



# Independent Evaluation of the Extractive Industries Transparency Initiative

## Summary Report

Submitted to the EITI Board and International Secretariat

28 September 2022

# Report Overview

After almost two decades since it was first launched, there is good reason to ask questions of the Extractive Industries Transparency Initiative (EITI):

- **Is it relevant?**
- **Is it effective?**
- **What impacts does it contribute to – both intended and unintended?**
- **Can it be sustained?**

The Global Independent Evaluation of the EITI is a wide-ranging project that seeks answers to these questions.

The report was written by the independent evaluators, Voconiq and Square Circle.

## Evaluation reports, data and materials

The evaluation was run as an ‘open evaluation’ with an emphasis on providing project updates, field reports and deliverables as they emerged. This open evaluation approach also includes a commitment to publishing the underpinning information and data gathered through the evaluation process.

This **Summary Evaluation Report** provides a high-level overview of the evaluation project as a whole. It does not contain the more detailed findings or all of the underpinning data that informs the longer-form **Main Report**.

In order to make the evaluation as accessible to as many people as possible, different layers of detail and data have been provided through the following evaluation outputs:

- The project Terms of Reference and Inception Report.
- This Summary Report provides the key background, findings and recommendations of the Main Report.
- The Main Evaluation Report.
- A digital story / report that showcases the ‘story’ of the evaluation including key findings.
- A Country Findings Report that summarises the key data and findings from each of the 10 case study countries.
- A Policy Case Studies Report that summarises the key data and findings from each of the 3 policy case studies.
- The Governance Sentiment Instrument (GSI) dashboard that provides open access to the survey of EITI ‘insiders’.
- Graphs summarising the results of the Citizen Surveys carried out in Colombia, Indonesia and Nigeria.
- Access to the raw data of both the GSI and Citizen Surveys, though some data has been removed for privacy reasons.

The above reports and data will be available at by 10 October 2022.

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# Background

## Natural resource management and the EITI

### **A country's natural resources belong to its citizens.**

It follows that the extraction of those natural resources should benefit citizens and contribute to the wider socio-economic development of the country. Yet global experience has shown that converting the natural resources under the ground, into inclusive and sustainable development outcomes above the ground, remains a significant development challenge.

On the one hand, effective resource management can contribute significantly to national development – through fiscal revenues to the state, supply chain and employment opportunities, and social investments. At the same time, the effects of poorly managed resource extraction can produce long-lasting negative impacts – at times disastrously so – for societies, ecologies, and economies. These impacts have been felt at the national level, where misappropriated or mismanaged extractive revenues can result in a resource-dependent economy and a failure to generate improved public goods.<sup>1</sup> They have also been felt at the local level, where mismanaged extractive projects can create social and environmental legacies for impacted communities.

The challenges posed by resource extraction are not new. For decades, there has been an increasing focus on maximising the possible development outcomes deriving from resource extraction in developing and developed countries alike.

### **In its 20 years of operation, the Extractive Industries Transparency Initiative (EITI) has become a prominent and central feature in the global extractives governance landscape.**

Through the promotion of transparency of revenues and accountability of governments and companies, the EITI promotes the open and accountable management of oil, gas, and mineral resources. Its broader mission is “to promote understanding of natural resource management, strengthen public and corporate governance and accountability, and provide the data to inform policymaking and multi-stakeholder dialogue in the extractive sector”<sup>2</sup>.

### **The EITI stands apart from other extractives governance initiatives in that:**

1. It is a global initiative based on a global standard with an agreed quality assurance mechanism (validation).
2. It combines global and country-led dialogues on resource governance and management, with information, debate and approaches flowing in both directions.
3. It is based on the tri-partite model of government, industry, and civil society.
4. It has a governance mechanism – the multi-stakeholder group (MSG) – to facilitate a continuous dialogue with industry, government, and civil society.
5. It focuses specifically on transparency, accountability, and participation.

<sup>1</sup> Resource dependence can also result in the oft-discussed ‘Dutch Disease’ and ‘Resource Curse’, although the exact causes, experiences and remedies of both are contested.

<sup>2</sup> EITI: Our mission



The Extractive Industries Transparency Initiative (EITI) was established in 2003 as a multi-stakeholder organisation to promote the open and accountable management of oil, gas, and mineral resources.

The EITI evolved from a set of principles (2003), to criteria (2005), to 'rules' (2009), to an EITI Standard – of which there has been three versions since 2013.

The EITI Standard 2019 is now a global benchmark for transparency in the extractive sector.

At the global level, the **EITI Board** serves as a main decision-making body. It is a multi-stakeholder group consisting of 20 representatives from implementing countries, supporting countries, civil society organisations, industry, and institutional investors.

The **EITI International Secretariat** supports countries to implement the EITI Standard, as well as working in areas of policy, communications, data analysis, and administration.

Fifty-seven countries are implementing the EITI. Each EITI member country (except Norway) has a **multi-**

**stakeholder group (MSG)**, composed of government, companies, and civil society.

EITI countries commit to disclosing information on the extractive sector, including how extraction rights are awarded, how revenues flow through government, and how they benefit citizens. Member countries make and apply country-specific work plans and activities based on the EITI Standard.

Progress in implementing the EITI Standard is assessed in the form of a **validation process** in which countries receive a score based on the assessment of three elements: *Stakeholder engagement*, *Transparency*, and *Outcomes and impact*. Implementing countries receive an overall assessment as well as assessments on individual requirements of the EITI Standard, i.e., “*outstanding progress*”, “*satisfactory progress*”, “*meaningful progress*”, “*inadequate progress*”, and “*no progress*”. The frequency of the validation process depends on the previous validation outcome.

## The evolution of the EITI

There are several key factors that influence how the EITI is perceived in terms of its *effectiveness, relevance, impact, and sustainability*. These factors have changed over time and are related to ongoing debates about what the purpose and focus of the EITI should be, and how the EITI should work. Effective engagement in these debates by the EITI Board and International Secretariat is crucial to the overall effectiveness of the EITI.

The evaluation therefore acknowledges these debates and incorporates an understanding of their influence in the report.

## The EITI's changing membership

Changes and additions to EITI country membership, including increased diversity in location, levels of human and economic development, and dependency on extractives, have significant influence on the perceived relevance and effectiveness of the EITI

## The EITI's approach to compliance

The comprehensive requirements involved in country implementation, combined with the validation process with its potential for suspension, suggest a degree of mandatory disclosure to the EITI. However, there are no sanctions or obvious drawbacks for not joining the EITI, for achieving only modest validation results, or for joining and then leaving the initiative. On the one hand, enforcing expulsions for poor performance against the EITI Standard, and/or clear violations of core tenets, would signal to members that there is a consequence for non-compliance. On the other hand, expelling a member country from the EITI would effectively mean the loss of the very forum that enables essential dialogue and pushes for the processes of transparency and accountability that are required to put pressure on governments and industry.

## The EITI's expanding governance

The EITI Secretariat has grown substantially and the number of functions that it carries out has correspondingly increased, potentially shifting the balance of focus in the EITI between activities that happen at the implementing country level and those that occur at the global level.

## The EITI's increasing scope

The breadth and depth of what it means to implement the EITI has changed and continues to change. Compared to its initial requirements, the EITI Standard now requires the disclosure of different types of information, with a different level of granularity, and is significantly more prescriptive about how EITI programs should be governed and implemented at the country level.

## Contextual factors – the world in which the EITI operates

In addition to the internal debates that sometimes influence how the EITI is perceived and evaluated, the EITI does not operate in a vacuum. There are several high-level contextual factors – long standing and emerging – that influence the perceived effectiveness, relevance, impact, and sustainability of the EITI.

The following contextual factors have added tensions that feed into the essential drive of the EITI as a platform for informed dialogue on complex issues related to resource management. In the process of dialogue there is inevitably noise and chaos. The chaos is undeniably challenging to those who navigate it, but it can be positive. It is evidence of the engagement of governments, industry, and civil society in a more inclusive tri-partite model of transparency, accountability, and participation.

## Climate change and energy transition

Issues of climate change and energy transition provide a significant additional layer to the ongoing contention at the heart of natural resource management. Beyond considerations of transparency and accountability, increasingly urgent questions on climate change and energy transition go to the inherent logic and assumptions of fossil fuel extraction, presenting current and future challenges for companies, governments, and civil society. Within the EITI this creates a significant tension between an earlier logic of the EITI existing to improve extractives governance, with more recent but growing demands to stop extraction of fossil fuels all-together. It also brings to greater prominence issues around the environmental and social impacts of critical mineral extraction, as well as corruption risks around how the rights to extract those resources are awarded.

## COVID-19 pandemic

The COVID-19 pandemic has put an enormous strain on public systems of governance, especially those in developing country contexts, with pandemic responses taking a necessary priority in policy spaces and expenditure globally. For the EITI, the pandemic has had, and continues to have, an impact on the means and methods for stakeholder engagement. For example, the ability for direct support from the International Secretariat has been severely constrained, and many multi-stakeholder groups are now meeting remotely.<sup>3</sup>

## Declining civic space

Several different global measures of civil and political freedoms have charted a resurgence of authoritarian governance, presenting a particular challenge for civil society organisations and citizens to engage in the extractives governance process. Public health measures to limit social gatherings and movement during COVID-19 have further restricted freedom of assembly and the right to protest in many mining jurisdictions.

## Social media

The EITI is older than all of the major social media platforms. These platforms have been globally transformative in the dissemination and sharing of information (including ‘false’ information); have challenged and altered traditional political, economic and social power structures (such as the role of the ‘technical expert’); and have blurred the lines between global, national and local debates and events. How transparency happens, how accountability is exercised, and how dialogue occurs between different groups is fundamentally different in 2022 compared to when the EITI was first launched in 2003.

## Geopolitical headwinds

In the context of a highly complex geopolitical environment, the EITI’s relative importance is contested. Economic volatility, inflation, the war in Ukraine, impacts on global food supplies, instability of energy supplies, increasing security tensions between major powers, and erosion of multilateralism all contribute to a global environment in which it can be extremely challenging for governments, industry, and civil society to prioritise and support a nuanced and technically complex intervention such as the EITI.

