in which context. However, in the absence of a clear set of best practices, the authors present several principles for effective governance of local content initiatives. First, they recommend implementing clear monitoring of the process, with agreed-upon targets. Second, they call upon companies to produce regular and easily audited reports on local content provision. Civil society organizations, they argue, have a key role in monitoring and raising concerns in cases of noncompliance. Finally, they stress the role of multistakeholders.

*Evidence and Lessons from Latin America (ELLA). (2012a). ***Accessing land for extractive industries: Socially and environmentally sustainable approaches.*** Retrieved from http://ella.practicalaction.org/knowledge-guide/accessing-land-for-extractive-industries-socially-and-environmentally-sustainable-approaches/

Publication Type: Report

Focus Area: Community resource management; Corporate social responsibility; Government monitoring and enforcement

Geography: Bolivia; Chile; Colombia; Ecuador; Peru

Methods: Case study; Other: Policy brief

Value Chain: VC1: Consent; VC3: Production

Summary:

This report examines Latin American countries' policies for accessing land for extractives activities. Large extractives projects, such as oil exploration and production, tend to be favored by governments since they generate more revenue in the short term than agriculture projects; this is the case in Latin American countries. However, extractives projects cause more damage to the environment and pose a threat to the livelihoods of indigenous communities. To address the negative social and environmental impacts that the extractives industry creates, countries in Latin America have developed four policy strategies: national land use planning systems; environmental protection policies; using social licenses to improve the process of granting land access; and improving state, corporate, and civil society institutions.

First, national land use systems, which regulate mining locations, protect land that is used for agriculture purposes and can prevent land use conflicts. For example, in La Guajira region of Colombia, unregulated land resulted in the expansion of a mining project into the Wayuu community. This resulted in the displacement of the Wayuu indigenous people from their land and created tension between the extractives corporation and the community. Second, most Latin American countries have implemented environmental protection policies, such as the use of Environmental Impact Assessments (EIA), Environmental Quality Standards (EQS), and Maximum Permissible Limits (MPL) to identify potential impacts to the environment and provide mitigation plans. Some countries like Bolivia, Ecuador, and Peru have gone farther and implemented a mechanism to monitor the impacts on air, water, and land that result from the extractives industry. Moreover, Colombia, Ecuador, Peru, and Chile have prohibited mining at reserved areas such as national and regional parks and monuments.

In addition to the land planning system and environmental land assessments, some Latin American countries have implemented social licenses to allow indigenous communities to raise environmental concerns before agreements are signed and the government approves projects. Finally, through collaboration, Latin American governments have worked with the extractives industry and civil society groups to acquire land through clear property rights, community consultation, and financial compensation; they have also established compensation rules for social or environmental impacts and procedures for the return of the land after project termination. Furthermore, in the public sector, countries like Peru and Bolivia have established environmental offices to enforce environmental laws and regulations. On the other hand, in the private sector, the extractives industry has established Corporate Social

Responsibility Principles (CSRP) to promote transparency by disclosure of information of corporate standards and principles to the public. Additionally, civil society groups continue to play a pivotal role in monitoring and reporting.

Overall, policies to protect the environment and the livelihood of the indigenous communities in Latin America have proven to be effective to an extent, and the governments of these countries continue to improve on existing policies.

*Evidence and Lessons from Latin America (ELLA). (2012b). ***From expropriation to social licence: Accessing land for extractive industries.*** Retrieved from http://ella.practicalaction.org/knowledge-brief/from-expropriation-to-social-licence-accessing-land-for-extractive-industries/

Publication Type: Report

Focus Area: Access to information and intermediation; Corporate social responsibility; Government monitoring and enforcement

Geography: Latin America

Methods: Case study; Other: Policy brief

Value Chain: VC1: Consent; VC2: Contract; VC3: Production

Summary:

In most countries in Latin America, resource-rich lands for extractives projects are located in rural areas where farmers and indigenous communities reside and where land rights are not well defined. Prior to the implementation of social licensing, Latin American countries expropriated lands from farmers and indigenous communities to allow extractives companies to use the land for extractives projects. Because of the expropriation, local people were often displaced, creating conflict between local communities and extractives companies because local communities depend on the lands for their livelihoods. In order to improve policies of land access and to avoid land conflicts, Latin American countries, extractives companies, and civil society groups began to use property rights, consultation mechanisms, financial compensation for land purchase, social and environmental impacts compensations, and land return and termination rules.

In Latin America, states use different methods to grant property rights to rural communities that provide them with legal protection and leverage to participate in and voice their concerns during the negotiation processes regarding planned extractives projects. One method gives property titles to individuals or to the farming or indigenous community. For example, in 1994, the Bolivian Constitution recognized collective indigenous ownership forms known as Tierras Comunitarias de Origen. Another method gives state conferral of special territorial rights to indigenous communities to negotiate with the extractives company's access to land and resources.

In addition to property rights, Latin American countries use different consultation mechanisms such as mandatory disclosure of planned extractives projects to the local community and the participation of local communities in extractives project meetings. Like Bolivia, other countries such as Colombia and Peru have established specific or "special" consultation laws for indigenous people that extractives companies are required to comply with to gain land access. The consultation laws have proven to be effective. Not only do extractives companies comply with the laws, but they have also continued to improve on their corporate social responsibility standards.

Moreover, after property rights are established, extractives companies in Latin American countries are able to access land by direct purchase or through compensation negotiation with the local community in exchange for the land. The state determines the value of the land or the community and extractives company reach an agreement on the price of the land. For example, in Peru, the Antamina mining company purchased its extractives land for a negotiated fix price per hectare with the community. Other compensation mechanisms, such as involving multiple stakeholders and civil society groups in the planning

process to provide socioeconomic support in the areas of education and health to the communities, have also been developed. Moreover, upon returning the land to it owners, private companies are required to ensure that the land can be cultivated and used.

In sum, Latin American countries' implementation of social licensing and use of mechanisms that protect indigenous peoples' property rights have overall been effective. Other resource-rich countries can also improve on their land access policies by implementing similar policies, which allow for the disclosure of extractives project plans to the local community, allow civil society groups to scrutinize planned projects, and establish social and environmental offices that deal with land conflict.

*Evidence and Lessons from Latin America (ELLA). (2012c). ***Indigenous people, conflict and extractive industries: Latin American approaches*** (Brief). Retrieved from http://ella.practicalaction.org/knowledge-brief/indigenous-people-conflict-and-extractive-industries-latin-american-approaches/

Publication Type: Report

Focus Area: Interface and user feedback mechanisms

Geography: Argentina; Bolivia; Chile; Colombia; Ecuador; Guatemala; Mexico; Peru

Methods: Case study; Other: Policy brief

Value Chain: VC1: Consent

Summary:

This report discusses the lessons learned from the extraction of natural resources from indigenous populations' settlements in Latin American countries. Historically, in many Latin American countries the governments did not recognize the existence of minority indigenous populations in their population census, nor did they give these populations the right to live on the land they had inhabited. Instead, they awarded concessions on land use to natural resource extraction companies without prior warning to the communities. In 1964, for example, the government of Ecuador did not consult the indigenous populations living on Amazonian land and granted 1.5 million hectares of the land to the Texaco Company (now Chevron) for oil exploration purposes. More recently, in 2007, the Government of Argentina granted concessions and oil exploration access to the oil companies Pluspetrol and Enarsa for the Zapala and Laguna Blanca areas, which host 14 indigenous Mapuche communities. Having received this permission for oil exploration, Pluspetrol began their extractive work, which led to Mapuche community opposition and calls for work stoppage.

In 2011, Pluspetrol and Mapuche indigenous leaders engaged in a consultation process. Although this consultation process was useful, the Mapuche community leaders concluded that the government should perform consultations with indigenous communities, by law, before it grants concessions to the extractive companies. Once natural resource extraction work has started, it is more difficult to change course. The Mapuche case and others like it across Latin America illustrate the degree to which negotiations are necessary to avoid future conflict and produce socially sustainable extractive industry projects.

To honor the rights and demands of indigenous people over their land, the International Labour Organization (ILO) Convention 169 makes recommendations to governments on consultation processes and guarantees indigenous peoples the cultural and political right to own land and resources as well as to act in accordance with their cultural practices. The governments of Ecuador, Argentina, Bolivia, Brazil, Chile, and Colombia agreed to ratify the conditions it sets forth. While the Latin American governments of these countries have publicly adopted these international standards, each of the governments implemented them differently. Bolivia, Colombia, and Panama, for example, allowed their indigenous communities to self-govern, to have ownership of their cultural land, and to consult directly with extractive companies about land usage. This approach has provided helpful lessons for other Latin American countries to follow on creating sustainable extractive industry projects. However, in many Latin American countries, implementation has prevented long-term political autonomy of indigenous communities because communities are not granted territorial ownership or indivisible inheritance, meaning that the community's collective right to the land is not guaranteed in the future. Similar to the ILO standard, the World Bank's Operational Policy 4.10 acknowledges the cultural and political right of indigenous populations to have control over their land and natural resources. In practice, however, the World Bank policy is not implemented in a transparent and accountable way.

*Evidence and Lessons from Latin America (ELLA). (2012d). ***Managing conflict through consultation: Latin America's experience***. Retrieved from http://ella.practicalaction.org/knowledge-brief/managing-conflict-through-consultation-latin-america-s-experience/

Publication Type: Report

Focus Area: Free, prior, informed consent; Government monitoring and enforcement; Interface and user feedback mechanisms; Social audits and civil society monitoring

Geography: Argentina; Bolivia; Chile; Colombia; Ecuador; Guatemala; Mexico; Peru

Methods: Case study; Other: Policy brief

Value Chain: VC1: Consent; VC2: Contract

Summary:

This policy brief analyzes the strengths and weaknesses of consultative practices used by various state and non-state actors to obtain concessions from indigenous populations to extract natural resources from their land. Historically in Latin America, a lack of inclusive and judicious consultations has led to violence, social conflict, and extractive projects being stopped or overturned. This report highlights three types of consultations led by the state, private sector, and civil society. The report also contains recommendations for effective consultations.

State-led consultations generally occur when the state has a special interest in expanding the extractive industry or when private companies could not obtain a social license through independent negotiations. Companies are able to gain social licenses through consultations with local communities and other stakeholders who are directly impacted and who specify the terms and conditions of the extractive projects on their land. In the majority of state-led consultations, indigenous populations and indigenous leadership are involved in the process and any extractive projects are discontinued if full consensus is not reached. For example, the Bolivian Ministry of Hydrocarbons and Energy led a successful consultation process that led to the issuance of a social license and settled a dispute between the Guarani people and the oil company Pluspetrol.

In some countries where private-led consultations are prevalent, companies must follow legal frameworks that are put in place by the state, creating a layer of permissions needed to obtain concessions. In others, the state does not play any role in determining the outcome of private-led consultations, but the consultations proceed under the rules set forth by the World Bank's Policy on Indigenous Peoples. For example, YFPB Transport SA is a natural gas pipeline company that followed Bolivian law to conduct a participatory consultation to obtain their social license and were able to maintain the license over the objections of the Guarani People's Assembly because due process was followed in the issuance process.

Finally, civil society consultations are often used as a back-up option when private as well as state-led consultations fail to result in the issuance of a social license. Civil society-led consultations are considered a democratic mechanism to uphold local culture and are seen as part of the broader activist portfolios of the groups involved in them. In several Latin American countries, civil society groups have successfully gained recognition with the state-run Ombudsman offices, which monitor consultation processes between companies and communities, and uphold human rights protocols.

Based on the experience in several Latin American countries, the authors recommend using state and international agency legal standards as clear consultation rules, all-inclusive community participation, transparency in disclosing consultation meeting proceedings to the public, and state monitoring of consultation processes.

*Evidence and Lessons from Latin America (ELLA). (2012e). ***Rent distribution and extractive industry conflict: The Latin American approach***. Retrieved from http://ella.practicalaction.org/knowledge-brief/rent-distribution-and-extractive-industry-conflict-the-latin-american-approach/

Publication Type: Report

Focus Area: Decentralization and revenue sharing

Geography: Bolivia; Brazil; Colombia; Ecuador; Peru; Venezuela

Methods: Case study; Other: Policy brief

Value Chain: VC1: Consent; VC5: Spending

Summary:

Many Latin American countries have enacted a variety of rent distribution schemes to mitigate social conflicts stemming from disagreement over the use of extractives projects' revenues. This report from Evidence and Lessons from Latin America (ELLA)—a network completing comparative research and programs in the Global South—examines whether compensation- or development-oriented logic predominates in a system's success. Compensation-oriented logic is defined as a decentralized rent distribution mechanism whereby payments are made to local communities for projects' negative impacts on a territory, while development-oriented logic can be described as a centralized system in which extractives rent is allocated to certain sectors to implement development initiatives.

In particular, the authors consider Peru's Canon Law, a cash transfer compensation system established in 2001 to reduce conflict between extractives companies and local communities. According to data they gather and analyze from the Defensoria del Pueblo, the Peruvian Ministry of Economy and Finances, and the Peruvian Central Bank, the authors find that conflict has been continuously increasing in Peru, despite Canon Law's aims. In following the history of adjustments to the law, they theorize that the Peruvian national government has merely been answering public pressure when conflicts surrounding projects have grown too large, minimizing them by increasing communities' shares of extractives rents. Drawing on prior literature, they attribute the increase in conflict to this type of reactionary short-term policymaking, as communities now view conflict as a means to position themselves with additional bargaining power. The authors also find that bureaucratic challenges at the local level and a lack of institutional capacity have led to a low proportion of transfer funds being spent at all, and in effect, have heightened social conflict. The authors lay out three primary lessons from the Peruvian Canon Law case: (1) the quality of spending matters, and rent distribution must coincide with development in communities; (2) rent distribution must operate within a strong institutional framework that can manage its implementation; and (3) compensation of a community must be linked to their pre-determined development-based expenditure plans. Without clear development aims and strong institutions, compensation-oriented rent distribution can actually lead to even more conflict.

Extractive Industries Transparency Initiative. (2015). ***Beneficial ownership pilot evaluation report***. Retrieved from https://eiti.org/document/beneficial-ownership-pilot-evaluation-report

Publication Type: Report

Focus Area: Access to information and intermediation; Asset disclosure and beneficial ownership; International multistakeholder initiatives

Geography: Burkina Faso; the Democratic Republic of the Congo; Honduras; Kyrgyz Republic; Liberia; Niger; Nigeria; Tajikistan; Tanzania; Togo; Zambia

Methods: Case study

Value Chain: VC2: Contract

Summary:

The Extractive Industries Transparency Initiative (EITI) recommended, in the 2013 Standard, that countries disclose beneficial ownership information in their EITI reports. This report evaluates the effectiveness and implementation of that recommendation in 11 countries from 2013 to 2015. The report discusses each country's adoption and implementation in six ways: (1) whether it has actually adopted a beneficial ownership disclosure regime; (2) how it defines beneficial ownership; (3) how politically exposed persons are included in the definition; (4) whether the disclosed data are comprehensive, reliable, and released in a timely fashion; (5) what mechanisms it is using for collecting beneficial ownership information; and (6) whether it is building a public registry to distribute beneficial ownership information to civil society and the larger public. To discuss these cases, the authors rely on two primary sources of information: changes to a country's regulatory code or statutes governing the definition of rules surrounding beneficial ownership, and beneficial ownership information disclosed in a country's EITI report, often pursuant to the legal changes. This information is compiled and discussed as a qualitative exercise. Importantly, the authors are only interested in evaluating whether countries have instituted changes, whether such changes are effective, and whether effectiveness is arguably a function of the particular definition; they do not attempt to explain why different definitions may have been codified in different countries.

The report finds that all 11 countries have successfully codified a definition of beneficial ownership, but that not all definitions contain mandatory "thresholds" (the minimum stake a beneficial owner must have in a company to mandate disclosure). The report also finds that none of the 11 countries evaluated codified a definition of politically exposed persons, for the purposes of disclosure or otherwise. Regarding data comprehensiveness, timeliness, and reliability, the report finds that all 11 countries varied to some extent. The report does not investigate cross-sectional explanations for this variation. The report finds that none of the 11 countries developed public registers for beneficial ownership information.

Although this report does offer useful information gathering, particularly with respect to definitions of beneficial ownership, it is primarily prescriptive, and generally opts for discussing cases to make recommendations, rather than discussing cases to explain variation.

Fearon, J. D., Humphreys, M., & Weinstein, J. M. (2015). **How does development assistance affect collective action capacity? Results from a field experiment in post-conflict Liberia.** *American Political Science Review, 109*(3), 450–469. https://doi.org/10.1017/S0003055415000283

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Community resource management

Geography: Liberia

Methods: Randomized experiments and evaluations

Value Chain: N/A

Summary:

In this study conducted alongside the International Rescue Committee (IRC), the authors administered a randomized evaluation to analyze the effect of IRC's Community Driven Reconstruction (CDR) interventions—which are meant to promote community cohesion and welfare—on collective action governance in post-conflict Liberia. The study is conducted in a region in Liberia that is characterized by significant ethnic divisions, with cultural divides by age and gender. As past conflict feeds distrust, post-conflict Liberia was identified as a region in need of interventions for reconciliation and social cohesion.

The authors conducted a field experiment to evaluate the impact of IRC's CDR interventions that were implemented in 42 communities randomly chosen from 83 eligible communities across two districts in northern Liberia from November 2006 to March 2008. The authors indicate that communities were deemed eligible on the basis of their population size, authority structure, and geographic location. The CDR programming involved having communities elect community development councils who then undertook a "quick impact" project, a large community development project, and a project targeting a vulnerable group prior to the experiment.

To measure the outcomes of the CDR intervention, the authors used a behavioral experiment and accompanying survey. After the intervention had concluded, the authors invited both treatment and control groups (the 41 communities not involved in the CDR intervention) to participate in a fund-matching project wherein each participant was given a set amount of cash. Participants could either keep the amount or contribute any portion of it to a community fund, with the contributions accruing at least 100 percent interest. Both the treatment and control groups were instructed to decide how these funds would be spent and to select three representatives to handle the funds. The authors found a significant causal effect of the CDR program on the collective action capacity in treatment communities, but the effect was only present in mixed gender projects; it was not discernible in women-only projects.

The authors also conducted a baseline survey before the intervention began and follow-up panel surveys after the conclusion of the fund-matching experiment, both of households, to collect data that would allow them to assess the causal paths of CDR's impact. Through the surveys, the authors find that experience with CDR increased a community's ability to solve a collective action problem in a mixed-gender setting. In an all-female setting, however, the solution was reached more easily with or without the introduction of CDR, possibly due to established networks of resources.

This demonstrates that CDR programs can improve decisionmaking, but that the new institutions will not supersede a capable, preexisting structure that can be leveraged for the scenario at hand. The authors also determine that those exposed to social cooperation through IRC's program exhibited increased willingness to engage in such cooperation in subsequent projects, but that impact depends on the kind of social dilemma at hand and which parties are enabled to resolve it.

The authors find evidence that suggests that interventions can affect social cooperation in a short time span and that improving social cooperation does not have to engage economic or high-level political systems, but that the effects are sensitive to gendered groups. Ultimately, these results might point to CDR having less of an impact on general beliefs and behaviors that promote inclusion, governance, and democracy, but rather a positive impact on local leaders' ability to enable collective action. The authors recognize that their findings contradict much of the related literature on CDR, which offer no or mixed evidence of improved governance. Together, this presents a challenge to distilling general conclusions from the broader research.

Fetzer, T., & Kyburz, S. (2017). ***Does democracy moderate resource-induced conflicts?*** (Working Paper). Retrieved from https://sites.tufts.edu/neudc2017/files/2017/10/paper_429.pdf

Publication Type: Report
Focus Area: Decentralization and revenue sharing
Geography: Nigeria
Methods: Observational — Datasets
Value Chain: VC5: Spending

Summary:

In this working paper, the authors seek first to measure the effect of oil revenue shocks on violence at the local level, and then to test whether electoral accountability can mitigate that relationship. The authors build a dataset covering 774 local government areas (LGAs) in Nigeria from 1999 to 2014. It contains revenue data from monthly tax revenue disbursements, electoral accountability data from keyword media content analysis, and conflict data from the PRIO / Uppsala Armed Conflict Location and Event Data Project (ACLED), which provides a geo-referenced dataset of conflicts.

They then apply two-stage instrumental variables difference-in-difference estimations to investigate two key questions. First, they explore whether natural resource rents induce conflict. The authors find that windfalls in tax revenue lead to local violence. A one standard deviation increase in the allocated resources increases the incidence of conflict by up to 100 percent, with no differential effects of natural resource rents on conflict between oil-producing and non-oil-producing areas. In their second analysis, the authors investigate whether local elections can reduce violence. The analysis suggests that elections attenuate the relationship between resource rents and conflict. In LGAs without democratically elected leaders, oil revenue windfalls drastically increased occurrences of conflict. Democratic accountability mitigated those effects; in LGAs with democratically elected leadership, the conflict-producing effect of revenue windfalls was significantly weaker.

These results support revenue (rather than point of extraction) focused interpretations of the resource curse, as well as supporting arguments to the effect that democratic accountability can potentially mitigate the curse's conflict symptoms.

Frederiksen, T. (2017). ***Corporate social responsibility and political settlements in the mining sector in Ghana, Zambia and Peru*** (ESID Working Paper No. 74). The University of Manchester. Retrieved from https://papers.ssrn.com/abstract=2893134

Publication Type: Report

Focus Area: Corporate social responsibility

Geography: Ghana; Peru; Zambia

Methods: Case study; Other: Literature review

Value Chain: VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This study examines how corporate social responsibility (CSR) initiatives fostered by mining companies affect local and national political settlements. In particular, the author investigates how CSR influences the discursive framing of mining operations and the supportive or disruptive effects of CSR on political settlements at the local and national levels. The study finds that CSR tends to be employed as a strategy of branding and risk management for companies, and therefore supports the status quo of exclusionary political settlements in the three case countries. The benefits of CSR accrue mostly to local elites. Mining companies form new clientelist relationships with local leaders, which leads the author to criticize CSR as a barrier to inclusive development and, in some cases, an incubator of social conflict. This research is based on one-month field visits to three countries with significant mining economies—Zambia, Ghana, and Peru. In each country, the author interviewed civil society experts, mining community residents and leaders, and mining executives. He conducted site visits to two mines in each country; selection was made based on CSR outcomes and the willingness of companies to grant access. The author does not clarify how he avoided selection bias while choosing research sites. In all case countries, the "scalar and spatial politics" of mining produced disruption, which companies attempted to manage through CSR (p. 5).

The author uses his three case studies to draw comparisons to and comment about the effects of CSR on political settlements. Zambia and Ghana, the two African cases, are both highly resource-dependent countries where neoliberal structural adjustment programs forced the government to privatize national mining companies. Both governments sold mines at below-market prices, offering incentives like tax holidays to multinational mining companies. In Zambia, the population was incensed by this program, and mining community residents still express frustration with CSR projects, which provide less effective investment than the national mining company once did. In Ghana, tax holidays for mining companies sparked public hostility to the sector once they were made public. Mining companies responded to this increased pressure by establishing community development foundations, which create participatory fora for discourse about CSR decisions and accrue power to traditional community leaders. In Peru, the author finds the most conflict-ridden political settlement of the three cases. The state strategically absents itself by devolving large resource rents to local governments. This creates an "extreme clientelist politics" in which local elites vie for development funding; marginalized community members interface with miners primarily through violent conflict (p. 23). In all three cases, CSR allows companies to manage the political settlement to empower local elites and reduce violent disruptions to operations, but, as a consequence, it promotes exclusionary development.

Fulmer, A. M. (2014). ***The politics of a strange right: Consultation, mining, and indigenous mobilization in Latin America***. In G. Andreopoulos & Z. F. Kabasakal Arat, *The uses and misuses of human rights* (pp. 65–88). New York: Palgrave Macmillan. https://doi.org/10.1057/9781137408341_3

Publication Type: Book section

Focus Area: Interface and user feedback mechanisms

Geography: Guatemala; Peru

Methods: Case study

Value Chain: VC1: Consent

Summary:

The International Labor Organization's Convention 169 (ILO 169) grants indigenous peoples the right to consult with the government on a development project that would disturb their land. However, the meaning of "consultation" in practice is unclear and its results have been nonbinding. In this paper, the author examines the effects this law has had on three different mining projects: Marlin (Guatemala), Yanacocha (Peru), and Río Blanco (Peru). To do so, she completed more than 16 months of fieldwork in each country, conducting workshop observations, 150 interviews with various actors, and examining print materials (such as press archives). The author chooses the mines because community consultation has played an important role in both countries, but the way dissent has taken shape in each case differs. Community consultation is when locals "consult themselves," since the government did not properly consult them, and discuss/vote on a development project.

In studying the mining projects, the author finds that Sipicapa, Guatemala, held a community consultation and voted against the Marlin mine. The Guatemalan Constitutional Court ruled that the voting practice was legal, but allowed operations to continue, so activists proceeded to file a complaint with the Inter-American Commission for Human Rights. In doing so, they extended the influence of ILO 169 beyond dissent rhetoric to formalized legal action. The mine has continued to operate, however, because the case remains in an "odd legal limbo" (p. 74). The Yanacocha project proceeded differently, as activists did not legalize their argument or use the right to consultation in their course of action. Instead, 10,000 residents participated in multiple dramatic protests, including blocking the road to the mine. In this case, the project was halted, but rumors that the company will start work again once the tension simmers persist. Finally, in the case of the Río Blanco project, while activists' protests focused on legal standards of consultation, they did not take formalized action. They used the ILO 169 and international norms as organizing tactics and hosted community consultations, but did not bring their results to court like the Sipicapa community.

After examining these three stories, the author argues that international law should be viewed by academics as a "weapon of the weak," rather than as an ineffective tool created by elites. She believes that ILO 169 shaped the rhetoric of these protests, gathered national interest that put pressure on governments, and legitimized the concept of community consultations, despite the lack of legal victories. In addition, the author notes that, in her opinion, many theories on social change put too much emphasis on "the role and activity of the state," and too little on "the role that civil society has" (p. 80). While the study draws preliminary conclusions, its limitations include the fact that law has not played a straightforward role in any of these cases and that it is still unclear what consultation has done for indigenous peoples in terms of material gains.

Gainer, M. (2015). ***Defending the environment at the local level: Dom Eliseu, Brazil, 2008–2014***. Innovations for Successful Societies, Princeton University. Retrieved from https://successfulsocieties.princeton.edu/publications/defending-environment-local-level-dom-eliseu-brazil-2008%E2%80%932014

Publication Type: Report

Focus Area: Community resource management; Government monitoring and enforcement

Geography: Brazil

Methods: Case study

Value Chain: VC3: Production; VC4: Revenue

Summary:

After conducting interviews with individuals in two Brazilian municipalities (Belém and Dom Eliseu) in September 2014, the author lays out how Dom Eliseu managed to get off the federal Ministry of Environment's blacklist. Historically, the municipality's economy relied heavily on illegal deforestation and agricultural production on cleared lands. The federal government increased its oversight of malpractice with the Action Plan for Prevention and Control of Deforestation in the Legal Amazon law in 2004. Deemed one of the worst violators, Dom Eliseu was subjected to regular police and military raids. The Action Plan entered a new phase in 2008 and Dom Eliseu was placed on a blacklist, terminating producers' access to markets and agricultural credits. There was an increase in unemployment, crime, and poverty, and local leaders felt the federal government's pressure to actively combat deforestation. To get off the list, they had to register 80 percent of the municipality's privately-owned land in the federal environmental regulation system and decrease their deforestation rates. Creating a local licensing system became an additional long-term goal, so that farmers would not have to travel 500 kilometers to Belém.

A few challenges emerged immediately: landowner skepticism and the need to reframe the incentives of conservation; a lack of official land deeds due to the state's complicated history; and the need to register at least 1,000 properties, since the municipality had many small farms. To overcome these challenges, local government leaders mirrored a successful framework used in a neighboring municipality, Paragomina—they worked closely with producers, NGOs, and the federal government, and secured funding from outside sources (including Imazon and the United Nations Development Programme) to decrease registration costs to producers. The minimization of the financial burden greatly increased compliance, and community conversations promoted collective action. By September 2012, the government removed Dom Eliseu from the blacklist because they registered 81 percent of their land. In the next two years, 92 licenses were issued locally, and there were restoration plans for 570 hectares of land.

The author compares the effectiveness of Brazil's top-down command-and-control policies (2004 to 2007) and the more localized problem-solving that stemmed from the blacklist policy (2008) in decreasing illegal deforestation. To do so, she uses data and trends derived from the government's National Institute for Space Research (INPE) and the NGO Imazon. She finds conflicting results; the INPE data shows a sharp decrease in deforestation from 2004 to 2007, and a gradual decrease after 2008, while Imazon's monitoring data suggests that deforestation rates did not drop until the implementation of the blacklist in early 2008. She attributes these findings to differences in the methodologies used to track progress, including different "mapping scales, calculations to annualize deforestation rates, dates

of satellite images, and measurement of forest degradation" (p. 12). The author also notes that analysis completed by the Climate Policy Initiative-Rio de Janiero that suggests that blacklisted municipalities decreased deforestation primarily because of heightened monitoring and enforcement, while other "aspects of the policy appear to have had no significant effect" (p. 14).

Though results are mixed, the author highlights a few key takeaways from the community dialogues that took place because of the blacklist policy, including the importance of relationships with locals, a strong leader, collaboration with outside institutions and funders, and cooperation between government and civil society. She concludes by suggesting that the "state and local responses to the federal blacklist marked a new way of conducting environmental policy" (p. 14).

Gaventa, J., & McGee, R. (2013). **The impact of transparency and accountability initiatives.** *Development Policy Review, 31*(s1), s3–s28. https://doi.org/10.1111/dpr.12017

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; Budgets and fiscal openness; Interface and user feedback mechanisms

Geography: Global

Methods: Other: Literature review

Value Chain: N/A

Summary:

The article summarizes the findings of an evidence review, commissioned by the United Kingdom's Department for International Development (DFID), on the impact and effectiveness of transparency and accountability initiatives (TAIs). The authors find that further research is needed on the impacts of TAIs and the contextual factors that enable or inhibit TAIs' success.

The article opens with a brief history of TAIs. The authors note a shift, beginning in the 1990s and accelerating in the early 2000s, from narrowly focused transparency initiatives to TAIs, which combine transparency measures with more participatory means of improving state accountability. The authors find that what they term the "effectiveness" of TAIs—their success in achieving their stated goals—has received some attention from researchers. But the evidence base on what the authors term the "impacts" of TAIs—their broader consequences for development, governance, and citizen empowerment—is currently lacking.

The authors group the impacts of TAIs into five categories: (1) better budget utilization, (2) improved service delivery, (3) greater state responsiveness to citizens' needs, (4) creation of spaces for citizen engagement, and (5) empowerment of local voices. Under these headings, the authors briefly list the specific findings of the impact studies covered in their evidence review.

Based on their research, the authors identify six factors—three at the state level and three at the citizen level—that are crucial in determining the impacts of TAIs in particular contexts, and recommend further research on these contextual factors. State-level dynamics include (1) level of democratization (e.g., freedoms of association, voice, and media); (2) political will (i.e., the state's willingness to adopt transparency and accountability measures); and (3) legal frameworks and incentive structures. Citizen-level factors include (4) citizens' ability to understand and use information, which the authors claim is cultivated through prior participation in social movements and enabled by information intermediaries such as the media; (5) links between TAIs and other mobilization strategies (e.g., litigation, electoral pressure, and activist movements); and (6) citizens' involvement in policymaking.

The authors identify five methodological issues that arise in the literature they reviewed. First, the amount and quality of evidence on TAIs' impacts are often poor; counterfactuals and standards for comparison are in short supply. Second, TAIs' theories of change are often not clearly articulated, and when articulated are too rarely supported with evidence. Third, it is often hard to distinguish causation from correlation in the complex real-world contexts of TAIs. Fourth, practical limitations have made impact measurement—in particular, the development of adequate indicators and baselines—difficult for researchers. Fifth, what the authors term "issues of ethics and positionality"—roughly, the potential for various kinds of bias—have raised questions about the validity of the existing evidence base (p. 23).

Gillies, A., & Heuty, A. (2011). **Does transparency work? The challenges of measurement and effectiveness in resource-rich countries spotlight on resources.** *Yale Journal of International Affairs, 6*(2), 25–42. Retrieved from http://yalejournal.org/wp-content/uploads/2011/09/4.Articles_GilliesHeuty.pdf

Publication Type: Journal article

Journal Type: Not peer-reviewed

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Other: Literature review

Value Chain: VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

Transparency initiatives are one of the most common policies adopted to address poor governance in resource-rich countries. This paper aims to identify why many of these initiatives are not, in actuality, creating the broad societal change they have proposed. Ultimately, the authors attribute initiatives' widespread lack of impact to both measurement and design factors that are common to projects' evaluations and methodologies. Transparency is narrowly operationalized as "the public disclosure of information in accessible formats," as the authors believe they can assess transparency initiatives' impacts more clearly in isolation from accountability components (p. 28).

The authors identify difficulty in accurately measuring transparency interventions' effects, and the need for political nuance when doing so. There is a consistent lack of distinction between the effectiveness of an initiative versus its impact, which creates methodological obstacles. This challenge is exacerbated by the long-term nature of developmental impacts themselves. Additionally, the fact that countries self-select into many initiatives, and that initiatives often coincide with other reforms, causes researchers to struggle with determining unbiased treatment groups and attributing change. To address the last concern, the authors propose a new, more complex causal chain between transparency and broader developmental outcomes, which involves modeling its effects on the rational decisionmaking of actors.