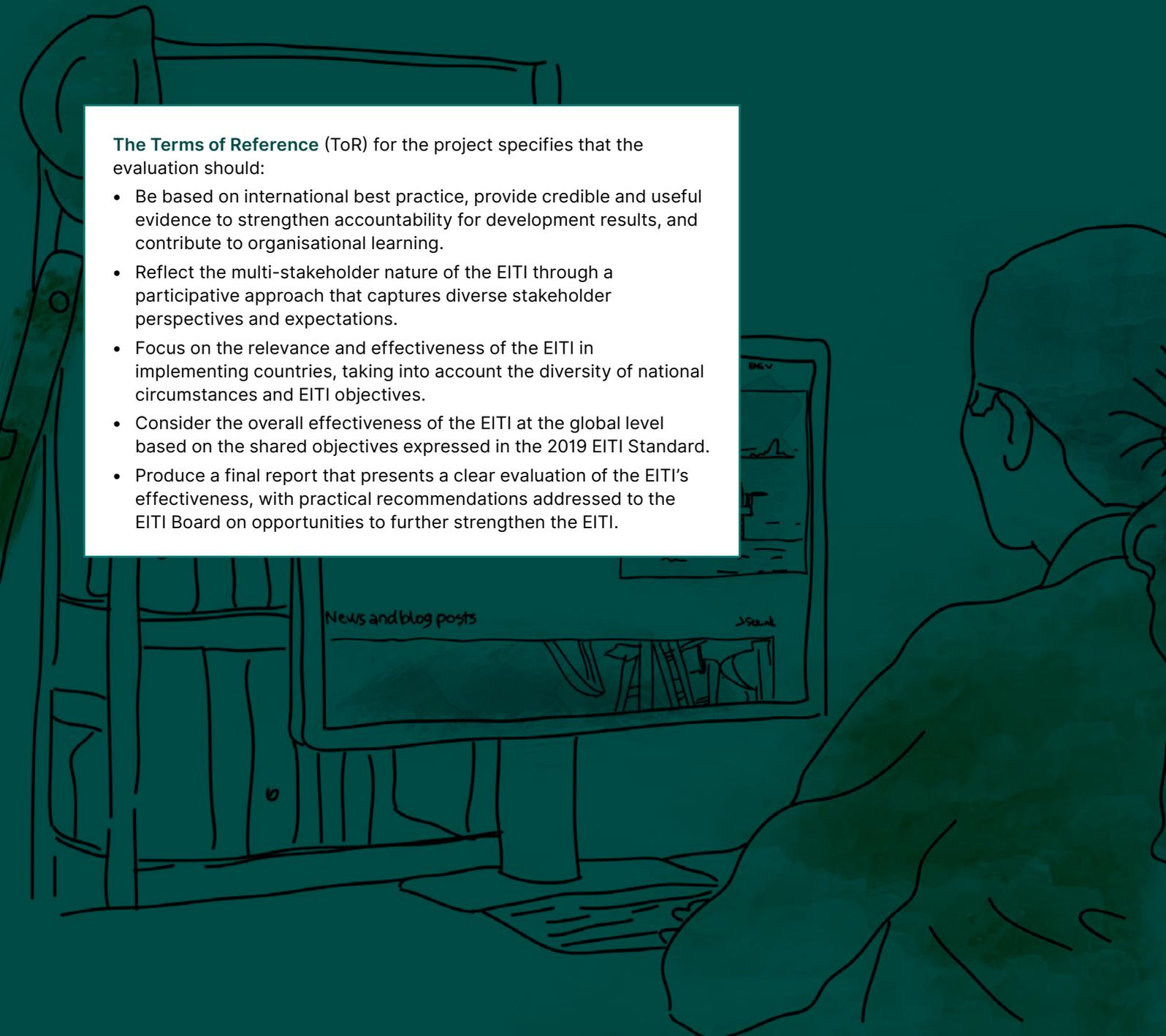
<sup>3</sup> See, for example, the EITI articles [Nurturing trust in the time of COVID-19](#) and [Beyond Covid-19: Building resilient and accountable extractives governance](#).

# Methodology

Following a decision by the EITI Board, in July 2021 the EITI International Secretariat commissioned a tender process for an Independent Evaluation of the EITI. The tender for the evaluation was awarded to a consortium consisting of Voconiq and Square Circle (VQ-SC) in September 2021.

**The Terms of Reference (ToR)** for the project specifies that the evaluation should:

- Be based on international best practice, provide credible and useful evidence to strengthen accountability for development results, and contribute to organisational learning.
- Reflect the multi-stakeholder nature of the EITI through a participative approach that captures diverse stakeholder perspectives and expectations.
- Focus on the relevance and effectiveness of the EITI in implementing countries, taking into account the diversity of national circumstances and EITI objectives.
- Consider the overall effectiveness of the EITI at the global level based on the shared objectives expressed in the 2019 EITI Standard.
- Produce a final report that presents a clear evaluation of the EITI's effectiveness, with practical recommendations addressed to the EITI Board on opportunities to further strengthen the EITI.



## An open evaluation

Just as the EITI is a multi-stakeholder initiative with a strong emphasis on transparency and continuous disclosure, the evaluation was designed to take a similar approach:

- A multi-stakeholder Project Steering Group was formed to guide the project.
- The project was run as an ‘open evaluation’, with a participative approach in the design and implementation of the study, as well as an effort to openly share evaluation data and outputs as they emerge at [etiopenevaluation.org](http://etiopenevaluation.org).
- There were numerous opportunities for EITI stakeholders – both at the country level and internationally – to directly engage with and participate in the evaluation process.



## An independent evaluation

The VQ–SC Consortium was **committed to an independent evaluation**, including asking difficult questions of EITI stakeholders at all levels. Specific methods were designed to avoid the risk of only engaging with known stakeholders, gatekeepers, and the ‘usual suspects’ of insiders who might only provide data that already exists and/or have a direct interest in particular evaluation outcomes.

## The evaluation questions

The evaluation question framework was informed by the *Organisation for Economic Co-operation and Development’s (OECD) Development Assistance Committee’s (DAC) evaluation criteria*. Specifically, the **Primary Evaluation Questions** connect to the DAC evaluation criteria, with a focus on **effectiveness, relevance, impact, and sustainability**. The evaluation’s primary evaluation questions were unpacked with a series of related Guiding Questions.

## The evaluation methods

A **mixed methods, exploratory approach** across three levels of analysis (global, national, local) allowed data to be collected and analysed in a way that revealed complexity, interconnectedness, and non-linear change, with a focus on impact pathways for how change happens and how change is experienced.

The **Evaluation Questions** were explored through a variety of evaluation methods including country case studies, policy case studies, governance sentiment survey instruments, as well as qualitative approaches

such as global ‘expert’ interviews, outcome harvesting, and most significant change. A GEDSI analysis (Gender equality, disability and social inclusion) of the data generated through the country case studies was also undertaken. The evaluation methods are mapped visually on the following pages (see Figure 1).

The views and perceptions of stakeholders are referenced heavily in this report, and when that occurs we are referring to the stakeholders that participated in the evaluation across all evaluation methods. As an aside, it is worth noting (as the GIZ’s 2016 report on measuring EITI’s impact does<sup>4</sup>) that given the diversity of EITI implementing countries as well as the weak monitoring and evaluation capacity in many of those countries, the measurement of perceptions of impacts is a useful strategy in the absence of consistent and robust data.

### GSI Insight

The results of the **Governance Sentiment Instrument (GSI)** survey that was carried out of existing EITI stakeholders as part of the evaluation are available as part of an interactive dashboard.

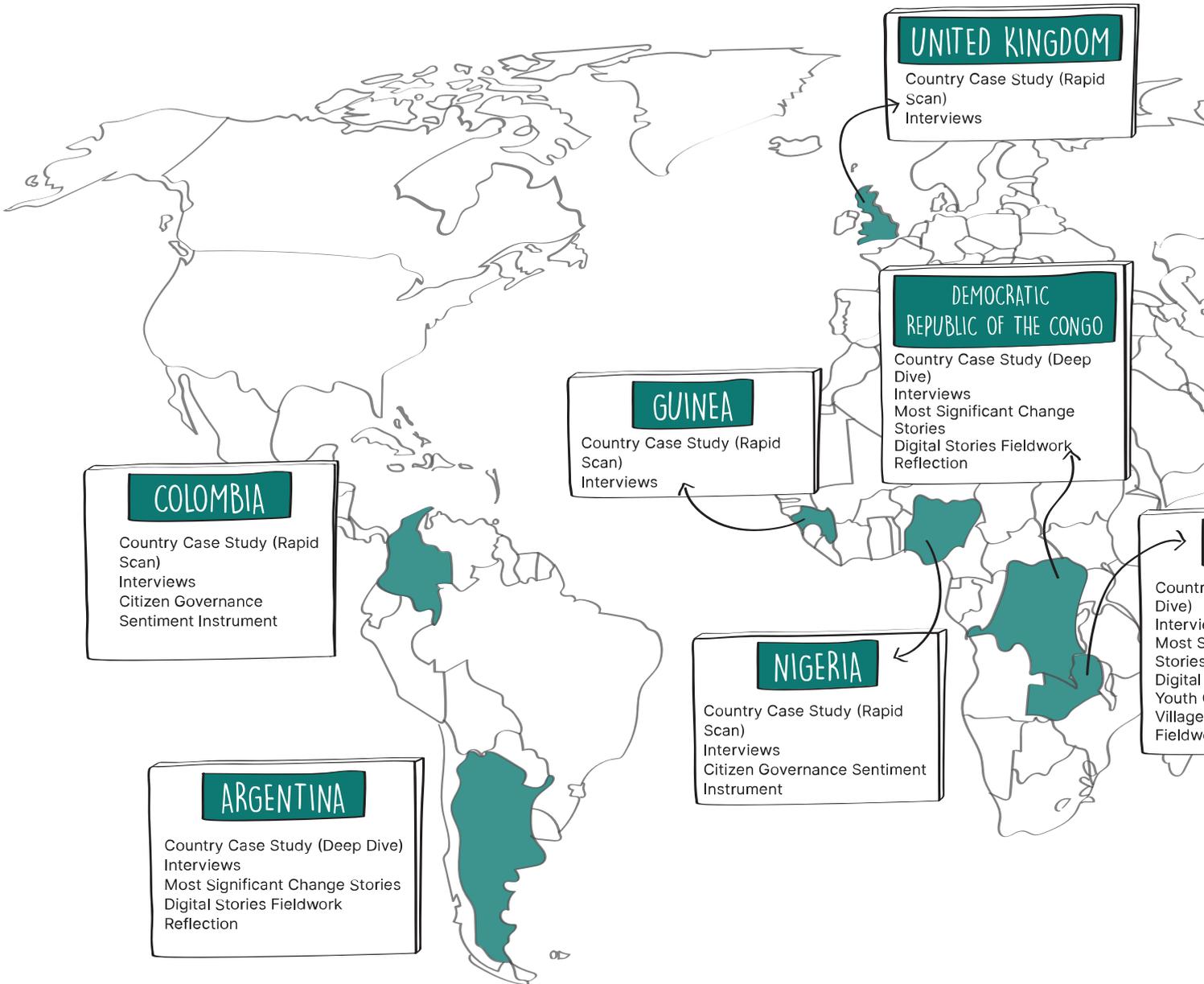
The survey received responses from 137 individuals in 50 countries. More than a third of respondents were members of a national level MSG, and 62% of respondents were involved in EITI implementation at the national level.

The GSI includes multiple questions across all elements of the evaluation and the results can be downloaded in graph and raw data formats.

Data splits are available by gender, region, stakeholder type, and level of involvement in the EITI.

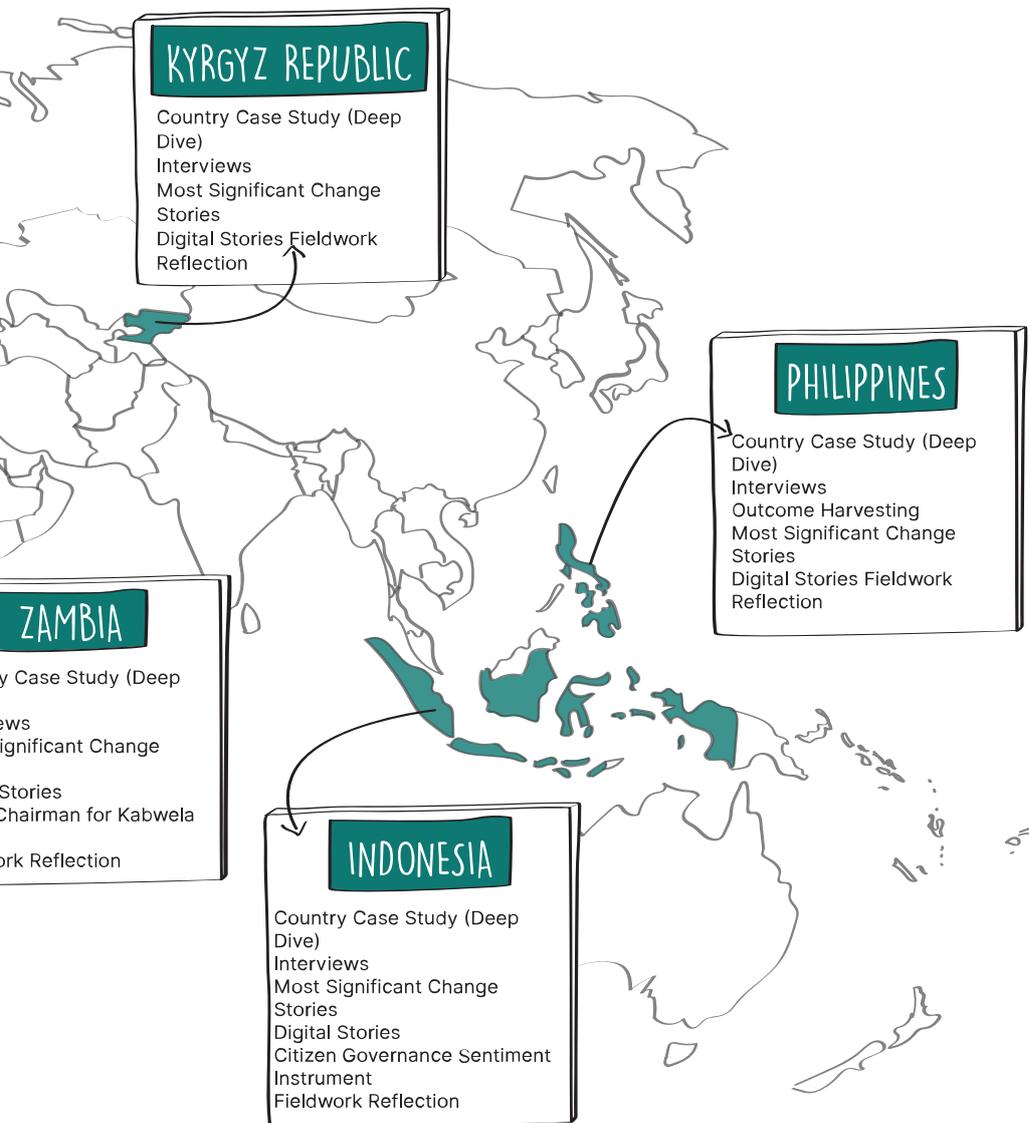
4 Neumann, et. al (2016), Assessing the effectiveness and impact of the EITI.

# METHODOLOGY MAP



## THE EVALUATION IN NUMBERS

- In person interviews in**  
Bishkek  
Buenos Aires  
Cebu  
Jakarta  
Karakol  
Kinshasha  
Kitwe  
Kyzyl-Suu  
Lumbumbashi  
Lusaka  
Manila  
Palawan  
Samarinda  
Solwezi
- 176 stakeholder interviews in 10 case study countries (and meetings with country multi-stakeholder groups)
- 137 EITI 'insiders' surveyed across 50 different countries (dashboards and raw survey data available)
- 3,107 citizens surveyed about resource governance in Colombia, Indonesia, and Nigeria (key findings and raw survey data available)
- Numerous...  
Client Calls  
Global Stakeholder Interviews  
Project Steering Group Meetings  
Presentations and Roundtables  
Articles Read
- Balanced mix of government, company, civil society and other (e.g. researchers, donors) evaluation participants



## METHODOLOGIES APPLIED

### COUNTRY CASE STUDIES

Deep Dive – Derived from in-person stakeholder consultations  
 Rapid Scan – Derived from desktop research and virtual stakeholder interviews

### EXPERT INTERVIEWS

In-person and virtual interviews with stakeholder groups

### MOST SIGNIFICANT CHANGE

An inductive method that helps to identify how change happens and how it is experienced by gathering stories from participants

### OUTCOME HARVESTING

A method for collecting actual outcomes and working backwards with participants to analyse how those outcomes came about

### GOVERNANCE SENTIMENT INSTRUMENT

Surveys deployed to gather perspectives from EITI 'insiders' and citizens with limited knowledge of the EITI, respectively

### POLICY CASE STUDIES

Case studies for select policy areas:  
 Beneficial Ownership  
 Sub-national transfers and expenditures  
 Resource rich countries that have not joined the EITI

### DIGITAL STORIES

Short videos of stakeholders reflecting on their experiences with the EITI

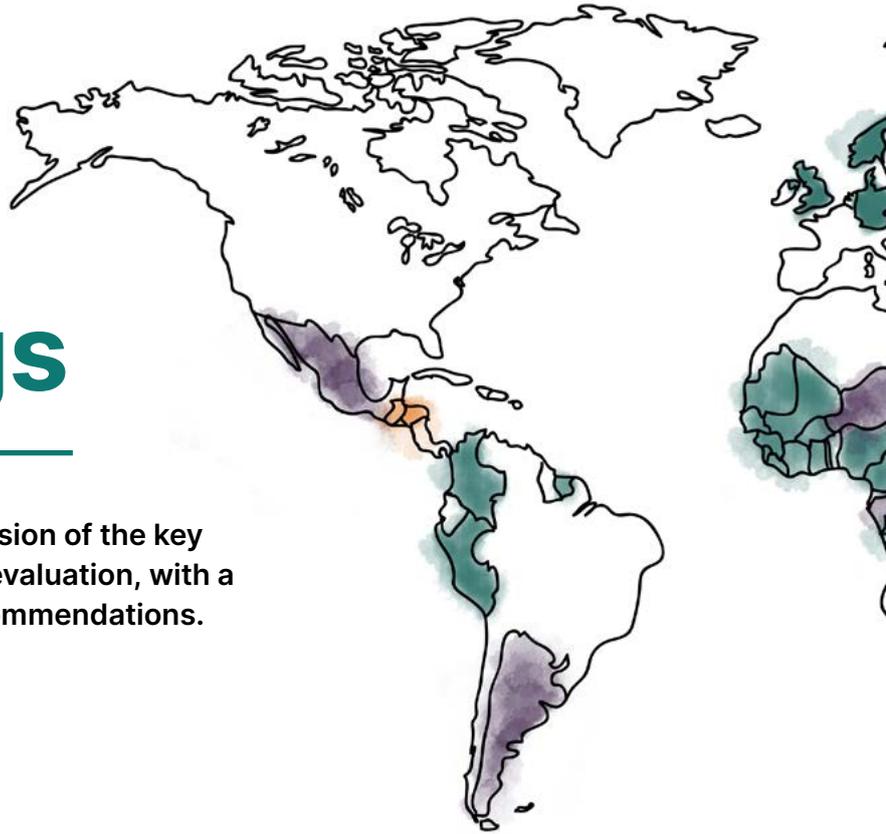
### FIELDWORK REFLECTIONS

Reflections from country consultants that were gathered to supplement the analysis

Figure 1: Methodology map

# Key Findings

This report presents an accessible discussion of the key findings from a rigorous, mixed methods evaluation, with a focus on learning and implementable recommendations.



## GSI Insight

The report features green boxes with insights from the data on the governance sentiment instruments (GSI)

## Country Case Study Insight

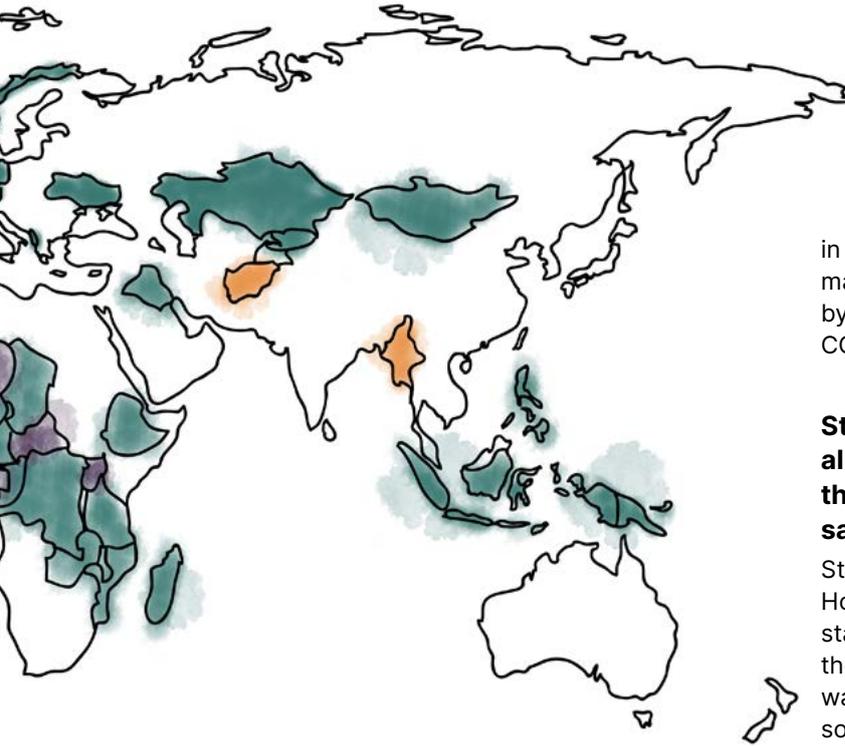
The report features grey boxes with insights from the country case study data.

### **The existence of the EITI is of significant value in and of itself.**

The evaluation data suggests that the very existence of the EITI is considered important – without the EITI the core functions, dialogues, processes, and data that support transparency and accountability in the extractive sector would simply not occur in many countries. The value of this cannot be overstated given the number of countries globally which are resource dependent; the total value of global extractives production; and the susceptibility of the sector to corruption and poor governance.

### **The relevance of the EITI at the country level is key to effectiveness, impact and sustainability.**

The evaluation finds that the EITI's effectiveness, consequent impact, and ongoing sustainability is underpinned by **relevance factors**. That is, the mechanisms that bring about EITI relevance, such as the country-led approach and the multi-stakeholder group (MSG), enable effectiveness, impact, and sustainability. Moreover, the more relevant the EITI is perceived to be, the more likely those involved in implementing the EITI are inclined to consider it effective and sustainable. Correspondingly, where aspects of the EITI are seen as being less relevant or even burdensome at the national level, the perceived effectiveness, impact and sustainability of the EITI falls. The relationship between relevance, effectiveness, impact, and sustainability is also evident in the most commonly understood **Theory of Change** that emerged through the evaluation, though it is important to note that this theory is itself contested and/or varies from country-to-country.



### **How the EITI is implemented through its MSG governance model and country-led approach brings significant value to case study countries.**

The EITI's MSG model and country-led approach significantly contributes to its effectiveness, relevance, impact, and sustainability. These foundational features of the EITI's governance and implementation model bring together the sometimes-divergent interests of government, industry and civil society in a way that connects the global initiative to national priorities. This in turn enables implementing countries to apply the EITI Standard in ways that have the potential to promote inclusive and meaningful dialogues and country-specific initiatives for transparency and accountability.

### **EITI effectiveness and impact was primarily identified at the national level. There was less evidence of impact at the subnational and local levels (although this depends on the country).**

Across the evaluation data, it is evident that the EITI enjoys a higher level of perceived effectiveness, relevance, impact, and sustainability at the national level in most of the case study countries. EITI impact at the subnational and local levels is increasing in some countries; however, it is generally starting from a low base. This 'subnational gap' is due to a range of factors, including the original mandate and structure of the EITI being more targeted at the national level, the lack of a clear 'model' for subnational implementation, and the political, logistical and budgetary challenges involved

in rolling out the EITI to subnational and project levels in many countries. These challenges have not been helped by travel and social distancing restrictions during the COVID-19 pandemic.