The authors further argue that the design of transparency initiatives inherently limits their demonstrable social change. Programs are often externally oriented, strengthening a government's accountability to foreign donors or international financial markets, for example, instead of to a country's own citizens. Additionally, many programs do not integrate accountability mechanisms into reforms, focusing too narrowly on transparency. The authors note that access to information only assists in eliminating asymmetries between governments and citizens if citizens are empowered and have the capacity to use the provided information to hold their government to account. Overall, they argue that it is difficult to find evidence that transparency initiatives matter both because of design flaws in the interventions themselves and because of methodological and measurement issues that affect the evaluations of the programs.

Using the Extractive Industries Transparency Initiative (EITI) as an example, the authors provide five recommendations for future research and action to address this problem: (1) the transparency agenda should become more inclusive to marginalized populations to avoid becoming an elitist effort; (2)

the need to develop a more complex model that encompasses both transparency and accountability mechanisms; (3) the importance of creating mandatory programs, as their impact would increase since it heightens the cost of noncompliance; (4) licensing, contracting, revenue management, planning, and budgeting information should become transparent, in addition to merely disclosure of revenues; and (5) decentralizing initiatives and implementing them at a local level can improve public service delivery to communities.

Glave, M., Baca, E., & Avila, G. (2015). ***Claves para la gobernanza de las industrias extractivas.*** Grupo Propuesta Ciudadana. Retrieved from https://peru.oxfam.org/policy_paper/claves-para-la-gobernanza-de-las-industrias-extractivas

Publication Type: Report

Focus Area: Government monitoring and enforcement; Interface and user feedback mechanisms; Open contracting and procurement

Geography: Peru

Methods: Case study

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This report from a Lima-based NGO provides information and recommendations on the chain of decisionmaking on extractives industry (EI) projects in Peru. The authors provide a detailed overview of the existing natural resource governance policy in the country and offer numerous suggestions for improvement. The current decisionmaking process for EI concessions in Peru, according to the authors, is "permissive" to mining and oil companies and ignorant of the interests of citizens who may be affected by extraction; it is emblematic of a "rentist state" (pp. 4, 6). As a result, the authors note, the growth of the EI sector in Peru has coincided with a dramatic increase in socio-environmental conflict. This report does, however, recognize that the situation can be improved by policy reforms to increase transparency and social and environmental due diligence. According to the authors, embedding enhanced social and environmental considerations into the EI decision chain would improve those outcomes; additionally, a more robust and transparent review process would enable communities and civil society to hold decisionmakers accountable. The report makes medium- and long-term reform recommendations for each of the six steps of the existing chain of decisionmaking: prior conditions, contracts and concessions, fiscal regimes, management of rents, local impacts, and monitoring. Each of the six steps contain one to four policy proposals, while each policy proposal has several indicators—in some cases more than 10. Several of these proposals revolve around transparency, including open contracting and transparent socio-environmental impact reporting. The authors note that many local and indigenous communities are entitled to prior consultation according to Peruvian law and International Labour Organization (ILO) Convention 169, but that this process is not adequately implemented from the perspective of such communities. Finally, the report makes three policy recommendations to improve "public management": (1) strengthening of environmental policy for EI concessions, (2) strengthening state environmental institutions (with a particular emphasis on water protections), and (3) strengthening regional and local governments. This document provides a comprehensive overview of Peruvian EI governance policy and offers a large slate of possible interventions, many of which are transparency-focused. While this report is particular to the Peruvian context, many of the recommendations would be applicable in similar natural resource-based economies.

Green, J. F. (2013). ***Rethinking private authority: Agents and entrepreneurs in global environmental governance.*** Princeton: Princeton University Press.

Publication Type: Book
Focus Area: Corporate social responsibility
Geography: Global
Methods: Case study; Observational — Datasets; Other: Theory
Value Chain: VC3: Production

Summary:

This book investigates the role of private authority in addressing transnational environmental problems. The author defines private authority as an instance of rules or standards being developed by a private firm or nongovernmental organization and accepted by the global community. Two types of such authority are conceived: "delegated" authority, in which states or international organizations charge private actors with establishing procedures, and "entrepreneurial" authority, in which private actors respond to a dearth of conventional authority by creating their own *de facto* standards. To formulate a theoretical model of how private authority is likely to develop, the author gathers quantitative data and provides an in-depth case study of each type of private authority. She concludes that the growth of private authority signifies an expansion of governance of all kinds, not an encroachment by private entities upon the realm of states.

The author's quantitative contribution to the research on private authority is the analysis of two original datasets. The dataset on delegated authority analyzes 1,847 policy functions in 152 environmental agreements implemented from 1902 to 2002. These data show that delegated private authority in general is relatively rare, and that states tend to delegate mundane but complex functions that impose a low "sovereignty cost" but a high transaction cost. This allows states to take advantage of the expertise, efficiency, and perceived impartiality of private organizations without ceding the responsibility of governance. For *de facto* or entrepreneurial authority, the author examines 119 transnational civil regulations and industry standards adopted from 1954 to 2009. Most of these are "hard" regulations that require third-party verification, illustrating a genuine interest in robust enforcement and stronger governance. Newer regulations tend to reference or amend older ones, indicating that civil regulations tend to coalesce over time. These two datasets collectively challenge the conception that the state has retreated from governance, showing that private authority emerges within certain limited circumstances.

In addition to quantitative research, the author illustrates her theoretical model of private authority through two case studies. The Clean Development Mechanism (CDM) is a case of delegated authority. Under the Kyoto Protocol, the CDM allowed developed countries to offset greenhouse gas (GHG) emissions by financing emissions reduction projects in developing countries. Negotiators chose to delegate monitoring and verification of GHG emissions reductions to private firms because they perceived this to increase accountability and reduce transaction costs. Thus, states delegated authority to take advantage of expertise and incentive structures that would help them enforce the larger agreement. The entrepreneurial case study—the GHG Protocol—is the premier GHG emissions accounting system in the international arena. The protocol was created by two NGOs and its standards have been adopted in some form by virtually all monitors who do not already use it outright. The United States Environmental Protection Agency (EPA) funded and adopted it as well, adding legitimacy to the project. In this case, the "focal institution" on climate and emissions measurement—the United Nations—had no mandate or capacity to create such a protocol. Thus, NGOs established a regime that companies adopted in pursuit of reputational and competitive benefits. These two case studies help outline a theory of the development of private authority.

Greenstone, M., & Hanna, R. (2014). **Environmental regulations, air and water pollution, and infant mortality in India.** *American Economic Review, 104*(10), 3038–3072. https://doi.org/10.1257/aer.104.10.3038

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Government monitoring and enforcement

Geography: India

Methods: Observational — Datasets

Value Chain: VC3: Production

Summary:

The authors test the effects of environmental regulations on pollution levels and infant mortality in India. To do so, they generated a city-level panel data file for the years 1986 to 2007, which includes government and secondary source data on air pollution, water pollution, environmental regulations, and infant mortality. The authors examine two air-focused pollution policies and one water-focused policy. The air policies, the "Supreme Court Action Plans (SCAPs)" and a catalytic converter requirement, are designed to reduce industrial and city pollution, and vehicular pollution, respectively (p. 3043). The water policy studied, the National River Conservation Plan (NRCP), regulates industrial pollution in India's rivers and the construction of local sewage treatment facilities. The authors use a difference-in-differences design to systematically document changes in these regulations at the city-year level for the cities used in the air and water pollution datasets. As a robustness check, the authors use an adapted Quandt likelihood ratio (QLR) test to probe the validity of the findings.

The authors find that air regulations led to subsequent improvements in air pollution while water pollution regulations were ineffective. Econometric analysis shows the SCAPs to be associated with decreased levels of one primary pollutant (nitrogen dioxide) but have no effect on the other two tested (airborne particulate matter and sulfur dioxide). (The QLR check could not be conducted for the SCAPs due to limited event years.) The catalytic converter requirement is associated with large reductions in all three tested pollutants and a small, but not statistically significant, reduction in infant mortality rate. The QLR check finds the strongest relationship between the catalytic converter policy and reduced particulate matter concentrations. The NRCP had no effect on measured pollutants (confirmed by the QLR check), but the authors note that, in many instances, it was not properly implemented. In particular, the authors identify the following issues: (1) sewage treatment plants were not constructed in more than half of the approved localities due to a lack of dedicated sources of revenue; (2) responsibility for enforcing NRCP policies was split across institutions, such as the Central Pollution Control Board and state equivalents; and (3) implementing bodies were accused of financial mismanagement. In contrast, the authors find that, while air pollution laws face similar implementation issues, the key difference is the advocacy of India's Supreme Court. Public interest litigation can "compel" the court to deliver "economic and social rights that are protected by the constitution but are otherwise unenforceable" (p. 3067). The authors locate a higher demand for government provision of improved air quality, as evidenced by public activism and citizen-driven lawsuits.

The authors conclude that generally accepted theoretical work on the relationship between pollution and per capita GDP lacks nuance. They argue that environmental regulations can be effective in settings with weak regulatory institutions.

Gurumurthy, A., Bharthur, D., & Chami, N. (2017). ***Voice or chatter? Making ICTs work for transformative citizen engagement***. Making All Voices Count. Retrieved from http://www.makingallvoicescount.org/publication/voice-chatter-making-icts-work-transformative-citizen-engagement/

Publication Type: Report

Focus Area: Access to information and intermediation; Interface and user feedback mechanisms

Geography: Brazil; Colombia; India; Netherlands; Philippines; South Africa; Spain; Uruguay

Methods: Case study; Other: Theory

Value Chain: N/A

Summary:

The authors perform a meta-analysis of eight information and communications technology (ICT) initiatives focused on citizen engagement in eight different countries. Each ICT is contextualized by discussing country-specific factors that may facilitate or impede successful citizen engagement, including: (1) voice and accountability, by reference to the World Bank's World Governance Indicators; (2) e-participation, by reference to the United Nations' 2016 E-government survey's E-Participation Index; (3) the presence or absence of data governance frameworks, including open government data policies and programs; (4) the presence or absence of a digital rights law; and (5) the state of digital infrastructure, by reference to internet penetration levels captured in the World Wide Web Foundation's Web Index. These context factors are used to frame a discussion of each ICT but are not used in any novel quantitative analysis.

The authors use structuration theory—a sociological approach that views the evolution of social structures and human behavior as mutually causal—to frame their analysis. For each ICT, the authors discuss the historical-institutional context that preceded the emergence of the ICT, which generally helps frame the way a country's unique history may lead to certain outcomes (i.e., in Brazil, authors begin by discussing the impact of the 1988 democratic restoration; in the Netherlands, authors begin by discussing 2015 anti-austerity movements). They then discuss the problem each ICT is meant to target and how the ICT interacts with relevant bureaucracy or traditional governing bodies to facilitate citizen engagement. This work is done through web and legal research and is informed by a literature review. The signal finding from this exercise is that ICT initiatives seem to be able to "deepen" democracy, but that successfully doing so requires pairing ICTs with non-digital infrastructure support and making design choices that are mindful of a country's unique circumstances and history.

Hartter, J., & Ryan, S. J. (2010). **Top-down or bottom-up?: Decentralization, natural resource management, and usufruct rights in the forests and wetlands of western Uganda.** *Land Use Policy, 27*(3), 815–826. https://doi.org/10.1016/j.landusepol.2009.11.001

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; Community resource management

Geography: Uganda

Methods: Case study; Observational — Ethnographic

Value Chain: VC3: Production

Summary:

This case study examines land cover, use, and holdership by two ethnic groups living on the edge of Uganda's Kibale National Park in order to assess the national efforts of decentralizing natural resource management. Uganda's landscape of forests and wetlands has been put under stress by rapid population growth, in-migration, and agricultural expansion, with drainage and conversion of land use creating an unsustainable ecological future of land and resource scarcity for a population that heavily relies the direct use of natural resources. Through conducting interviews and observations in randomized locations in their target region, the authors find that most respondents use the local lands for subsistence resources, noting that use differed based on different governance of unprotected areas based on national and local rights and laws, as well as on socially-held beliefs about access and use.

In the mid-1990s, Uganda's national decentralization agenda led to the devolution of the rights and governance of natural resources to local government structures. The authors identify widespread confusion about access and use rules, compounded by a "use it or lose it" attitude attributed to a population anticipating future insecurity (p. 822). Despite legislative efforts, the authors identify a core need—for all affected parties to be involved in the policymaking process—that they argue should integrate a grassroots perspective. They further explain the need for natural resource management policies and laws, the benefits of which should be effectively and accurately communicated to communities and local leaders.

The authors' findings also reveal a strong reliance on social and cultural norms to self-regulate land use. The authors advocate for increased authority for local leaders and institutions, arguing that they are better suited to address local problems in a more time and cost-effective manner, can better leverage participation, and ensure appropriate application of programs and regulations. The authors caution that failure to fully realize a functional decentralized natural resource management structure jeopardizes sustainable use and enforcement of natural resources in Uganda.

Harvard Law Review. (2016). **The double life of international law: Indigenous peoples and extractive industries.** *Harvard Law Review, 129*(6), 1755–1778. Retrieved from https://harvardlawreview.org/2016/04/the-double-life-of-international-law-indigenous-peoples-and-extractive-industries/

Publication Type: Journal article

Journal Type: Editor-reviewed

Focus Area: Free, prior, informed consent

Geography: Brazil; Colombia; Ecuador

Methods: Case study

Value Chain: VC1: Consent; VC3: Production; VC4: Revenue

Summary:

The authors explore two conflicting international legal regimes: the protections afforded to transnational enterprises under free trade agreements and bilateral investment treaties, and the land rights of indigenous peoples. The authors observe that the growing global demand for natural resources and the proliferation of international investment agreements have increased incentives for transnational enterprises to exploit natural resources. However, since a large percentage of the world's remaining natural resources are situated on indigenous-occupied land, conflicts naturally ensue between the rights of indigenous peoples and investors. The authors examine indigenous rights legal protections, which are most fully realized in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), noting (1) that indigenous land rights are protected under the treaty and by landmark rulings by the Inter-American Court of Human Rights, and (2) that customary international law requires that indigenous peoples be consulted before development in their lands is undertaken. Transnational enterprises have likewise seen a growth in international law protections, with the number of investment treaties growing to 3,000; however, the vast majority of these treaties favor investors over host states and their nationals and are at best indifferent to the well-being of local populations. While the legal regimes protecting indigenous peoples and investors do not necessarily conflict, the authors draw upon indigenous rights literature to hypothesize that states possess a vested interest in prioritizing the legal rights of investors in order to promote foreign direct investment and long-term domestic economic development. Therefore, states tailor dispute resolution mechanisms and free trade agreements in ways that are advantageous toward transnational enterprises. As a result, a power imbalance in favor of enterprises ensues and investors are more likely to prevail in legal conflicts with indigenous peoples.

The authors examine the literature and the legal regimes of Brazil, Colombia, and Ecuador to make a broader legal argument demonstrating that even comprehensive indigenous rights regimes are vulnerable to supersession by more robust investor protection agreements. The authors then analyze three proposals aimed at protecting indigenous land rights from transnational enterprises: (1) transforming UNDRIP into a binding legal document, (2) strengthening regional human rights systems, and (3) establishing a tribunal to address indigenous rights violations. However, the authors conclude that, while each of these approaches has its merits, they all fail to confront the underlying issue at hand: the power imbalance between international investment regimes and indigenous rights. To overcome this challenge, the authors advocate for a plan aimed at

attacking this power disparity, a measure that they refer to as the "equalization approach" (p. 1773). The equalization approach would encourage the inclusion of express language in treaties that would (1) require investors to acknowledge a minimum standard of indigenous human rights; and (2) grant relator status to indigenous peoples, thereby allowing them to submit evidence and present arguments on their own behalf. While the authors concede that the equalization approach is not a panacea, primarily because it does not ensure remedies for indigenous persons or compliance on behalf of corporations, they perceive it as a beneficial early step. The authors believe that the equalization approach is an effective and pragmatic measure to begin to narrow the existing power cleft between transnational enterprises and indigenous peoples.

Haufler, V. (2010). **Disclosure as governance: The Extractive Industries Transparency Initiative and resource management in the developing world.** *Global Environmental Politics, 10*(3), 53–73. https://doi.org/10.1162/GLEP_a_00014

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Case study

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The author uses a critical perspective to examine how transparency became a global movement and how the Extractive Industries Transparency Initiative (EITI) has evolved since its creation. The author begins by analyzing how the idea of transparency spread through different industries and how it was applied to the natural resource sector as the default policy solution. In doing so, she notes that a range of existing "neoliberal" global norms, including market efficiency, democracy, and corporate social responsibility (CSR), support the promotion of information disclosure policies like transparency (p. 56). She argues that managing natural resource revenues, in particular, became a cause for concern for groups pursuing related agendas on corruption and corporate conflict prevention. The author suggests that international policy entrepreneurs, like the World Bank and United Nations Global Compact, framed these problems in a way that promoted transparency as the solution, then created coalitions of supporters to legitimize their ideas. She criticizes this type of activist for manipulating the international normative agenda through a global northern lens, as "transparency looks like…a kind of 'cheap' foreign policy" (p. 58).

The author also investigates the institutionalization of the EITI and suggests that policy entrepreneurs' efforts have increased global support for transparency, and in turn, the scope of the EITI. From 2002 to 2006, however, the EITI lacked influence, partially because extractives firms believed disclosure would minimize their market competitiveness. In 2006, however, the administrative body of the EITI expanded greatly—positions for a board and a president were made, a secretariat was established in Norway, regular conferences were scheduled, and country membership was categorized. This legitimized the EITI on the global playing field and further institutionalized the initiative. The author concludes by pointing out a key EITI success story, Nigeria, but also highlights the EITI's weaknesses, such as incomplete or unreliable data; lack of support for transparency initiatives among many small-scale and state-owned corporations; and constraints upon many citizens' capacity to access, interpret, or leverage disclosed data to hold governments and elites accountable. The author notes that "the immediate goals of transparency [decreased corruption] cannot be said to have been achieved" yet through the EITI, but that "revenue transparency is a reasonable initial step" (pp. 69-70). One limitation of this paper is the lack of discussion of the author's methodologies, as it is primarily a new analysis of existing literature.

Heller, P. R. P., & Delesgues, L. (2016). ***Gilded gatekeepers: Myanmar's state-owned oil, gas and mining enterprises***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/gilded-gatekeepers-myanmars-state-owned-oil-gas-and-mining-enterprises

Publication Type: Report

Focus Area: Access to information and intermediation; Government monitoring and enforcement

Geography: Myanmar

Methods: Case study

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The authors examine Myanmar's state-owned economic enterprises (SEEs) in the oil, gas, and mining industries through information gathering (including interviews with government, civil society, and the private sector), the Natural Resource Governance Institute's global research, and the Natural Resource Charter's precept six. They suggest that a lack of "detailed public information about the country's SEEs" is both an economic development concern and a significant limitation to their research agenda (p. 7). Because of this, it is important to note that this report is a preliminary analysis of an unfolding case, and the authors intend it to "crystalize a set of critical discussions and to stimulate broader information sharing" (p. 1).

The authors do a deep dive into the multiplicity of roles SEEs hold, their governance procedures, and their relationship to government revenues, as well as the policy implications and risks of each. They highlight the immediate opportunity to strengthen SEEs amidst Myanmar's ongoing economic reforms, as well as their importance to furthering the development of the country's extractives industry; however, they recognize significant challenges to improving SEEs' effectiveness, including the fact that broader reforms are primarily focused on budgeting and service delivery. Their research provides evidence that SEEs receive and spend a large portion of extractives rents with limited guidance, store funds in accounts outside the budgeting process, have ambiguous responsibilities legally, make payments to private political patrons, lack transparency, and compete with military-affiliated "private companies" (p. 20). Despite these setbacks, the authors suggest four opportunities for government reform: (1) limiting the amount of revenues SEEs control autonomously based on their commercial activities, (2) increasing data disclosure through the Extractive Industries Transparency Initiative, (3) disentangling the legal roles of SEEs and other public institutions, and (4) creating stronger oversight mechanisms.

Heller, P. R. P., Mahdavi, P., & Schreuder, J. (2014). ***Reforming national oil companies: Nine recommendations.*** Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/reforming-national-oil-companies-nine-recommendations

Publication Type: Report

Focus Area: Budgets and fiscal openness; Government monitoring and enforcement

Geography: Angola; Brazil; Cameroon; Ghana; Iran; Kazakhstan; Malaysia; Mexico; Nigeria; Norway; Saudi Arabia; Vietnam

Methods: Case study; Other: Policy recommendations

Value Chain: VC3: Production; VC4: Revenue

Summary:

The authors examine the economic performance and corporate governance of 12 National Oil Companies (NOCs), each located in a different country. The authors assess each company along two dimensions: (1) the degree to which an NOC has accomplished specific technical and economic goals outlined for it by its government, and (2) the strength of the company's public accountability mechanisms. The authors measure success along the first dimension by weighing NOC economic and technical performance data against the responsibilities assigned to it by its government. They assess the second dimension using the 2013 Resource Governance Index (RGI). (One NOC studied was not scored in the 2013 RGI; the authors calculated its public accountability score using the 2013 RGI methodology.)

In a synthesis of their findings, the authors conclude that, while NOCs generally have the potential to stimulate economic growth in oil-rich nations, these companies are often plagued by inefficiency, corruption, patronage, and improper use of public funds. Drawing on the experiences of NOCs that score highly on both dimensions, as well as common pitfalls of those that score poorly, the authors present a set of nine recommendations for NOCs that focus on (1) defining and financing a commercial mandate, (2) limiting political interference in technical decisions, and (3) ensuring transparency and oversight. First, the authors advise that NOCs should devise a coherent mandate outlining the scope and scale of their business. NOCs should clearly define the boundaries between the commercial and non-commercial (i.e., regulatory and quasi-fiscal) roles of the company. NOCs should also obtain access to steady sources of capital and designate an appropriate level of autonomy in the management of revenues. This may include issuing company stock on public exchanges to improve accountability. Additionally, NOCs should take active steps to prevent political overreach in their operations, which might entail defining clear roles for shareholders while transferring big-picture decisionmaking to an independent board of trained professionals. Last, NOCs should reduce the opacity of their operations by taking active measures to ensure transparency. This may include releasing financial data to the public, submitting to independent financial audits, and presenting annual performance reports to national legislatures.

*Heller, P. R. P., & Marcel, V. (2012). ***Institutional design in low-capacity oil hotspots.*** Revenue Watch Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/institutional-design-low-capacity-oil-hotspots

Publication Type: Report

Focus Area: Government monitoring and enforcement

Geography: Angola; Brazil; the Democratic Republic of the Congo; Gabon; Ghana; Liberia; Mozambique; Nigeria; São Tomé e Príncipe; Sierra Leone; Timor Leste; Uganda

Methods: Case study

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

In this paper, the authors challenge the conventional wisdom around improving oil governance in countries with low capacity. They examine institutional paradigms in 12 countries that have national oil companies (NOCs) and have low capacity in two or more of the following areas: (1) administration, according to World Bank and World Economic Forum scores; (2) human capital, according to Ibrahim Index rankings; and (3) oil sector development, as scored by the authors. For each country, they evaluate its governance model's success on economic, technical (oil extraction), and accountability outcomes using data from the World Bank, United Nations, Human Rights Watch, audit reports, and other sources.

They differentiate oil governance models by the balance of power between the NOC, the government ministry with oversight of the oil sector, and an independent regulatory body (if one exists). Based on those relationships, countries fall into three categories: (1) NOC-dominated, (2) ministry-dominated, or (3) separate powers. In the latter, an independent body is responsible for licensing and monitoring while the ministry sets overall policy and the NOC focuses on its technical and operational capacity. Norway's oil governance model is a clear example of this, and adopting a similar model is a common recommendation to oil-rich countries by international organizations.

The authors find that the separation-of-powers model is not necessarily suited to low-capacity contexts. Low-capacity countries are generally economically and technically successful when they concentrate power within the NOC. If institutions outside the NOC develop the capacity to be an effective check on its power over time, a country may succeed in shifting to a separate-powers model. The transition to a separation-of-powers model carries the risk of increased corruption if new regulatory institutions do not take root. The authors recommend implementing this model only in medium- or high-administrative capacity countries, with the caveat that long-term foreign technical assistance can compensate in countries with low capacity.

*Hellman, J. S., Jones, G., & Kaufmann, D. (2003). **Seize the state, seize the day: state capture and influence in transition economies.** *Journal of Comparative Economics, 31*(4), 751–773. https://doi.org/10.1016/j.jce.2003.09.006

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; Asset and beneficial ownership disclosure; Government monitoring and enforcement; Open contracting and procurement

Geography: Global

Methods: Observational — Datasets

Value Chain: VC2: Contract; VC4: Production

Summary:

This paper examines how state capture (policymakers and firms turning the content of particular policies into a transaction) and influence (firms exercising political influence through directing the voting habits of their workforce) function in transition economies. The authors use survey data from the 1999 Business Environment and Enterprise Performance Survey (BEEPS) to investigate state capture and influence separately. The authors identify "individual captor firms" that make private payments to public officials, and "influential firms" that influence without need for private payments and can determine the ability of firms to engage in capture and influence (p. 753). The relationship between type of firm, the state's role in the economy, and the development of a dynamic enterprise sector are all investigated empirically. The authors argue that their paper builds a foundation for "incorporating political constraints into the development of feasible strategies to advance the transition in lagging countries" (p. 754).

The authors find that, in "high-capture economies," officials have "created a private market for the provision of typically public goods," and negative externalities are generated for the rest of the economy as a result (p. 753). In "low-capture economies," the market for individual firms to concentrate advantages through state capture and influence is limited, with capture having a limited broader impact (p. 753). The authors distinguish between the profiles of individual captor and influential firms; the latter tend to be large, state-owned firms with secure property rights and close ties to the state, while the former are likely to be large, *de novo* private firms with less secure property rights and weaker ties to the state. Using the results of their regressions exploring the determinants of state capture and influence, the authors highlight a potential vicious circle: *de novo* firms, which are a driving force of growth in low-capture economies, are incentivized to engage in state capture to compete with incumbent firms in high-capture economies.

The authors also note several limitations in the BEEPS data. Its sample is heavily weighted towards privately owned firms, which the authors address by applying quotas (of state-owned firms, size, sector, location, and export orientation) in order to produce a stratified sample "with representation of the various types of firms" (p. 755). In addition, the data makes it difficult to explore potential interactive effects. The authors admit that inferences drawn from BEEPS data on the overall impact of capture on economic performance have a number of econometric problems that limit their ability to determine the mechanisms connecting capture and macroeconomic performance.

The paper also lays out several policy implications. The authors advocate for reform strategies that specifically address the way in which firms interact with the state. In particular, they propose measures to redirect the strategies of firms away from state capture and to legitimate forms of influence through: (1) societal voice, (2) reforms that promote transparency, (3) political accountability, and (4) economic competition. In situations where state capture has distorted the reform process, the authors argue that a "gradual demonopolization" must be combined with an "activist stance on competition and entry policy" to make transparent the social costs of state capture to the population, pro-reform constituencies, and to non-governmental organizations (p. 771). To conclude, the authors call for further research to develop a conceptual framework and to gather more evidence on the channels through which "state capture exerts macroeconomic costs" (p. 771).

Hickey, S., Abdulai, A.-G., Izama, A., & Mohan, G. (2015). ***The politics of governing oil effectively: A comparative study of two new oil-rich states in Africa*** (ESID Working Paper No. 54). The University of Manchester. Retrieved from https://assets.publishing.service.gov.uk/media/57a0898fe5274a27b200013f/esid_wp_54_hickey_abdulai_izama_mohan.pdf

Publication Type: Report

Focus Area: Government monitoring and enforcement

Geography: Ghana; Uganda

Methods: Case study

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

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Summary:

In this paper, the authors argue three points: (1) when studying development, one should use a political economy lens to examine how deep-seated politics and power relations affect the functioning of formal and informal institutions; (2) oil governance strategies that stem from deals among politicians and the bureaucracy may work better than rules in some cases; and (3) institutional reform should be focused on certain public agencies, rather than an entire system. They compare oil governance processes in Ghana and Uganda to draw these conclusions, because both countries had oil discoveries around the same time and of similar value but have very different governing systems. To study these systems, the authors use a political settlements approach to examine "the balance or distribution of power between contending social groups and social classes, on which any state is based," and classify Ghana as a competitive clientelist country and Uganda as a dominant party country (p. 5). In this case, Ghana is a competitive clientelist type because it has multiparty elections whose rules are determined among elites, whereas in Uganda, the National Resistance Movement continuously rules with weak opposition.

After reviewing existing literature and conducting interviews with the Ghana Revenue Authority and Ugandan oil technocrats, the authors believe that Ghana's ruling party rushed the oil's extraction to win elections through a quick increase in economic revenues. The oil field has created less revenue than anticipated, which they attribute to a lack of state capacity, rather than governance problems, since the bureaucracy could not enforce appropriate tax rates on international oil companies (IOCs). In Uganda, however, the process was slow and controlled—they created new laws in 2008, 2013, and 2014 to ensure that the government made the best possible deal with IOCs. The executive kept ultimate control over oil agreements when the laws were reconstructed due to its dominant party type.

The authors also examine Ghana and Uganda in terms of their "pockets of effectiveness," or public organizations that deliver publics goods and services well to citizens while the majority of other public organizations in a country do not (p. 6). They analyze agencies that secure deals with IOCs, including the Ghana National Petroleum Corporation (GNPC) and Uganda's Petroleum Exploration and Production Department (PEPD), and highlight the importance of transnational capacity building and skill training in these pockets. Finally, the authors criticize reforms around transparency and accountability best practices, and instead suggest that future development projects work on improving state capacity to act in a country's interest.

Hicks, R. L., Parks, B. C., Roberts, J. T., & Tierney, M. J. (2010). ***Greening aid?: Understanding the environmental impact of development assistance.*** Oxford, UK: Oxford University Press.

Publication Type: Book

Focus Area: Corporate social responsibility

Geography: Brazil; China; Denmark; Egypt; Germany; India; Japan; Kenya; United Kingdom; United States of America

Methods: Case study; Observational — Datasets

Value Chain: VC3: Production

Summary:

The authors examine the environmental impact of foreign assistance, focusing on issues of aid allocation and aid effectiveness. Gathering, categorizing, and analyzing development projects from more than 50 donors (governments, multilateral grant-making agencies, and multilateral development banks) to more than 170 recipient countries from 1980 to 1999, the authors construct a Project-Level Aid (PLAID) database to classify more than 428,000 projects, and use the database to answer a series of questions. The authors find that donors have substantially cut funding for environmentally destructive development projects, while moderately increasing funding for environmental protection and sharply increasing funding for projects that are environmentally neutral. The authors examine how donors allocate environmental aid, as allocation often does not conform to what experts recommend, using China, India, Brazil, Kenya, and Egypt as case studies. The authors conclude that, while countries with large populations and major environmental problems receive the lions' share of aid, countries with geopolitical leverage are better able to secure funding than their populations or environment would suggest.

The authors employ multivariate regression analysis to examine their central question of how donors allocate development funds among recipient countries. They treat environmental aid as if its donors provide it solely for environmental protection purposes, and control for the geostrategic, commercial, and historical interests of donors (using such variables as the total trade between donor and recipient in each year, United Nations voting data to measure policy similarities, and whether the recipient was a colony of the donor in 1945). Using the PLAID database for each donor, recipient, and year, the authors construct the share of a donor's aid budget for a given year and environmental or non-environmental aid received (the variable the model is attempting to explain) and test allocation patterns for all projects.

The authors find (1) that donors determine their aid allocations based on a genuine interest in supplying needed international public goods, (2) that not all aid allocation decisions are motivated by geo-strategic or commercial incentives, and (3) that the procedures that donors use to allocate aid for international public good provision are different from procedures used to allocate more traditional types of aid. Allocation of green aid, which is designed to address global and regional environmental issues, by bilateral donors is therefore more responsive to a recipient country's natural capital stocks than allocation of brown aid (which address local environmental issues) and non-environmental aid allocation. The authors further find that donors are more likely to give brown aid to their neighbors than to other recipient countries, but not in massively greater amounts, and that donors favor countries with effective governments, environmental policies, and institutions. Environmental treaty ratification is positively related only to bilateral environmental aid, not multilateral, and, after the gatekeeping stage (when a donor decides

whether to give a recipient country aid), more aid is allocated to countries that have ratified fewer environmental treaties. This finding can be understood in terms of a desire to bring countries into a "brotherhood of nations" to address global environmental problems. Policy implications include that, because multilateral agencies are not necessarily better at targeting environmental needs, citizens in donor countries should consider giving to their own bilateral aid agencies instead; and, for recipient countries, having effective institutions is key to obtaining larger shares of the foreign aid budget.