### **Stakeholder expectations of the EITI are generally aligned with the EITI's purpose and mandate – but this does not mean that stakeholders are always satisfied with how the EITI has evolved over time.**

Stakeholders know what to expect from the EITI. However, this does not necessarily mean that what stakeholders *want* from the EITI always aligns with what the EITI has become. The expansion of the EITI scope was associated with governance improvements in some countries; however, in some cases, stakeholders expressed frustrations to do with the expansion of the Standard outpacing the ability of countries to use the data and dialogue generated by the EITI to achieve long-term reform and governance improvements. While EITI generally has high levels of national ownership, particularly in relation to governance through the MSG and mechanisms for taking a country-led approach, ownership over the Standard was more variable. Some credited the expansion of the Standard with responding to country-demand, others felt the breadth of scope meant that countries could not agree on the prioritisation of all aspects and it was therefore more imposed.

### **What people expect of the EITI varies significantly by where they are.**

The EITI Standard has expanded over the years to focus on a greater range of issues, transactions and institutions. Evaluation data shows, nonetheless, that this expanding scope is in general more strongly supported in developing countries than it is in developed countries, where there is a preference for a narrower focus on fiscal transparency. This is despite the fact that a much more broadly scoped EITI requires more resources and capacity in countries that have less of both.

In the next version of this report, the evaluation will draw on an upcoming analysis of the results of a Governance Sentiment Instrument, which surveys citizens in a small selection of case study countries who – in most cases – will not be aware of the EITI, but who will have direct life experience of resource governance. This analysis will allow the final version of this report to contrast the governance needs of citizens with what the EITI actually provides.

# Findings by Evaluation Question

## 1 Is the EITI effective?

**The EITI has been effective in contributing to transparency, increasing civic space and participation, and in promoting accountability in government, companies, and civil society – albeit with significant ongoing challenges.**

The evaluation finds that the platforms and activities associated with the EITI do foster transparency – in particular, those related to stakeholder engagement and dialogue, tax and revenue disclosure, contract transparency, beneficial ownership disclosure, strengthening audit authorities, sharing of data between government agencies and enabling digitalisation, and improving company compliance.

Factors identified as enabling EITI effectiveness include the MSG and country-led approach, political will, an active and resilient civil society, legislation related to extractives governance and transparency, as well as digitalisation and systematic disclosure. The evaluation also finds that the EITI Board and International Secretariat are considered to be effective and responsive in how they operate and in providing support to country implementation. In general, perceptions of EITI effectiveness and relevance are higher in countries where development and governance needs are greater.

According to OECD DAC evaluation criteria, the question of *relevance* is essentially asking: is the intervention doing the right things? This is an important question. Too often evaluations check for fidelity to the model. That is, they ask: are we doing what we said we would do? They forget to critically engage with the assumptions underpinning these intentions. Doing the right things, means “the extent to which the intervention objectives and design respond to beneficiaries” (OECD DAC). Being responsive means being sensitive to the complex contingent circumstances of the particular context such as environmental, gender and power, social, political economy and capacity conditions of a place. What is not responsive and therefore relevant practice, is generic interventions based on standardised templates of ‘best practice’.

1 See <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.html>



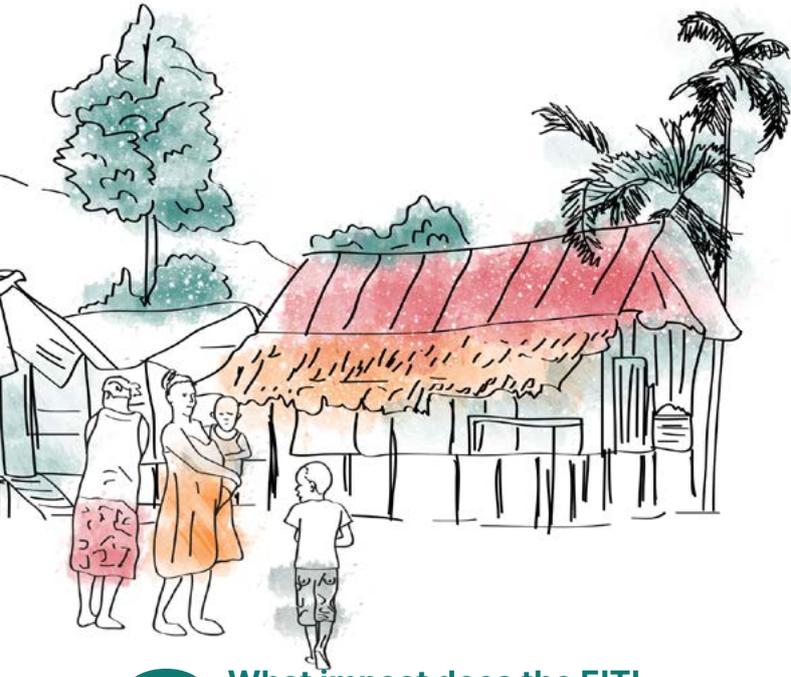
## 2 Are EITI policies and interventions relevant?

**The country-led implementation model contributes significantly to the relevance of the EITI's policies and interventions at the national level. Relatedly, it is country-level drivers that shape how relevant the EITI is perceived to be in an implementing country, more so than global ones. The potential relevance of the EITI at the subnational level is not disputed – but this potential is often unrealised due to challenges with resourcing and execution.**

Factors contributing to the relevance of the EITI's policies and interventions include favourable and stable political environments, policy agendas that align with the EITI, legislation that correlates with the EITI, and institutional capability to support digitalisation. The relative importance of the extractive sector, compared with overall gross domestic product (GDP) and public revenue, is also a significant factor that influences perceptions of EITI relevance in implementing countries.

Where stakeholders challenged the relevance of the EITI, it tended to be regarding the expanded scope of the EITI Standard. Views regarding the relevance of the Standard were varied and contested. Negative views about relevance tended to undermine perceptions of effectiveness. This in turn relates to one of the EITI's perennial challenges – that of reconciling country-level and global-level dialogues around what it means to implement the EITI. What this evaluation shows is that country-level drivers of relevance matter more than global ones, and this in turn flows on to effectiveness, impacts and sustainability.

At the subnational level the EITI is seen as less relevant in many contexts due to a failure of transparency, accountability and participation mechanisms and outputs to reach the ground effectively; in many countries they remain too high level for local relevance.



### 3 What impact does the EITI contribute to (intended and unintended)?

**The EITI's primary impacts are related to increased transparency, accountability and participation, and their influence on resource governance.**

Across the various methods used in this evaluation, enhanced transparency and accountability were the most frequently cited impacts of the EITI. This is perhaps not a surprising finding, but it is nonetheless worth stating: The EITI *does* strengthen transparency and accountability in implementing countries by producing data on the extractives sector and making it more accessible. Increased civic participation and awareness of the extractive sector's activities and revenues were also identified as significant impacts.

Stakeholders generally linked these transparency, accountability, and participation impacts to broader governance impacts, including influencing policy and regulatory reform. However, improvements to broader extractives governance, such as policy and regulatory reform, were not consistently reported across all case study countries.

Outside of government, the evaluation found less evidence of positive impacts related to whether the EITI influences extractives companies in terms of how they operate and engage with government and civil society. There is concern that many companies engage with the EITI predominantly through a compliance lens – i.e., that it is something they have to do rather than something they consider to be useful.

In some cases, where there are other governance initiatives taking place, the EITI's contribution to the reforming governance environment is not always well understood. That is, the focus is on the EITI 'process' and means to the assumed ends, often with little knowledge and awareness among those involved in EITI about how

EITI interventions lead to flow on impacts in the broader extractives governance landscape – particularly in terms of development impacts. While stakeholders understand the different (though often implied rather than clearly articulated) theories of change offered up for the EITI, they nonetheless talk about impacts that are means as well as ends, rather than the broader impact of EITI activities.

Some country case studies revealed significant challenges at the subnational and local level to do with making EITI information accessible and useful. In some cases, civil society groups, companies and government at the subnational and local levels do not know what the EITI is, much less how to access or make use of EITI data and dialogue platforms.

### 4 Are EITI interventions sustainable?

**There was generally a high level of national ownership of the EITI in case study countries – a key factor in the overall sustainability of the initiative. This sense of national ownership is mostly driven by the extent to which the EITI is perceived to be relevant in implementing countries. The sustainability of the EITI is also dependent on its depth and breadth of mainstreaming, its integration with other governance initiatives, and its adequacy and consistency of funding.**

An important element of the EITI's sustainability is the level of mainstreaming that takes place in an implementing country. Mainstreaming in case study countries was found to be most successful when it included a mix of strategies, including the introduction of legislation, regulations, and policies that enabled transparency, as well as digitalisation and continuous disclosure. The EITI was also generally reported to be harmonising well with other governance initiatives in case study countries, although more can be done to drive greater integration and collective impact.

In case study countries, national budget allocation was considered to be the most sustainable funding model for the EITI. In countries that have insufficient or intermittent national funding, resourcing is sometimes supplemented by donors. Regardless of the funding mechanism, overall EITI funding is often not sufficient to cover all of the activities in EITI work plans, and can often 'ebb and flow' from year to year. These funding challenges impact an implementing country's ability to meet the expanded scope of the EITI Standard.

# Findings by Strategic Priority

This final layer of analysis looks at the crossover between the evaluation's findings and the EITI's Strategic Priorities for 2021 – 2023.<sup>2</sup> While these priorities were not explicitly used to frame the evaluation, mapping findings against them is a useful way of linking to the current priorities (the International Secretariat and Board) of the organisations that will be charged with implementing the recommendations of the evaluation.

Strategic Priority	Findings
<p><b>Informing the energy transition</b></p> <p>'As the energy transition gains traction, it will have a transformative impact on the extractive industries and global economy. EITI data can be used to address the imperatives of energy transition, energy affordability and demand, and the need to sustain revenue streams from the extractive sectors.'</p>	<ul style="list-style-type: none"> <li>• There is clear albeit cautious demand in some implementing countries for EITI to expand in this direction.</li> <li>• The appeal for EITI to be in the energy transition space is as much about the need for MSG processes to be implemented, as it is about data transparency.</li> <li>• At the same time the energy transition debate is in some cases sharpening the tensions between stakeholder groups as the fundamental role of fossil fuels and critical minerals are increasingly scrutinised.</li> </ul>
<p><b>Supporting open data</b></p> <p>'Timely, useable and accessible data will gradually replace retrospective reporting to inform decision making, foster independent analysis and promote public debate. Open data will enable multi-stakeholder groups to shift their role from report production to data use, analysis and dissemination.'</p>	<ul style="list-style-type: none"> <li>• The production of data that is timely, useable and accessible is clearly happening. Transparency as 'every day business' is becoming more of an accepted norm.</li> <li>• There is inconsistent practice, however, of using EITI data to stimulate analysis, public debate and reform.</li> </ul>
<p><b>Informing investment decisions</b></p> <p>'Investment decisions in the extractive sector are increasingly informed by environmental, social and governance (ESG) metrics. Company commitments to transparency and accountability through the EITI, as well as EITI disclosures, can contribute to the evolving framework for ESG reporting and complement other data published by companies and investors.'</p>	<ul style="list-style-type: none"> <li>• Some companies report on their involvement in EITI as part of regular ESG reporting.</li> <li>• This evaluation, however, came across few examples in which it was stated as a factor in private sector lending and investment decisions (except where a bilateral or multilateral donor was also involved).</li> <li>• EITI does, however, continue to be used as a metric, indicator or condition in some bilateral and multilateral aid and lending programs.</li> </ul>
<p><b>Strengthening revenue mobilisation</b></p> <p>'Revenue mobilisation is critical for supporting national development and public expenditure priorities, especially under conditions of economic crisis and commodity volatility. The 2019 EITI Standard requires more detailed disclosures, which can help governments ensure that revenues are maximised for public benefit rather than private gain.'</p>	<ul style="list-style-type: none"> <li>• Stakeholders understand that this the intent of the Standard, but many consider that both EITI and non-EITI factors have made success in this area challenging.</li> <li>• Some consider the EITI Standard and validation process as to be so complex as to inadvertently reduce the resources available for revenue mobilisation and reform activities.</li> <li>• Others also noted that the COVID-19 pandemic had weakened government capacity in many countries, while the pandemic and other geopolitical priorities had reduced the level of political will / attention available to drive reform.</li> </ul>

<sup>2</sup> These can be found at <https://eiti.org/documents/eiti-strategic-priorities-2021-2023>

**Strategic Priority****Findings****Addressing corruption risks**

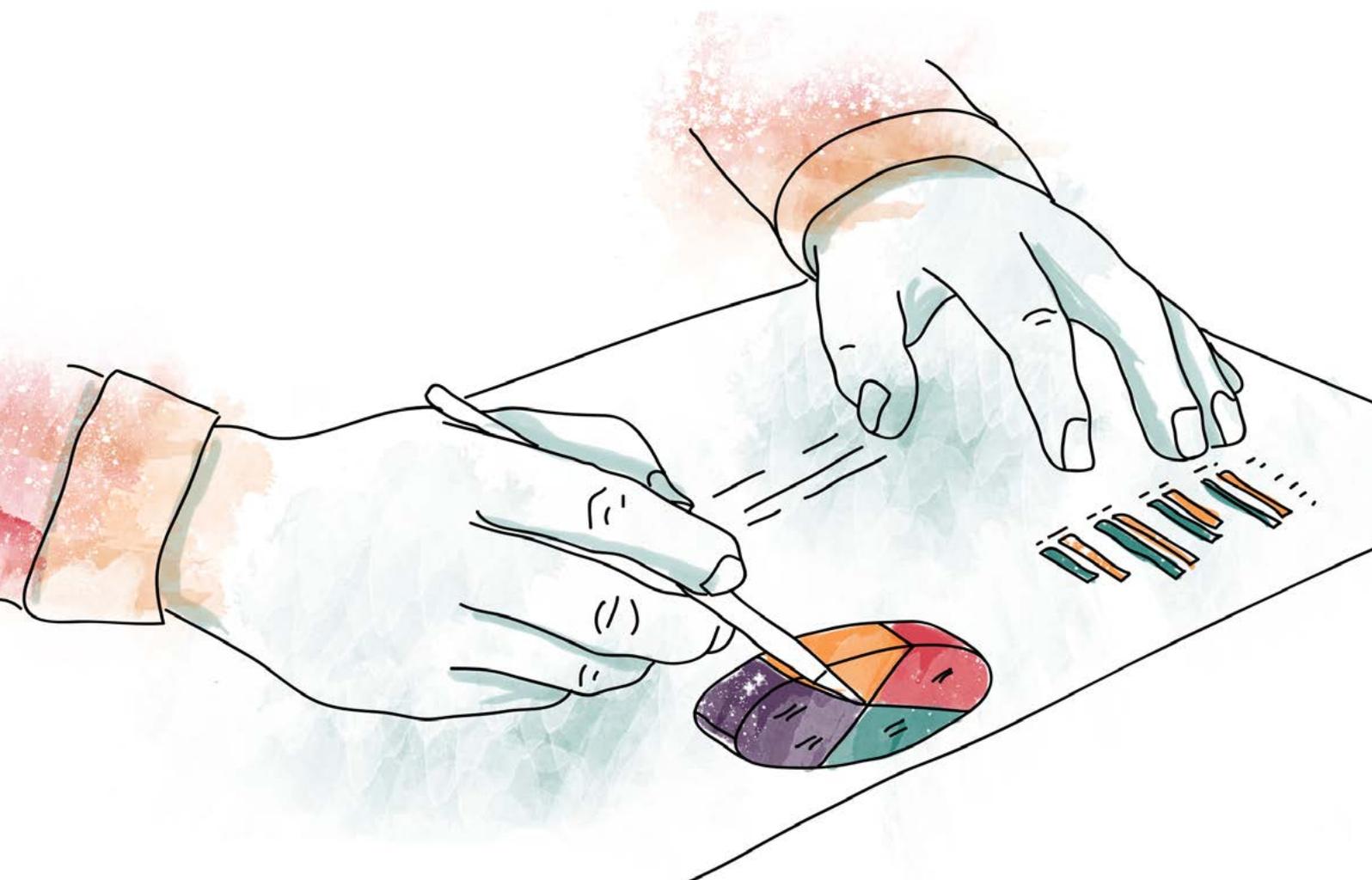
'Priorities include strengthening communications on the EITI's role in addressing corruption, identifying opportunities for industry engagement, enhancing implementation support, strengthening the capacity of multi-stakeholder groups to engage in corruption issues, and building partnerships with groups involved in anti-corruption issues.'

- EITI's contribution to addressing corruption risks was mentioned in most case study countries.
- While this evaluation uncovered very few examples of corruption being revealed by EITI reporting, many stakeholders considered EITI as having a role in helping to strengthen a national norm around corruption being unacceptable.

**Measuring impact**

'Measuring impact is key to sustain financial support and promote learning. The EITI will undertake an independent impact evaluation and will develop a measurement framework that can be adapted by implementing countries.'

- At the global level, this evaluation has occurred, and is much broader in scope than an impact evaluation.
- Monitoring and evaluation at the country level, however, remains weak.



# Recommendations

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# 1

## A modular approach to the EITI Standard

The EITI continues to navigate several central dilemmas that influence how different stakeholders perceive its effectiveness, relevance, impact and sustainability. Managing the ‘trickiness’ of these tensions appears to be fundamental to the EITI’s success in that it requires and encourages effective multi-stakeholder dialogue; but it is also a balancing act that requires ongoing adaptation. What this evaluation clearly shows is that the EITI’s overall success is closely tied to country-level relevance. Where EITI programs align closely to national priorities, effectiveness, positive impacts and sustainability follow. Where the EITI is seen as being irrelevant to implementing country priorities, the weight of implementing the initiative can reduce support and undermine its overall effectiveness.

### The current approach

One of the strengths and criticisms of the EITI is that the rules and now standard of the initiative have evolved regularly overtime. Indeed, the current EITI Board working group on the Standard has been considering changes for more than a year. The perception in virtually all case study countries and in other stakeholder interviews is that changes to the Standard have been almost entirely in one direction – towards greater length, detail and complexity.

It should be acknowledged that the current Standard does provide for optionality, albeit in a very opaque manner. For example, one of the key decisions that an MSG will make that will determine how simple or complex an EITI programme will be, is the decision with regards to defining what constitutes a material company, revenue stream or payment. Furthermore, one of the most important sections in the EITI Standard is in fact the ‘Terminology’ section which provides definitions around the terms ‘must’, ‘should’, ‘required’, ‘expected’, ‘recommended’, ‘encouraged’ etc. In other words, there is already some flexibility and optionality, albeit obliquely stated.

At the same time this evaluation has clearly identified the importance of EITI as a global standard setting process. This is noted in the finding that there is an inherent value to the transparency and accountability generated by the EITI and a strong belief that in many countries this transparency would not naturally happen without the global focus (and implied scrutiny) that comes from EITI membership.

Taking a modular approach to how the EITI Standard is implemented (see Figure 2) would address this tension between the global and country-led approaches. Implemented with care, a modular approach would enable the EITI to maintain its credibility as a global standard and platform for policy dialogue and to strengthen country-level relevance at the same time. It should create greater opportunities for the EITI to generate positive change in country governance and development outcomes, which in turn would strengthen the credibility of EITI at the global level.

The advantages of the modular approach proposed below are:

- That it would make it much more explicit about what ‘core’ and what is not; and
- It would make it much easier to adopt new modules, topics and issues without having to consider (re) negotiating the entire EITI Standard at the same time.



### How might a modular approach to EITI work?

Future versions of the EITI Standard should identify 'Core' and 'Additional' modules. Full implementation of core modules would be required to achieve a 'pass' score (or equivalent) in a revised validation process. The highest levels of validation results should only be available to countries which have implemented the most relevant 'additional' modules and which can clearly demonstrate improved governance as a result of its EITI program.



Implementing a modular EITI would require each country's multi-stakeholder group to agree to which aspects of the EITI Standard are most relevant and important to that country."

The 'Core' EITI modules will need to include those elements of the EITI Standard that are most commonly associated with the EITI, and without which there would be an unacceptable risk to the global credibility of the EITI. Those modules would need to include:

- All of Requirement 1 – Oversight by the multi-stakeholder group.
- The majority or all of Requirement 2 – Legal and institutional framework, including allocation of contracts and licences.
- The majority or all of Requirement 4 – Revenue Collection.
- The majority or all of Requirement 7 – Outcomes and impact.

Moreover, a shift to a modular approach may require some of these core requirements to be strengthened. Three key areas that could be considered for strengthening would be:

- Updating Requirement 1 to clearly establish the MSG as being the body that agrees to which modules should be in or out of scope for EITI implementation.
- Updating Requirement 4 to define a clear minimum materiality threshold for disclosures – i.e., that EITI reporting must cover a minimum of xx% of total revenues received by all layers of government, and all companies contributing more than y% of total revenues.
- Updating Requirement 7 to strengthen the requirement for countries to act on recommendations and to evaluate their EITI programs.

As noted above, a modular approach will need to maintain the MSG as the core decision-making body for country implementation. Indeed, one of the earliest tasks of an MSG under a modular approach would be to consider the different modules of the revised Standard and to collectively agree which of those modules should be prioritised or deprioritised for implementation.