The authors further examine environmental aid from the donor side, examining the cases of Denmark, Germany, the United States, the United Kingdom, and Japan to conclude that donors are different in key ways depending on such factors as domestic politics, and overall trends show that environmental aid from bilateral agencies has increased. However, the countries vary in their environmental aid allocation to developing countries, and, using an empirical model with data from 17 donor countries from 1988 to 1999, they conclude that such factors as national wealth and the environmental preferences of voters play a role, as does environmental industry groups and mainstream environmentalists joining to form a coalition of the "green and greedy." The authors expand their analysis to examine larger trends in multilateral aid allocation, focusing on case studies of four major international agencies and noting that just five agencies were responsible for more than 90 percent of the funding between 1980 and 2000; further, while those five agencies nearly tripled their funding during that period, they spent more than four times as much on projects with likely negative environmental impacts during that same period. The authors then use the PLAID database to empirically model which donor countries give to multilateral agencies (such as the Asian Development Bank) and why they do so over their own bilateral aid agencies (such as the United States Agency for International Development). Findings include that larger countries are more likely to give through bilateral agencies, and that donors give both more frequently and in larger amounts to multilateral agencies with more technical experience, that have existed for longer, and in which they have larger voting shares.

The authors propose 10 principles for improving the environmental performance of aid agencies, including integrating development and environmental planning, rewarding countries that actively address global environmental issues with local types of environmental aid, basing aid allocations on scientific assessments of environmental need, and giving recipient countries greater say in the allocation of environmental aid. They suggest further seven areas for further research, including the systematic collection of data on alternative sources of development finance, research on the actual impacts of environmental aid projects, and focusing on variances in environmental aid at the subnational level.

Hoffman, V., Jakiela, P., Kremer, M., & Sheely, R. (2017). ***There is no place like home: Theory and evidence on decentralization and politician preferences*** (Working Paper). Retrieved from http://economics.mit.edu/files/12767

Publication Type: Report
Focus Area: Decentralization and revenue sharing
Geography: Kenya
Methods: Randomized experiments and evaluations
Value Chain: VC5: Spending

Summary:

In this working paper, the authors construct and test a model of the extent to which politicians bias their spending and development decisions toward their home community. Their model relies on three assumptions. First, they assume that politicians will value the welfare of residents in their home community to some greater factor than the general welfare of their entire constituency. Second, they assume that politicians will derive some amount of personal utility from public goods in their home region. Third, they assume that each individual policymaker expects to receive a net benefit from engaging in corruption, because the perceived cost and likelihood of penalization is smaller than the potential gains. Resting on these assumptions, the authors test their model by offering 179 elected county councilors in rural Kenya a series of discrete, real choices for a water purification project under different constitutional frameworks.

The councilor's choices for control over the project's location and management of funds for project upkeep, as well as their top choice for the specific water source in their constituency that should be targeted, confirmed the model's predictions. In the decentralized framework, when councilors were given control over the location, they did choose sites in their home area that they could conceivably receive water from. They valued sites in their village more than twice as much as sites in other villages in their constituency. Within their village, however, councilors chose sites with more potential users, rather than the site that was necessarily most convenient to their household. On the other hand, in the centralized framework when the councilors were not given control over the location of the projects, they were more likely to seek control over the discretionary funds. The authors interpret this as a greater desire to divert resources for personal gain. Therefore, the authors conclude that decentralizing decisionmaking to reduce the number of non-home communities in a given constituency will increase welfare, because politicians will choose projects that benefit the greatest number of people as long as they can also individually benefit. Efforts to limit project discretion will increase corruption, because politicians will then fight for more control of the financial resources for project upkeep.

Independent Research Institute of Mongolia. (2016). ***Corruption risk assessment in mining sector of Mongolia***. Retrieved from http://www.mn.undp.org/content/dam/mongolia/Publications/DemGov/20160603_MiningCorruptionStudy/Corruption%20risk%20assessment_Mining_Eng.pdf

Publication Type: Report

Focus Area: Other

Geography: Mongolia

Methods: Case study

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue

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Summary:

The authors conduct a systematic risk assessment of corruption across their formulation of the operational processes of mining in Mongolia. Differentiated phases include exploration, pre-operation, extraction, and post-extraction. The authors principally draw upon interviews with government officials and other key stakeholders, government laws and regulations, and government mining data, and structure their assessment based on a United Nations Development Programme risk assessment guidebook. The authors exhaustively identify and outline potential corrupt practices at each phase and its sub-phases and explain how governance failures facilitate each. Risk levels are calculated with a standard risk assessment framework: the expected likelihood of a risk occurring is multiplied with its expected impact, should it occur.

The authors identify a total of 15 corruption risks in the Mongolian mining industry and provide specific recommendations to mitigate each. Recommendations generally revolve around improving national legislation and increasing transparency and accountability.

Ioannou, I., & Serafeim, G. (2017). ***The consequences of mandatory corporate sustainability reporting***. Harvard Business School. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1799589

Publication Type: Report

Focus Area: Access to information and intermediation; Corporate social responsibility

Geography: China; Denmark; Malaysia; South Africa

Methods: Observational — Datasets

Value Chain: N/A

Summary:

In this working paper, the authors investigate the effects of mandatory sustainability disclosure regulations on firms' disclosure practices and valuations. They collect data on four countries (China, Denmark, Malaysia, and South Africa) that mandated sustainability disclosures prior to 2011, allowing the authors to collect data for at least two years before and after these mandatory disclosure regulations took effect. The authors examine environmental, social, and governance (ESG) reporting practices made available by Bloomberg; this includes company-sourced filings of sustainability and corporate social responsibility reports, annual reports, company websites, and a proprietary Bloomberg survey. The authors identify 144 Chinese, 29 Danish, 43 Malaysian, and 101 South African treated firms in this dataset, which encompasses the majority of market capitalization in those countries' respective stock exchanges.

The authors use a differences-in-differences approach to examine the effects of the regulations on reporting practices with propensity score matching to ensure that the treated and control groups are comparable on such observable characteristics as firm size, profitability, leverage, market expectations about growth opportunities, the level of ESG disclosure, and industry membership. The authors find a statistically significant positive effect of regulations on the level of ESG disclosures, with the magnitude of the effect on social disclosures larger than those on environmental or governance disclosures. On average, after the regulation took effect, treatment firms increase ESG disclosure between 30 and 50 percent compared to the control group.

The authors also find that the credibility and comparability of ESG reporting increased after the new regulations took effect; the frequency with which treated firms follow the guidelines of the Global Reporting Initiative, the most widely adopted set of sustainability reporting guidelines, increased by a statistically significant amount. Additionally, the authors find significant results indicating that increased disclosure generated long-run benefits for firms through attracting and retaining high quality employees, increasing demands for products and services, and generating social legitimacy. Their results are robust to the sequence of matching, the choice of control firms, alternative control samples, unrelated improvements in corporate governance that could lead to increased ESG disclosures even without mandatory reporting regulations, and pseudo-events designed to create positive media coverage of the firm. Opportunities for further research include exploring the extent to which these results are generalizable, understanding how companies alter resource allocations and investment in response to mandatory disclosure regulations, and investigating how the demand for ESG information changes over time.

Iwerks, R., & Venugopal, V. (2016). ***It takes a village: Routes to local-level extractives transparency***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/it-takes-village-routes-local-level-extractives-transparency

Publication Type: Report

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Other: Policy brief

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The authors assess efforts to improve subnational transparency and make recommendations for continuing improvement. The authors emphasize how initiatives to improve transparency at the subnational level need to account for the particular challenges of local governance, including lower fiscal resources and insufficient technical expertise, which often confers private interest lobbying and outside expertise disproportionate influence. Although the authors focus on many mechanisms (e.g., national laws obligating mandatory reporting requirements of royalties owed and distributed to subnational governments), they are most interested in how countries have used the Extractive Industries Transparency Initiative (EITI) adoption to improve subnational transparency, including by: (1) publishing payments to subnational governments in the EITI national report; (2) creating communication tools (e.g., brochures and sub-reports) for subnational governments that focus specifically on local issues; (3) including subnational stakeholders in the national multistakeholder group mandated by the EITI; and (4) creating subnational multistakeholder groups. The authors gather information through interviews with actors involved in subnational transparency projects, a literature review, and EITI reports, and make recommendations based on their findings. The research and analysis are entirely qualitative.

The authors find that several sources of information are important to the success of certain subnational transparency regimes, and recommend some best practices based on these findings. Important sources of information include documentation of informal claims to land in countries that lack national registers, direct payments to subnational governments from companies, revenue transfers from national governments to subnational governments, expenditures on social policy, intended economic benefits specific to the local community, and environmental impact assessments. The authors recommend that countries attempting to improve subnational transparency make efforts to disclose this information and use EITI multistakeholder groups to make necessary reforms.

Kaufmann, D. (2015). **Evidence-based reflections on natural resource governance and corruption in Africa**. In E. Zedillo, O. Cattaneo, & H. Wheeler (Eds.), *Africa at a fork in the road: taking off or disappointment once again?*. Yale Center for the Study of Globalization (YCSG). Retrieved from https://resourcegovernance.org/analysis-tools/publications/evidence-based-reflections-natural-resource-governance-and-corruption

Publication Type: Book section

Focus Area: Access to information and intermediation; International multistakeholder initiatives; Government monitoring and enforcement

Geography: Africa

Methods: Observational — Datasets

Value Chain: VC1: Consent; VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

The author provides a comparative empirical assessment of natural resource management and governance in Africa. He notes that most resource-rich countries face deficits in governance, as evidenced by their performance in the Worldwide Governance Indicators (WGI); that the poor do not benefit from resource wealth in those countries; and that the challenge of poverty reduction and natural resource governance is particularly critical in Africa. The author further notes the importance of natural resource wealth and poor governance to public accountability and government effectiveness, as the instability of natural resource revenues both causes governance challenges and discourages investment in diversified products. The author then reviews the data contained in the Resource Governance Index (RGI), which focuses on transparency and accountability in resource-rich countries. He notes that, while in general there is a governance deficit regarding transparency and accountability in natural resources, there exist emerging countries that score well and wealthy countries performing poorly. Drilling down the RGI's key components of transparency and accountability in the extractives industry, the author finds that even countries that on average face enormous governance challenges can make and have made progress on varying measures of the index. For example, Guinea has progressed in building and strengthening institutions and legal frameworks but has not translated this success into either broader transparency and accountability measures or a more effective enabling environment.

The author then examines the Natural Resource Charter (NRC), which outlines tools and policy options for both governments and civil society to promote effective management of natural resources. The NRC covers the entire natural resource and decisionmaking value chain, from the initial discovery of resources through to investing resource revenues for sustainable development. These steps are then divided into 12 specific precepts, forming a strategy and building institutions to the role of international governance actors, which have been adapted into a framework that is being applied to numerous countries. The author notes that while the NRC offers a general framework to help countries curb corruption, much work remains to be done to rigorously analyze corruption and develop empirically-based action plans for governments to implement. The author acknowledges that both international initiatives and domestic laws in specific countries have increased transparency, but even comprehensive transparency is insufficient without such critical complementarities as civil society and the rule of law. The author concludes that comprehensive governance frameworks such as the NRC, coupled with the use of data, indicators, and the like, are key to assessing corruption vulnerabilities in natural resource governance, and must also be met by political will.

*Kaufmann, D., & Bellver, A. (2005). ***Transparenting Transparency: Initial Empirics and Policy Applications.*** World Bank. Retrieved from https://ssrn.com/abstract=808664

Publication Type: Report

Focus Area: Access to information and intermediation; Government monitoring and enforcement

Geography: Global

Methods: Observational — Datasets

Value Chain: N/A

Summary:

In this report, the authors construct an aggregate transparency index for 194 countries. They use both objective and "perception-based" data from more than 20 independent sources (p. 41). To anchor their report, they include a literature reviewing covering topics like public disclosure of information mitigating market inefficiencies, the accountability of inflation-targeting central banks, government and corporate opacity having "separate, depressing effects on investment," and the extent and quality of information provided by "Freedom of Information" legislation (p. 7). The authors then construct the transparency index with two components. The first component is economic and institutional transparency. This involves the "self-imposed accountability within the state machinery," with the following sub-components: economic transparency, e-government, access to information laws, transparency in the budget process, and transparency of policy and transparency of the public sector (p. 20). The second component is the degree of "political transparency" and includes transparency of political funding, openness of the political system, and freedom of the press.

The authors use an Unobserved Component Model (UCM) to construct the index, with a weighted average of the sources (proportional to the reliability of each source) providing a best estimate for each transparency sub-component for each country. Such a model minimizes the margins of error. Sources vary with respect to coverage, so the authors treat them as representative or non-representative depending on the size of their country sample. They stress the limitations of an aggregated index, with only country-specific diagnostics able to provide enough institutional information "to form the basis for a strategy to improve transparency and accountability in the public sector" (p. 24).

The authors perform regression analyses using the index and find transparency to be significant in reducing corruption, even when controlling for income per capita and administrative regulations. The authors make clear that, even when tested with specifications using two different dependent variables (control of corruption and composite bribery), the main result remains unchanged. The authors further analyze the marginal contributions of associated transparency factors on variables such as global competitiveness and control of corruption. They find an association between transparency and gross national income per capita, with transparency correlated with higher economic and human development indicators. The authors also find transparent countries to be more competitive in the global market, measured with the overall transparency index and the global competitiveness index published by the World Economic Forum. Further associations with economic and institutional transparency are lowering costs to register a business and providing a direct mechanism to promote competition. However, among the two components of the index, political transparency shows the greatest variation across countries, and an interactive analysis suggests political transparency as likely to have an impact "only after reaching a threshold of political rights" (p. 31).

The authors caution that correlation is not equivalent to causation and argue that further research, equipped with more indicators and time series, is needed to assess any causal relationship between transparency and human and economic development. The authors offer several policy applications of transparency reforms such as the following "social accountability" initiatives: participatory budgeting, administrative reform acts, social audits, citizen report cards, and community score cards (p. 33). The report also considers, among others, voluntary information disclosure, disclosure of party contributions, and publication of public tenders. The authors argue that transparency reforms have been insufficiently integrated into institutional reform programs and they advocate for a framework to tailor transparency strategies and specific types of transparency reforms to different typologies of countries.

*Kaufmann, D., & Kraay, A. (2002). **Growth without governance [with comments].** *Economía 3*(1), 169-229. http://www.jstor.org/stable/20065434

Publication Type: Journal article

Journal Type: Peer-reviewed (single blind)

Focus Area: Access to information and intermediation; Government monitoring and enforcement; Social audits and civil society monitoring

Geography: Global

Methods: Observational — Datasets

Value Chain: N/A

Summary:

The authors examine the relationship between per capita income and the quality of governance, separating the relationship into two strands. The first involves a causal and positive relationship between better governance and higher per capita income, which is well-documented in the literature. The second is a weak or negative causal relationship in the other direction, which is the authors' contribution in this article. The authors construct a set of six aggregate worldwide governance indicators measuring perceptions of governance across countries; the set includes 173 countries and uses 194 different measures drawn from 17 sources of governance data. Using an identification strategy that combines a measure of measurement error with observed sample data, the authors model the effect of per capita income on governance, finding a lack of evidence that increased incomes lead to better governance. Instead, the authors find robust evidence of negative feedback from incomes to governance over time. As such, without other interventions, higher incomes do not appear to lead to better governance. The authors note two implications of this finding: (1) that improvements in governance are unlikely to occur simply because a country has developed economically; and (2) that economic development will not lead to a "virtuous cycle" in which higher incomes lead to better institutions, which then further support higher incomes in the long run (p. 176). The authors acknowledge that the simple acknowledgment of a lack of a virtuous cycle is unhelpful for policymakers. To render their findings more actionable, then, they situate them within the framework of state capture. The authors speculate that state capture—defined as "the undue and illicit influence of the elite in shaping the laws, policies, and regulations of the state"—is a possible explanation for the negative feedback from per capita income to improved governance, because the benefits of economic growth mostly flow to those same elites who benefit from poor governance (p. 205). However, they note that further empirical work is needed to thoroughly investigate this hypothesis. The authors contend that state capture is a plausible enough explanation to inform policymakers, and that efforts to improve governance and reduce corruption should specifically work to combat state capture through such mechanisms as external accountability measures and transparency reforms, rather than, as conventional reform efforts would encourage, a focus solely on the internal workings of government.

The article concludes with comments discussing and critiquing the authors' approach from two expert readers, and the authors' response.

*Kaufmann, D., Kraay, A., & Mastruzzi, M. (2011). **The Worldwide Governance Indicators: Methodology and Analytical Issues.** *Hague Journal on the Rule of Law, 3*(2), 220–246. https://www.cambridge.org/core/journals/hague-journal-on-the-rule-of-law/article/worldwide-governance-indicators-methodology-and-analytical-issues1/D2DBA45F726D0442A29A651710D96C37

Publication Type: Journal article

Journal Type: Peer-reviewed (double blind)

Focus Area: Government monitoring and enforcement; Social audits and civil society monitoring

Geography: Global

Methods: Observational — Datasets

Value Chain: N/A

Summary:

In this paper, the authors summarize the methodology of the Worldwide Governance Indicators (WGI) project, which covers more than 200 countries and territories, and evaluate the underlying analytical issues with using WGI indicators to assess governance. The authors define governance as "the traditions and institutions by which authority in a country is exercised," comprised of six different dimensions: (1) voice and accountability, (2) political stability and absence of violence/terrorism, (3) government effectiveness, (4) regulatory quality, (5) rule of law, and (6) control of corruption (p. 222). Together, these dimensions are measured using data from hundreds of indicators and are positively correlated across countries. The authors discuss the uncertainty associated with aggregating data in this way and argue that reporting margins of errors for the aggregate indicators is crucial and has been "notably lacking in most other governance datasets" (p. 221).

The underlying data sources for the WGI are "perceptions-based" and extracted from 31 different sources (p. 221). These include surveys of individuals or domestic firms such as the World Economic Forum's Global Competitiveness Report, the Gallup World Poll, and the AmericasBarometer. The views of country analysts within multilateral development agencies (such as the European Bank for Reconstruction and Development) are combined with expert assessments from the United States Department of State, among others, to constitute Public Sector Data Providers. Data sources from bodies such as the Bertelsmann Foundation are classed as nongovernmental organizations, while data providers such as the Economist Intelligence Unit are designated commercial business information providers.

The authors assess concerns of "various systematic biases" in this kind of perceptions data on governance (p. 240). They discuss how different types of respondents might differ systematically in their perceptions of the same reality and how biases might intrude from the ideological orientation of the organization providing the assessment. In both cases, the authors' previous research finds no statistically significant link. They also identify that subjective assessments of governance could be driven by factors other than governance itself—so called "halo effects" (p. 241). The authors argue that, while plausible *a priori*, in practice this does not stand up to scrutiny. Moreover, providers might rely on each other's assessments—so-called "correlated perceptions errors" (p. 241). The authors also find limited statistical support for this possibility. They argue that perceptions-based measures of governance have particular value in the measurement of governance: agents base their actions upon them (such as voting decisions) and enterprises base investment decisions upon them. In sum, these measures capture the *de facto* reality rather than the *de jure* notion of laws, a distinction particularly applicable to corruption, which leaves "no 'paper trail' that can be captured by purely objective measures" (p. 240).

To construct the aggregate WGI measures, the authors use an unobserved components model (UCM). The authors argue that the UCM approach has three main advantages. First, it maintains some cardinal information in the underlying data and is less sensitive to extreme outliers, Second, it provides a framework for weighting rescaled indicators by their relative precision. Third, in aggregating individual indicators of corruption, often viewed as imperfect proxies, it comes closer to observing "true" governance (p. 242). The authors stress that standard errors are essential to correct interpretation of their measures, as they provide an estimate of the uncertainty inherent in this kind of measurement. Finally, the authors caution users that the six WGI measures are often a "blunt tool for policy advice at the country level" (p. 243). They advocate supplementing the aggregate indicators with examination of the disaggregated data sources and country-level data on governance issues.

Kluttz, C., Gbede, J., Barry, A., & Nah, T. (2015). ***Converting natural resources into development: From transparency to more efficient natural resources management***. Open Society Initiative for West Africa (OSIWA). Retrieved from http://www.osiwa.org/wp-content/uploads/2015/03/Assessing-EITI-process-in-West-Africa-Moving-Forward_edited_022015_EN.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Côte d'Ivoire; Guinea; Liberia

Methods: Case study

Value Chain: VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

The authors assess the success of the Extractive Industries Transparency Initiative (EITI) and Publish What You Pay (PWYP) in generating governance improvements and positive development outcomes in Côte d'Ivoire, Guinea, and Liberia (all fragile, resource-wealthy, EITI-compliant nations in West Africa). The authors base their analysis principally on reports published by, as well as interviews with, representatives from government and international multistakeholders at the country level. The report is undated and the authors do not clarify the period of their research, other than to note that its timing coincided with the Ebola outbreak, which hindered data collection.

The authors find that, across all three nations studied, interventions such as the EITI and PWYP have the potential to affect governance and development outcomes but have not done so in these contexts. Addressing their findings for each nation in turn, the authors note that the Ivorian government appears much more accountable to the international community than to its own population. In Guinea, the authors determine that transparency has increased overall, but that certain key information, such as the use of funds, remains opaque. Promisingly, however, the EITI appears to have increased dialogue among stakeholders, reducing conflicts between mining companies, the state, and local communities. In Liberia, the authors report a number of positive mediating factors, notably a genuine government effort to harness published data to inform policies and legislation, but "these pieces of legislation and international declarations have yet to produce a significant effect on the ground" (p. 36). The authors conclude with a bulleted list of recommendations tailored to each country.

*Kolstad, I., & Wiig, A. (2009). **Is transparency the key to reducing corruption in resource-rich countries?**. *World Development, 37*(3), 521–532. https://doi.org/10.1016/j.worlddev.2008.07.002

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Observational — Datasets

Value Chain: VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

The authors systematically review extant literature on the resource curse, including empirical studies and economic theory, to examine whether and how transparency can effectively reduce corruption in resource-rich countries. They begin by delineating the ways in which a lack of transparency could conceivably increase corruption and make it harder to fight, including by making it harder to hold corrupt actors accountable and identify honest ones, by frustrating attempts to institute and enforce cooperative agreements, and by discouraging public participation in the democratic process. The authors then draw on empirical studies to argue that transparency on its own is an insufficient weapon against corruption. Once members of the public have information, they argue, they must be sufficiently educated to be able to process it. In addition, the public must have the ability and appropriate incentives to hold corrupt officials to account. The authors discuss existing evidence that demonstrates how the effect of press freedom (used as a proxy for transparency) on corruption is significantly impacted by the country's degree of education (as measured by the percentage of students completing the last year of primary school), with greater school completion increasing the negative impact of press freedom on corruption. The authors further argue that transparency's effect on corruption also depends on the kind of incentives people have for acting on information. They assert that there will be a greater incentive to report corruption if the corruption is based on extortion, rather than collusion for mutual benefit. In the former case, one party to the corruption is being actively harmed and would have an interest in corruption reduction, whereas in the latter, all parties are actively benefitting by the arrangement and therefore are incentivized to keep the status quo.

The authors further explore some of the ways in which transparency can potentially increase corruption (e.g., by informing people who give bribes about the officials most susceptible to them), asking if an emphasis on transparency is preferable to other anti-corruption strategies, and if so, in which area transparency is most effective. To answer the first question, the authors turn to an 87-country study by Mehlum et al. (2006), which argues that some of the most important defenses against corruption in resource-rich countries are strong institutions. Since that study did not examine the effect of transparency, the authors rerun their regression including transparency as an explanatory variable (using Freedom House data on freedom of the press as a proxy) and find that transparency does not significantly affect the extent of corruption in resource-rich countries. To address the second question, the authors argue that if transparency policies are to be effective, they must target the two primary mechanisms of the resource curse, as identified by Mehlum et al.: rent-seeking and patronage, in the form of public-expenditure distribution. Building on this argument, they examine challenges and problems of the Extractive Industries Transparency Initiative (EITI), criticizing several of its features. First, the EITI focuses on only revenue collection, rather than expenditures or earlier stages in the process such as contracts and procurement and its voluntary status. In addition, the EITI focuses only on transparency, and without education and accountability, it is unclear how much impact the EITI will have. Finally, the EITI's construction of a multistakeholder group brings about a risk that the group can become yet another arena for rent-seeking and patronage. The authors conclude by suggesting future research to integrate empirical analysis into theoretical models of the resource curse, and to test empirically the importance of transparency versus other kinds of policies that aim to reduce corruption.

Krishnan, S., Teo, T. S. H., & Lim, V. K. G. (2013). **Examining the relationships among e-government maturity, corruption, economic prosperity and environmental degradation: A cross-country analysis.** I*nformation & Management, 50*(8), 638–649. https://doi.org/10.1016/j.im.2013.07.003

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation

Geography: Global

Methods: Observational — Datasets

Value Chain: N/A

Summary:

This study examines the relationship between e-government—the use of information and communications technology (ICT) to enhance the government's interfacing with stakeholders—and development variables. The authors' objective is to determine whether statistically verifiable relationships exist among the variables of e-government maturity (the extent of the government's online presence): corruption, prosperity, and environmental degradation. They investigate not only the direct relationships among all four of these variables, but also the indirect effect of e-government on prosperity and environmental degradation through the mediating variable of corruption. ICT is theorized to reduce corruption by enhancing transparency, accountability, and stakeholder access to information. E-government is also theorized to result in improved economic and environmental outcomes because the deployment of ICT can increase competitiveness and efficiency, respectively. In line with existing research, corruption is hypothesized to have negative effects on both prosperity and environmental quality, but economic prosperity is hypothesized to reduce environmental quality.

The authors test each of these relationships by gathering archival data from 105 countries and testing the performance of these four variables from 2004 to 2008. E-government, the independent construct, is obtained from global e-government reports. The intervening construct, corruption, is gleaned from national performance on a set of indicators. The dependent variables, economic prosperity and environmental degradation, are measured by per capita GDP and carbon dioxide emissions, respectively. Based on structural equation modeling, the authors find that e-government maturity is negatively correlated with corruption. The study does not find direct links between e-government and the other two variables, but they find that e-government does influence economic and environmental performance through the mediating effect of corruption. Thus, e-government can indirectly improve performance on major development indicators through its suppressive effect on corruption. According to the authors, limitations of this study include the use of secondary archival data for logistical reasons and the limited availability of such data for some countries. As a result of the latter issue, some countries had to be excluded from analysis. The authors recommend future research in the form of longitudinal studies on these variables and more robust empirical studies that build on this framework to incorporate other variables such as human capital or the rule of law.

*Laplante, L. J., & Spears, S. A. (2008). **Out of the conflict zone: The case for community consent processes in the extractive sector.** *Yale Human Rights and Development Law Journal, 11*(1), 69–116. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1288105

Publication Type: Journal article

Journal Type: Editor-reviewed

Focus Area: Corporate social responsibility; Free, prior, informed consent

Geography: Peru

Methods: Case study; Other: Policy recommendations; Other: Theory

Value Chain: VC1: Consent; VC2: Contract

Summary:

When international extractive companies first gained prominence in the 1980s and 1990s, mineral prices were low and extractive industries in developing countries were increasingly privatized and deregulated. As a result, there was extensive foreign direct investment (FDI) from international extractive companies in developing countries, but the companies' activities were not necessarily socially responsible. At the time, companies with extractive industry projects used corporate social responsibility (CSR) strategies to mitigate negative publicity regarding environmental, human rights, health, and safety issues, but these existing CSR strategies were not sufficient because they did not involve community perspectives. The authors also argue that, according to the World Bank's Extractive Industries Review, these CSR strategies remain insufficient for addressing current conflicts between companies and communities involving control over natural resources.

The authors note that many affected communities are impoverished and argue that the lack of regard shown by some companies and governments for community input on the negative effects of extraction work leaves community members feeling disempowered. Often, farmers and indigenous populations are geographically marginalized and disproportionately affected by extraction project mishaps such as gas flares, oil spills, and groundwater contamination; they are also heavily reliant on the land and other natural resources for their livelihood. In many instances, neither companies nor governments want to be held accountable for these environmental damages.

The authors advocate for a more a conciliatory position, arguing that if companies engage in conversations and consent processes with communities, they will be able to gain free, prior, and informed consent (FPIC) from community members for their activities. The authors also assert that, in order to be most effective, the terms of FPIC should involve continuous consultation, resulting in both a *de facto* social license from local communities and international agencies and *de jure* social license from host governments. The authors also warn, however, that because of a lack of international consensus around the tenets of FPIC, many companies and financial institutions can legally choose not to adopt FPIC. In addition, many host governments do not mandate FPIC agreements. When FPIC agreements are sought, moreover, differences across populations and communities can limit the applicability of previously used approaches.

To illustrate some of these dynamics, the authors include a case study of Peru, where President Alberto Fujimori overthrew the Peruvian Congress in 1992 and awarded himself full executive control. At the height of his extensive executive power, President Fujimori offered the natural extractive companies

low tax rates and eliminated the need for companies to make royalty payments, which ultimately drove up the amount of FDI pouring into Peru's extractive industry. The gold mines of Yanacocha in northern Peru—which produce half of Peru's gold—were particularly affected. When the mine opened in 1992, local communities welcomed foreign extraction companies, expecting they would bring additional jobs and an increased standard of living. Because these companies hired foreign talent and were not liable to pay much in taxes or royalties, however, new jobs for local residents did not materialize and the government, lacking tax revenue, could not generate any workforce or job development. In addition, because cyanide and a large supply of water are needed to extract gold from ore, the residents in the area suffered from water and food supply contamination. This led to residents blocking the mining site, which cost the mining company about $1.8 million and eventually led to the mining site's closure in 2007. As a result of the local community protests and subsequent mine closure, Yanacocha became the first major mining project in Peru to attain an International Organization for Standardization 14001 environmental management certification status, which meant that the mining company was compelled to address environmental issues.

The authors conclude by arguing that FPIC is beneficial for both parties because it ensures (1) that companies gain the global reputational respect and competitive advantage over other companies that wish to initiate extractive projects in the communities, and (2) that communities benefit from legally enforceable extraction rights and resource control granted to them by agreed-upon FPIC protocols.

Le Billon, P. (2012). ***Wars of plunder: Conflicts, profits and the politics of resources.*** New York, NY: Columbia University Press.

Publication Type: Book

Focus Area: Other

Geography: Global; Angola; Cambodia; Central African Republic; the Democratic Republic of the Congo; Liberia; Myanmar; Nigeria; Sierra Leone; Solomon Islands

Methods: Case study; Observational — Datasets; Other: Theory

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The author examines three existing accounts of why resource-dependent countries are susceptible to armed conflict. First, the resource curse account claims that resource dependence increases a society's vulnerability to armed conflict by causing economic underperformance and weakening government institutions. Second, the resource conflicts account holds that specific resources (and the social relations of production associated with these resources) are themselves sources of dispute; consequently, dependence on these resources increases a society's risk of armed conflict. Third, the conflict resources account alleges that specific resources provide insurgent groups with opportunities for financing and refuge (e.g., through revenue from looting, or by serving as hideouts for guerilla groups).

The author assesses these accounts in light of the record of violent conflicts connected with three resources—oil, diamonds, and timber—between 1990 and the mid-2000s. Although quantitative analyses from the existing literature receive brief treatment at the start of each section, the author's original contributions consist of brief qualitative case studies. Regarding oil-related conflicts, the author finds qualified support for all three accounts; the main case study in this section is of Nigeria.

Diamond-related conflicts, by contrast, resist all three accounts. Qualitative case studies of the "diamond wars" in Sierra Leone, Angola, and the Democratic Republic of the Congo show that these wars did not break out in diamond mining areas, and that diamond-related grievances played only a contributing role in belligerents' motivations. Additionally, case studies of those wars as well as conflicts in Liberia and the Central African Republic reveal that association with diamond extraction can pose logistical and political challenges to rebel groups.

While the author does not present statistical evidence indicating that forests directly influence the onset risk and duration of conflict, he does find that forests contribute to violence in more indirect ways. Forest exploitation, often associated with corruption, contributes to the weakening of government institutions. Case studies of conflicts in the Solomon Islands, Burma, Cambodia, and Liberia demonstrate how forests provide insurgent groups with territory for guerilla warfare as well as financing. Additionally, belligerents opportunistically seize on the complex identity politics of forest populations, which typically include oppressed indigenous groups and poor migrants.

The final two chapters concentrate on solutions. The author draws on the case studies from earlier chapters as well as some additional cases, but the arguments in these chapters run largely independent of the earlier discussions. The first of these chapters assesses three types of strategies used by the international community to end conflicts. The author finds that the military capture of resource regions typically succeeds in the short term but fails to secure lasting peace, while sanctions are

often undermined by inconsistent enforcement. Revenue sharing agreements between belligerents can be effective when pursued during a country's post-conflict economic recovery period. The effectiveness of these strategies also depends on certain characteristics of the resource.

The last chapter asks how resource sectors might be mobilized for peace. The author argues that the extractives industry can aid economic recovery in the wake of conflicts but cautions against developing extractives sectors before political institutions are well established. The author also cautions against awarding contracts to multinationals before local entrepreneurship has been cultivated. Regarding revenue allocation mechanisms, the author favors direct payments of resource revenue to local populations. Finally, the author argues that the long-term positive impact of international efforts to promote transparency, accountability, participation, and equity (including the Extractive Industries Transparency Initiative and Publish What You Pay) will require that the voluntary standards advised by these initiatives evolve into more global and mandatory norms.