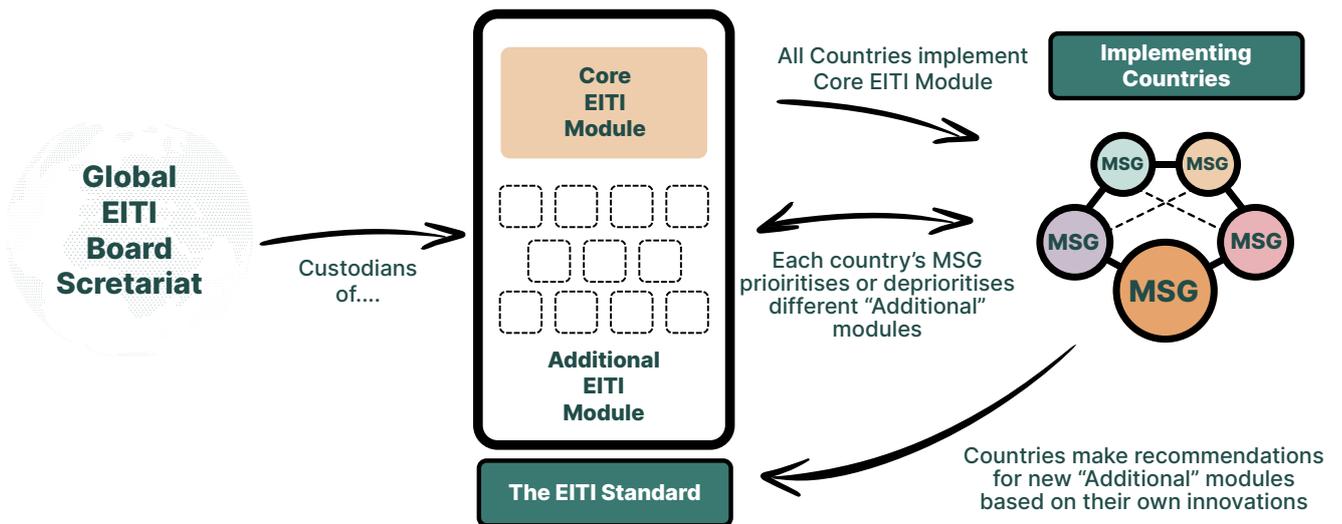


Figure 2. A proposed modular approach to how the EITI Standard is implemented

The development of additional modules would then be used to drive progress on governance topics that would improve country relevance to support overall effectiveness, sustainability and impact; drive stronger progress on EITI's own strategic priorities; and support the recommendations of this evaluation. A non-exhaustive list of the types of new / additional modules (some of which would build on existing aspects of the Standard) that could be considered for development would be:

- A module/s around EITI implementation at the subnational and local levels (see following recommendation). This may require the updating or creating of additional modules on topics that hold higher relevance at this level – e.g., subnational multi-stakeholder platforms and more meaningful project-level reporting including environmental and social impacts.
- A module related to the development of EITI specific legislation and regulations that help to embed the transparency process and safeguard its sustainability.
- A policy module related to responding to recommendations that emerge from the EITI reporting process and using EITI to drive governance reform, with a focus on supporting national development agendas through more sustainable and equitable development of extractive resources.
- A module that provides more detailed guidance on monitoring, evaluation and learning around EITI implementation and impacts.
- Modules related to different aspects of the energy transition. This is a multi-faceted issue so it could include modules on carbon accounting and reporting; transparency and accountability around the sale or closure of fossil fuel production sites and/or infrastructure; the development of critical mineral supply chains and projects; and/or the community and workforce impacts of energy transition.
- A module that more explicitly speaks to EITI's role in addressing corruption risks.
- Modules that more explicitly speak to the transparency and accountability needs of EITI countries that already have high levels of governance capacity, transparency and reporting. For example, in OECD implementing countries, a module related to the transparency of companies headquartered in those countries may be as relevant as domestic revenue reporting. Such a module would also address a current anomaly in global EITI policy – namely that there appears to be very little description of the obligations (if any) of EITI 'supporting' countries.

The validation process would need to be revised but it would be crucial to maintain and enforce validation as an integral part of the global 'value add' – as a credible and independent assessment of overall country progress. Validation would also be key in maintaining global core standards. This would be particularly important to ensure that no backsliding occurs in Core areas of the EITI Standard such as the role of the MSG and disclosures of revenues and transfers.

The most recent revisions to the Validation Guide (June 2022) support the general direction of this recommendation with the section on 'Effectiveness and sustainability of EITI implementation' rewarding countries for having EITI programs that clearly link to national governance priorities, and for ensuring that EITI programs are mainstreamed and therefore more disclosure. The final section of the Validation Guide – 'Innovations and efforts to extend the scope of EITI implementation' – is also supportive of nationally relevant innovations, though it should be noted that at present these innovations are not assessed as part of the validation process.

The importance of the global agreement and the process of reaching it in establishing the existing Standard and the corresponding validation is recognised here – as is the need to negotiate this dilemma without undermining the enormous strengths of these fundamental pillars of the EITI. For this reason, the evaluators acknowledge this recommendation brings with it risks that must be weighed through thoughtful and critical exploration.



# 2

## Making the EITI 'real' at the subnational and local levels

The findings of the evaluation clearly demonstrate the importance and opportunity associated

with more meaningful implementation of the EITI at the subnational and local levels. In most case study countries subnational implementation was cited as either a weakness, or an opportunity to drive greater effectiveness, relevance, impact and sustainability.

This matters because the ability to leverage EITI multi-stakeholder platforms and data in more meaningful ways at the subnational and local levels could make a meaningful difference to extractives governance and development impacts for impacted regions and communities.<sup>1</sup>

While the current experiences of subnational implementation are specific to each country context, common challenges and opportunities include extending the EITI's multi-stakeholder governance platforms to the subnational and local levels in more organised or consistent ways; understanding and responding to the extractives governance issues that matter most at the subnational and local levels; making subnational and project level reporting and data more timely, accessible and useable for local stakeholders; and addressing capacity and budget limitations to resource subnational initiatives.<sup>2</sup>

It is important to note that the current Standard does not require 'implementation of the EITI' at the subnational level, but rather focuses on the reporting of payments and transfers (see Requirements 4.6 and 5.2). The approach that is offered here, therefore, would be an extension of the current approach to subnational implementation – and as such an 'additional module' (see Recommendation 1).

### How can the EITI support greater impact at the subnational and local levels?

To make the EITI 'real' at the subnational level, a shift is required from the current 'reporting with awareness' approach that is common in many implementing countries, to the opportunity presented by a 'governance for impact' model of subnational EITI.<sup>3</sup>

At present, subnational implementation typically involves **reporting** that lives within consolidated national EITI reports and platforms. The focus is on **payments and transfers** between **national and subnational** governments and companies. Stakeholders involved in subnational implementation are typically **national and subnational governments and companies**, with subnational CSOs included in awareness activities and forums which can be highly irregular or non-existent. Subnational implementation lives in the 'governance space' the national and subnational levels of governance.

But when subnational data is contained within large volumes of impenetrable and aggregated data, on difficult to access electronic platforms or in large reports, at too high a level to be meaningful to subnational and project-level stakeholders, and with no consistent governance or dialogue platform through which local stakeholders can discuss the issues that concern them most, the EITI often does not appear to have any real impact outside of capital cities.

This evaluation calls for a new model of subnational implementation that shifts the current **reporting with awareness** approach that is implemented in many countries to a **governance for impact model**. The shift involves moving from a focus on **reporting of subnational revenues and transfers**, with some (often limited) subnational awareness activities, to one that more operationalises this data by **extending the EITI's multi-stakeholder platforms** to the subnational and if appropriate local levels, with a focus on what matters most to subnational and local stakeholders and communities – subnational and project level payments and expenditures, the impacts of extractive projects, extractives governance and development impacts.

The governance for impact model would seek to more



**This matters because the ability to leverage EITI multi-stakeholder platforms and data in more meaningful ways at the subnational and local levels could make a meaningful difference to extractives governance and development impacts for impacted regions and communities."**

- 1 It is also important to acknowledge that while project-level reporting (which is highly relevant to subnational stakeholders) is a current requirement of the EITI Standard, replicating the EITI's multi-stakeholder governance platforms below the national level is not a mandatory requirement under the Standard. Moreover, some payments and transfers of interest at the subnational level maybe excluded from EITI reporting if the MSG sets materiality level that is too high.
- 2 Also see here the recent work of the EITI Secretariat (research published in 2020), and the Natural Resource Governance Institute (publications on subnational approaches in 2016 and 2018).
- 3 The 'current approach' as summarised here is necessarily a generalisation. Differences between implementing countries exist in the models and effectiveness of subnational implementation.

meaningfully engage **subnational and local stakeholders and communities** around project sites, either through subnational MSGs or other locally relevant forums. Reporting would focus on **subnational and project-level reports and data platforms** with payments received and funds spent, and other project data that is seen to be **relevant to local stakeholders** such as social and environmental impacts and fulfilment of government and developer obligations. This model would likely require subnational EITI forums to adopt lower materiality thresholds than is used at the national level, so as to capture more granular data that is relevant to local stakeholders. Subnational implementation would live in the 'governance space' between the subnational and the local, connected to and supported by the national level.

This is no easy shift and would necessarily look differently in different countries. The levers in Figure 3 could be used as a framework to develop a country-specific approach to a governance for impact model of subnational implementation in countries where a model for subnational implementation does not already exist or is not well defined. Where an implementing country has a subnational model that is more effectively articulated and implemented, the levers could be used as a rapid 'effectiveness and impact' assessment.

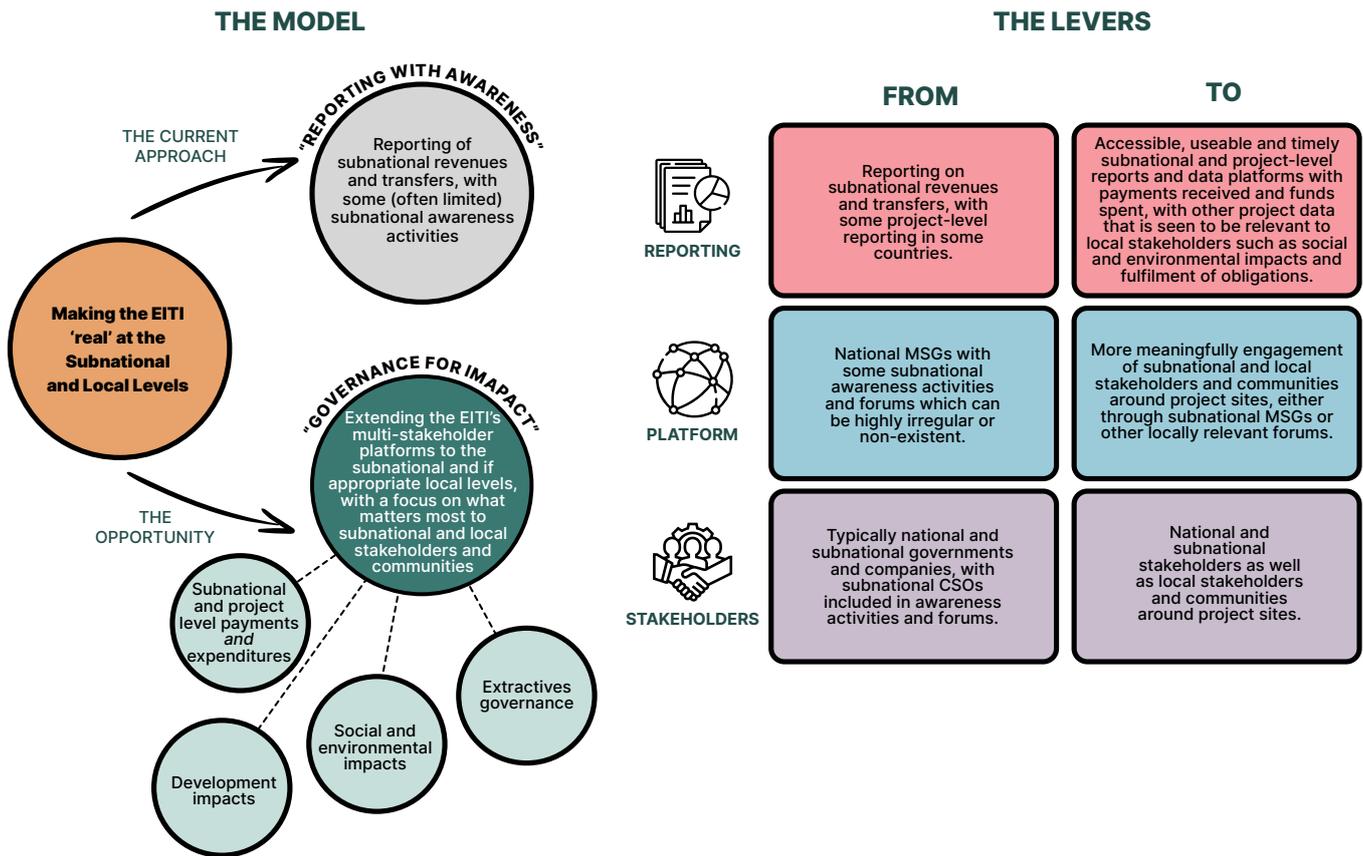


Figure 3. The subnational opportunity

# 3

## Reinvesting in the multi-stakeholder model

The evaluation findings clearly establish the importance of the EITI's multi-stakeholder governance platform as a key driver of country-level relevance and therefore effectiveness, impact and sustainability. When MSG's are effective, EITI is effective. With consistent regularity, stakeholders who participated in this evaluation also held MSGs up as a major achievement in multi-stakeholder governance – one that is typically unmatched in other sectors or policy areas.