Leitão, A. (2010). **Corruption and the environmental Kuznets Curve: Empirical evidence for sulfur.** *Ecological Economics, 69*(11), 2191–2201. https://doi.org/10.1016/j.ecolecon.2010.06.004

Publication Type: Journal article
Journal Type: Peer-reviewed
Focus Area: Other
Geography: Global
Methods: Observational — Datasets
Value Chain: VC3: Production

Summary:

The author tests how corruption impacts the relationship between sulfur emissions and income, contributing to literature on the Environmental Kuznets Curve (EKC) hypothesis, which posits that the environment at first worsens at low levels of income, then improves at higher income levels. Examining sulfur emissions in 94 countries at different levels of development and corruption from 1981 to 2000, the author not only finds evidence supporting the EKC hypothesis for sulfur emissions, but also that a country's degree of corruption is positively correlated with the EKC's peak—the income level beyond which sulfur emissions decline. The author argues that this relationship occurs as a result of corruption delaying governmental concerns about pollution and the subsequent postponement of stricter environmental laws and enforcement.

The estimated peaks for each degree of corruption are within the sample range of income. These findings support the idea that corruption and other institutional weaknesses affect both the country's total factor productivity and a government's concern for and control over environmental quality and degradation. The author then investigates heterogeneity, allowing for different income slopes across countries based on their income level, finding that, for richer countries, there is evidence supporting both an EKC for sulfur and a positive relationship between degree of corruption and per capita income at the turning point; for poorer countries, the same evidence is found, except in two models with less robust controls.

The author's findings are generally robust to different specifications controls and are not sensitive to the use of such instrumental variables as extent of democracy or religious beliefs. These findings suggest that corruption reduction seems to promote more rigorous emissions regulations and reduce the threshold of per capita income beyond which pollution declines. The findings also suggest that strengthening of institutions may lead to substantial economic benefits.

Longchamp, O., & Perrot, N. (2017). ***Trading in corruption: Evidence and mitigation measures for corruption in the trading of oil and minerals.*** U4 Anti-Corruption Resource Centre. Retrieved from http://www.u4.no/publications/trading-in-corruption-evidence-and-mitigation-measures-for-corruption-in-the-trading-of-oil-and-minerals/

Publication Type: Report

Focus Area: Other

Geography: Global

Methods: Case study

Value Chain: VC4: Revenue

Summary:

This publication investigates corruption in the natural resource trade in extractives-dependent economies. Specifically, the authors concern themselves with revenue misappropriation in resource sales by state-owned enterprises (SOEs) to commodity trading firms based in financial hubs such as Switzerland and Hong Kong. The authors identify this as an under-studied phase of the value chain. These transactions only recently became subject to Extractive Industries Transparency Initiative (EITI) reporting procedures and have not faced a great deal of scrutiny from scholars. Four facets of SOE-commodity trader transactions make them vulnerable to corruption: (1) the large size of such sales, (2) the involvement of public authorities in SOEs, (3) the dearth of transparency around their procedures, and (4) the lack of international standards to govern these transactions. Both SOEs and commodities trading companies are notoriously opaque, with little oversight in place to prevent corruption.

The authors examine cases in which this framework led to reports of corruption, including the "oil for food" bribery scandal in Baathist Iraq and several instances in which Swiss trading firms made purchases through shell companies that enabled local elites to extract profit. By providing concrete examples, the authors show that revenue misappropriation is a risk in resource sales between SOEs and commodities trading firms. In addition, they find that existing anti-corruption measures provide inadequate oversight regarding this step of the value chain. They recommend three substantive areas of further study: (1) clarifying the exact amount of state revenues from commodities trading, (2) measuring the leakage of this revenue in extractives-heavy developing economies, and (3) uncovering the structure of revenue misappropriation schemes. Altogether, this report should be considered a preliminary document that scopes out corruption in commodities trades involving state-owned natural resource enterprises.

Loureiro, M., Cassim, A., Darko, T., Katera, L., & Salome, N. (2016). **When does the state listen?** *IDS Bulletin, 47*(1), 55–67. Retrieved from http://bulletin.ids.ac.uk/idsbo/article/view/1542

Publication Type: Journal article

Journal Type: Editor/Peer-reviewed

Focus Area: Interface and user feedback mechanisms; Social audits and civil society monitoring

Geography: Ghana; Kenya; South Africa; Tanzania

Methods: Case study

Value Chain: N/A

Summary:

The authors argue that the literature on government accountability overemphasizes the need for a strong "citizen voice" and does not focus enough on the willingness of a state to react to citizens' demands for accountability and increased services. While a state can hinder a society's progress on transparency and accountability, they argue, it has the power to support it as well. To examine these state–citizen interactions, the authors evaluate the efforts of governmental officials in four sub-Saharan African countries—Ghana, Kenya, South Africa, and Tanzania—to create coalitions addressing broad issues, such as universal health care and digitization of governance. These four cases were chosen because the policies in question were implemented at junctures of increased democratization and citizen participation. Each case study involved interviews of key stakeholders—governmental actors, civil service organizations, and citizen voices—involved in these policy processes and tracing the key moments of policy creation, revision, and implementation. However, neither the number of interviews conducted nor the identity of interviewees is specified, and the article's analysis is based more on the general attitudes of involved stakeholder groups and a historical timeline of events.

The authors conclude that for states to be receptive to collaboration with non-state actors, a sense of urgency and public pressure to change or create policy must exist, as well as a common goal of accountability that all involved parties are advancing, even if there are different understandings of what government accountability means. However, collaboration between these groups is not always meaningful. The authors characterize the ways that the state responds to external and citizen pressure in three ways. The first are hearing moments, in which state actors "hear but do not listen" when engaging with non-governmental actors and do not change their low level of responsiveness. The second are consultation moments, in which state actors engage with non-state actors in a two-way dialogue, but action is only carried out by the state. The third are concertation moments, in which coalitions of reform-minded government officials engage with organized citizen groups to produce action for accountable governance. Only in concertation moments are there interactions of reform-minded individuals and organized citizen groups that go beyond surface-level dialogue, bridging the state–citizen divide to attain some aspect of accountable governance. These are rare and laborious, with states often reverting to hearing or consultation moments.

In all four cases examined, the authors find that at the start of the policy process there existed a sense of urgency and an activated citizen voice. This momentum was stalled and/or implementation of successful reforms was inhibited by antagonizing relationships between stakeholders, as well as governmental actors not fully incorporating the expertise and opinions of non-state actors at every step of the process. To combat these issues, the authors conclude that it is necessary for state actors to have an incentive, such as votes in an upcoming election, to respond to the citizen voice, provide these services, and remain accountable.

Manley, D., & Bria, E. (2017). ***Developing a strong mining divestment rule in Indonesia***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/developing-strong-mining-divestment-rule-indonesia

Publication Type: Report

Focus Area: Corporate social responsibility

Geography: Indonesia

Methods: Other: Policy recommendations

Value Chain: VC2: Contract; VC4: Revenue

Summary:

This report is prescriptive, recommending that Indonesia reconsider its divestment rule. Indonesia's divestment rule, which was first established in 2009 and subsequently amended by regulation or ministerial decree four times, mandates that foreign mining companies extracting in Indonesia offer an increasing amount of equity to entities in Indonesia—including regional and central authorities, state-owned enterprises, and companies—until, within 10 years of the start of production, they are divested of 51 percent of the locally established company. In making their recommendations, the authors perform legal and economic analysis to demonstrate why they believe the current divestment rule is a poor policy.

First, the authors discuss several downsides of the current divestment rule: (1) there is insufficient domestic capital to take full advantage of the divestment rule; (2) most project expenditures and decisions occur within the first 10 years of a project, so the divestment rule schedule—which guarantees the possibility of majority Indonesian ownership 10 years after the start of production—will not confer expected benefits; (3) the rule may impose significant costs, mainly by deterring foreign investment; (4) directing public funds to purchase mining equity puts downward pressure on other areas of public spending; and (5) compelling sale to public entities and actors creates opportunities for corrupt dealings.

To address these downsides, the authors recommend that Indonesia fully repeal the divestment rule, or at least modify it. Recommended modifications include: (1) reducing the 51 percent divestment requirement; (2) establishing a clear auction process that is moderated by a third party; (3) requiring companies purchasing equity to disclose beneficial owners; and (4) allowing companies to sell through a traditional IPO rather than a tiered offering.

Manley, D., & Wake, W. (2015). ***Copper giants: Lessons from state-owned mining companies in the DRC and Zambia***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/copper-giants-lessons-state-owned-mining-companies-drc-and-zambia-0

Publication Type: Report

Focus Area: Government monitoring and enforcement

Geography: The Democratic Republic of the Congo; Zambia

Methods: Case study

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The authors present two national mining company (NMC) cases: Gécamines in the Democratic Republic of the Congo and ZCCM in the Republic of Zambia. Through a detailed history of each, the authors develop recommendations for avoiding problems in business management, governance, and statutory privileges (such as licensing).

On the management side, the authors write that countries should establish very clear rules on how NMCs are structured and what they are expected to accomplish. A repeated pitfall encountered in the case examples is personalized control of NMCs that led to distorted incentives. Those controlling the NMC responded more to political pressures than to what was optimal for the business in the long term, and there were no clear standards to hold them accountable. A lack of clarity from the government on the strategic balance between passive equity partnerships with private mining companies versus the NMC's direct operations along the value chain—two tasks which require very different workforce skills—caused problems in both cases.

Among the authors' key recommendations for the governance of NMCs is that they should be subject to equivalent or higher standards of disclosure than private mining companies. In addition, their revenues and payments should be reported in disaggregated form. This process, the authors argue, must include all of the NMC's activities regardless of their relationship to the core business of minerals extraction or private equity. For example, over time ZCCM proliferated subsidiary companies in construction and other businesses. Countries must also establish a detailed legal basis for the structure of NMCs and their interactions with government institutions. The authors also recommend separating licensing powers from NMCs and keeping them in an agency that is accountable for the effects of licenses on broader economic, environmental, and development issues.

McGee, R., & Edwards, D. (2016). **Introduction: Opening governance—Change, continuity and conceptual ambiguity**. *IDS Bulletin, 47*(1), 1–21. Retrieved from http://bulletin.ids.ac.uk/idsbo/article/view/1542

Publication Type: Journal article

Journal Type: Editor/Peer-reviewed

Focus Area: Access to information and intermediation; Interface and user feedback mechanisms; Social audits and civil society monitoring

Geography: Global

Methods: Other: Literature review

Value Chain: N/A

Summary:

This resource is the introductory essay for an issue of the *IDS Bulletin* focused on open governance. In the issue, the authors review and discuss increased scholarship, debate, and activism concerning open data and open government initiatives between 2010 and 2015, noting that new technology for transparency and accountability initiatives has substantially reconfigured their methods, practices, and understanding of transparency and accountability work. The introductory essay is divided into three main sections. First, the authors review the relevant literature, analyze experts' prevailing opinions on a variety of transparency and accountability issues (for example, the effectiveness of open data initiatives), and identify obstacles to transparency and accountability success. Second, the authors introduce the themes found in the subsequent articles in that issue, which include citizen voice and government responsiveness. Finally, the authors discuss reforms needed to address remaining weaknesses in the transparency and accountability field. The authors provide definitions of several key terms in order to highlight the relationships between key concepts and power structures and to eliminate vagueness that can arise over time as terms are used to mean different things.

The authors emphasize that open government and access to information through technological platforms do not inherently lead to true transparency or accountability; a public will must also exist to respond to concerns raised on the technological platforms provided. In short, technology alone is not enough to improve accountability. In addition, steps must be taken to ensure that technology does not exacerbate existing information asymmetries between elites and non-elites. Additionally, the authors argue that researchers have established a strong evidence base regarding the effectiveness of transparency and accountability initiatives, but that the research community must do more to make that evidence available and accessible to the practitioners who design and implement reforms. Practitioners, in turn, need to make choices that are supported by evidence and research, rather than fall prey to "technology evangelism" that overstates the positive effects of technological interventions (p. 16). It is more difficult, the authors contend, to enact initiatives which truly make government more open and accountable rather than just providing products and services, but the work is necessary.

McGuirk, E. F. (2013). **The illusory leader: Natural resources, taxation and accountability.** *Public Choice, 154*(3–4), 285–313. https://doi.org/10.1007/s11127-011-9820-0

Publication Type: Journal article
Journal Type: Peer-reviewed
Focus Area: Other
Geography: Sub-Saharan Africa
Methods: Observational — Datasets
Value Chain: VC4: Revenue

Summary:

The author examines and tests a mechanism that links increasing rents from natural resource exploitation with a reduction in the demand for political accountability through a reduction of taxation on citizens. He concludes that, when resource rents increase, political leaders lower the taxation burden of their citizens to keep them complacent and so reduce the likelihood that the citizenry will demand their removal from office. Using a cross-country representative household survey with a large sample size of 50,755 respondents drawn from 33 surveys conducted between 2001 and 2006 in 15 countries, the author finds that increases in resource rents lead to reductions in levels of tax enforcement, which in turn mollify popular demands for democratic accountability. This relationship is statistically significant and robust to the introduction of controls. The author further corroborates these results by testing an electoral implication of the theory, finding that the effect of election proximity on tax enforcement is negative and statistically significant when high resource rents are present. This supports the author's theory, as political leaders are incentivized to reduce taxes when most in danger of being voted out of office. The author notes that availability of real taxation data at the individual level would allow for a similar study that uses tax payments in lieu of perceptions of tax enforcement, and suggests further research tying the mechanism into such larger issues as patronage, vote-buying, and resource embezzlement.

Mejía Acosta, A. (2013). **The impact and effectiveness of accountability and transparency initiatives: The governance of natural resources.** *Development Policy Review, 31*(s1), s89–s105. https://doi.org/10.1111/dpr.12021

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation; Corporate social responsibility; Government Monitoring and Enforcement; International multistakeholder initiatives

Geography: Global

Methods: Other: Literature review

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

Transparency and accountability initiatives (TAIs) that aim to improve governance in the extractives sector have become increasingly popular as development donors attempt to address the negative societal effects of the resource curse. To do so, initiatives oftentimes encourage greater civil society involvement, an increase in government transparency, and the creation of multistakeholder groups. The author reviews literature in the field that analyzes the impact and effectiveness of TAIs across the natural resource value chain and finds that TAIs have two related goals: to improve governance processes among actors and to improve developmental outcomes such as poverty alleviation. As such, interventions oftentimes enhance the processes of governance without showing actual downstream impact, which, he suggests, is a widespread trend in the field. He also notes major discrepancies in the factors scholars and practitioners believe are associated with an interventions' success. These include a variety of findings on the importance of country commitment, citizen engagement/public debate, and political institutions.

The author uses his review to discern five key knowledge gaps that he hopes academics and donors address moving forward. These include the need for an explicit theory of change between processes and outcomes, which he suggests be used to monitor an intervention's progress due to their slow nature. Additionally, he points out the need to avoid biases in data collection, reporting, and analysis; to shift emphasis from revenue generation to government spending on public services; and to examine how sanctions/incentives influence TAIs' effectiveness.

*Mildner, S. A., & Lauster, G. (2011). ***Curse or blessing – Development or misery: Scrambling to the bottom or scrambling to the top - Natural resources, economic growth, and conflict: A literature review.*** Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. Retrieved from http://api.ning.com/files/gQ35silletAENTPolkloyYY0LeL-Ngiqn-l7plz2TUdzEfj-WvqYHGpLG1frLT1AEhJVEap-P1gQzuQtNTJu39l2C7J2urNO6/SWPGIZresourcegovernancestudy2011.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; Community resource management; Corporate social responsibility; Decentralization and revenue sharing; International multistakeholder initiatives

Geography: Global

Methods: Other: Literature review

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

In this literature review, the authors examine the literature on the resource curse and outline how economists and political scientists have qualitatively and quantitatively analyzed the relationship between resource deposits, economic growth, income distribution, poverty, political institutions, stability, and conflict. They classify the literature into three categories. For the first category—the relationship between natural resources and economic growth—the authors identify three channels of causality in the economics literature from natural resources to underperformance of economic growth. These channels are: (1) natural resource dependence exposing countries to volatility and exchange rate fluctuations; (2) natural resource ownership causing so-called "Dutch disease," where rapidly increasing resource prices lead to an appreciation of the exchange rate and crowd out other export sectors, thus hindering industrialization; and (3) natural resource rents leading to rent-seeking and inefficient use of revenues. More recent analyses have identified the role of institutions in depressing economic growth.

The authors identify further areas for study, including the different characteristics of resources and their effect on economic growth, the right proxies for resource endowment and dependence, and the relative importance of intermediate transmission mechanisms (economic tendencies or distortions that undermine performance) to explain the link between natural resources and economic growth. They further note that lack of precision in defining and using terms is a recurring problem in the literature.

The authors identify two lines of argument in their second category of natural resource literature, which focuses on resources and conflict. The first school identifies natural resource "scarcity" as a cause of conflict, while the second views natural resource "abundance" as such. The authors identify three channels through which natural resource scarcity can lead to conflict: (1) population growth and environmental degradation; (2) institutional failure; and (3) power imbalances. Within the literature, they also identify looting rebels and weak states as mechanisms by which resource abundance leads to conflict. The authors conclude that the literature on natural resources and conflict does not provide a clear answer for scarcity or abundance as a driver for conflict, and that, more often, it is the "type" of resource that determines

the scholarship at hand; scarcity studies are more focused on renewable and abundant resources, and abundance studies are most focused on non-renewable and concentrated resources.

The authors outline their final category of natural resource literature—natural resource governance mechanisms and policy recommendations—focusing on community-based natural resource management, benefit-sharing, and public-private partnerships. They conclude that instruments to tackle resource wealth include management of public and private resource windfalls, funds for distributing resource revenues, policies to improve institutional quality, procedures to strengthen accountability and transparency in industry processes, and corporate social responsibility. Areas for further study include systematic cross-country analyses and evaluations of the effectiveness of policy instruments.

Mouan, L. (2014). **Building transparency and accountability in the oil industry in Africa: What next for the Extractive Industries Transparency Initiative (EITI)?** In E. Bohórquez & N. Etxaniz (Eds.), *A new generation of public control* (pp. 79–92). Transparencia Mexicana. Retrieved from http://www.tm.org.mx/wp-content/uploads/2014/04/CM-SERIES-2-A-New-Generation.pdf

Publication Type: Book section

Focus Area: Access to information and intermediation; International multistakeholder initiatives; Social audits and civil society monitoring

Geography: Angola; Cameroon; Nigeria; Republic of Congo

Methods: Case study; Observational — Ethnographic

Value Chain: VC4: Revenue; VC5: Spending

Summary:

In this paper, the author contributes to the debate about the impact and trajectory of the Extractive Industries Transparency Initiative (EITI), particularly seeking to understand if the EITI has accomplished its stated developmental objectives and what its future relevance is in sub-Saharan Africa in a post-Arab Spring environment. The author presents her arguments based on research and field visits in Angola, Cameroon, the Republic of the Congo, and Nigeria between 2008 and 2013. Through interviews with EITI stakeholders, the author identifies core challenges to the initiative, primarily related to the idea that the EITI is an "elitist agenda" in that it relies on government officials and publications without engaging citizen feedback, which reinforces power asymmetries (p. 85). The author, arguing that the EITI has not accomplished its objective of bringing about societal transformation, supports her findings with literature published on the EITI's website. The author then highlights the rise of transparency in Angola outside the EITI, driven by reputational and economic concerns.

The author argues that the EITI did enable collaboration between government and civil society that would not have otherwise occurred, triggering transparency progress in both affiliated and non-affiliated states. The author also presents her findings that in a post-Arab spring context, the populace has become more vocal regarding the management of natural resources and anti-corruption outside of the official EITI pathways. Regarding its future relevance, the author concludes from interviews and social movement publications that the EITI needs to be more inclusive of civil society groups and to build on the related progress forged by the Arab Spring, especially since many of the changes effected by this movement affect structures that are promoted by the EITI. The author recommends engaging young leaders and positioning the initiative to promote communication among states, companies and citizens. Regarding the EITI's impact, the author recommends integrating mechanisms into EITI membership to evaluate the quality of beneficiaries' living conditions, as well as monitoring the spending and investments, in order to ensure that natural resource revenues are effectively directed toward human development initiatives.

MSI Integrity. (2015). ***Protecting the cornerstone: Assessing the governance of Extractive Industries Transparency Initiative multi-stakeholder groups***. Retrieved from http://www.msi-integrity.org/wp-content/uploads/2015/02/MSI-Integrity-Protecting-The-Cornerstone-Report.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; Interface and user feedback mechanisms; International multistakeholder initiatives

Geography: Azerbaijan; Cameroon; the Democratic Republic of the Congo; Philippines; Tanzania

Methods: Case study

Value Chain: VC4: Revenue

Summary:

The authors assess the governance of multistakeholder groups (MSGs) in the Extractives Industry Transparency Initiative (EITI) member countries by collecting governance documents from all EITI MSGs, interviewing MSG members, and observing meetings in five EITI member countries. MSGs are the "cornerstone" of EITI governance, requiring governments to work with private sector and civil society actors to oversee implementation of the EITI. None of the EITI member countries was found to be in full compliance with the EITI Standard regarding internal governance of MSGs. Furthermore, the authors found governance problems not addressed by the Standard that could significantly diminish the overall impact of EITI significantly in countries where they are not addressed.

At the time this report was published, the EITI Standard did not specify the degree of confidentiality under which MSGs should operate, and each country formed its own practices. Some countries made MSG activities public, some created barriers to disclosure (such as making meeting minutes available only by request), and, at the extreme, some operated under near secrecy.

The authors also found failures to preserve the independence of EITI MSGs. Civil society participation in EITI MSGs is intended to be free from interference or reprisal, with representatives able to speak freely. Most importantly, in many countries, government actors were over-involved in the selection of MSG members. This took many forms, including hand picking members individually, designating what the authors called "inappropriate" civil society organizations (CSOs) to make decisions, or limiting access only to certain, favored CSOs.

Representation of affected communities was also poor across most EITI MSGs. A majority of them had fewer than 25 percent female members. Extractives-impacted communities were under-represented, with many subnational actors unaware that the MSGs existed. One-third of the MSGs studied offered no travel reimbursement for participation in meetings, rendering them inaccessible to members of remote, but directly impacted areas. In other cases, members received allowances over the course of a calendar year that exceeded the per capita income of the country.

The authors recommend that the EITI institute measurement and evaluation of MSGs to ensure their effectiveness in overseeing the EITI process. They also recommend that the EITI expand the scope of MSG activities in the Standard, having observed in the field that MSG members perceived the Standard to be limits rather than a baseline set of requirements.

*Myers, K. (2010). ***Selling oil assets in Uganda and Ghana – A taxing problem***. Revenue Watch Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/selling-oil-assets-uganda-and-ghana-taxing-problem

Publication Type: Report

Focus Area: Government monitoring and enforcement

Geography: Ghana; Uganda

Methods: Case study; Other: Policy recommendations

Value Chain: VC2: Contract; VC4: Revenue

Summary:

In this report, the author reviews taxation controversies in Uganda (Heritage Oil) and Ghana (Kosmos Energy) surrounding the pre-production sale of their oil and gas assets and argues for clarified and integrated regulations on capital gains taxation. Noting that there is no agreement about best practices for managing taxation amongst oil exporting countries, the author uses these case studies to explain that these disputes arise because the oil industry presents a taxation anomaly wherein investors are paid out before production begins and domestic tax revenue rules are applied. The author explains the taxation scenario of both the Heritage Oil and Kosmos projects, contextualizing them by outlining the benefits and pitfalls to the three most common approaches to capital gains taxation: taxing both seller and buyer, taxing seller and allowing deductions to buyers, and taxing seller but restricting buyer's deductions.

Considering that the capital gains from the Heritage and Kosmos assets sales are significant in relation to each country's overall budget, the lack of best practices for taxation present a challenging environment for this highly politically charged dispute. The author discusses challenges to developing comprehensive tax legislation, including evasion and the potential impact of stabilization clauses. By situating these emerging markets alongside more developed oil economies, the author urges that Uganda, Ghana, and other countries with emerging oil and gas markets need to prioritize both fair and transparent tax legislation as well as efficiency in the development of their natural resource management with a long-term perspective.

Nagendra, H., & Ostrom, E. (2012). **Polycentric governance of multifunctional forested landscapes.** *International Journal of the Commons, 6*(2), 104-133. https://doi.org/10.18352/ijc.321

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Community resource management; Decentralization and revenue sharing; Interface and user feedback mechanisms; Social audits and civil society monitoring

Geography: Global

Methods: Case study; Other: Policy brief; Other: Theory

Value Chain: VC1: Consent; VC3: Production

Summary:

This study is prescriptive, explaining the benefits of polycentric governance, particularly as applied to interventions in de- and reforestation efforts. The authors define polycentric governance as an established organizational structure managed by citizens and public officials with defined enforcement and sanctioning authority. The authors argue that there has been a dearth of research on the tactics and various micro-level processes of land use and reforestation efforts; the majority of the literature is focused on deforestation. Relying heavily on their own previous publications, the authors review the literature on both reforestation governance and accounts of polycentric systems. The authors evaluate the successes and failures of dominant uni-level policy reforms that change government management, decentralize authority, or implement community-based management. They note that, while decentralization can be important in polycentric systems, decentralization strategies often fail to engage multi-level stakeholders and to devolve sufficient resources and rights to grant an effective amount of authority.

The authors argue that polycentric governance is the best approach for forest management. They describe studies that show polycentric systems successfully coping with large-scale goods and services provision, making the approach particularly applicable to the complexity of natural resources. The authors also explain how policymaking must take into account diverse social and ecological conditions in designing management approaches for collective resources. The authors find that though forest conservations efforts have been developed on various local, regional, national, and global levels, they are largely implemented on the local level, where local actors and incentives affect the trajectory of these initiatives. The authors conclude that polycentric systems reduce the effects of local incentives by limiting opportunistic behavior, as small consumption units enable common understanding and larger consumption units reduce free-riding of the wealthy.

The authors demonstrate how the principles of polycentricity are generalizable to several emerging international policy issues that have national and local impacts, including climate change, grazing land issues, and water supply problems. The authors do not claim that polycentric solutions are the only viable solution, and they identify a need for further research to understand: (1) how other multi-level solutions have been designed by NGOs, public agencies, and users; and (2) why, and in which circumstances, such polycentric systems are effective solutions.

Natural Resource Governance Institute. (2016a). ***Beneficial ownership: Tackling hidden company ownership through Myanmar's EITI process***. Retrieved from https://resourcegovernance.org/analysis-tools/publications/beneficial-ownership-tackling-hidden-company-ownership-through-myanmars

Publication Type: Report

Focus Area: Asset and beneficial ownership disclosure; International multistakeholder initiatives

Geography: Myanmar

Methods: Other: Policy recommendations

Value Chain: VC2: Contract; VC4: Revenue

Summary:

In this report, the Natural Resources Governance Institute proposes how the Myanmar Extractive Industries Transparency Initiative (MEITI) can best implement beneficial ownership transparency. Recommendations include: (1) setting a broad definition of what constitutes a beneficial owner; (2) compelling companies to disclose more than just the names of beneficial owners; (3) agreeing on a timeline for rolling out a beneficial ownership disclosure program that starts at a small scale (for example, beginning with disclosures in a select number of sectors); (4) establishing a schedule for routine disclosure and a method for confirming disclosed information; and (5) publishing information in an open data format.

This report is intended to be guidance for "the multi-stakeholder group of government, private sector and civil society representatives which oversees Myanmar's EITI process" (p. 1). In making recommendations, the report references several projects in Myanmar that could help implement beneficial ownership transparency, such as an online public company register currently maintained by the central government. However, the majority of the report is intended to make policy recommendations in plain language, does not contain any methods or hypothesis, and is not attached to the findings of a study or studies. This report is likely most useful as a resource for best practices concerning the implementation of beneficial ownership.

Natural Resource Governance Institute. (2016b). ***Parliamentary guide for approval of natural resource contracts in Tunisia.*** Retrieved from https://resourcegovernance.org/analysis-tools/publications/parliamentary-guide-approval-natural-resource-contracts-tunisia

Publication Type: Report

Focus Area: Government monitoring and enforcement; Open contracting and procurement

Geography: Bolivia; Ghana; Kuwait; Liberia; Mongolia; Norway; Tunisia

Methods: Case study; Other: Policy recommendations

Value Chain: VC2: Contract

Summary:

This report evaluates parliamentary review of natural resource contracts in six countries. The information collected comes from a literature review, including a review of relevant laws and regulations, and 12 expert interviews. This information is synthesized into six "lessons" that are intended to help Tunisia implement Article 13 of its 2014 constitution, which codifies parliamentary review of natural resource contracts. The report suggests that there are costs and benefits to parliamentary review.

In general, the report suggests the main tradeoff of adopting parliamentary review is that it politicizes the contract process, often in substitution of economic analysis, but that it also provides a reliable opportunity for some form of public debate. Importantly, the report finds that parliamentary review processes which lack clearly defined roles, procedures, and transparency surrounding deliberation tend to worsen this tradeoff. Based on this core insight, the report suggests that the Tunisian parliament should take care to clearly define the review process and to furnish itself with sufficient technical expertise to evade capture and make decisions consistent with sound economic analysis. The review finds some interesting commonalities between the parliamentary review processes of the reviewed countries, including: (1) countries generally use the same procedure for approving contracts as they do for approving treaties; (2) contracts under review are generally accompanied by a technical report from the private or state-owned company executive; and (3) the process generally consists of public hearings in either parliamentary committees, or through plenary sessions with constituents. The report does not explore the origins of these commonalities, or whether they are beneficial features of the process.

Natural Resource Governance Institute. (2017a). ***Comparative and descriptive analysis of the effects of the extractive industry boom on social indicators.*** Retrieved from https://resourcegovernance.org/analysis-tools/publications/comparative-and-descriptive-analysis-effects-extractive-industry-boom

Publication Type: Report

Focus Area: Decentralization and revenue sharing

Geography: Bolivia; Chile; Colombia; Ecuador; Peru

Methods: Observational — Datasets

Value Chain: VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This report gives an overview of the relationship between GDP growth and natural resource extraction in Bolivia, Chile, Colombia, Ecuador, and Peru between 2011 and 2014. This region experienced an economic boom driven by extractive industry investments driving up income and tax revenue. This report points to newly established fiscal decentralization rules mandating revenue sharing between the central government and producing regions as a potential driver of increased social equality. Using a number of different measures of social inequality, this analysis examines change in inequality between social groups from 2001 to 2013. The authors isolate: rural and urban populations, men and women, and indigenous and non-indigenous groups; alongside looking separately at extractive and non-extractive regions. The authors examine a number of different types of inequality, including: financial wellbeing, education, employment, and access to public services.

The overall findings of the study indicate that extractive regions saw little overall employment growth. They did see an increase in salaried employment, as well as significantly increased access to public services as compared to non-extractive regions. Income and poverty gaps decreased, but education enrollment and basic service access remained relatively unchanged during the selected years. The findings also indicate that, in both extractive and non-extractive regions, the benefits of the resource boom favored men, those in urban settings, and non-indigenous groups. The authors conclude that a government's fiscal decisions and allocations have an important influence on the elements of social equality in both extractive and non-extractive regions. They also note that some of the governments in the Andean region chose to explicitly favor extractive regions in resource allocation. The authors also note that additional work is necessary to evaluate the impact of the resource boom in this region.

Natural Resource Governance Institute. (2017b). ***International best practices for transparency in contract management: Recommendations for Mexico***. Retrieved from https://resourcegovernance.org/analysis-tools/publications/international-best-practices-transparency-contract-management

Publication Type: Report

Focus Area: Access to information and intermediation; Government monitoring and enforcement; Open contracting and procurement

Geography: Mexico

Methods: Case study; Other: Policy recommendations

Value Chain: VC2: Contract; VC4: Revenue

Summary:

This report serves two purposes: to review the steps taken by the National Hydrocarbons Commission (CNH) of Mexico to improve transparency of their contracting process, and to make recommendations on how more improvements can be achieved. The report relies on a literature review, web research, and expert interviews to review steps taken by CNH and to make recommendations. Most of the review of CNH comes from reviewing CNH's new website, and cataloging what information and data are available and absent. The review of the CNH website finds that they are providing information about relevant laws and regulations and providing the full text of winning contracts and a glossary of key terms.

The report, based on a review of contract transparency practices in other countries, makes a series of recommendations about more steps CNH should take. Their recommendations include: (1) providing a simple explanation of how the regulatory system works, in addition to the relevant statutory and regulatory language; (2) disclosing the identities of relevant, politically exposed persons and beneficial owners on contract-winning entities; and (3) producing all data in conformity with the Open Data Standard. The report is particularly concerned with how CNH should monitor Petróleos Mexicanos (Pemex), and notes that France serves as a good model both for making explicit the ways in which state-owned enterprises should be treated when they are in competition with private companies and how their projects should be monitored if they win contracts.

*Natural Resource Governance Institute (NRGI). (2017c). ***2017 Resource Governance Index Report***. Retrieved from https://resourcegovernance.org/sites/default/files/documents/2017-resource-governance-index.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; Decentralization and revenue sharing; Government monitoring and enforcement; Interface and user feedback mechanisms; Open contracting and procurement; Social audits and civil society monitoring

Geography: Global

Methods: Observational — Datasets

Value Chain: VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

In this report, the authors present the latest version of the Resource Governance Index, which measures the quality of natural resource governance in 81 countries that produce oil, gas, and/or minerals. The index is formulated using a framework of 149 questions answered by 150 researchers. The results are aggregated into three categories: (1) value realization, (2) revenue management, and (3) enabling environment. Value realization covers the governance of allocating extraction rights, exploration, production, environmental protection, revenue collection, and state-owned enterprises. Revenue management covers national budgeting, subnational resource revenue sharing, and sovereign wealth funds. Enabling environment measures a country's broader governance context, including open data and the composite measures that make up the Worldwide Governance Indicators. Scores for each of the three components are on a scale of zero to 100, with results grouped into performance bands.

Based on their analysis of the data (and comparing it to the index results in 2013), the authors conclude that more progress is taking place in the adoption of rules and procedures than in their actual implementation. Reformers seeking to improve governance, then, should in many cases focus on implementing existing legal frameworks rather than prioritizing the adoption of new laws and regulations in extractives. The authors also recommend that further disclosure is necessary for data to be useful in informing policy debates and decisions. In addition, they argue that state-owned enterprises should establish independent governing boards, appointed as part of a meritocratic process, and emphasize technical expertise. Turning to global norms and institutions, the authors argue, for instance, that the Organization for Economic Co-operation and Development "Anti-Bribery Convention" ought to be preserved. The report also finds a correlation between EITI membership and company-specific disclosures, while noting that more needs to be done on project-level transparency. Finally, the authors caution that public information about the resource sector should be released in line with the Open Data Charter standards so that citizens can make effective use of it within a safeguarded civic space.

*Natural Resource Governance Institute (NRGI). (2014). ***Natural Resource Charter.*** 2nd edition. Retrieved from https://resourcegovernance.org/analysis-tools/publications/natural-resource-charter-2nd-ed

Publication Type: Report

Focus Area: Access to information and intermediation; Budgets and fiscal openness; Corporate social responsibility; Government monitoring and enforcement; Interface and user feedback mechanisms; Open contracting and procurement

Geography: Global

Methods: Other: Policy recommendations

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The Natural Resource Charter, which outlines a natural resource decision chain linking 12 policy-based, implementable precepts for natural resource governance, aims to provide a comprehensive guide to the resource extraction process and various stakeholders' roles. Its goal is to ensure responsible government management of extraction revenues in order to maximize their opportunities and minimize their pitfalls. The authors are an independent group of academics and practitioners working under an oversight board composed of members with direct international experience in the natural resource sector. They note that the precepts of the Charter draw upon "accumulated experience" and examine "approaches that successful countries have used, in different contexts and combinations, to realize the development potential of natural resource wealth" (p. 4). The authors outline important overarching themes of the Charter, including participatory oversight, accountability, adaptability, long-term planning, and support for local communities to maintain long-lasting resource-generated wealth.

The first two precepts of the Charter emphasize the importance of establishing an accountable, citizen-oriented framework before and during extraction. This framework should incorporate the following: (1) functioning institutions; (2) legal checks; and (3) the creation of an adaptable, long-term, detailed, and inclusive national strategy. The third precept recommends that a country's government should conduct fully informed research on property rights, resource location and quantity, licensing restrictions, and environmental costs before allocating the resources to extractors to ensure responsible governmental jurisdiction. The fourth, fifth, and sixth precepts provide advice for local governments aimed at reducing inequalities, including: the use of cost-benefit analyses of local government procedures regarding profitable resource taxation policies, local community inclusion through independent education on extraction impacts, compensation for environmental damage, and enforcing ownership rights. The sixth precept also discusses the use of nationally owned resource companies for extraction projects; once resource extraction revenue streams begin, local governments must manage financial gains responsibly. To do this, the seventh and eighth precepts prescribe sustainable investment strategies to maintain equity among current and future generations. Techniques for decreasing dependence on extraction revenues include public budgeting, diversifying the economy, adapting tax regimes, and encouraging foreign investments. The ninth and tenth precepts address the unpredictability of newly acquired extraction-based revenue streams for public and private investment and provide solutions for sustainable development. The decision chain concludes with the two final precepts, which detail the role of the international community in maximizing local benefits and minimizing extraction costs locally while promoting sustainable practices that benefits the citizens of resource-rich countries.

*Natural Resource Governance Institute (NRGI). **Resource Contracts**. Retrieved from https://www.resourcecontracts.org/

Summary:

This resource is an open access repository of oil, gas, and mining contracts. In providing summaries of each contract's key "social, environmental, human rights, fiscal, and operational terms," the site provides greater transparency of extractive industry investments and the contracts that govern them. The site seeks to fill the knowledge gap created by the complexity of licenses, leases, concessions, and other contractual arrangements, along with the lack of tools with which to assess and compare key contract provisions. Presented in a machine-readable form with rich metadata, annotations, and rigorous categorization, the site makes these contracts more accessible. The resource does not address additional obligations included in national laws and regulations that are not expressly included in the contracts.

*Natural Resource Governance Institute (NRGI). **Resource Data.** Retrieved from https://www.resourcedata.org/

Summary:

This resource is an open source collection of 67 datasets and more than 10,000 documents intended to enable citizens to "realize the benefits of their countries' endowments of oil, gas and minerals." The resource is divided into 12 precepts: (1) strategy, consultation, and institutions; (2) accountability and transparency; (3) exploration and license allocation; (4) taxation; (5) local effects; (6) nationally owned resource companies; (7) revenue distribution; (8) revenue volatility; (9) government spending; (10) private sector development; (11) roles of multinational companies; and (12) the role of the international community. The resource combines the datasets and documents of three organizations: the Extractives Industries Transparency Initiative (EITI), the Natural Resource Governance Institute (NRGI), and the Resource Governance Index (RGI) Source Library. The RGI Source Library hosts the supporting documents used by researchers to verify their answers to the 149 questions asked in order to construct the Resource Governance Index. The resource as a whole is intended to enhance country-sector assessments.

*Natural Resource Governance Institute (NRGI). **Resource Projects.** Retrieved from https://resourceprojects.org/

Summary:

The Resource Projects tool of the Natural Resource Governance Institute (NRGI) allows users to browse detailed reports of over 17,500 (and counting) payments made to national governments by companies in the extractives industries of oil, gas, and mining. Users can track individual payments by company or country and follow links to payment summaries posted by companies and governments as mandated by country-specific payment disclosure laws. The Resource Projects site consolidates and centralizes data on company payments and government contracts that are often scattered across an array of websites and digital locations. This data is then cleaned and organized to make it more accessible and comprehensible for all users, from researchers to civil society groups. The tool offers additional details of specific projects, from their proposed start and end dates to projected values in U.S. dollars and other currencies. Users can also view charts and tables of visualized company and country data, access statistics related to the occurrence of different payment forms (for instance, royalties, taxes, fees) to governments, and learn the specific NRGI Resource Governance Index scores assigned to countries included in the visualized data.

*Natural Resource Governance Institute (NRGI). **2017 Resource Governance Index**. Retrieved from https://resourcegovernanceindex.org/

Summary:

The Natural Resource Governance Institute's (NRGI) 2017 Resource Governance Index assigns scores based on a set of variables designed to measure national-level resource management in 81 resource-rich countries. Countries with more transparent and effective laws and protocols in place to manage and distribute the gains accrued from extractive industries (oil, gas, and minerals)—and the degree to which laws are translated into practice—score higher, while countries with inefficient, corrupt, or opaque resource management rules or cultures score lower. Numerical scores are grouped into bands, with the tiers ranging from "failing" to "good." The final scores reflected in the index are composites based on measures of three primary concepts: value realization, revenue management, and enabling environment. Each concept is measured by aggregating a series of variables from primary and secondary sources together; the measures of each concept are then averaged to produce a final score. The primary data originates in an NRGI-designed 149-question questionnaire completed by 150 experts in the 81 countries, and the secondary data comes from NRGI's own analysis of the countries' specific transparency and governance environments.

The findings showcased in the index suggest that while resource management seems to be improving around the globe, many hurdles remain. Existing laws need strong institutions and public and private sector initiatives for their enforcement, and tougher laws on corruption and opacity in the resource management field are yet to be codified in many countries. In general, greater wealth does not guarantee greater advancement in equal and transparent resource management, and within countries, there is great variation among the three primary measures used to determine final scores. The authors recommend a host of methods by which governments and companies may engender more open and fair resource management, including strengthening the national and international institutions that are responsible for implementing and enforcing laws and empowering the civic groups that could use the index to demand greater accountability and transparency in resource management from their governments.

*Natural Resource Governance Institute (NRGI). **Natural Resource Charter Benchmarking Framework.** Retrieved from https://resourcegovernance.org/analysis-tools/tools/natural-resource-charter-benchmarking-framework

Summary:

This resource provides a tool for benchmarking a country's management of oil, gas and minerals against global best practices in order to structure research, support cross-stakeholder dialogue, and underpin government-led strategic planning and evaluation. The framework is modeled on the policy options of the Natural Resource Charter and is a product of expert input and testing in more than 15 country projects. The framework questions are linked to requirements of the Extractive Industries Transparency Initiative (EITI) Standard, with reference to data from the Resource Governance Index. Three key objectives are identified: (1) assess priorities in order to weigh competing concerns and allocate resources effectively; (2) build consensus and bridge divides; and (3) monitor progress, primarily through regular re-scoring exercises. In terms of using the framework, the authors caution that because the framework questions require country-specific content, it is not the correct tool for cross-country comparison. Further considerations when benchmarking individual countries are the need to define whether the framework will be employed in full or in part, the depth of analysis, the answer format, and the need to validate results (whether through local validators, an expert panel of specialists, or peer reviewers).

Nest, M. (2017). ***Preventing corruption in community mineral beneficiation schemes***. U4 Anti-Corruption Resource Centre. Retrieved from https://www.u4.no/publications/preventing-corruption-in-community-mineral-beneficiation-schemes/

Publication Type: Report

Focus Area: Decentralization and revenue sharing

Geography: Cameroon; Ghana; Liberia; Papua New Guinea, Sierra Leone; Zimbabwe

Methods: Case study

Value Chain: VC5: Spending

Summary:

This report identifies corruption risks in community mineral beneficiation schemes (CMBSs), which it defines in quite broad terms: from one company-led extreme of offers to resettle, hire, or compensate in order to get community consent to their operations, to the opposite pole of government-led revenue sharing directly back to producing communities. Any abuse of entrusted power for private gain qualifies as corruption in this work, and in the CMBS cases, it often takes the form of prioritizing elite groups with CMBS project selection, extortion by politicians and other duty bearers during project selection, or more direct embezzlement and fraud. In terms of method, the author builds detailed case studies of Ghana and Sierra Leone and draws on less detailed 'shadow cases' from Cameroon, Liberia, Papua New Guinea, and Zimbabwe. He then synthesizes the lessons from these case studies with a wide array of practitioner guidance material on corruption in mining produced by global civil society organizations.

The bulk of the report focuses on corruption risks and the specific problems with the strategies to address each. A first response to corruption with CMBSs might be to consolidate and capacitate a bureaucratic system to control expenditures and decisionmaking. While this can limit local corruption opportunities, it can transfer corruption to the central level, or just limit the point of CMBSs in terms of prioritizing development according to particular local needs. Therefore, a better strategy might be to build a community's own capacity to manage its development. However, in all of the cases reviewed, local and traditional leaders captured projects, misused funds, and controlled resources to their own benefit, reducing social cohesion and provoking more citizen distrust. A third strategy, therefore, would be empowering multiple stakeholders, especially community representatives, to make decisions about expenditures of revenue funds. Yet even this design exhibits serious flaws to the authors, including replicating social exclusion, empowering new actors to engage in corruption, or just being ineffective at producing development.

The recommendations from the report can be summarized as: (1) conduct political economy analysis during the design of any CMBS (for example, consider local power dynamics, as well as local relationships with government authorities and mining entities); (2) communicate with all relevant public, private, and civil society stakeholders; and (3) establish opportunities for periodic evaluation and redesign of the CMBS.

Obeng-Odoom, F. (2015). ***Oil rents, policy and social development: Lessons from the Ghana controversy***. United Nations Research Institute for Social Development (UNRISD). Retrieved from http://www.unrisd.org/80256B3C005BCCF9/(httpAuxPages)/BF2E4268C7A52AE3C1257E4B005771A8/$file/Obeng-Odoom.pdf

Publication Type: Report

Focus Area: Other

Geography: Ghana

Methods: Case study; Other: Policy brief

Value Chain: VC5: Spending

Summary:

The author studies expenditure patterns of oil rents in Ghana following the adoption of the Petroleum Revenue Management Act (henceforth the Act). The Act specifies that a certain portion of annual revenues are to be used for annual national budget support of social policy goals guided by four core principles and empowers the Minister of Finance to nominate at most four priority categories for spending. The four core principles are maximizing the rate of economic development, promoting equality of economic opportunity, undertaking balanced regional development, and ensuring medium and long-term goal alignment. In the period of study (2011 to 2013), the four priority categories were "loan servicing, road construction and maintenance, agricultural modernization, and capacity building" (p. 2).

The author suggests that there is a mismatch between development goals and outcomes and introduces two related pieces of evidence. First, nationally representative survey data not collected by the author suggest general dissatisfaction with oil revenue social policy expenditures among Ghanaians. Second, the author cites others' research suggesting that, because of certain development spending decisions, Ghana's use of oil rents in the period of study cannot be causally related to GDP growth, and are only modestly related to poverty reduction. In particular, the author criticizes the dominance of expenditures on road development during the period of study, which he attributes to outdated ideas of economic development. Further, the author cites others' research suggesting that where road development expenditures do bolster economic development, they do so in unequally distributed ways, to the detriment of women and indigenous communities. The author recommends that Ghana directs oil rents toward investment in alternative energies and adopts a general policy goal of energy security.

Østensen, Å. G., & Stridsman, M. (2017). ***Shadow value chains: Tracing the link between corruption, illicit activity and lootable natural resources from West Africa***. U4 Anti-Corruption Resource Centre. Retrieved from https://www.u4.no/publications/shadow-value-chains-tracing-the-link-between-corruption-illicit-activity-and-lootable-natural-resources-from-west-africa/

Publication Type: Report

Focus Area: Other

Geography: Liberia; Mali; Nigeria; Sierra Leone

Methods: Case study

Value Chain: VC3: Production; VC4: Revenue

Summary:

In this report, the authors investigate the relationships between natural resources (in these cases, specifically diamonds, timber, gold, and oil), and "illicit activity," which they define broadly to include crime, smuggling, terrorist activity, armed militancy, and insurgency (p. 6). They treat corruption in natural resource management as an ingrained enabling factor that supports this diversion of revenue to illicit activities through bribery, embezzlement, fraud, and/or patronage schemes. The authors note some methodological limitations to their study: much of the evidence of illicit activity is anecdotal and estimates of the magnitude of illicit resource trade are almost certainly undervalued because they are based on intercept rates reported by law enforcement agencies. Given this limitation, the authors sought to highlight patterns identified by more than one case study and (where possible) based on field research.

The authors find that all four resources were illegally extracted to some extent. Illegal extraction of diamonds and gold were identified only at artisanal levels of production; legally extracted diamonds and gold were not diverted from the legal value chains. On the other hand, oil was extracted legally, usually by a large, multinational oil company, and only later stolen and diverted. Timber was produced illicitly at an industrial scale, largely because of ineffective and unenforced regulations. To profit, illegally produced or diverted resources are reinserted into the licit economy via being traded in informal markets locally, mixed with legally-produced batches, smuggled to regional markets, or exported using fake certifications. Corruption accommodates this informal trade due to the lack of enforcement of limited regulations, usually via bribery. Finally, in terms of what illicit activity these resources finance, organized crime is the most closely intertwined. The authors find no evidence linking terrorism or insurgencies to illegal natural resources.

Oxfam America. (2014). ***Geographies of conflict: Mapping overlaps between extractive industries and agricultural land uses in Ghana and Peru***. Retrieved from https://www.oxfamamerica.org/static/media/files/Ghana-Peru_Report-Final-post-to-web-comp_1.pdf

Publication Type: Report
Focus Area: Other
Geography: Ghana; Peru
Methods: Observational — Datasets
Value Chain: VC1: Consent; VC2: Contract; VC3: Production

Summary:

Using mapping, visualizations and spatial analysis, this report plots where agricultural land and water basins are displaced by the mining and oil industries in Peru and Ghana. This report uses spatial analysis and topographical data gathered from national government institutions, research institutions, and NASA, to come to conclusions about potential conflict between the agriculture and extractives sectors. The study finds that, between 1992 and 2011, Peru saw rapid growth in extractives sector activity. The authors identify many points of overlap between these areas of extractives sector expansion and agricultural land, indicating little effort in joint planning among the extractives industry, local government and indigenous communities on the use of land and water resources. In Ghana, while the authors had less data on extractive sector activity, they identify similar trends: the expansion of extractive industries is already causing conflicts over the use of forest reserves, and, the authors predict, will likely lead to conflicts in agricultural areas and in small-scale fishing communities. Here again, the authors see a lack of communication and agreement between local government, communities and the extractives industry. To mitigate this conflict, the authors recommend policy coordination between the agriculture and extractives industries.

Oxfam International. (2016). ***Achieving natural resource justice: Extractive industries global program strategic plan 2016–2019.*** Retrieved from https://policy-practice.oxfamamerica.org/publications/achieving-natural-resource-justice/

Publication Type: Report

Focus Area: Budgets and fiscal openness; Decentralization and revenue sharing; Free, prior, informed consent; Social audits and civil society monitoring

Geography: Global

Methods: Other: Policy brief

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

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Summary:

Oxfam International's Extractive Industries Global Program presents its strategic plan, including its vision for how countries can reform extractive industries (EI) management to advance development goals such as poverty alleviation, gender justice, community land rights, and environmental sustainability. As a result of civil society pressure, governments, including those of the United States and within the European Union, have required EI companies to disclose payments made to foreign governments. Stakeholders such as the International Council on Mining and Metals and the World Bank have endorsed free, prior, and informed consent of indigenous peoples to extractive projects. Still, the authors highlight that the EI sector is culpable for an extremely high rate of human rights violations, while impacted communities—particularly women and indigenous peoples—and civil society often face limited space to organize against infractions by companies. The organization's extensive experience in advocacy surrounding the EI sector informs its theory of change, which is that empowering the communities affected by natural resource exploitation will enable them to "hold corporations and governments accountable for respecting human rights," and allow them to influence decisions on EI concessions (p. 14). The authors' methodology involves providing expert information, coordination, and grants to empower local communities and advance human rights.

The report identifies seven goals that constitute Oxfam's EI strategy. Focus goals (financial transparency, expenditure accountability and tax justice, community consent, human rights, and gender justice) represent sectors in which the organization is already very active, and engagement goals (climate change, economic diversification, and artisanal and small-scale mining) represent issues into which they wish to expand to realize their mission. This report suggests opportunities for the natural resource governance sector to expand its scope into numerous salient issues, such as gender justice and decarbonization; it also identifies that EI activity is "by definition unsustainable" in the long term and advocates that countries transition away from EI dependency (p. 28). The authors also express several operational goals, including the coordination of organizational knowledge and the onboarding of additional staff, to aid in the implementation of its strategic objectives. Finally, they seek to build partnerships with other NGOs that have already developed expertise in their focus areas. This report is an overview of the ideology, strategy, and vision of one of the most significant nongovernmental actors in the natural resource governance space.

Oxfam International. (2017). ***Position paper on gender justice and the extractive industries.*** Retrieved from https://www.extractiveshub.org/resource/view/id/6392

Publication Type: Report

Focus Area: Social audits and civil society monitoring

Geography: Global

Methods: Other: Policy brief

Value Chain: VC1: Consent; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This report summarizes Oxfam International's position on gender justice in all aspects of extractive industry (EI) governance and activity. The authors identify gender justice as crucial to sustainable development and believe that EI often has gendered impacts. As such, goal number four of the Strategic Plan for Oxfam's Extractive Industries Global Program aims to realize women's rights in the EI sector by empowering women to hold the industry to account, minimizing gender discrimination in the sector, and helping women gain their share of the economic benefits of EI projects. The authors identify several ways that gender discrimination manifests in the EI sector, including through workplace discrimination and harassment against women who work in the industry, negative impacts of EI exploitation on women who work outside the industry, and women's exclusion from decisionmaking processes due to gender-discriminatory or gender-blind practices. Though legal discrimination is becoming less common, gender discrimination in the male-dominated EI sector is still enforced through entrenched norms and the gender-blind policies that fail to account for such norms. The authors cite research connecting HIV/AIDS incidence, gendered violence, and alcoholism to communities near EI projects. The authors believe that women will continue to bear the brunt of the negative consequences of EI development unless stakeholders rectify the institutional discrimination present in the sector.

The report offers a series of policy recommendations to address gender discrimination in EI. Governments are urged to implement stronger legislative and policy regimes on women's rights and to comply with international agreements to suppress gendered violence and refrain from forced evictions for industrial projects (or, if evictions are absolutely necessary, to compensate both women and men fairly). Not only should companies subject themselves to government oversight on these issues, they also ought to adopt internal gender discrimination policies. The authors analyze 38 mining, oil, and gas companies, finding that only nine had made any public statement on gender issues in their community engagement practices, and only one (Rio Tinto) had standalone corporate gender guidelines. In addition, the report encourages companies to address the social and health implications of existing projects and to conduct gender impact assessments (GIA) for all future projects. The authors have developed a tool for companies to conduct GIAs. Currently, women represent only 10 percent of the EI workforce, which the authors believe will require an effort on the part of companies in the sector toward women's recruitment and training. The authors also provide recommendations for international financial institutions (IFIs), who finance many EI-related development projects. The most significant of these is the establishment of standalone gender performance standards within formal social and environmental compliance safeguards, which would establish gender justice as an upper-echelon consideration in IFI financing decisions. These recommendations form what the authors view as a strategy for all relevant stakeholders to minimize the gendered impacts of EI.

Paler, L. (2013). **Keeping the public purse: An experiment in windfalls, taxes, and the incentives to restrain government.** *American Political Science Review, 107*(4), 706–725. https://doi.org/10.1017/S0003055413000415

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Access to information and intermediation

Geography: Indonesia

Methods: Randomized experiments and evaluations

Value Chain: VC4: Revenue; VC5: Spending

Summary:

In this paper, the author examines the relationship between taxes and high citizen engagement with government, and the relationship between natural resource windfall revenues and low citizen engagement with government. The author recognizes a lack of causal evidence to support the commonly held belief that windfall revenues allow politicians to avoid taxing their citizens, permitting them to govern poorly. An alternative explanation exists, as windfalls may not decrease citizens' "desire" to act, but actually impede their "ability" to do so, due to asymmetric information about these revenues. To control for this in the experiment, a subset of participants in both treatment groups (Tax and Windfall) received substantial information about their topic. The author has two related hypotheses: (1) taxes drive citizens to monitor government, participate in politics, and sanction incumbents more than windfalls; and (2) taxes condition individuals to evaluate government spending and political information better than windfalls.

In testing her predictions, the author combines revenue and information experiments into a public awareness campaign in Blora, Indonesia. A randomized cluster sample of 1,863 individuals aged 17 to 65 was drawn and divided into five groups: Control, Tax Treatment/Low Information, Tax Treatment/High Information, Windfall Treatment/Low Information, and Windfall Treatment/High Information. To start, a canvasser provided each participant with a designated amount of rupiah (Indonesian currency) and went through a household budgeting exercise. For the Tax Treatment, the individual gave back a portion of their money, whereas in the Windfall Treatment, new outside money went into the "District Government Revenue" board. Those with High Information learned that approximately 30 percent of the government's budget is spent on programs/services to benefit citizens, while the Low Information groups did not.

Results show that the Tax Treatment motivated citizens (more than the Windfall Treatment) to monitor the budget and sanction incumbents, particularly when an individual had Low Information. However, the data did not support the idea that taxes and windfall revenues affect a citizen's desire to participate in politics differently. Regarding the second hypothesis, the findings suggest that both the tax and windfall groups were equally upset by the information that revenues were misused. According to the author, as the first micro-level experiment, this study provides support for the widespread idea that, "windfalls undermine—and taxes strengthen—citizen motivation to hold leaders accountable" (p. 707).

Papyrakis, E., Rieger, M., & Gilberthorpe, E. (2017). **Corruption and the Extractive Industries Transparency Initiative.** *The Journal of Development Studies, 53*(2), 295–309. https://doi.org/10.1080/00220388.2016.1160065

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: International multistakeholder initiatives

Geography: Global

Methods: Observational — Datasets

Value Chain: VC4: Revenue

Summary:

This study uses panel data to analyze the relationship between Extractive Industries Transparency Initiative (EITI) membership and changes in corruption levels, further examining if the pace of change is influenced by the different stages of EITI implementation—initial commitment, candidature, and full compliance. Leveraging Transparency International's Corruption Perception Index, this study uses regression analysis to examine the change in transparency (defined as change in corruption over time) at the three stages of EITI implementation, with mineral dependence, income per capita, GDP per capita, and democracy as explanatory variables. The authors find that the second stage of EITI implementation has the greatest change in corruption, and attribute this to the mandates of the second stage, which require countries to establish measures and institutions that promote transparency. The authors find that, overall, EITI membership and increased income protect against the trend of mineral-extractive countries experiencing increased corruption, and that democracy has a positive but not statistically significant effect.

With EITI's focus on revenue transparency, the related aspects of institutional quality and expenditure have not received as much attention in the literature. This study looks specifically at the changes in corruption rather than a country's level of corruption—a distinction that the authors emphasized because the quality of a country's institutions has historical implications. So, while EITI participation can reduce the gap in corruption levels between mineral-rich countries with weak corrupt institutions and those with more transparent ones, the historical factors limiting institutional quality would likely take decades to eliminate. The authors identify plausible areas of further study based on their findings: other positive side effects of EITI membership, and the underlying causes of the time gap between stages of EITI compliance.

Peixoto, T., & Fox, J. (2016). **When does ICT-enabled citizen voice lead to government responsiveness?** *IDS Bulletin, 47*(1), 23–39. Retrieved from http://bulletin.ids.ac.uk/idsbo/article/view/34

Publication Type: Journal article

Journal Type: Editor/Peer-reviewed

Focus Area: Interface and user feedback mechanisms

Geography: Global

Methods: Meta-analysis

Value Chain: N/A

Summary:

The authors review the evidence base of 23 information and communications technology (ICT)-enabled citizen feedback platforms in 17 countries. Based on their evidence review, the authors draw a set of conceptual distinctions and empirical conclusions.

ICT-enabled citizen feedback platforms attempt to solicit and collect citizen feedback on public service delivery. The authors divide the platforms in their study based on where each falls along three dimensions: whether user feedback is made public or left undisclosed; whether the feedback provided by individual citizens is expected to induce a response or whether collective action is needed to trigger a response; and whether the causal pathway to accountability is "upwards" or "downwards." In upwards accountability, service providers are held accountable by policymakers, while in downwards accountability they are held accountable by citizens through voting and civic action. The authors group the 23 platforms under study into three categories. First, "user feedback" platforms collect feedback from individual citizens and do not publicly disclose it; with these platforms, only upwards accountability is usually possible because input is not made public. Most governmental user feedback platforms fall in this category. The platforms in this category reviewed in the study are mostly online and mobile platforms that collect feedback on service delivery in a specific sector such as water or electricity (for example, Punjab Proactive MajiVoice). Second, "civic action" platforms collect feedback at the group level (for example, participatory budgeting programs, change.org) and make all feedback public; these platforms usually rely on downwards accountability. Third, "citizen engagement" platforms (such as, LAPOR! and Por Mi Barrio) collect feedback from individual citizens and disclose that feedback publicly, resulting in upwards and downwards accountability.

Five of the 23 platforms studied are user feedback platforms, four are civic action platforms, and 14 are citizen engagement platforms. Eighteen of the 23 platforms make citizen feedback public; all civil society organization platforms publicize their feedback, while the platforms that keep feedback undisclosed are maintained by governments or government affiliates. Institutional responsiveness varies among the platforms in each category, with some platforms yielding high responsiveness, others yielding medium responsiveness, and the majority yielding low responsiveness. The authors attribute this variation to the fact that while user feedback platforms can bolster governments' capacity to respond to citizen demands (by informing governments of grievances and problems), they do not appear to influence governments' willingness to do so. All platforms with high institutional responsiveness were either government-sponsored or government-affiliated: the platforms were implemented by policymakers with a high degree of political will.

The authors conclude that governments committed to improving the responsiveness of their service delivery programs should implement citizen engagement platforms, where (1) upwards accountability mechanisms will directly link citizen complaints to institutional response, but also where (2) publicly available feedback and data on service delivery effectiveness will spur collective action movements that demand greater responsiveness and improved service delivery from public service providers.

Pellegrini, L. (2011). **Causes of corruption: A survey of cross-country analyses and extended results.** In *Corruption, Development and the Environment* (pp. 29–51). Springer, Dordrecht. Retrieved from https://link.springer.com/chapter/10.1007/978-94-007-0599-9_3

Publication Type: Book section
Focus Area: Other
Geography: Global
Methods: Observational — Datasets
Value Chain: N/A

Summary:

The author studies the causes of corruption in more than 100 countries using a review of empirical literature as well as a cross-country econometric model. Data from the World Bank was used for the main econometric analysis, with data from Transparency International's Corruption Perception Index incorporated as a robustness check. Additionally, the author defines "corruption" in accordance with the World Bank and Transparency International as the "abuse of power for personal gains" (p. 37). The potential influences on corruption that the author studied included the presence of democracy, ethnolinguistic fractionalization, imports, and fuels and minerals.

The author discusses various forms of corruption, including bribery, illegal campaign funds, and funneling of climate-relief funds to corrupt entities. In an earlier version of the chapter published as a journal article, the authors discuss natural resources in more detail (Pellegrini and Gerlagh, 2007). The author asserts that because natural resources are a source of income for an economy, they can be a determinant of corruption. If companies responsible for natural resource extraction and production work can succeed in achieving government protections such as barriers to free entry against potential new companies early on, they can then essentially leverage their capital to influence politicians later. This type of corruptive and rent-seeking behavior can enable these natural resource companies to attain "higher-than-average" rents, wherein they both increase their share of the economic pie without actually increasing the size of the pie and divert resources from other economically productive activities (p. 35). However, the breadth of this corruption depends of the size of government activities and can be curbed by installing non-generic state regulation. Conversely, an abundance of natural resources can generate extensive revenues that can be used to pay for public goods.

In the author's first regression model, key independent variables include measures of the share of Protestants in the population, the degree of ethnolinguistic fractionalization, and the share of fuels and minerals in exports. The dependent variable is the Perceived Corruption Index 2004, from the World Bank. The weighted least squares regression results indicate that corruption levels are statistically associated with natural resources, which supports the existence of corrupt, rent-seeking behavior. Moreover, the coefficient on the natural resource exports measure is statistically significant, even when controlling for income, suggesting an independent effect of exports on corruption that is not associated with income. To check the robustness of their results from 2004, the author estimates a separate regression model using the corruption perception index of the World Bank for 1996, 1998, 2000, and 2002 as a dependent variable; those results are similar to those of their main model. A final robustness check, using ordinary least squares regressions with the Transparency International's Corruption Perception Index for 2004 as a dependent variable, is also broadly consistent with the main findings, though the share of

fuels, metals, and minerals in exports is not always a statistically significant predictor of corruption in this alternative specification.

Overall, the author finds that corruption tends to be less prevalent in wealthy countries and political instability is correlated with higher levels of corruption. The author also acknowledges the limitations of this econometric study and its associated interpretation because econometrics is biased toward theories that can be quantified. Additional qualitative research is necessary for stronger results.

*Pellegrini, M., & Venugopal, V. (2013). ***From conflict to collaboration: Lessons learned from RWI work at the subnational level***. Revenue Watch Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/conflict-collaboration-lessons-learned-rwi-work-subnational-level

Publication Type: Report

Focus Area: Budgets and fiscal openness

Geography: Ghana; Indonesia; Nigeria; Peru

Methods: Case study; Other: Policy brief

Value Chain: VC5: Spending

Summary:

This report explores the results and lessons learned from four Revenue Watch Institute (RWI) pilot case studies that implemented participatory budgeting and resource allocation interventions in oil and mining regions in Ghana, Indonesia, Nigeria, and Peru between 2008 and 2012. Overall, these projects aimed to increase transparency and accountability of public funds through engagement of local community leaders and members in decisionmaking processes. In Peru, the pilot project worked with two oil and mining community local governments to improve revenue forecasting, planning and budgeting. RWI also supported provincial councils to improve the management of social funds generated through extractives revenue. The Ghana intervention was a district-level pilot that generated communication and awareness between the mining district and the national government. The project also helped civil society and government officials track and spend their share of gold royalties, develop a medium-term plan, and take advantage of opportunities from mining company corporate social responsibility plans. In Nigeria, RWI helped build the Bayelsa Expenditure and Income Transparency Initiative (BEITI), a platform bringing together government, civil society, and the private sector to track revenue and expenditure at the state and local government levels in Bayelsa state. RWI also supported civil society to engage in the initiative, promote budget transparency, and foster effective spending. In Indonesia, RWI worked with civil society, government officials, and companies in the oil-rich areas to develop (1) stakeholder forums to ensure transparency in revenue collection and management, as well as (2) a participatory mid-term plan to convert oil revenues into high-impact investments.