Yet the MSG platform cannot be taken for granted, and faces significant challenges and threats in some countries.”

Yet the MSG platform cannot be taken for granted. The hallmark of the EITI's multi-stakeholder approach faces significant challenges and threats in some countries – either directly through challenges to **space** (the opportunity and platform to openly and freely participate), indirectly through a lack of **capacity** (the resources and skills to actively participate), or inadvertently through a misalignment of **drivers** (the incentives and motivations to actively rather than passively participate). These three factors are necessary conditions for each of the EITI's tripartite stakeholders to effectively participate in the MSG platform, however they operate differently for each stakeholder. They may be present for some stakeholders, but not others. They can also ebb and flow over time – for instance, during a pandemic.

The findings of this evaluation identified the following concerning trends in MSG space, capacity and drivers:

- **Industry and drivers.** While some industry stakeholders clearly recognised the benefits of working constructively with the EITI – including social and political licence, international reputation, and investor confidence – the data from the country case studies indicated a frustration with, and from, industry. Some of the criticisms of industry included companies taking a compliance approach and not seeing the benefit of participating in EITI initiatives in meaningful ways. While there are many examples of extractive companies who are actively engaged in the EITI, if there is further disengagement of companies from EITI processes (or only superficial engagement) this would create an institution-level risk to the EITI's tripartite process. **There is therefore a need to better understand how best to make the EITI more relevant and beneficial to industry in order to complement the current 'expectations of' approach, which frames company participation in the EITI primarily through a lens of compelling compliance.** There is also an opportunity to rethink the way in which the EITI currently measures its own success which at present largely ignores companies (see Recommendation 4).<sup>4</sup>
- **Civil society and civic space.** The opportunity and platform to participate in the EITI can be a challenge for all stakeholders, but it is particularly a challenge for CSOs. Indeed, over the time that EITI has existed, the issue of civic space and participation has been the singularly most considered, debated and contentious issue within the initiative. It is and continues to be the most challenging issue during validation processes and when the EITI Board consider whether or not a country is meeting the EITI Standard.
- In some case study countries, civic space was seen as facing significant challenges or being under direct threat. Detailed observations on the critical role of civil society in EITI's effectiveness, relevance, impacts and sustainability are provided in the individual chapters of the main report, but notably in section 4.5. A range of factors support or hinder the ability of civil society to openly and freely participate in the EITI – and in public debate around natural resource management more generally – and these factors are highly contextual. Some of the challenges observed in the

4 At the time of writing the EITI Secretariat has tendered for a 'Company benefits outcome study'.

country case studies were shrinking civic space due to a more autocratic political environment, specific legislation that was thought to present a threat to CSOs and activists, and a suspension in the ability to gather for forums and in-person meetings due to pandemic restrictions. **While the EITI itself is overwhelmingly seen as a platform that opens up civic space, for CSOs in some countries, civic space challenges**

**combine with capacity challenges to mean that full and active participation in the EITI is not guaranteed.**

- **National Secretariats and capacity.** A related theme is the resource and capacity to participate. Examples of National Secretariats and National Coordinators (often located within government agencies) not having sufficient resources to implement activities in their workplans were relatively common in the country case

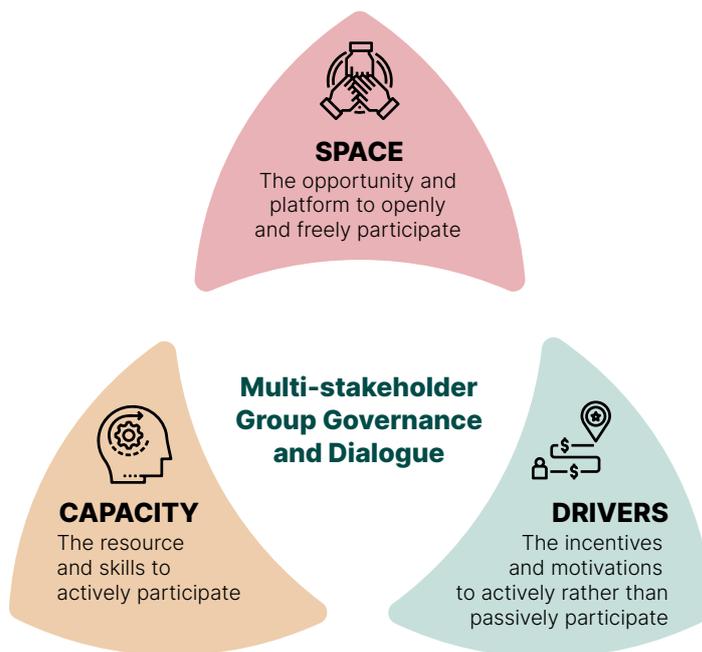
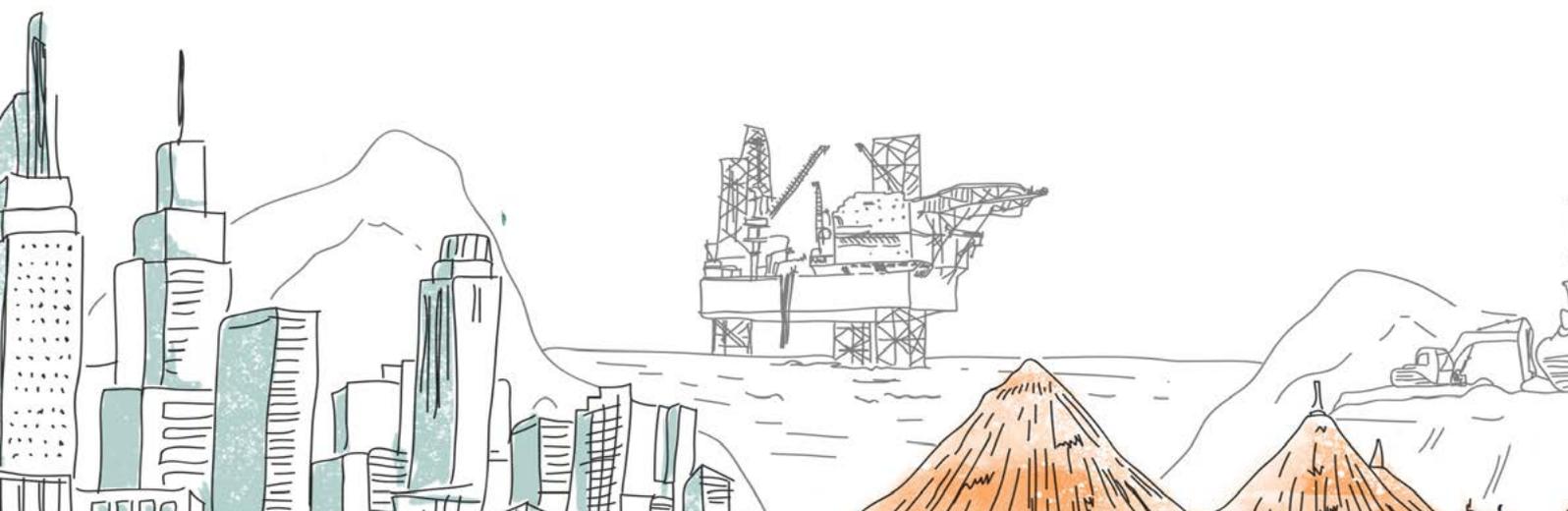


Figure 4. Reinvesting in the multi-stakeholder model



studies. While not unique to National Secretariats and National Coordinators, a **lack of capacity and resources to fund EITI workplans can not only undermine implementation activities, but can also dampen enthusiasm for the broader EITI agenda including the increased scope of the Standard. When EITI country level resources are stretched, effectiveness, relevance, impact and sustainability are undermined.**

### What could reinvesting in MSGs look like?

The evaluation team recommends a three-pronged approach that focuses on drivers, space and capacity. The approach starts with an MSG assessment or ‘check-in’; is followed by meaningful conversations between the tripartite stakeholders; and concludes with a process to map opportunities to invest in drivers, capacity and space for industry, civil society and National Secretariats to participate effectively in the multi-stakeholder model.

#### Step 1: Check-in

**Drivers:** Using a political economy (or ‘Thinking and Working Politically’) lens, work with stakeholders to map incentives and motivations for actively (rather than passively) participating in the EITI. This mapping process should start with industry companies – as has been noted in the evaluation findings – at risk of slipping into a pattern of compelled compliance with EITI rather than a role of active partnership. It should be highly consultative and provide a space where stakeholders can be honest and open about not only the incentives to participate actively but also the disincentives, to best understand the push and pull factors. This mapping process has the potential to unlock insights into ‘levers’ for active participation with the potential for realising a multiplying effect.

**Capacity:** Conduct participatory capacity needs assessment to develop a baseline and a capacity development plan. The assessment should start with National Secretariats / National Coordinators and CSOs and the approach should include detailing the necessary capacities required to implement EITI workplans (for the former) and actively participate in the EITI (for the latter). To support the process, a tool in which to gauge actual capacity against required capacity should be developed.

**Space:** To better understand how transparency drives accountability and leads to development outcomes, the contextual barriers and enablers of ‘space’ need to be better understood. Space is used here as a general concept that means the opportunity and platform to openly and freely participate. It is therefore relevant for all three members of the tripartite stakeholder structure of the EITI, but has particular relevance for civic space and CSOs in some EITI implementing countries. Understanding the particular constraints and enablers of civic space in EITI implementing countries – including the political environment civil society operates within –

**“While this recommendation is focused on country-level MSGs, a similar multi-stakeholder ‘check-in’ on space, capacity and drivers may be useful at the Board level.”**

can lead to meaningful conversations about how to work through the opportunity that the EITI’s multi-stakeholder governance platforms provides to maintain or further open civic space in the extractives sector.

#### Step 2: Conversations

Following the check-in, we recommend a participatory approach to encourage MSG members to analyse the challenges to the MSG – either direct challenges to space, indirect through a lack of capacity (the resources and skills to actively participate), or inadvertently through a misalignment of drivers (the incentives and motivations to actively rather than passively participate) – and shape the solutions together. The assessments can then go on to inform meaningful and detailed dialogues with all parties to map opportunities for reinvesting in the multi-stakeholder model.

#### Step 3: Opportunities

What comes from the assessment and the conversations is an action plan for meaningfully investing in capacity, drives and space for industry, government and civil society to participate effectively in the multi-stakeholder model. Outcomes may include:

- A better understanding of drivers to incentivise increased commitment to active participation of each stakeholder group – starting with Industry.
- A capacity assessment and baseline for stakeholders comparing actual capacity with needed capacity and a corresponding capacity development plan – starting with National Secretariats.
- A place-based understanding of the enablers and barriers to civic space that can support the translation of transparency to accountability and development outcomes – starting with a civil society perspective.