The pilot studies were overall successful in (1) raising awareness around resource revenue transfers and management; (2) improving revenue tracking and facilitated investment in sustainable development; (3) developing tools and models that are being replicated by others in several countries; (4) developing a conceptual framework for subnational interventions; and (5) creating a Community of Practice to provide input into the conceptual framework and to incorporate and share lessons from implementation. Through the pilot studies, RWI identifies six key lessons learned for successful resource allocation programs: (1) undertake a thorough initial assessment and preparation to increase the probability of success; (2) develop multistakeholder groups that build consensus and sustain change; (3) understand and build incentives for reform; (4) collaborate with key national officials; (5) obtain company buy-in; and (6) sustain capacity through government changes and beyond the project.

Pitman, R., & Hubert, D. (2017). ***Past the tipping point? Contract disclosure within EITI***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/past-tipping-point

Publication Type: Report
Focus Area: International multistakeholder initiatives; Open contracting and procurement
Geography: Global
Methods: Other: Policy brief
Value Chain: VC2: Contract

Summary:

The authors are interested in contract and license disclosure practices in Extractive Industries Transparency Initiative (EITI)-implementing countries, and in particular changes in practice following the 2013 EITI Standard's encouragement of contract and license transparency. They review the contract and license disclosure practices in 51 EITI-implementing countries and one subnational region. Specifically, they review each country's laws and practices where a legal or regulatory system grants significant discretion. They draw the majority of their information from reviewing country-specific EITI reports, and verify their findings through web research, including reviewing each country's rules, laws, and online disclosure portals (when applicable). The study has three important caveats: (1) it focuses only on host government agreements (agreements between foreign investors and state governments designed to minimize risk associated with potential change in national law or policy); (2) it considers only agreements that confer exploitation rights (i.e., not just exploration rights); and (3) it accounts only for government-led disclosures, and not disclosures companies may make independent of government compulsion.

The authors find that over half of EITI-implementing countries disclose at least some licenses or contracts, and nearly two-thirds disclose or have laws requiring disclosure. Regarding the impact of the 2013 EITI Standard, the authors find that, since 2013, governments in nine EITI-implementing countries disclosed contracts for the first time, and an additional nine approved new laws or policies requiring disclosure. The authors consider this promising progress and make recommendations about how each EITI-implementing country studied could improve their disclosure requirements. The authors attribute this shift toward contract transparency to the 2013 Standard and the general EITI compliance process.

This report does some important stock-taking of legal and regulatory disclosure mechanisms in EITI-implementing countries, and progress since the 2013 EITI Standard, but it does not attempt to explain variation in disclosure rules between countries or groups of countries.

Porter-Bolland, L., Ellis, E. A., Guariguata, M. R., Ruiz-Mallén, I., Negrete-Yankelevich, S., & Reyes-García, V. (2011). **Community managed forests and forest protected areas: An assessment of their conservation effectiveness across the tropics.** *Forest Ecology and Management, 268*, 6–17. https://doi.org/10.1016/j.foreco.2011.05.034

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Community resource management

Geography: Global

Methods: Meta-analysis

Value Chain: VC1: Consent; VC3: Production

Summary:

The authors assess differences between two tropical forest conservation strategies: community management and legal protection. The authors are most interested in which strategy is more effective in maintaining forest cover over time. They perform qualitative comparative analysis (a meta-analysis method for analyzing the presence or absence of variables across multiple studies to help produce and evaluate different, minimized configurations of variables believed to be causal) of 73 published empirical case studies, consisting of 40 case studies of protected forest areas and 33 of community managed forests. Findings suggest that community managed forests have lower and less variable annual deforestation rates than protected forests. The authors find that economic forces outside the forest, including: human population growth; agricultural expansion; and infrastructure development, are the most common explanatory variables in protected forest studies, while explanatory variables in community management studies were less consistent. Given the relative success of community management in combatting tropical deforestation, the authors conclude that conservation outcomes are influenced by rules and rights guaranteed to local forest users. The authors do not explore variation in types of community management and legal protection.

Pousadela, I. M., & Klein, A. (2016). ***Against all odds: The perils of fighting for natural resource justice.*** CIVICUS; Publish What You Pay. Retrieved from https://www.civicus.org/index.php/media-resources/reports-publications/2655-against-all-odds-the-perils-of-fighting-for-natural-resource

Publication Type: Report

Focus Area: Social audits and civil society monitoring

Geography: Global

Methods: Case study; Other: Policy recommendations

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This report was commissioned by CIVICUS and Publish What You Pay, two NGOs working in the realm of civic participation and government transparency, to call attention to violations of human rights committed against activists who criticize the natural resource governance policies of governments and corporations. The authors identify increasing repression against natural resource activists, including the murder of 185 land and environmental rights campaigners in 2015. The authors identify indigenous and woman human rights defenders as groups who face increased likelihood of repression. Indigenous people, in particular, often face the most direct effects of a natural resource exploitation project, but are unlikely to benefit from clearly-delineated, institutionally-respected land rights. As a result of the resource curse, natural resource activists tend to operate within immense power imbalances, with few institutional constraints against their powerful adversaries—be they companies with financial interests in resource exploitation or governments who seek foreign investment. The authors identify increased demand for resources and a resurgence of illiberal values as the two factors motivating governments to reduce space for activists and civil society to operate.

The report provides numerous national-level examples of the international trends the authors say represent the most significant threats to natural resource activists: (1) legal challenges, including anti-civil society regulations, harsh policing of protests, and the criminalization of dissent; and (2) extralegal challenges, including the defamation of activists, warrantless surveillance, and violence. In many countries, civil society organizations (CSOs) have responded by improving security measures and coordinating with each other to document abuses. These defensive measures, however, do not fully mitigate the overarching tendency of increased repression against activists. In an effort to protect activists and address the root of this problem, the report makes recommendations to several stakeholders. To governments, the authors demand human and indigenous rights legislation that meets international standards, participation in international multistakeholder initiatives, and vigorous enforcement against companies that violate the law. To companies, the document requests compliance with international human rights standards and improved transparency. To CSOs, the authors suggest the coordination of support networks for activists and the use of human and environmental rights safeguards to hold businesses and government accountable.

Powell, A. (2017). **Integrating a gender perspective into transparency and accountability initiatives: Three case studies.** *Gender and Development, 25*(3), 489-507. https://doi.org/10.1080/13552074.2017.1379774

Publication Type: Journal article

Journal Type: Editor-reviewed

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Case study

Value Chain: N/A

Summary:

The effectiveness of transparency, accountability, and participation (TAP) interventions in the natural resource space requires citizens to be able to access, understand, and take action on natural resource information. Recognizing that women are often particularly marginalized in terms of their access to information and spaces for participating in governance, this article reviews the recent gender practices of three natural resource multistakeholder initiatives to draw out lessons for future work to bring gender into natural resource TAP programming. The three initiatives reviewed are Publish What You Pay, the Natural Resource Governance Institute, and the Extractive Industries Transparency Initiative. The author draws on both personal experiences working for and with these organizations, and interviews with additional employees and researchers at the organizations in question.

The author offers several key lessons and takeaways. Most importantly, all TAP projects should push to strengthen female voices at the (often local) level of implementation. Initiatives must move beyond occasional and opportunistic coverage of gender, instead prioritizing gender inclusion as a way to improve program outcomes. Unfortunately, the author argues, at present initiatives continue to treat gender inequality as a side issue. According to the author, this is in part due to the widely recognized scarcity of funding for gender, as well as the diversity of philosophies and goals driving the relatively few local partners working on gender in the natural resource space.

Publish What You Pay Zimbabwe. (2016). ***Towards a transparent and accountable mineral resources governance framework: A compendium of research papers on key mining related matters in Zimbabwe.*** Retrieved from http://www.publishwhatyoupay.org/pwyp-resources/towards-a-transparent-and-accountable-mineral-resources-governance-framework/

Publication Type: Report

Focus Area: Budgets and fiscal openness; Government monitoring and enforcement

Geography: Zimbabwe

Methods: Case study; Other: Policy brief

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This compendium consists of five abridged versions of reports on extractives issues in Zimbabwe produced by Publish What You Pay (PWYP) coalition members. The first study, conducted by the Transparency International Zimbabwe chapter, examines the nature of corruption in the precious metals mining sector in three regions in Zimbabwe. The authors explore the mechanisms by which corrupt actors abuse power, and they identify specific weaknesses in institutions and legislation that facilitate corruption, concluding with a number of tailored recommendations. Methods are not identified. The second report, generated by the Zimbabwe Coalition on Debt and Development, analyzes the Auditor General's reports from 2013 to 2015 based on an analysis of the reports and on interviews with key stakeholders. The Auditor General is a government entity tasked with auditing all institutions, government agencies, and other accounts as requested by the government. The authors identify approximately one billion U.S. dollars of total public funds leakage over the two-year period examined, and trace leakage to its source. The authors subsequently explain the drivers of leakage and conclude with government recommendations. Leakage is driven by poor governance of public funds stemming from: ineffective laws and regulations governing the administration of those funds; explicit violations of the laws that do exist; a lack of coordination on behalf of government accountability entities; and fiscal factors, which include unexplained variances, over- and under-invoicing, and tax avoidance.

The third report, produced by the Institute for Sustainability Africa, assesses the compliance of public mining companies in Zimbabwe with sustainability-related (pertaining to the environment, society, and governance) disclosure requirements imposed by the local stock exchange. The authors review the 2014 annual reports of a sample of 10 companies listed in five stock exchanges, and map reporting against the requirements of each stock exchange. The authors find, by reviewing correlations, that foreign-listed mining companies were much more likely to comply with reporting requirements and provide quantitative information than those locally listed, who in many cases provided only qualitative statements. The authors reason that this occurs because foreign-listed companies are subject to their own nation's laws governing stock exchange compliance, which are generally more reliably enforced than Zimbabwean laws. In turn, foreign-listed companies have much stronger incentives to comply than those listed only locally. The authors conclude with recommendations for the government, pertinent stock exchanges, and other stakeholders.

The fourth report, conducted by the Zimbabwe Environmental Law Association, assesses the development impact of the Government of Zimbabwe's amendment to its primary mining regulatory legislation, the Mines and Minerals Act, with the 2015 Mines and Minerals Amendment Bill (MMAB), primarily based on a review of the legislation. The

authors explain what each updated provision entails and assess their expected influence across a number of issue-areas, including: women's rights; access to information; and free, prior, informed consent, among many others. The authors find that MMAB 2015 is a step in the right direction, but certain provisions do not go far enough to address fundamental flaws in prior legislation. The fifth and final report, conducted by the Centre for Natural Resources Governance, holistically assesses the success of the mining industry in promoting sustainable economic development in Zimbabwe. Methods are not detailed, and the authors do not provide a definition of "success." The authors conclude that the mining industry has failed to promote sustainable economic growth in Zimbabwe, noting the poor labor conditions in mining communities, mining's general lack of linkages with other economic sectors (a necessary condition for sustainable development), and that resource-rich communities in Zimbabwe tend to be poorer than those without resources. The authors lament Zimbabwe's investment in the mining industry as a means of sustainable economic growth at the expense of other industries such as agriculture and argue that the government must actively identify and invest in alternative mechanisms for economic development.

Puertas Velasco, A. J. (2016a). ***Divulgación de contratos de la industria extractiva***. Mesa de la Sociedad Civil para la Transparencia en las Industrias Extractivas. Retrieved from http://mesatransparenciaextractivas.org/Recursos/Publicaciones/Publicacion-Detalle/ArtMID/482/ArticleID/142/Divulgaci243n-de-contratos-de-la-industria-extractiva

Publication Type: Report

Focus Area: Open contracting and procurement

Geography: Global

Methods: Other: Policy brief

Value Chain: VC2: Contract

Summary:

This Spanish-language report assesses the state of open contracting for natural resource exploitation and related measures such as the Extractive Industries Transparency Initiative (EITI). The document identifies two main reasons why open contracting can benefit all major government, citizen, and industry stakeholders: (1) open contracting enhances negotiations between government and firms by reducing corruption, ending information asymmetries, and reducing the political risk of investment; (2) it facilitates monitoring and compliance by allowing civil society to hold companies accountable to otherwise-confidential agreements. According to the EITI Secretariat, full contract disclosure is unusual in law and even rarer in practice. Partial disclosure on government websites or by the national EITI agency is somewhat more common. The report advocates that the rights and obligations of contract parties be established by law rather than by each individual contract, as this arrangement is said to ease monitoring and reduce corruption. The 2016 EITI Standard encourages member states to divulge contract information, but this provision remains voluntary. The author cites scholars who have proposed various methods of contract disclosure, including plain-language summaries for easy citizen access and the establishment of public forums for dialogue about contracts. In addition to the EITI, nongovernmental and international financial institution initiatives also provide avenues for encouraging contract disclosure. Altogether, the author identifies open contracting as an important step in managing natural resource concessions and describes the steps being undertaken by governments, the EITI, and other international organizations to attain higher disclosure standards.

The report also describes the ways citizens and other stakeholders have used information from open contracting to mitigate conflict and reduce the harms of the extraction process. The author provides several brief case overviews for this purpose. In Burkina Faso, communities were able to verify that mining companies were complying with a contractual obligation to employ a primarily local staff. In Afghanistan, a civil society organization called Integrity Watch Afghanistan uses contract information to communicate with authorities about companies' compliance with international standards. In Peru, NGOs were able to recommend a slate of improvements to oil and gas contracts that would eliminate favoritism and "correct" problematic political decisions. In Ecuador, civil society collaborated with the Revenue Watch Institute to identify the social, environmental, and economic consequences of the country's first major mining contract. Around the world, the author shows that these disclosures have created spaces for dialogue between stakeholders and facilitated recommendations for improved policy. The author advocates that civil society increase its advocacy for contract disclosure and engage with the provisions of these contracts.

Puertas Velasco, A. J. (2016b). ***La transparencia en el comercio de materias primas***. Mesa de la Sociedad Civil para la Transparencia en las Industrias Extractivas. Retrieved from http://mesatransparenciaextractivas.org/Recursos/Publicaciones/Publicacion-Detalle/ArtMID/482/ArticleID/145/La-transparencia-en-el-comercio-de-las-materias-primas

Publication Type: Report

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Other: Policy brief

Value Chain: VC4: Revenue

Summary:

This brief Spanish-language report provides an overview of commodities trading, with a special focus on the importance of state-owned enterprises that benefit their country both through direct consumption of produced resources and profits from their export abroad. The author starts with the simple argument that commodity trading often occurs in environments that are under-regulated, complex, and opaque, creating opportunities for corrupt practices such as undervaluing commodity trades in exchange for kickbacks. Next, the author cites several country examples to demonstrate that even though the amount of information shared by natural resource companies and governments has increased overall, most of the gains in transparency are around resource exploration and production rather than their trade. The author partially attributes this weakness on a low level of demand for this information from international organizations. For example, while the 2016 Extractive Industries Transparency Initiative (EITI) Standard does require publishing payments for direct commodity sales (disaggregated by purchasing company), it only focuses on the producing country and only recommends publishing more detailed data such as the quality of product, price, and volume. The latter level of detail would be necessary, the author concludes, to truly avoid corruption risks in commodity trades. Such detailed transparency would allow parliaments, journalists, and civil society to identify corruption and demand more accountable and beneficial commodity trades.

Readhead, A. (2016). ***Preventing tax base erosion in Africa: A regional study of transfer pricing challenges in the mining sector***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/preventing-tax-base-erosion-africa-regional-study-transfer-pricing

Publication Type: Report

Focus Area: Government monitoring and enforcement

Geography: Ghana; Guinea; Sierra Leone; Tanzania; Zambia

Methods: Case study

Value Chain: VC2: Contract; VC4: Revenue

Summary:

Based on qualitative evidence from case studies of five African countries (Ghana, Guinea, Sierra Leone, Tanzania, and Zambia), this report presents policy recommendations for the prevention of "tax planning" and "tax evasion" by the extractives industry in Africa. (In this context, "tax planning" refers to multinational enterprises' use of legal methods to reduce their income taxes; "tax evasion" refers to multinationals use of illegal means—in particular misrepresenting transactions—to lower their income taxes.) The recommendations in this piece stem from evidence of successes and challenges in both policy implementation and program changes within the case study countries. The study identifies transfer pricing, which occurs when one company sells a good or service to another related company, as a key area in the extractive sector value chain that is loosely enforced and leads to significant losses of tax revenue. Researchers identify the lack of government capacity in the following: technical financial skills; reach and influence of government monitoring systems; unclear policies; siloed tax expertise; non-transparent tax information across borders; and the political economy of resource-rich countries, as central causes of this loss of tax revenue.

The author presents seven recommendations to mitigate the risk of tax loss in transfer pricing. Most of these involve increased government capacity, coordination, and oversight on transfer pricing in the mining sector. First, the author recommends establishing detailed rules for determining the tax value of intra-company transactions—especially regarding transfer pricing and documentation—to prevent tax planning, which often occurs when laws or contractual terms are ambiguous regarding companies' obligations. Second, the author suggests government agencies be established to implement transfer pricing rules. Third, the author advises improving coordination—in particular, joint audits—between regulatory agencies, as the current siloed state of these agencies tends to prevent them from gaining a holistic understanding of the mining value chain. Fourth, relatedly, the author suggests revenue authorities should acquire more technical knowledge of the mining sector and transfer pricing by collaborating with experts in those areas. Fifth, the author recommends that revenue authorities work to attain more specific and regular information from and about mining companies, for example, by sending officials to mining sites and establishing checkpoints. Sixth, the author counsels that civil society and parliaments should likewise acquire more technical competence and aim to independently gather information regarding mining transactions. At present, civil society and parliaments lack the technical knowledge and access to records necessary to hold officials to account regarding their enforcement of transfer pricing rules. Seventh, the author recommends that governments consider alternative tax policies that do not rest on the assumption that the parties in a taxable transaction are unrelated (the "arm's length principle").

Rebecca, S., Rono-Bett, K., & Kenei, S. (2017). ***Citizen-generated data and sustainable development***. Making All Voices Count. Retrieved from http://www.makingallvoicescount.org/publication/citizen-generated-data-sustainable-development/

Publication Type: Report

Focus Area: Interface and user feedback mechanisms

Geography: Kenya; Uganda

Methods: Case study

Value Chain: N/A

Summary:

The authors examine two case studies to determine the effect of citizen-generated data initiatives on development. In Uganda, a group of 41 volunteers known as "resource trackers" identified and tracked community resources and gave feedback on those resources to service providers and other government officials whose responsibilities include protecting community rights. The trackers gathered both qualitative data (mostly related to infrastructure and service delivery) and quantitative data (including the budgets and financial reports of schools and health centers, local government budgets, and the number of service delivery points compared to service users) using both formal and informal methods to do so. The trackers found informal methods of data collection to be more effective at gathering community feedback that could be transmitted to relevant government officials; however, they experienced difficulties engaging marginalized groups to participate at the same rates (though face-to-face communication helped mitigate the disparity). The trackers then shared the feedback information directly with relevant government officials and service providers at village meetings, budget conferences, and other similar gatherings. Local government officials used the data more frequently than service providers and policymakers at higher levels of government. In addition, at all levels of government, officials are more likely to use the data when it is shared in government-sponsored meetings. The authors find that citizen-generated data led to specific improvements in local service delivery and social programs (for example, the creation of a police unit focused on alcohol-related crime). However, the data did not lead to more sophisticated policy changes, and relevant government officials did not always respond to the data for reasons including resource limitations, inability to do so within the budget cycle, and the involvement of contracting services. The government responded most strongly to issues related to community health and security. In addition, communities reported an increase in skills and an increased confidence in demanding accountability in service delivery and financial processes.

In Kenya, the National Taxpayers Association and Ministry of Education jointly launched the School Report Card, a voluntary, participatory tool for parents to evaluate school performance in 10 key areas of education quality. Each year, parents of primary school children fill out the form; since 2009, 5,770 schools have participated, and 64,000 parents have been trained to use the scorecard to assess their respective schools. After they rank the focus areas of the school (which includes such thing as access to textbooks and school safety), parents list five areas of priority. Once the assessment has been completed, parents meet with teachers and administrators to discuss the findings, and the latter are requested to implement the parents' recommendations. The authors find a positive correlation between high-scoring School Report Cards and high test scores at the primary level. They also find that parents significantly increased their levels of engagement with schools and the Ministry of Education after participating in the School Report Card and observed an increase in the provision of in-learning amenities, such as classrooms and toilets. However, lower income parents were less likely to participate in the process. The authors note a series of lessons to be drawn from the case studies, including the importance of existing stakeholder relationships and effective citizen training, and briefly outline the factors that those involved in citizen-generated data view as critical, such as reliable data collection systems and tools. The authors conclude that further research is needed to determine how best to tap into the potential of citizen-generated data initiatives.

Rich, E., & Moberg, J. (2015). ***Beyond governments: Making collective governance work—lessons from the Extractive Industries Transparency Initiative.*** New York, NY: Greenleaf Publishing.

Publication Type: Book

Focus Area: Access to information and intermediation; International multistakeholder initiatives

Geography: Global

Methods: Case study; Other: Policy recommendations

Value Chain: VC4: Revenue

Summary:

There is a discrepancy between academic literature and field practitioners' opinions regarding the best practices of collective governance. The authors recognize that, in practice, collective governance initiatives involving a variety of stakeholders in decisionmaking rarely maintain commitment and popularity. They look at the lifespan of the Extractives Industry Transparency Initiative (EITI) to create a manual for successful collective governance in a variety of sectors. In doing so, they note the convoluted nature of the collective governance definitions that have emerged in academia, making theories of developmental change difficult to examine. After reflecting on various uses and trends of the term, they define collective governance as "the formal engagement of representatives of government, civil society and companies in decision-making and in public policy discussions" (p. 4).

The idea behind the EITI started in 2002; however, the principles governing the global initiative were not set until June of 2003. As its popularity grew, it was shaped into a "disclosure standard implemented by countries" (p. 23). In the future, the EITI Board hopes to expand beyond transparency and address how civil society can most effectively use the disclosed data as a mechanism to improve governance. Through evaluating this history, the authors create a framework to best manage a system of collective governance, which includes its preconditions, what the governing body of an initiative should look like, and the importance of starting with a small consensus among stakeholders rather than a large end goal (the opposite of what the literature usually suggests). They form a list of recommendations to improve the EITI moving forward and to shape future collective governance efforts, including: ensure the participation of domestic governments; acquire a peace-perspective from diplomats; support civil society through development agencies; use international development bodies to accommodate a global standard; build on existing models of governments transitioning to democracy; promote the campaigning of civil society organizations but do not allow them to dominate the conversation; create business models emphasizing justice not charity; make disclosure mandatory; and promote peer learning among all stakeholders.

Ross, M. L. (2012). ***The oil curse: How petroleum wealth shapes the development of nations.*** Princeton, NJ: Princeton University Press.

Publication Type: Book

Focus Area: Other

Geography: Algeria; Colombia; Equatorial Guinea; Indonesia; Morocco; Nigeria; Republic of the Congo; Russia; Soviet Union; Sudan; Tunisia

Methods: Case study; Observational — Datasets

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

In this foundational text, the author explores why oil production in developing countries usually has negative political and economic outcomes, called the "resource curse," and suggests ways to solve it moving forward. He notes that in the past 30 years, many low- and middle-income oil-producing states continue to endure authoritarianism, civil strife, and economic instability, while those without oil have improved. He suggests that these problems have surged since the 1970s, when countries nationalized their oil companies. The author highlights the importance of this research, as the resource curse is spreading to new countries because of the world's increasing demand for oil.

The author uses quantitative and qualitative evidence, as well as the insights from other academics, to conduct his analysis. He looks at 50 years of observational data from 170 countries to assess their oil/gas wealth using a measure that he describes as novel: oil income per capita. He concludes that the resource curse stems from the unique characteristics of oil revenues: their scale, source, stability, and secrecy. He explains that, "the revenues [oil] bestows on governments are unusually large, do not come from taxes, fluctuate unpredictably, and can be easily hidden" (p. 6).

In chapter two, the author suggests that oil revenues have these properties due to distinct sector qualities: governments own oil reserves, which can be exhausted; extraction has steep up-front costs, with massive profits; the industry dominates economies and can operate as an economic enclave; and oil prices are highly sensitive to tiny shifts in supply/demand. He also discusses how oil slows a country's democratization, because with oil revenues, authoritarian governments do not need to rely on taxing citizens, decreasing their accountability to them. In chapters four and six, the author examines the impact that oil revenues have on women and the economy. He notes that governments spend oil rents in ways that depress women's workforce involvement, and the sectors that employ women are oftentimes crowded out of a country's economy due to the oil industry's dominant nature. These circumstances restrain women's economic and political opportunity. Additionally, he suggests that while economic growth in oil states has been standard, it should instead be rapid, due to their resource wealth. He attributes this to the lack of job creation for women, and to government shortcomings in handling unstable oil revenues.

Finally, the author addresses the fact that civil war is more than twice as likely in developing countries that produce oil than in those that do not. He classifies these conflicts as either "separatist wars waged by disenfranchised minorities" or rebel groups whom fund themselves by oil extortion (p. 12). The author ultimately provides ideas to change the unique qualities of oil revenues, ranging from slower extraction to partial privatization. He strongly suggests one remedy to alleviate the resource curse that can work anywhere: an increase in government transparency about the collection, management, and spending of oil revenues.

Ross, M. L. (2015). **What have we learned about the resource curse?** *Annual Review of Political Science, 18*(1), 239–259. https://doi.org/10.1146/annurev-polisci-052213-040359

Publication Type: Journal article
Journal Type: Editor-reviewed
Focus Area: Other
Geography: Global
Methods: Other: Literature review
Value Chain: VC1: Consent; VC4: Revenue; VC5: Spending

Summary:

The author examines the political resource curse to assess oil's impact on democracy, the effectiveness of state institutions, and the prevalence of civil war. He finds substantial evidence that oil endowments usually lead to longer lasting authoritarian regimes, an increase in corruption, and violence in low/middle-income states, particularly since the 1970s. More specifically, there is robust evidence suggesting that oil pushes authoritarian governments away from democratization because it strengthens them. Many scholars believe this is due to the "rentier effect," where oil wealth allows leaders to reduce taxes and increase public goods spending, keeping citizen and opponent dissent to a minimum. Findings also suggest that both national and subnational governments often misuse oil's windfall revenues when countries have weak institutions, and thus, these funds do not actually benefit community development. Amidst weak institutions, rent-seeking behavior among politicians can increase, as well as patronage, suggesting a link between oil and corruption.

When examining civil strife, the author indicates that its correlation with natural resources is not limited to oil but includes mineral resources as well. He also notes that this is a nonlinear relationship, because at very high resource wealth conflict within a nation decreases again. Support for the connection between civil war and natural resources varies based on the location of a resource, including the ethnic make-up of the region, the region's socioeconomic status, and whether it is an onshore or offshore discovery.

In the literature, there are a few unresolved debates, including: what processes and conditions in a country create the key effects described above, the scope of the resource curse itself, and how to solve it. The author notes that the majority of resource curse research uses large, country-based observational datasets, making debates about its scope hard to settle, as the validity of causal claims based on this type of data is routinely brought into question in the social sciences. The author considers recent trends toward expanded methodologies and the study of policies themselves as improvements.

Rustad, S. A., Le Billon, P., & Lujala, P. (2017). **Has the Extractive Industries Transparency Initiative been a success? Identifying and evaluating EITI goals.** *Resources Policy*, *51*, 151–162. https://doi.org/10.1016/j.resourpol.2016.12.004

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: International multistakeholder initiatives

Geography: Global

Methods: Meta-analysis

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This study qualitatively rates the success of the Extractive Industries Transparency Initiative (EITI) in meeting its formal institutional, operational, and development goals. The authors examine the EITI Charter and EITI Requirements to identify these goals. To assess whether the goals had been met, they review peer-reviewed studies, non-peer-reviewed reports, and EITI-commissioned analyses; they also conduct surveys and collect other relevant observational data. The authors further consider the goals that have been ascribed to the EITI by outside observers, ultimately concluding that the "failure" verdicts of some assessment studies were due to the authors' assumption of goals that the EITI does not have. This review of 45 studies showcases the diversity of opinion on the EITI in the scholarly and policy communities while yielding mixed but encouraging results for supporters of the initiative.

The goals of the EITI are disaggregated into three categories, each of which has seen varying levels of success. Institutional goals involve setting up the organization and its role, including establishing the EITI as a "brand" and fostering global norms of transparency. On these, the authors find that the EITI has been successful. Operational goals involve the deliverables through which organizations intend to achieve outcomes, which in the case of the EITI means establishing a clear standard of transparency in resource payments, increasing state capacity to meet that standard, and fostering public and civil society involvement. On these goals, the EITI established and expanded its standards and engaged civil society but failed to stimulate public discourse. Third, development goals involve the organization's impact on society, incorporating variables such as reduced corruption, increased foreign direct investment and aid flows, and better governance. These goals are harder to assess, as many exogenous factors could affect such broad-based outcomes. Very few studies find any significant relationship between EITI compliance and improved development outcomes that is not heavily context-dependent. The authors stress that future evaluations should be clear about the criteria that are being used to assess the EITI, while still holding the initiative accountable to its overarching claims about development impacts. Future research, they say, can develop a multi-scalar approach to EITI assessment by utilizing the diversity of single-country studies to construct larger models assessing goal fulfillment.

Samii, C., Lisiecki, M., Kulkarni, P., Paler, L., & Chavis, L. (2014). **Effects of decentralized forest management (DFM) on deforestation and poverty in low and middle income countries: A systematic review.** *Campbell Systematic Reviews, 10*(10). Retrieved from http://archive.campbellcollaboration.org/lib/project/265/

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Community resource management

Geography: Bolivia; Ethiopia; India; Kenya; Malawi; Nepal; Uganda

Methods: Meta-analysis

Value Chain: VC3: Production; VC4: Revenue

Summary:

This report attempts to measure the effects of decentralized forest management (DFM) on both deforestation and poverty in the developing world. One of several forest management interventions employed as part of the Reducing Emissions from Deforestation and Forest Degradation (REDD+) program to reduce carbon emissions from deforestation, DFM is the de jure transfer of authority over state-managed forests from national to local institutions. DFM may constitute community forest management if said local institutions are forest communities themselves, but this is not the case in all iterations of the intervention. The study endeavors to measure: (1) whether DFM is associated with reduced deforestation, (2) whether DFM is associated with reduced poverty, and (3) whether there is an association between the deforestation impacts and poverty impacts of DFM. It also assessed the impacts of institutional and social conditions, such as local enforcement capacity, corruption, and democratic accountability, on moderating these outcomes.

The authors conduct a systematic review of the literature on DFM's relationship to deforestation and poverty, but poor data availability stymies their ability to draw definitive conclusions. After a rigorous process to determine eligibility for inclusion in the analysis, the authors were left with only 12 suitable studies, eight of which are quantitative. These studies cover seven programs in seven countries: Bolivia, Kenya, India, Malawi, Uganda, Nepal, and Ethiopia. Finding no randomized trials and no studies jointly examining both outcome sets, the authors call the quality of even this small data set into question. Five papers study deforestation outcomes and three study economic outcomes; none study the two sets of outcomes in conjunction. Originally, the authors had intended to conduct a meta-analysis, but they could not find a sufficient number of studies in line with their criteria. Instead, the authors compare the results of studies and offer commentary. They use qualitative information to contextualize the results. The report finds that, in all programs surveyed, DFM had a positive impact on forest cover. Though there was not enough viable data to conduct a statistical test, results suggest that DFM produces favorable conservation impacts. Results on poverty are more mixed, with the authors unable to conclude that DFM does not have a negative effect on poverty. Qualitative information provides insight on some of the hypothesized moderating impacts—for instance, increased funding and democratic accountability for DFM institutions are both associated with positive conservation outcomes in the examples studied. Altogether, the authors consider the available data inadequate to draw statistically-informed conclusions on their hypotheses. They emphasize that more studies of DFM programs are needed, and that such studies must employ greater randomization and methodological rigor.

Sanborn, C. A., Ramírez, T., & Hurtado, V. (2017). ***Mining, political settlements and inclusive development in Peru*** (ESID Working Paper No. 79). The University of Manchester. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2963665

Publication Type: Report

Focus Area: Decentralization and revenue sharing; Government monitoring and enforcement

Geography: Peru

Methods: Case study

Value Chain: VC1: Consent; VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

In this working paper, the authors examine how Peru's economic and political regimes have influenced the governance of the extractives industry, and how this has interacted with affected development over time. The authors' analysis is based upon a review of historical literature, public and private data, interviews, print media and industry publications on public policy and governance. The authors use their review of the literature to explain how social mobilization, transnational ideas, and institutional reform alter the balance of power. They use public and private data to understand poverty levels, inequality levels, and economic growth. This data, accompanied by print media and publications, was used to understand more recent developments in mining governance and policies. The authors begin with a review of the literature on how politics shapes development, identifying several development priorities for Peru, including economic diversification, tax regulation, inequality reduction, and public services expansion. The authors then provide a history of Peru's political regimes, institutions, and policies, specifically those policies relevant to governing the extractives industry: rent distribution, environmental regulation, and participation of indigenous groups.