# 4

## Measuring what matters

In the course of carrying out this evaluation, a curious dichotomy has emerged from stakeholder consultations at both the global and country levels. There is a deep

concern that large, complex, long (this evaluation has taken more than a year to complete) and layered evaluations such as this one may fundamentally fail to translate into real and positive change for the EITI. At the same time there is also a concern that the EITI is not currently measuring what it needs to measure to prove any higher-order governance and development impacts. There are examples of EITI impacts in the evaluation data. However, while those involved in implementing the EITI can generally point to the effectiveness of the EITI in contributing to increased transparency, they cannot always identify flow-on effects. Reasons for this could be the failure to make the actual change and/or that the impacts that the EITI is contributing are not clear and/or explicit. This is, in part, because the ‘means’ of the EITI such as transparency and multi-stakeholder forums are often beneficial in and of themselves, so they appear to be routinely conflated with the ‘ends’. In addition, because attribution to broader impact tends to be murky, there are usually many variables at play, and it is not always clear how an intervention is contributing.

EITI needs to do a better job of measuring what matters, but in a way that does not replicate the criticism that sometimes emerges at the country level – i.e., that there is an over-reliance on weighty reports containing out-of-date data.

When it comes to EITI country level documents related to impact, as well the key performance indicators (KPIs) of the EITI Board and Secretariat, there is a strong prevalence of:

- Measuring detailed inputs and outputs; and/or
- Attempts to connect EITI into very high-level governance or development indicators.

As the table below shows, there are difficulties with both of these approaches, and there appears to be a missing layer between the two. That missing layer would involve directly asking those most impacted by the EITI – internal stakeholders and citizens in implementing countries – whether there has been perceptible positive or negative change in how EITI stakeholders experience the initiative, and at the country level in how citizens experience resource governance.

**“EITI needs to do a better job of measuring what matters, but in a way that does not replicate the criticism that sometimes emerges at the country level – i.e., that there is an over-reliance on weighty reports containing out-of-date data.”**

	Input and output data	Current evaluation data gap	High level governance and development indicators
What is / could be measured. What is / could be measured	<p>Details of inputs to global or country programs – e.g., budgets and staff time.</p> <p>Details of outputs – e.g. Board papers, EITI reports, websites, events held.</p>	<p>What are EITI’s stakeholders actual experience of country implementation and global EITI institutions (Board and Secretariat)?</p> <p>What is the experience of citizens in resource rich countries of how government agencies and companies operate in the extractive sector? Is it improving?</p>	<p><b>Increases in government revenue; references to governance indicators – e.g. Worldwide Governance Indicators; measures of investment climate; corruption perceptions etc.</b></p>
Advantages	Clear attribution between what is being measured and the EITI.	Directly asks those most impacted by EITI and resource governance more broadly what their experience is. Close enough to EITI to establish attribution.	Demonstrates the scope of EITI’s ambition and it might indirectly contribute to.
Disadvantages	Not actual evidence of improved governance or development. Does not speak to quality or effectiveness of outputs.		Indicators are so high-level that attribution to EITI is challenging.

At the global level, while some core KPIs around financial performance will obviously need to remain, other indicators currently used by the International Secretariat could be reduced significantly and could instead measure how those involved in implementing the EITI experience its effectiveness, transparency, openness, and willingness to engage and listen. This should incentivise the prioritisation of relationships and consultation that required to improve EITI's relevance, which underpins its wider effectiveness, impacts and sustainability.

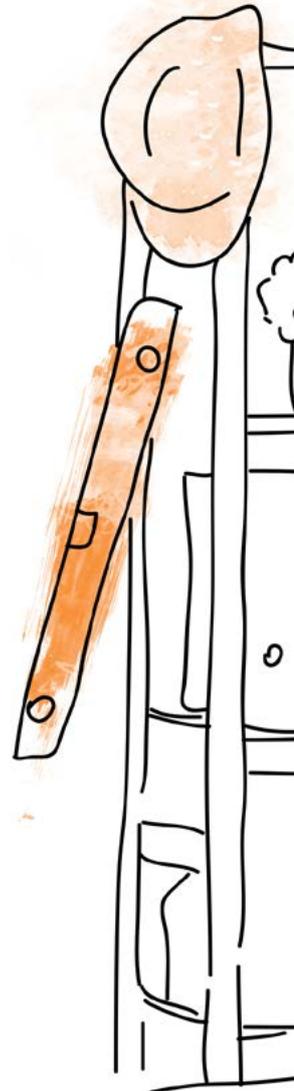
The kinds of questions that the Insider Survey used in this evaluation to test these issues (and which could be repeated and included in much faster and light touch evaluations), included:

- Have the interactions you've had with international EITI institutions been positive or negative?
- Does the EITI Secretariat listen to and respect opinions of people like me [survey respondent]?
- Do the international EITI institutions operate in a way that is fair and transparent?
- Are EITI's policies and interventions relevant for implementing countries?

At the country level, every country should have an articulated theory of change that drives their EITI program and against which progress can be measured, but EITI guidance should be clear that each country should develop and adopt their own specific theory of change that is relevant to their needs and experience of resource governance.

Monitoring, evaluation and learning frameworks at the country level can then identify evaluation indicators that are relevant, attributable to EITI and possible to measure. Measures that were tested in the Citizen Survey as part of this evaluation that could address the data gap noted above included questions such as:

- I know where I could find out information about how the oil, gas and mining industries operate
- Do you think the government receives a fair share of benefits from those industries?
- Do you think local communities receive a fair share of benefits from those industries?
- Overall, does the oil and mining industry operate better or worse than it did 10 years ago?
- Overall, do government agencies operate better or worse than they did 10 years ago?





# Conclusion



## EITI – effective but in need of renewal

**On one level this evaluation finds the EITI in relatively good health. There is a clear appreciation for the core mandate of the initiative; a strong view that the multi-stakeholder accountability mechanism and data transparency that EITI brings has significant value in and of itself. This transparency and accountability would not occur in many countries without the EITI. Moreover, most stakeholders remain positive about the way in which the EITI operates, and the international institutions that support it. In a sector that can – in the absence of effective governance – be disproportionately susceptible to corruption and conflict, EITI somehow managed to keep a clear focus on these issues for almost 20 years.**

At two other levels, however, it would be fair to say that the EITI is facing very significant headwinds. Firstly, the global environment in which the EITI is operating is a challenging one – questions of climate change and energy transition have sharpened the edges of the debate around whether old (fossil fuel) and emerging (critical minerals) industries should continue or even develop in the first place. The COVID-19 pandemic has at the same time reduced the capacity of many groups to discuss, debate and collectively resolve issues constructively. Civic space is declining in many countries, and significant geopolitical trends (such as climate change, the pandemic, food security, war) divert scarce political attention away from complex governance approaches such as the EITI.

Secondly, this evaluation clearly found that within the EITI there is a clear question around where EITI policy comes from and is made. Does it percolate downwards from global dialogue and institutions to implementing countries, or the other way around? There appears to be a growing unease that within the current EITI Standard there is not enough flexibility for implementing countries to shape their EITI programs to be locally relevant, and that in some cases that is generating reporting for reporting's sake, at the expense of meaningful analysis, debate and governance reform.

It is for these reasons that the recommendations of this evaluation weigh heavily on the side of strengthening the role of implementing countries in their own EITI programs. The first two recommendations – to adopt a more flexible and modular approach to the EITI Standard, and finding ways of making EITI 'real' at the subnational and local level – are all about making EITI more relevant to those who actually carry out, participate in or are impacted by the governance of the extractive industries. The final recommendation around 'measuring what matters' then proposes ways in which the actual effectiveness and impacts of the EITI can be more credibly assessed.

The penultimate recommendation, however, is perhaps the most important. The continued effectiveness of the EITI's multi-stakeholder governance seems in many cases to be assumed, and yet this evaluation finds it in a somewhat fragile state, in need of proactive investment and in some cases repair. Some extractive companies are beginning to disengage from the initiative, and civic space is challenged. Moreover, the way in which information is discussed, debated and disclosed has radically changed in EITI's 'lifetime'. When the EITI was launched in 2003 none of the current four major social media platforms (Facebook, Instagram, Youtube, Whatsapp) with their estimated 8-9 billion total (and overlapping) users, even existed. It is against this backdrop that we recommend a more thorough focus on the overall health of the country multi-stakeholder groups that drive the EITI.

## Who ‘owns’ these recommendations?

It is important to consider not only the ‘what’ but also the ‘who’ of the recommendations outlined in this report. Reports commissioned by the International Secretariat and delivered to the International Board can too easily slip into the default assumption that these same two global organisations should be responsible for delivering against those recommendations. It is the strong view of this evaluation that this would be a mistake.

No	Recommendation	Lead	Support
1	<b>A Modular Approach to the EITI</b>	National Coordinators Forum	International EITI Secretariat
2	<b>Making EITI ‘real’ at the subnational and local levels</b>	Country MSGs	International Secretariat; supporting countries / donors
3	<b>Reinvesting in the multi-stakeholder model</b>	Country MSGs	International EITI Secretariat
4	<b>Measuring what matters</b>	International Secretariat	Supporting countries / donors



### A Modular Approach to the EITI

For the first recommendation there is a significant risk that having a global policy dialogue as a starting point will in fact miss the objective of finding ways of making EITI more relevant to implementing countries. The governments of these countries are – of the three main stakeholder groups – least able to coordinate and present aligned positions at the international level.

Because of this it is the view of the evaluators that the first consultations, outlines and drafts of a possible approach on a modular EITI Standard should be led by the EITI National Coordinators group, with support from the International Secretariat.

Any final approaches to such a complex issue will of course have to be considered and ultimately agreed by the EITI Board and the Global Conference but placing implementing countries at the starting point of this discussion will be the best way of giving effect to this recommendation.

### Reinvesting in the multi-stakeholder model

The health (or lack thereof) the multistakeholder governance and dialogue that sits at the heart of the EITI is fundamental to its continued success and survival. The 'what' of EITI will struggle, if the relationships inherent in the 'who' and 'how' are strained.

This evaluation recommends that every implementing country's MSG take forward this recommendation, but that it would be counter-productive if they were compelled to do so by it being an additional requirement of the Standard or Validation process.

The International EITI Secretariat should develop a simple and standardised model of the 'check-in → conversation → opportunities' model for MSGs to use. In some cases they may also offer to act as independent facilitators of the process, but only at the request of the country MSG.

### Making EITI 'real' at the subnational and local levels

Bringing transparency and accountability mechanisms to a more granular level will be a complex exercise and one that will likely require additional resources to grow EITI's focus in this area.

There have been previous attempts at subnational implementation of the EITI and it would be good to carry out a light touch review of lessons learned in this space.

The substance of this recommendation, however, will require concerted action at both the global and country levels. Countries interested in a greater focus on subnational implementation will need to identify the resource governance issues at the subnational level that would most benefit from EITI's combination of data transparency and multi-stakeholder dialogue.

At the global level, the EITI Board and International Secretariat may need to develop new 'additional modules' (as per Recommendation 1) for topics / issues not currently covered by the Standard.

### Measuring what matters

As with other recommendations here, there are global and county-level elements to this recommendation. In the first instance this recommendation should be immediately considered by the work that is already underway to review the KPIs of the EITI Board and International Secretariat.

The revised KPIs should ideally contain measures that reflect actual stakeholder experience of EITI such as those outlined in the recommendation. Progress against KPIs should be reported on in the EITI Annual Progress Report (in which they are currently conspicuous in their absence).

At the country level, the Secretariat and/or supporting countries and donors should work to develop multiple models of theories of change that implementing countries can adopt and adapt to their circumstances. These models should also include a 'menu' of possible evaluation measures and approaches that could be used in different components of the different theories of change.

# Acknowledgements



**Square Circle** is a global development consulting company working to facilitate a more inclusive development process that enables sustainable and equitable impact. We work critically, adaptively and creatively with development partners through our core services — governance and social impact advisory, education and capacity development, and monitoring, research, evaluation and learning.

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