The authors argue that historically, inequality and social exclusion have contributed to Peru's fragmented political and social institutions. The government has a legacy of corruption, racism, and violence and has experienced dramatic shifts in political regimes, economic policies, and social systems. Peru's reliance on mineral exports has historically made the country vulnerable to external market forces and actors. The authors observe that since democratizing in 2001, Peru has shown promising advancements in overcoming the "resource curse" through neoliberal policy agendas, democracy-focused state reforms, and environmental regulation. Mining regulation is now increasingly managed on a local and regional level, with an increase in public goods and services investment and activism. Despite only a modest decrease in income inequality, the authors found that the last two decades have seen significant reductions in poverty and extreme poverty. The authors attribute these advancements to expanding labor markets and an increase in wage employment, with weaker ties to the government's social policies.

Sayne, A., & Gillies, A. (2016). ***Initial evidence of corruption risks in government oil and gas sales***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/initial-evidence-corruption-risks-government-oil-and-gas-sales

Publication Type: Report

Focus Area: Government monitoring and enforcement

Geography: Angola; Indonesia; Iraq; Nigeria; Republic of Congo; Russia; Turkmenistan

Methods: Other: Policy brief

Value Chain: VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

The authors examine 11 case studies where national oil companies' (NOCs) oil and gas sales have allowed corruption or the perception of corruption to flourish within the government and the NOC itself. They aim to provide initial evidence that these types of transactions require increased oversight and a diversification of the types of transparent information. They suggest that the high values of the sales, and the major proportion of government revenues they provide, justify these recommendations regarding oversight and transparency.

Throughout their discussion, the authors divide the corruption risks among three steps of the commodity sale process: buyer selection, term negotiation, and revenue transfer. In selecting buyers of oil and gas, the authors note that corruption can stem from company bribes, government officials' conflicts of interest, and politically exposed persons' beneficial ownership. For example, in Indonesia, Fossus Energy paid a $1.1 million bribe to the chair of the country's oil and gas regulator for buying rights. Similarly, the NOC in the Republic of Congo sold oil to intermediary companies to funnel revenues to politicians and minimize the amount of money the state owed creditors. Situations like these have led the authors to suggest that the publication of beneficial ownership information may limit corruption risks.

When it is time to negotiate the terms of an oil/gas sale, countries do not always get the best value for their resources, because corruption can allow a government to cut deals with companies it favors, ultimately decreasing its potential revenue. This happened in Nigeria, where President Jonathan's administration accepted many unbalanced contracts with oil trading companies and gave them political advantages. The authors promote "transparency around the terms of the deal, and how they are executed," to minimize the losses a country faces from this type of corruption (p. 9). Once a sale is complete, funds are supposed to transfer to the treasury, but are often directed outside of the official budget and "go missing." The authors examine noteworthy examples including the Turkmenistan government's keeping of nearly all their oil export sales in Deutsche Bank, and when the Nigerian NOC held $20 billion of revenues from the country's treasury. These situations further illustrate the basis for the authors' recommendation to make revenue data transparent.

Sayne, A., Gillies, A., & Katsouris, C. (2015). ***Inside NNPC oil sales: A case for reform in Nigeria***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/inside-nnpc-oil-sales-case-reform-nigeria

Publication Type: Report

Focus Area: Government monitoring and enforcement

Geography: Nigeria

Methods: Case study; Other: Policy recommendations

Value Chain: VC3: Production; VC4: Revenue

Summary:

As of the writing of this report, Nigeria's National Petroleum Corporation (NNPC) was responsible for almost half of Nigeria's crude oil production, with a resulting value of more than half of government revenues. Despite this importance, the NNPC has what the authors call a "dismal legacy" of inefficiency and lost revenue (p. 13). Their detailed investigation into that mismanagement and corruption identifies five problems of specific urgency to the NNPC, but also of relevance to similar national oil companies (NOCs) around the globe.

The NNPC's problems can be summarized as inefficiency and opportunity for corruption created by numerous middleman institutions and unaccountable discretion in NNPC operations. For example, the NNPC and its subsidiaries have no specific system for financing their operations and have discretionarily retained increasing sums to cover opaque costs. The NNPC is supposed to sell a portion of national crude oil to the state-owned refineries, guaranteeing the refineries' supply and keeping the revenue in state-owned hands. However, the majority of oil supposedly earmarked for this purpose is instead exported and the revenue misappropriated instead of arriving at the treasury. The vast majority of the rest of the oil is sold to trade companies instead of actual end-users, which has consistently resulted in corruption scandals and accusations of patronage. Similarly, the NNPC can independently sign agreements with third parties to exchange oil for specific products, and, historically, most of these agreements have been controversial, opaque, and at terms significantly below the actual value the NNPC, and therefore the Nigerian government, should receive.

To resolve these issues, the authors offer a variety of detailed policy and technical recommendations that can be categorized into two groups. First, the Nigerian government should increase oversight of the NNPC's financial decisions and eliminate the NNPC's discretion to retain revenues. Second, the NNPC should be required to use competitive, open, market-based arrangements in all oil sales or swap agreements. Both of these types of reforms would also help reduce corruption in similar contexts with NOCs that are not subject to market or government accountability.

*Sayne, A., Gillies, A., & Watkins, A. (2017). ***Twelve red flags: Corruption risks in the award of extractive sector licenses and contracts.*** Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/twelve-red-flags-corruption-risks-award-extractive-sector-licenses-and

Publication Type: Report
Focus Area: Other
Geography: Global
Methods: Case study
Value Chain: VC2: Contract

Summary:

The authors are interested in how oversight actors can better find, and pre-emptively combat, corruption in oil, mining, and gas contract and licensing processes. To do this, the authors develop a list of twelve "red flags" that oversight actors should take as an indication that more scrutiny is warranted. To develop this list, the authors review more than 100 cases of corruption in licensing and contract processes in 49 countries. They compile cases by reviewing material from numerous sources, including: case filing databases, web tools made for the express purpose of live tracking relevant instances of corruption, academic literature, general news reporting and trade publications, NGO reports, and by interviewing experts. Generally, the authors prefer more recent cases and attempt to construct a geographically distributed set of cases. Cases exhibiting certain red flags are grouped together, and the authors present a count of red flags across the group of reviewed studies. The study has three important caveats. First, the list of red flags focuses on specifics of the contract and licensing process, and not contextual factors (e.g., rule of law and civic space). Second, the study does not focus on "process weaknesses," such as whether a country has a competitive bidding process. Third, not all cases reviewed led to criminal convictions.

The authors find that the most frequent red flags are: (1) a company providing payments or gifts to influence the selection process; (2) politically exposed persons being beneficial owners of the winning company; and (3) "the government allowing a seemingly unqualified company to compete for or win an award" (p. 5). The authors seem to consider the major contribution of their study to be prescriptive. The authors highlight several examples of how public sector, private sector, and civil society entities (for example, government oversight actors, extractive company officials, and activists, respectively) could leverage the list as a "practical tool to help reduce corruption risks around license and contract awards" (p. 9).

Sayne, A., Westenberg, E., & Shafaie, A. (2015). ***Owning up: Options for disclosing the identities of beneficial owners of extractive companies.*** Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/owning-options-disclosing-identities-beneficial-owners-extractive

Publication Type: Report

Focus Area: Access to information and intermediation; Asset and beneficial ownership disclosure; International multistakeholder initiatives

Geography: Global

Methods: Other: Policy recommendations

Value Chain: VC2: Contract; VC4: Revenue; VC5: Spending

Summary:

Written during the pilot phase of the Extractive Industries Transparency Initiative (EITI), this briefing provides guiding steps for collecting, publishing, and utilizing information on beneficial ownership of companies in the extractive industry. The authors provide a background on beneficial ownership structures and explain how having this information available in a public domain can reduce corruption by deterring fraudulent practices such as tax evasion and preferential contracting with government officials. Offering an overview of some of the prevalent entities and means used to conceal a company's ultimate beneficial owners, the authors explain that while these strategic structures, government connections, and tax management tactics are not necessarily illegal, they are all at high risk for corruption and inherently limit transparency efforts.

This briefing recommends key strategies for implementing beneficial ownership disclosures, highlighting the benefit of disclosing both upstream and downstream beneficiaries and recommending a broad definition of ownership that incorporates both shareholder equity and company control, with special consideration for disclosing politically exposed persons. They advise countries to set mechanisms and timeframes for collecting, verifying, and publishing the information to improve extractive sector governance. The authors recommend strategic use of beneficial ownership disclosures, dispersing the information to the following groups: to civil society actors to increase transparency; investors to increase market entry; and law enforcement and other government agencies (especially tax-regulating entities) as it pertains to enforcing government mandates and allocating extraction rights. The authors acknowledge that due to the organizational complexity of the sector, beneficial ownership disclosure does not fully prevent diversion of funds to politically-exposed persons. While institutional and company oversight has been on the rise, with more public domain access, the authors note that transparency of beneficial owners is still low overall.

*Schilling-Vacaflor, A. (2012). ***Democratizing resource governance through prior consultations? Lessons from Bolivia's hydrocarbon sector*** (GIGA Working Paper No. 184). Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1984033

Publication Type: Report

Focus Area: Access to information and intermediation; Free, prior, informed consent; Interface and user feedback mechanisms

Geography: Bolivia

Methods: Case study

Value Chain: VC1: Consent

Summary:

Numerous studies have examined the relationship between resource-rich countries and democratization by focusing on government spending, taxation, and occupational specialization indicators, but previous work has largely ignored citizen engagement. This report aims to fill that gap, exploring citizen engagement in indigenous communities where extractive projects take place and could potentially affect the environment. The author examines the consultation process, using contemporary Bolivia as a case study to understand the relationship between prior consultations, democratization, and human rights protection. The second part of the analysis addresses the factors that enable and constrain the achievement of meaningful consultations between the local community, the government, and the extractive corporation. The author concludes by discussing the shortfalls not discussed in this report as avenues for future research.

The author argues that prior consultation is important because it gives local communities the opportunity to share their local knowledge and demand clarification and information through meetings with the state representatives and extractive companies. Latin American countries have taken steps to honor the rights of indigenous and marginalized communities through these kinds of consultation processes. In fact, 15 out of the 18 states in Latin America have ratified the International Labor Organization (ILO169) agreement, which guarantees an indigenous right to prior consultation. In practice, however, consultation procedures have been deficient and require improvement, including in Bolivia. The author examines three cases in Bolivia—Ipati-Aquino, Lliqurium, and San Isidro—and finds that deliberative inequalities have led to tensions between and within communities. For example, in Ipati-Aquino, the community members argued that only some of the indigenous leaders were informed about the deliberative process and the planned project, but the rest of the community was excluded.

The author identifies a number of factors that enable meaningful consultations, including: (1) the presence of a specific legal framework; (2) ensuring local community access to clear and transparent information and reliable evaluation impact assessments; and (3) permitting access by media and citizens to reports on planned projects. The author also describes factors that constrain meaningful consultation, including the exclusion of marginalized groups from the deliberative process.

In conclusion, the author suggests that future research should explore the perspectives of the local actors using ethnographic case studies to examine how normative frameworks interact with local contexts.

Schuler, D. A. (2012). **A club theory approach to voluntary social programs: Multinational companies and the extractive industries transparency initiative.** *Business and Politics, 14*(3), 1–24. https://doi.org/10.1515/bap-2012-0024

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Corporate social responsibility; International multistakeholder initiatives

Geography: Global

Methods: Case study

Value Chain: VC4: Revenue

Summary:

The author investigates the reasoning behind industry support for the Extractive Industries Transparency Initiative (EITI), a voluntary, international program that advocates for national legislation mandating the disclosure of resource extraction royalties paid to governments. EITI-compliant legislation requires all mining, oil, and gas companies to submit their royalty payments to an independent auditor, but 61 companies, including industry giants ExxonMobil and Shell, have chosen not only to comply but to join the EITI as industry partners. The author classifies the EITI as a Voluntary Social Program (VSP) or "club" and suggests, reflecting prior research on club theory, that companies elect to join VSPs in an effort to brand themselves as responsible actors. The author states that EITI has weak standards (royalty reporting only) and medium to strong enforcement (by national governments). The initiative also has relatively low costs of membership for companies, creating an environment in which branding benefits may outweigh the modest costs of membership. EITI enforcement would apply to any company operating in an EITI country, but the benefits of membership (socially responsible branding) accrue only to member companies.

Based on unstructured interviews with experts and stakeholders, the author identifies six factors that companies consider when assessing the costs and benefits of joining the initiative. These are: (1) companies based in countries with long-arm disclosure laws must disclose their royalties anyway, but gain political benefits for appearing to support such policies through EITI membership; (2) companies that seek Corporate Social Responsibility (CSR) relationships with NGOs might benefit from endorsing the EITI; (3) joining the EITI is unlikely to increase home country sales because most consumers have not heard of it; (4) companies that rely on institutional and/or social investors are likely to be more attractive to such investors if they join the EITI; (5) joining the EITI may help companies construct CSR narratives to distinguish themselves from their competitors; and (6) a company's management philosophy vis-à-vis CSR is a salient factor in determining its orientation towards the EITI. These factors, in conjunction, inform a company's strategic calculus about joining the EITI by increasing or decreasing the perceived benefits to the company. However, the author believes that the EITI is a very weak CSR measure. He posits that these six principles will also inform a company's response to a broader or more stringent version of the EITI within the voluntary-organization model. This research holds insight for the EITI's unique voluntary model but is not easily applicable to other CSR or legal anti-corruption measures.

Shortell, P., & Htun Aung, M. (2016). ***Mineral and gemstone licensing in Myanmar***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/mineral-and-gemstone-licensing-myanmar

Publication Type: Report
Focus Area: Open contracting and procurement
Geography: Myanmar
Methods: Case Study; Other: Policy brief
Value Chain: VC2: Contract

Summary:

The authors are interested in why Myanmar's extractives industry contributes less than expected to the national economy, given Myanmar's status as majority provider of certain gemstones and existing data from the UN and other research institutions on annual gemstone trade volume. The authors trace the problem to Myanmar's mineral and gemstone licensing regime, which they believe institutes an insufficient amount of transparency and therefore opens the process up to corruption.

The authors make this evaluation through web and legal research of the current minerals laws and regulations through March 2016, and find the legal system lacking in a number of ways, including: (1) unclear licensing application procedures in both the law and online ministerial guidance; (2) opaque license application evaluation process, including no clear list of criteria; (3) very few publicly disclosed terms of licenses that have been granted, including a sample agreement which makes it clear that license agreements contain no environmental, social, and health commitment content; (4) only partial data on the number and location of previously granted licenses; and (5) only partial data on legal ownership of mineral licenses, which were disclosed through Extractive Industries Transparency Initiative reports and not compelled by national government.

The authors find that this system's opaque laws, informal practices, and irregular data disclosures lead to some specific accountability problems, including Myanmar's Ministry of Mines' inability to regulate the transfer of licenses among private parties and frequent confusion about when and how environmental impact assessments should be conducted. While this report provides a helpful review of legal deficiencies of Myanmar's licensing process and elucidates how these deficiencies lead to some specific problems, it does not attempt to explain the origins or durability of these deficiencies.

Shortell, P., & Irwin, E. (2017). ***Governing the gemstone sector: Lessons from global experience***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/governing-gemstone-sector-lessons-global-experience

Publication Type: Report

Focus Area: Government monitoring and enforcement; International stakeholder initiatives; Open contracting and procurement

Geography: Botswana; Brazil; Guyana; Madagascar; Myanmar; Pakistan; Sierra Leone; Sri Lanka; Tanzania; Thailand; Zambia

Methods: Case study; Other: Policy recommendations

Value Chain: VC2: Contract; VC3: Production; VC4: Revenue; VC5: Spending

Summary:

This report provides an overview of the gemstone extraction industry, explaining prevalent governance issues including widespread illegal activity, low revenue collection, minimal value addition, and weak oversight. Examining the pitfalls of informal citizen mining (labor exploitation, organized crime, reduced revenues, negative environmental and social impacts), the authors evaluate governance measures that favor long-term incentives for informal miners to engage with the formal sector. The authors also conduct case studies providing an overview of industry history, government involvement, and production in 14 gemstone-producing countries. Given that the diamond industry has benefited from formalization and policy development, the authors posit that the gemstone sector could follow suit with proper laws, policies, and practices. This would ultimately benefit national development through income generation, higher employment, increased government revenues, and parallel economic activities.

The authors apply economic principles to explain that investing in skill development, tax breaks, and credit for the gemstone industry should increase beneficiation and help countries find a competitive niche in the industry. The authors identify several exacerbating challenges to adding value in-country, including: difficulties in regulating an effective system of gemstone valuation, unfair agreements, bribes, and underreporting of production. To provide recommendations on how to mitigate these challenges, the authors assess the effectiveness of policy tools that have been implemented in gemstone-exporting countries. Based on these collective outcomes, the authors provide recommendations for favorable trade policies, higher taxation rates, stronger production regulation, and strong institutions with skilled assessors. The authors also examine the role of state-owned enterprises (SOEs) in the gemstone sector, finding that inefficient management and regulation cause instability, which has a pattern of leading to some level of privatization. Most gemstone SOEs are engaged only as non-operating stakeholders, often engaging in administrative oversight through licensing, monitoring, and enforcement. However, SOEs in this role are often redundant to other government regulatory bodies and pose a conflict of interest. Effective engagement from an SOE is accomplished by clearly defining an SOE's role, authority, and expertise.

The jewelry industry is rife with corruption, but the authors note that multiple transparency initiatives are ongoing and garnering widespread international support—particularly in the area of traceability—driven by consumer awareness of responsible sourcing and upheld by international organizations. Though international support for these initiatives is broad, especially in the diamond sector, they have received criticism for being weak in implementation

and enforcement, as well as lagging in the gemstone sector. The authors engage a global scope of trends in gemstone governance and draw on experiences of gemstone-producing countries in this report, making their recommendations generalizable. The successes identified from the diamond sector are particularly useful as they are translatable to the gemstone sector. However, the authors' recommendations are targeted to country-level governance, and the report does little to engage decentralized efforts in governance, despite their acknowledgement that the small-scale mining prevalent in the gemstone sector has strong local impacts.

Siregar, F., Luthfina Usmani, M., Kumaralalita, L., Nufaisa, H., & Andriani Putri, D. (2017). ***Complaining to improve governance: Four stories of complaint-handling systems in Indonesia***. Making All Voices Count. Retrieved from http://www.makingallvoicescount.org/publication/complaining-improve-governance-four-stories-complaint-handling-systems-indonesia/

Publication Type: Report

Focus Area: Interface and user feedback mechanisms

Geography: Indonesia

Methods: Case study

Value Chain: N/A

Summary:

This report studies the use of the Indonesian complaint handling system, LAPOR!, in four contexts: at the national level and in three regions (Bojonegoro, Indramayu, Indragiri Hulu). It also studies the use of other complaint handling systems at the regional level. Through qualitative and quantitative data collection from interviews, observations, focus groups and surveys—as well as a review of data collected by LAPOR! and local governments—the researchers aim to identify: (1) how, and by whom, complaint-handling systems are used at each of these levels; (2) the barriers to citizens using them; and (3) the factors surrounding their effectiveness and impact. The researchers find that LAPOR! is used mainly by the male, urban, educated population, while at regional levels (with less access to information and communication technologies), users of the system were older and communicated complaints over the radio. The key motivation of citizens in using this system was that, for non-urgent complaints, this was more effective than reaching out directly to government officials. A key use of this system in one of the regions studied was to lodge complaints about natural resource governance, particularly about palm oil production.

Overall, the study employs qualitative and quantitative data collection methods. The former assesses the context of complaint-handling systems, while the latter is used to identify the users of the systems. The study notes that for these interfaces to be effective, six key components must be in place: (1) campaigning to raise citizens' awareness of the complaint-handling systems; (2) leadership, support, and buy-in by government officials in complaint-handling systems, at both national and local levels; (3) effective monitoring and evaluation of the system; (4) identification of locally relevant technologies for implementation of this system; (5) trust-building of citizens in the complaint-handling system; and (6) integration and use of the system by non-state actors. The authors note several limitations of their research design, including: (1) the authors used participatory observation to study social processes in government units in only one of the four case studies, for a very short time; (2) the authors used purposive sampling for their survey of LAPOR! users and random sampling for their survey of non-users, so those results "are not comparable at the national level" (p. 7); (3) the authors conducted surveys of citizens' voice and aspirations in only three of the four regions, as the political climate in Indramayu was too repressive; and (4) the authors relied on LAPOR!'s own research for national data, rather than conducting their own national survey.

*Smith, E., & Rosenblum, P. (2011). ***Enforcing the rules***. Revenue Watch Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/enforcing-rules

Publication Type: Report

Focus Area: Decentralization and revenue sharing; Government monitoring and enforcement; Open contracting and procurement; Social audits and civil society monitoring

Geography: Global

Methods: Case study; Other: Policy recommendations

Value Chain: VC1: Consent; VC2: Contract; VC 4: Revenue

Summary:

This report identifies the challenges and best practices associated with effective oversight and enforcement in the oil and mining sectors and provides recommendations to multistakeholders involved in oversight and enforcement efforts.

The report addresses the key challenges associated with monitoring and enforcement such as lack of capacity, transparency, and incentives. Capacity challenges are associated with the lack of skilled staff, difficulty retaining trained employees, the lack of technology, and the absence of financial resources to monitor companies' activities. Weak policies can also result in poor planning and budgeting for monitoring. For example, in one report from the World Economic Forum discussed in the study, participants from Liberia stated that "'[m]onitoring compliance with MDAs [Mineral Development Agreements] is the most important and at the same time most challenging issue, due to lack of government capacity and budget'" (p. 10). The author explains that the absence of government capacity often occurs in developing countries with high GDPs that receive natural resource rents. Like the government, civil society groups also must confront capacity challenges, including an absence of skilled personnel with the ability to understand mining contracts between the government and companies.

The second challenge the authors discuss is associated with transparency. In most countries, governments have unified laws and regulations with which mining companies must comply; however, in some developing countries, mining companies sign negotiated contracts with the government that address taxes and environmental requirements. The problem with individually negotiated contracts is that the governments make concessions to companies during the negotiation phase, which leaves room for companies to commit corruption in the future without facing legal consequences. In addition, individually-negotiated contracts place a burden on the government and civil society groups to familiarize themselves with each company's contract and monitor its activities. Third, several countries in Asia, like Indonesia, have decentralized government oversight of their mining sectors from the national to the local government, which can create monitoring challenges.

The third challenge the authors discuss involves incentives. In most cases, capacity building is tied to politics, as the government or legal authorities have the power to employ skilled staff to monitor and enforce the rules of the mining industry. The incentives facing officials, however, can lead them to engage in corruption, such as accepting bribes. Other possible corruption problems may arise from the incentives created by fee collection mechanisms, such as in Sierra Leone, where certain mineral revenues are allocated to support other agencies.

The report also examines best practices for addressing the challenges associated with monitoring and enforcement. At the governmental level, the author suggests having the monitoring and enforcement department separate from other ministry activities to ensure an exclusive focus on those activities. The report describes the benefits of creating one or more agencies with the capacity to oversee and audit large taxpayers, such as natural resource companies. This practice has already been implemented in several developed economies and has the benefit of improving compliance and expediting tax payment processes. Other best practices include producing a unified legal framework with clearly defined company obligations, governmental roles and responsibilities, and clear objectives and factors for monitoring and enforcement. For example, Peru addressed air quality, water pollution, and citizen quality of life issues together by passing a maximum limit on emissions and an environmental quality standard on pollution.

In addition to relying on government monitoring efforts, the authors advocate that companies produce reports that are based on "internationally accepted reporting standards, regular and timely, transparent, and open to auditing and requests for additional details" (p. 38). Governments can also partner with the private. In Zambia, for example, the government hired a company to conduct financial audits of the mining companies (though the authors note it is difficult to determine whether capacity challenges were the only motivation behind the partnership). Peru, meanwhile, hired a company to conduct health and safety inspections in the mining industry. The government can also partner with unions by training its government employees on identifying and recognizing noncompliance of health and safety rules.

Moreover, monitoring alone may not be effective in the absence of enforcement, particularly in situations when mining companies violate the laws and regulations. To address this, government inspectors should regularly visit mining facilities and impose fines on companies that do not comply with the rules and regulations. Additionally, the same penalties should be carried out against companies that report inaccurate information on their reports to the government. Consequently, mining companies with repeated health and safety violations should face stricter measures from the government, including having to cease operations and face criminal liabilities. In addition, the authors identify advocacy from civil society as key to effective monitoring efforts. Civil society involvement enables, for example, areas of noncompliance to be spotlighted and reported directly to government, or indirectly through media coverage.

To conclude, the report provides recommendations on how countries can improve monitoring and enforcement. From the perspective of host states, the report recommends that governments develop transparent legal frameworks that include clear terms of contracts and social and environmental requirements. For extractive companies and the states that host them, the authors recommend: (1) disclosure of contracts; (2) providing civil society groups with information about mining operations; (3) monitoring of transfer pricing issues by extractive companies' home states; and (4) passing and enforcing anti-corruption laws. Finally, other funding agencies like the World Bank should require countries in receipt of loans to disclose their mining investment information.

Sovacool, B. K., Walter, G., Van de Graaf, T., & Andrews, N. (2016). **Energy governance, transnational rules, and the resource curse: Exploring the effectiveness of the Extractive Industries Transparency Initiative (EITI).** *World Development, 83*, 179–192. https://doi.org/10.1016/j.worlddev.2016.01.021

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: International multistakeholder initiatives

Geography: Global

Methods: Observational — Datasets

Value Chain: VC4: Revenue

Summary:

This study constructs a statistical test of the impact of the Extractive Industries Transparency Initiative (EITI) disclosure rules on governance outcomes. As such, it contributes to the literature on the value of transparency and open disclosure of financial flows, if any, on development outcomes. The authors draw data from November 2015, at which time 49 countries had disclosed revenues from oil, gas, and mining companies in EITI reports and required such companies to disclose their payments. Using non-parametric tests and regression analysis, they explore whether EITI-compliant countries perform better than other countries on eight social and governance indicators gathered by the World Bank from 1996 to 2014. The authors find that the EITI is not associated with improved governance on most metrics.

The study tested three sets of hypotheses: (1) whether EITI compliance improves performance on governance indicators; (2) how the disclosure of additional revenue streams and extensive private-sector involvements affects EITI outcomes; and (3) how EITI countries as a class compare to other countries. Study authors were unable to assign countries to groups for a randomized control trial, so they constructed a quasi-experimental design that yields only correlations between EITI compliance and the governance indicators studied. However, these results call into question whether the EITI itself produces major governance gains. The study finds that, in most cases, EITI-compliant countries do not outperform other countries, nor do they improve relative to their own pre-EITI performance. Results do indicate that regulatory quality and foreign direct investment tend to develop positively during EITI candidacy, and that the rule of law improves during compliance, but the other indicators tested did not confirm the authors' hypotheses.

The authors advance four possible explanations for the EITI's limited performance. First, the EITI's limited mandate and aggregate data reporting makes only a small contribution to the overarching issue of transparency. Second, the EITI's voluntary nature limits its reach and power. Third, stakeholders often resist EITI implementation—governments and companies are unwilling to submit to oversight, while citizens lack information or fear reprisals for using EITI disclosures to hold governments accountable. Fourth, the EITI makes the often-unwarranted assumption that civil society will have the capacity and desire to be an active participant in the initiative. The study concludes that the EITI's "simplistic focus on revenues and transparency" is an insufficient response to the resource curse, but that more research incorporating longer time frames, other variables, and case studies could still find benefits of the EITI that were missed under the authors' methodology (p. 189).

Stevens, P., Lahn, G., & Kooroshy, J. (2015). ***The resource curse revisited.*** Chatham House. Retrieved from https://www.chathamhouse.org/publication/resource-curse-revisited

Publication Type: Report
Focus Area: Other
Geography: Global
Methods: Other: Literature review
Value Chain: VC3: Production; VC4: Revenue; VC5: Spending

Summary:

The authors investigate the generally accepted contemporary view that natural resource extraction is a viable path to sustainable economic development. The authors' analysis is informed by a literature review and an examination of the historical record of nations that have pursued resource-driven development. The authors explain that sustainable economic growth is not achieved by the sale of extracted resources in and of themselves, but rather by the reshuffling of a nation's natural resources into liquid assets. These revenues, in turn, can be used to fuel economic growth and productivity through two primary mechanisms: diversification and linkages. Diversification entails the investment of resource sale income into other sectors of the economy that continue to generate income when resources are depleted; linkages are other aspects of the economy (technical skills of the workforce, employment, and capital and material inputs, among others) that benefit from extractive projects. The authors posit that transferring resource revenue to sustainable development by implementing diversification policies and facilitating linkages requires deft policy decisions and overcoming implementation challenges. Good governance, responsible corporations, and a lack of corruption are considered to be key factors in success.

The authors conclude that it may be unrealistic to expect developing nations, which often suffer from poor governance, irresponsible corporations, and corruption to overcome these resource-driven development policy hurdles. While transparency, accountability, and participation (TAP) can be understood as crucial instruments in promoting those important drivers of success, the authors question whether TAP can exhibit sufficient impact, on a short enough timeframe, to substantially improve a developing nation's prospects. Moreover, structural economic forces like stagnating commodities prices may reduce the viability of high-risk extraction projects irrespective of governance constraints. The authors conclude by suggesting a series of questions for further research.

The WoMin Collective. (2017). **Extractives vs development sovereignty: Building living consent rights for African women.** *Gender and Development, 25*(3), 421–437. https://doi.org/10.1080/13552074.2017.1379782

Publication Type: Journal article
Journal Type: Editor-reviewed
Focus Area: Free, prior, informed consent
Geography: South Africa
Methods: Case study
Value Chain: VC1: Consent

Summary:

This article details the case of Xolobeni, South Africa, to illustrate two points: first, that many local women are marginalized in community decisionmaking and consent about how to use land and other natural resources; and second, that true consent, regardless of gender considerations, is often rooted in struggle. To the authors' first point, in many contexts, women only have land rights via a husband or male relative. As a result, when natural resource companies negotiate for land, women are less likely to be consulted and are even more rarely compensated for use rights; men are usually considered the legitimate representatives of community views. Xolobeni is an exception that demonstrates the rule, because women in that community have a recognized right to land independent of men and are therefore seen as full citizens and leaders of their community. To the authors' second point, many rural communities' preferences and livelihoods usually contradict development models based on the extraction of nonrenewable resources. As a result, if a company faithfully implements free, prior, and informed consultations, the community's answer is usually negative. Some companies, as was the case in Xolobeni, then turn to more nefarious practices, such as attempting to bypass or corrupt local decisionmaking structures. In these cases, communities must struggle both legally and extra-legally to enforce recognition of their (lack of) consent. Based on these points, the authors conclude by pointing out that consent is a "radical political commitment and process," both for the relatively less powerful communities facing pressure from natural resource companies and the often-marginalized women within those communities (p. 434).

Tole, L. (2010). **Reforms from the ground up: A review of community-based forest management in tropical developing countries.** *Environmental Management, 45*(6), 1312–1331. https://doi.org/10.1007/s00267-010-9489-z

Publication Type: Journal article

Journal Type: Peer-reviewed (single blind)

Focus Area: Community resource management

Geography: Global

Methods: Other: Literature review

Value Chain: VC1: Consent; VC3: Production; VC4: Revenue

Summary:

The author reviews the literature on community-based forest management (CBFM) initiatives, which involve a bottom-up approach to forest management. CBFM includes designating power over forest resources to local people and granting independence and leverage to communities to determine their own forest management. The 1990s saw a boom in CBFM initiatives. These were backed by both international lending agencies such as the International Monetary Fund and World Bank as well as by the academic economics literature. Evidence suggests, however, that many programs have failed to achieve sustainability, efficiency, equity, democratic participation, and poverty reduction. The author provides a selective overview of the following key issues and findings of the CBFM literature: effective organization for the common good; social heterogeneity and its influence on CBFM outcomes; ecological heterogeneity; strengthening social capital; microcredit; state-society alliances; the role of non-state and external actors; and incentives for local municipal governance.

The author concludes that, despite the many examples of CBFM failures, it should not be entirely discredited because (1) CBFM allows governments to reduce costs and promote efficient management; (2) communities have a real stake in the protection and sustainability of their forests; and (3) CBFM can be a mechanism for communities to achieve self-determination and democratic empowerment. The author notes a series of problems relating to CBFM and then proposes policy solutions for each problem. Problems identified are limited devolution of power; lack of effective local government institutions; weak or nonexistent mechanisms for communication and conflict resolution; inequality and lack of representation; lack of accountability for community representatives and state officials, which requires a series of political-cultural reforms; lack of state capacity; inadequate protections for community members threatened with appropriation or misuse of their forests; lack of incentives in local municipal governance; and lack of attention to long-term income generation. The author concludes that governments can introduce programs to benefit communities that participate in CBFM, and so create a virtuous cycle of community commitment and income generation with the potential to reduce poverty and inequality.

Tsui, K. K. (2011). **More oil, less democracy: Evidence from worldwide crude oil discoveries.** *The Economic Journal, 121*(551), 89–115. https://doi.org/10.1111/j.1468-0297.2009.02327.x

Publication Type: Journal article
Journal Type: Peer-reviewed
Focus Area: Other
Geography: Global
Methods: Observational — Datasets
Value Chain: VC3: Production; VC4: Revenue

Summary:

The author examines the effects of oil discovery on democracy. Using a sample of 92 countries, the author presents initial descriptive evidence to show that (1) there is no pre-existing trend in democratic development before the peak discovery year; and (2) democracy scores (taken from the Polity IV dataset and normalized on a scale from 0 to 1, with 1 being the most democratic) for oil and non-oil countries diverge after the peak discovery year. A nondemocratic country that discovers oil is about 10 percentage points less democratic than one that did not; however, for democracies, oil is found to have no effect. The author then uses oil endowment as an instrument to measure the effect of oil discovery on long-term democratic development. The econometric model finds that, in all specifications, more oil discovered is associated with less democratization post-discovery, and that the negative effect of oil discovery is larger the less democratic the country was before it found oil. Conversely, oil discovery may exert a *positive* net effect on democratization in semi-democratic countries. In democracies, however, the impact of oil discovery is negative and statistically significant, though smaller than suggested in the existing literature on the natural resource curse. In short, while the instrumental variables model supports the findings of the descriptive analysis regarding nondemocratic countries, it also suggests that democratic countries suffer from the resource curse post-peak discovery.

The author explores whether the effects of differing quality and cost of oil matter, which both improves the measurement of oil wealth and more directly tests the hypothesis that oil wealth impedes democracy. The results suggest that the anti-democratic effect is larger when oil quality is higher and when exploration and extraction costs are lower. These results are robust to sensitivity checks. The author concludes that oil wealth and long-term democratization are causally linked, with the discovery of 100 billion barrels pushing a country's democracy level almost 20 percentage points below the existing trend. Oil, however, is not always an economic curse: when institutions are strong enough to remove poor leaders from office, preventing their entrenchment, autocracies can succeed economically. The author suggests applying his estimation framework to other economic problems, and notes that energy policy needs to be integrated into a comprehensive democracy-promotion policy. For example, development of alternative energy sources could promote democratization in the long run by lowering the price of oil; this would reduce the profits of oil-rich nondemocracies, and in turn their resistance to democratic development.

Van Alstine, J. (2014). **Transparency in energy governance: The Extractive Industries Transparency Initiative and Publish What You Pay Campaign.** In A. Gupta & M. Mason (Eds.), *Transparency in global environmental governance: Critical perspectives* (pp. 249–271). Cambridge: MIT Press. Retrieved from https://doi.org/10.7551/mitpress/9780262027410.001.0001

Publication Type: Book section

Focus Area: Access to information and intermediation; International multistakeholder initiatives; Social audits and civil society monitoring

Geography: Ghana

Methods: Case study

Value Chain: VC2: Contract; VC4: Revenue

Summary:

This chapter explores how two international multistakeholder initiatives—the Extractive Industries Transparency Initiative (EITI) and Publish What You Pay (PWYP)—have influenced the development of transparency in Ghana's natural resource sector, with an emphasis on change since the discovery of offshore oil in 2007. The author draws on fieldwork in oil-bearing communities in Western Ghana; interviews with stakeholders; media articles; and reports by the EITI, PWYP, NGOs, think tanks, corporations, and governments.

The author argues that, in Ghana, the EITI and PWYP have been successful at improving and institutionalizing transparency at the national level. He attributes this success, in part, to how the EITI, PWYP, and other actors in the transparency space have changed their approaches to extractives governance in Ghana and elsewhere. These changes include a shift in focus by the transparency movement from soft law (voluntary norms, standards, and initiatives) to hard law (state laws and regulations), such as the Ghana Petroleum Revenue Management Law, passed in 2011. In addition, the transparency movement broadened the scope of its work beyond revenue transparency to include transparency in contracting and spending.

The author draws several conclusions about transparency initiatives from the experience of the EITI and PWYP in Ghana. The first conclusion is an assessment of domestic civil society as often weak or constrained by policies and external pressures. As a result, while Ghanaian civil society played an important advocacy role in transparency campaigns at the national level, it remained limited in its oversight capabilities and engagement at the local level. Second, the World Bank's conceptualization of the extractive industries value chain—adopted by the EITI—encourages stakeholders to focus on single links in the chain, but many needed interventions will require work across multiple links. The World Bank's value chain also omits jurisdictional levels, which can lead to neglect of the subnational level, as it did in Ghana. Third, prioritizing the establishment of a regulatory framework over initiatives like poverty reduction and other sustainable development programs can have negative consequences. In Ghana, a focus on regulation frameworks meant that early corporate social responsibility efforts by oil companies in western Ghana were ill-informed and ineffective. Fourth, governance initiatives should be tailored to resources' material characteristics. Ghana's new oil sector, for example, posed different governance challenges than the country's longstanding mining industry. Fifth, the impact of transparency initiatives on citizens' lives requires further study.

Van der Ploeg, F. (2011). **Natural resources: Curse or blessing?** *Journal of Economic Literature, 49*(2), 366–420. https://www.jstor.org/stable/23071620

Publication Type: Journal article
Journal Type: Editor-solicited/Peer-reviewed
Focus Area: Other
Geography: Global
Methods: Other: Literature review
Value Chain: VC4: Revenue; VC5: Spending

Summary:

The author examines why some resource-rich countries perform well economically, while, for others, the discovery of natural resource endowments has not led to increased economic growth. He begins by illustrating the heterogeneity of the experiences of resource-rich countries, including the positive experiences of the United States' mineral abundance; the negative growth of such oil-rich countries as Iran, Iraq, and Qatar during the past few decades; and the positive experience of Botswana, which has managed to beat the resource curse and enjoy the world's highest growth rate despite 40 percent of its GDP coming from diamonds.

The author then outlines eight existing hypotheses on how natural resources affect the economy, institutions, rent-seeking, conflict, and policy. He also discusses existing evidence from the literature that evaluates each hypothesis. First is the so-called "Dutch disease" hypothesis, under which an abundance of one resource leads to appreciation of the real exchange rate, contraction of the traded sector, and expansion of the non-traded sectors. Second is the claim that a resource bonanza leads to a temporary fall in growth when non-resource export sectors find themselves less competitive relative to the traded sector and are unable to recover when resources are exhausted. The third hypothesis evaluated stipulates that the poor performance of some resource-rich states is due to the fact that only countries with strong institutions can cope with the problems associated with resource abundance. Fourth is the claim that presidential democracies—and less accountable systems generally—are more likely to fall prey to the resource curse than parliamentary democracies. Fifth is the notion that resource windfalls increase corruption, especially in countries with nondemocratic regimes where political elites are held less accountable. The sixth hypothesis explored asks whether the resource curse is caused in large part by the volatility of resource windfalls, which is high in less developed financial systems. Seventh is the claim that an abundance of resources causes armed conflict and rent-seeking, the latter of which comes at the expense of profit-making entrepreneurship. The eighth and final hypothesis stipulates that resource windfalls encourage countries to engage in such unsustainable government policies as excessive borrowing.

The author then posits two further explanations to address the related question of why resource-rich countries do not tend to transform their resource wealth into other forms of wealth. The first, the "anticipation of better times" hypothesis, suggests that resource-rich countries save less if they believe that they have not yet reached the peak of their resource gains. The second, the "voracious rent-seeking" hypothesis, states that fighting over resources and corruption discourages politicians from saving and encourages them to pursue short-sighted projects. The author offers evidence in support of each of these hypotheses through empirical examples from the economics literature.

The author also examines the literature to argue that, rather than try to prevent a resource windfall through gradual extraction, countries can mitigate the resource curse by borrowing ahead of the windfall, paying back incurred debts, and building up sovereign wealth during the windfall; then, once the windfall has ceased, by financing the permanent increase in consumption with the interest on the accumulated sovereign wealth. The author further enumerates several other strategies for mitigating resource management issues (for example, temporarily parking windfall revenues abroad or handing them directly to the public). He notes the need for further research directed at the changing role of institutions throughout history, with a particular focus on why the resource curse only appears to have manifested in the last 40 or 50 years; applying contract theory to design incentive-compatible contracts between governments and exploration companies; the appropriate design of auctioning mineral rights; and on whether resource-rich countries have different saving patterns and their effect on the rate of economic growth. He concludes that more work is needed on how to manage natural resource revenues such that they promote sustainable growth, alleviate poverty, and avoid conflict.

Venugopal, V. (2014). ***Assessing mineral licensing in a decentralized context: The case of Indonesia***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/assessing-mineral-licensing-decentralized-context-case-indonesia

Publication Type: Report

Focus Area: Decentralization and revenue sharing; Government monitoring and enforcement

Geography: Indonesia

Methods: Case Study; Other: Policy recommendations

Value Chain: VC2: Contract

Summary:

This policy paper discusses the arguments made about the advantages and disadvantages of decentralized mineral licensing. The author then addresses the management challenges associated with decentralized mineral licenses to subnational governments in Indonesia and provides recommendations to the national government on areas of improvement. The proponents of decentralized mineral licensing argue that the advantage of decentralization is that it brings the decisionmaking closer to where the mining is to take place. This, in turn, allows for local decision-makers who are more familiar with the area to make decisions that could bring social and economic benefits to the locals and protect their environment. On the other hand, opponents argue that having a decentralized mineral licensing system without uniform national "cadastral rules" not only creates confusion, but also fails to guarantee the security of tenure for the investors. Additionally, not having a uniform system with clear jurisdiction rules and unified coordinates makes it costly for companies to identify promising areas for license applications and discourages larger companies from investing. Another argument suggests that, compared to the national government, subnational governments are at a disadvantage because they are less likely to have the capacity of skilled personnel for on-site monitoring and inspection of companies' compliance with licensing rules.

In Indonesia, prior to the decentralization of the mineral licenses in 2002, the central government and extractive companies made decisions on extractive projects. Mining Law No.4/2009, gave the central government the authority to issue permits "if the mining area covers more than one province" (p. 9). After the decentralization of the mining licenses went into effect, subnational governments faced several management challenges that resulted from having investors with overlapping mining titles; a lack of monitoring of mining activities; and a lack of enforcement of rules, which created an opportunity for illegal mining. For example, in the Bangka district, the combination of a lack of incentives, weak oversight, and limited accountability of the district government led to the issuance of licenses for illegal mining operations. Consequently, this resulted in the loss of revenue for the district and adverse environmental impact, and it created conflict among mining companies with overlapping concessions. One of the core causes of these management problems was poor coordination of licensing systems and weak flow and management of information among the different levels of the government.

The author recommends that Indonesia's national government review its legal instruments "at the national and subnational levels to identify gaps, conflicts, duplications, and other inconsistencies,

particularly regarding the process of applying and approving licenses" (p. 13). The government also needs to assess the costs associated with issuing and monitoring licenses to ensure that the generated revenues (for example, those that are collected from safety permits) go to the appropriate units to fulfill their responsibilities. The author also recommends that a centralized cadastral system should be created with unified codes to reduce unclear and mismanaged flows of information at the subnational levels of the government. Additionally, the author recommends the government "map out required tasks and responsibilities of administering the licensing system and related health, safety, environmental, physical, and human resources needed to carry out requisite tasks and responsibilities for the different authorities with responsibility for compliance and enforcement" (p. 13). Last, subnational governments should set up and enforce sanctions on staff that fail to perform their duties, and should allow an independent entity to complete licensing system audits and to make the findings of audits available to the public.

In conclusion, the author states that the study's recommendations were based on preliminary findings. Further study is needed to know if the recommendations were implemented effectively.

*Venugopal, V. (2016). ***Thinking locally: Community consultation in the Philippines***. Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/thinking-locally-community-consultation-philippines

Publication Type: Report

Focus Area: Community resource management; Interface and user feedback mechanisms

Geography: Philippines

Methods: Case study

Value Chain: VC1: Consent

Summary:

This case study examines the implications of the Philippines' 1991 Local Government Code, which requires the federal government to consult with and obtain the consent of local governments before permitting any project that could cause significant environmental harms. Communities leveraged the code to pursue vigorous enforcement of environmental standards against mining, oil, and gas companies, with several local governments withholding consent and imposing an outright moratorium on mining. In other cases, localities used their enhanced bargaining power to extract financial and environmental concessions from extractive companies. In some cases, according to the authors, local governments have fallen prey to elite capture and rent-seeking, leading to decisions on mining policy that are not in the best interest of local communities. Tensions have also arisen between local governments, which tend to be markedly anti-mining, and the central government. The authors recommend that data such as environmental impact assessments be made public by the central government and that local governments increase accountability to their constituents in order to improve environmental decisionmaking. The authors of this brief do not detail specific interventions that could be used to improve local government accountability.

Vicente, P. C. (2010). **Does oil corrupt? Evidence from a natural experiment in West Africa.** *Journal of Development Economics, 92*(1), 28–38. https://doi.org/10.1016/j.jdeveco.2009.01.005

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Other

Geography: Cape Verde; São Tomé e Príncipe

Methods: Observational — Datasets

Value Chain: VC4: Revenue; VC5: Spending

Summary:

In this paper, the author analyzes the effects of oil discovery announcements from 1997 to 1999 in São Tomé e Príncipe (STP) to understand the role of natural resources in influencing a country's level of perceived corruption. The author uses Cape Verde (CV) as the control, since it did not experience oil discovery during this period and both countries are low-income West African countries with histories of Portuguese colonialism. Upon gaining independence, CV and STP had similar macro-level political and economic experiences. The author hypothesizes that oil discovery in STP created a resource "shock," raising the stakes of political control. This, in turn, would have heightened corruption, and increased campaign spending as well as the amount of funds diverted from public services.

To better understand their experiences with corrupt practices and examine their perception of government corruption, 1,907 households in STP and CV were surveyed about the delivery of a wide array of public services. In the surveys, corruption was defined according to the specific service in question, such that buying votes, demanding bribes to connect utilities, and allocating public awards to friends/party members all counted as corruption. The author accounts for time pessimism bias in favor of "the good old times" by asking households three questions: one about corruption in health care to use as a placebo, one about times when they were young, and one about the future of the country (p. 29). Utilizing these results, the author creates time pessimism variables to act as a control in their regressions.

After analyzing results with both a standard difference-in-difference and a triple difference estimator, the author finds that STP's resource shock produced the clearest increases on perceived corruption (ranging from 31 to 40 percent) in vote buying, education and scholarship allocation, and customs and import taxation. Although at lower magnitudes, corruption perceptions also significantly increase in the judiciary, public subsidies and procurement, civil service employment, healthcare, and police. The author does not observe statistically significant effects on infrastructure or licenses. These findings support the relationship between the theory of political and institutional resource curses and corruption. The author recommends monitoring the conduct of elections and limiting policymaker discretion over natural resource revenues through mechanisms like the Extractive Industries Transparency Initiative (EITI).

Walter, M. (2016). ***Extractives in Latin America and the Caribbean: The basics.*** Inter-American Development Bank. Retrieved from https://publications.iadb.org/handle/11319/7372

Publication Type: Report
Focus Area: Other
Geography: Latin America and the Caribbean
Methods: Observational — Datasets
Value Chain: VC3: Production; VC4: Revenue; VC5: Spending

Summary:

In this report, the author outlines the state of hydrocarbon and mineral extraction in the Latin American and Caribbean (LAC) region and its effects on LAC economies. State-owned companies produce the majority of hydrocarbons in LAC countries, and international companies assume a smaller role focusing on extraction challenges and retail activities. Large Canadian companies dominate the mining sector, but artisanal and small-scale mining (ASM) is key, as it creates most direct employment for communities.

The author notes the growing importance of the region on the global economy, as it contains 20 percent of the world's proven oil reserves, four percent of the world's proven gas reserves, and up to 40 percent of the world's unconventional oil and gas reserves (shale-based). LAC is the world's primary metal source, and second most important oil source. Foreign Direct Investment (FDI) in the region was on the rise from 2000 to 2011, particularly from Asian countries, with a large proportion of all FDI going to the extractives sector (26 percent). However, commodity prices crashed after this boom, and the amount of FDI going to LAC countries, as well as their revenues from these projects, dropped. The author emphasizes that local and national institutions governing the extractives industry in these countries lack anti-corruption controls and enforcement of legal and regulatory frameworks. LAC governments have highlighted the need for institutional reform and a commitment to policies that "leverage natural riches for the benefit of all citizens" in recent years (p. 13). The author notes that while a "one size fits all" policy package cannot address the entire region's difficulties because countries' extractives industries range from established to emerging, stewardship is an essential component in all cases. The author suggests that the trends toward increased civil society involvement and government transparency are positive steps.

Webb, J., Petersen, R., Moses, E., Excell, C., Weisse, M., Cole, E., & Szoke-Burke, S. (2017). ***Logging, mining, and agricultural concessions data transparency: A survey of 14 forested countries***. World Resources Institute. Retrieved from https://wriorg.s3.amazonaws.com/s3fs-public/Logging_Mining_and_Agricultural_Concessions_Data_Transparency_A_Survey_of_14_Forested_Countries.pdf

Publication Type: Report

Focus Area: Access to information and intermediation; Open contracting and procurement

Geography: Brazil; Cambodia; Canada; Colombia; Indonesia; Liberia; Madagascar; Malaysia; Mexico; Myanmar; Papua New Guinea; Peru; Republic of Congo; Russia

Methods: Observational — Datasets

Value Chain: VC2: Contract

Summary:

In this working paper, the authors analyze the availability and transparency of concessions data in 14 forested countries with high rates of forest loss, selecting countries with diverse governance structures and public policies affecting concessions data transparency. The authors focus on concessions data for three industries—logging, mining, and agriculture—responsible for about 60 to 90 percent of recent deforestation in the tropics. Citing previous research, the authors maintain that more transparency and access to such information can improve sustainable land use by increasing standards of enforcement and compliance, limiting corruption, and ensuring local communities have an equitable role in guaranteeing their livelihoods vis-à-vis public resource distribution. The authors gathered data through the help of in-country researchers who attempted to collect all relevant concessions data (e.g., concession-holder name, time period covered by the concession, the crop or substance, and the current status of the concession) as they documented the experience, response time, cost, and quality of information received. In-country partners had a limited time period (up to eight weeks), varied access to resources, and significant deviation in their success in accessing concessions data. Due to these limitations and the notable variation between land tenure systems, the authors avoid providing universal best practices or criteria and, instead, present qualified findings and recommendations throughout the report.

First, they emphasize the lack of accessible, consistent, and comprehensive data about concessions in forested countries, as concessions data disclosure varies significantly both by country and by sector. This, coupled with the lack of internationally agreed-upon standards for the release of logging, mining, and agriculture concessions data, leads the authors to recommend that international actors and relevant stakeholders incorporate unified guidelines for the disclosure of public spatial concessions information into existing voluntary transparency initiatives and partnership agreements. Second, the authors find that both the availability of digital data (e.g., links provided by researchers broke within a few months of the conclusion of their research) and the laws pertaining to information access change rapidly. The authors suggest that governments facilitate greater data access and increase awareness of relevant laws through proactive measures. They further advise potential donors to invest in building up governments' capacity to collate, digitize, and share concessions information through sustainable online portals. Third, the authors' results show how civil society, such as activist and research organizations, can play a complementary or compensatory role in providing concessions information wherever

official data is unavailable. The authors propose that civil society pressure their governments to work actively towards open data standards and to commit to more robust freedom of information laws. Finally, the authors conclude by stating the need for more research on the causes and effects of data disclosure, including the enablers of and barriers to transparency, the tangible impacts of spatial transparency on land-use allocation processes, and the effects of large economic or political factors (such as foreign investment and development finance) on transparency.

Welle, K., Williams, J., & Pearce, J. (2016). **ICTs help citizens voice concerns over water—or do they?** *IDS Bulletin, 47*(1), 41–54. Retrieved from https://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/9024/IDSB47.1_full.pdf?sequence=1.

Publication Type: Journal article

Journal Type: Editor/Peer-reviewed

Focus Area: Interface and user feedback mechanisms; Social audits and civil society monitoring

Geography: Bolivia; India; Kenya; Tanzania; Timor-Leste; Uganda

Methods: Case study; Meta-analysis

Value Chain: N/A

Summary:

The authors investigate whether information and communications technologies (ICT)-based initiatives increase social accountability in the water access sector in predominantly rural areas. The authors note that ever-increasing access to ICTs in rural areas has emerged as a potential remedy for frequently non-responsive service providers and local government officials. ICTs, as such, may have a transformative role to play in the overhaul of the sector, as smoother and more accessible communication between communities, mechanics, service providers, and local government will ostensibly improve social accountability. They have the potential to grant individuals and communities the ability to directly contact providers and local officials when a water point is in disrepair.

The authors analyze eight ICT-based initiatives in seven different countries to determine if ICTs facilitate and improve water point repair rates and make hand-pump mechanics, service providers, and local government bodies more accountable to consumers. They aggregate data from those initiatives and assess whether each initiative achieved one or more of three outcomes: (1) whether reports (about water points malfunctioning) were sent; (2) whether those reports were processed by entities with the means to repair them (service providers, government bodies, and the like); and (3) whether successful repairs were made to the site in question. After compiling the data from the eight initiatives, the authors analyze one initiative—the M4W project in Uganda—more deeply. Using M4W's available data and report on its project's outcomes, the authors dissect the M4W project as a case study illustrative of ICT's performance in similar contexts. The authors' conclusions are derived from a holistic review of the outcomes of these initiatives.

The authors find that ICTs are not transformative and do not ensure initiatives' success in improving social accountability between communities and the entities with the means to repair water point malfunctions. There was little distinguishable change in the response or repair rates in communities where ICT-based initiatives were used. This ineffectiveness is largely explained by: (1) preexisting infrastructural and cultural barriers, including the lack of coverage and charging stations for mobile phones; (2) the comparative cost of sending an SMS; (3) the perceived ineffectiveness of ICTs to address the issue; and (4) the fear amongst rural communities that their usage of ICTs to report malfunctions could be used to identify them. These barriers and others prevent ICTs from being effective means by which rural communities may hold to account service providers and government officials. Compounding these issues are the effects of the community-based management

model prevalent in rural service provision, where service providers, NGOs, and governments provide the materials and infrastructure necessary for service provision but then leave subsequent maintenance in the hands of the community.

Notably, the few cases in which ICT-based initiatives did modestly improve social accountability were those that embraced a service provider-centric model, where service providers were responsible for maintaining, reporting, and repairing water point malfunctions, as opposed to a community-based management scheme. Therefore, while ICT-based initiatives can be successful, fundamental infrastructural and cultural dynamics in the service provision sector must be overcome and the focus of such initiatives recalibrated to put more responsibility on service providers and local governments.

Welle, K., Williams, J., Pearce, J., & Befani, B. (2015). ***Testing the waters: A qualitative comparative analysis of the factors affecting success in rendering water services sustainable based on ICT reporting.*** Making All Voice Count. Retrieved from http://www.makingallvoicescount.org/publication/wateraid-the-success-of-ict-in-water-supply-sustainability/

Publication Type: Report

Focus Area: Interface and user feedback mechanisms

Geography: Bolivia; India; Kenya; Tanzania; Timor Leste; Uganda

Methods: Meta-analysis

Value Chain: N/A

Summary:

The authors examine the use of information and communication technologies (ICT) that aim to improve water supply functionality, using Qualitative Comparative Analysis (QCA) to understand why some initiatives were successful and what their enabling factors were. The authors note that the literature on the use of ICTs for rural water supply sustainability is limited and does not consider the extent of the challenges facing ICT initiatives and how these challenges impact outcomes. The authors examine eight ICT initiatives for monitoring and reporting on water supply sustainability in Uganda, Kenya, Tanzania, India, Timor Leste, and Bolivia. These initiatives differed from each other in such key ways as scale, type of water supply technology, and setting; whether data collection was crowdsourced or collected by members of government or service provider staff; whether the data were collected periodically or only when there were specific incidents; and how the data were collected (with most requiring human interaction to collect the data, and one initiative collecting data automatically). The authors chose QCA as a research method to systematically compare different cases against a specific set of factors for success across initiatives and context. However, they acknowledge some limitations in using this method. Notably, failure to collect data on a specific case or condition automatically leads to the exclusion of either the condition or the case as a whole; as such, the documentation of most ICT initiatives proved insufficient to determine whether the condition was achieved or not, forcing the researchers to rely extensively on less objective Skype interviews with those involved in the initiatives. In addition, the lack of comparable data across initiatives makes defining and judging outcome achievement difficult.

The authors develop a theory of change based on a literature review and existing sector knowledge to hypothesize that success is based on three outcomes: (1) successful ICT-based reporting, (2) successful processing of ICT reports by a government or service provider, and (3) successful water service improvements. Based on this theory of change, they identify certain conditions as influential for achieving each outcome, grouping them into factors connected to their enabling environment and factors directly related to the ICT initiative. For each of the eight ICT initiatives, the authors conducted interviews with people involved in their design and implementation to learn more about each initiative and each identified condition, with the data then mapped against the originally identified conditions.

Results of the QCA analysis for outcome one (successful ICT-based reporting) score six out of eight initiatives as successful, and provide the following as conditions that explain successful outcomes: cellular network reception, mobile phone charging accessibility, reporting being government- or provider-led, user preference for the reporting mechanism, and negligible reporting costs. For outcome two (successful processing of ICT reports), five of the eight cases were scored as successes, with factors found to be the availability of cell reception and ICT backup support; the responsible agency having the human resources and knowledge to follow up on ICT reports; and operational costs largely being met by the government body or service provider, rather than a third agency. For outcome three (successful service improvements), five cases out of eight were successes, and conditions explaining successful outcomes were having sufficient funds to carry out the repair, clearly understood operation and maintenance responsibilities, availability of mechanics and spare parts, and the existence of accountability mechanisms for acting on reports. The authors next plan to conduct two in-depth case studies from among the eight initiatives to examine in more detail the specific governance dynamics affecting the reporting and addressing of rural water sustainability.

Westenberg, E., & George-Wagner, M. (2015). ***From reporting to reform: Eleven opportunities for increasing EITI impacts.*** National Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/reporting-reform-eleven-opportunities-increasing-eiti-impacts

Publication Type: Report

Focus Area: International multistakeholder initiatives

Geography: Global

Methods: Other: Policy recommendations

Value Chain: VC4: Revenue

Summary:

The authors analyze 22 reports, each from a different country, written under the 2013 update of the Extractive Industries Transparency Initiative (EITI) standard. The authors note that the updated EITI standard aimed to improve the utility of disclosures, and the authors set out to assess whether the new disclosure requirements led to more useful EITI compliance reports. The authors develop 11 criteria, grouped into "quality" and "content" categories, to assess whether the reports are more useful after the update.

The authors find that the reports prepared under the updated standard are significantly more comprehensive and informative, improving both quality and content, yet there remains room for further improvement. Common quality pitfalls include, for instance, outdated information, little to no analysis on what conclusions should be drawn from the data disclosed, and a failure to report data in a machine-readable format. Examples of content problems include failures to provide data on subnational resource revenue transfers, beneficial ownership, a monetary value to the resources produced, and information disaggregated project-by-project.

*Westenberg, E., & Sayne A. (2018). ***Beneficial ownership screening: Practical measures to reduce corruption risks in extractives licensing.*** Natural Resource Governance Institute. Retrieved from https://resourcegovernance.org/analysis-tools/publications/beneficial-ownership-screening-practical-measures-reduce-corruption

Publication Type: Report

Focus Area: Asset and beneficial ownership disclosure; Government monitoring and enforcement; Open contracting and procurement

Geography: Global

Methods: Other: Policy recommendations

Value Chain: VC2: Contract

Summary:

In this report, the authors review more than 50 mining and oil laws to investigate a potentially critical gap in regulatory oversight. Prohibitions on politically exposed persons (PEPs)—defined as government officials or their close associates—holding interests in companies applying for extractives licenses are found in about half of the laws reviewed, and yet none require regulators to check for the existence of PEP interests as part of screening license applications. The authors identify such problematic beneficial ownership linkages and propose how governments can strengthen the "upstream" extractive licensing process. The authors recommend reforms in five categories: (1) anti-corruption provisions, (2) prequalification/application submissions, (3) initial screening, (4) final decisionmaking, and (5) complementary measures. The authors caution that their proposed reforms could create new administrative burdens, a reduction in licensing efficiency, or even increased corruption risk. Therefore, they advocate for "proper customization and harmonization within national and sectoral legal frameworks" (p. 2).

For anti-corruption provisions, the authors argue that licensing rules should establish prohibitions on certain PEPs holding extractive company interests. Particular reference is made to the sanctioning prerogatives of Article 93 of Mexico's 2014 Hydrocarbon Law. The authors contend that companies should be required, during a prequalification phase, to submit anti-corruption certifications, beneficial ownership, and PEP information, with such disclosures made public. They maintain that extractive license applications should be cross-referenced with centralized registers and verified by an authorized officer. The authors are, however, acutely aware of the thorny issues of thresholds, future benefits, and indirect interests when defining the term "beneficial owner."

In terms of additional scrutiny, the authors identify certain disqualifying violations, including uncertified disclosures and collusive or anti-competitive behaviors. To enhance vetting, the authors suggest an adapted corruption red flags checklist to scrutinize, for example, a company's shareholder structure. Finally, the authors present proxies or alternatives to this verification process to help promote a broader "culture of oversight and accountability around awards" (p. 20). They suggest the following: (1) setting up a whistleblower mechanism, (2) establishing an ombudsman, (3) offering losing companies a process for appeal, and (4) enabling external monitoring (perhaps by a supreme audit institution). The authors argue that their report will aid in furthering the incorporation of basic anti-corruption safeguards into sector licensing rules.

Williams, A. (2011). **Shining a light on the resource curse: An empirical analysis of the relationship between natural resources, transparency, and economic growth.** *World Development, 39*(4), 490–505. https://doi.org/10.1016/j.worlddev.2010.08.015

Publication Type: Journal article

Journal Type: Peer-reviewed

Focus Area: Other

Geography: Global

Methods: Observational — Datasets

Value Chain: VC4: Revenue; VC5: Spending

Summary:

In this econometric study, the author assesses the oft-repeated contention that the resource curse for the extractive industry may be overcome by improving state accountability and transparency. He notes that, while initiatives such as the Extractive Industries Transparency Initiative (EITI) and Publish What You Pay take it as given that natural resource abundance drives a lack of transparency, the academic literature has never (1) firmly established that countries with abundant natural resources are less transparent than other countries, (2) confirmed a causal link between resource revenues and lack of transparency, or (3) found that lack of transparency has a statistically and economically significant effect on economic growth. Using a 105-country panel dataset covering nine five-year non-overlapping periods between 1960 and 2004, the author finds (1) that resource-rich countries—particularly those that are rich in "point" resources such as fuels, ores, and metals—are indeed less transparent than other countries; (2) that this lack of transparency is causally linked to resource revenues, with the relationship robust to numerous different sample sizes and model specifications; and (3) that the lack of transparency that results from point resource export revenues (rather than the revenues themselves) is one of the primary reasons for the subsequent poor economic growth of those countries. Results suggest that current policy initiatives to increase transparency, though difficult to implement, are on the right track and ought to continue.

Wilson, C., & de Lanerolle, I. (2016). **Test it and they might come: Improving the uptake of digital tools in transparency and accountability initiatives.** *IDS Bulletin, 47*(1), 113–126. Retrieved from http://bulletin.ids.ac.uk/idsbo/article/view/40

Publication Type: Journal article

Journal Type: Editor/Peer-reviewed

Focus Area: Access to information and intermediation; Interface and user feedback mechanisms

Geography: Kenya; South Africa

Methods: Survey

Value Chain: N/A

Summary:

Information and communications technologies play an increasingly visible role in transparency and accountability initiatives (TAIs) that civil society organizations (CSOs) implement to provide better services to, and receive feedback from, a target group of users. Examples of TAIs include using social media to track parliamentary performance, receiving satisfaction surveys on public service delivery via cellphone, and developing mobile apps and websites to report corruption. The technology that is used for these initiatives is known as Technology for Transparency and Accountability Initiatives (T4TAIs). The authors contend that, while there is literature covering the effectiveness and impact of existing T4TAIs, there is a dearth of research exploring how the process that CSOs and governments use to select among T4TAI tools affects their success. The authors explore the characteristics of the selection process that are associated with successful implementation of a chosen T4TAI tool. Often a tool is selected with limited testing of its appropriateness for the desired group of users, which puts the sustainability and success of the initiative at risk. Unsuccessful initiatives—as measured by uptake failure (the intended users not utilizing the T4TAI or not using it as expected)—stem from failure to account for contextual factors and to understand the users of technological tools, as well as limited technical capacities or investment in project management. The authors conducted surveys and interviews with organizations that had participated in a T4TAI selection process. An initial online survey was disseminated to 247 South African and 40 Kenyan CSOs, followed by 38 in-depth interviews with representatives of 18 South African and 20 Kenyan CSOs that had recently selected or were selecting a tool for a TAI. The authors find that fewer than a quarter of the CSOs interviewed described their chosen tool as a success. Barriers to effective implementation included a lack of information at the start of the selection process on who their users were, what the users needed their tool to accomplish, and how each tool functioned. Many interviewees stated that they did not do research or trials because they felt constrained by time, costs, and human/technical resources. In both countries, organizations that had conducted user research and/or tested a T4TAI before full-scale implementation were more likely to see successful uptake and a tool adopted effectively than those who did not. The authors conclude that a strategy for increasing investment and effort in tool selection is necessary to conserve project resources and minimize risk of failure while maximizing adoption of the tool by intended users. They recommend a two-pronged approach of CSOs researching their users and testing proposed T4TAIs before choosing and implementing one, and CSOs choosing to buy or adopt an existing technology before constructing their own.

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LTRC is a research project led by the Brookings Institution and supported by Results for Development (R4D) and the Natural Resource Governance Institute (NRGI).

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