Reflecting anti-corruption activities in MSG work plans
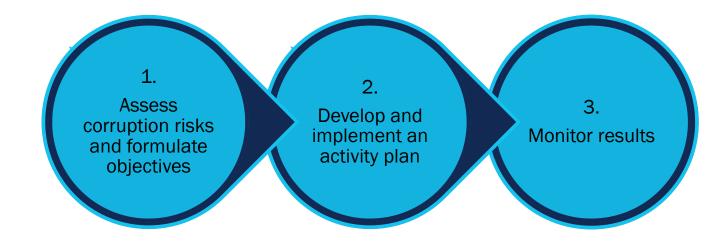
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EITI Guidance note on anti-corruption

In agreeing anti-corruption activities in the work plan, the MSG could consider:

1) The extent that the extractive sector is prone to corruption risks.

2) The most prevalent corruption risks in their countries

3) Their objectives in addressing risks and alignment with national objectives

4) Potential role for the MSG in broader anti corruption reforms

5) The scope of their work on anticorruption, e.g. approach their ongoing activities on BO, contract transparency, revenue disclosure, with an anti-corruption lens

6) Use of existing tools to advance anti-corruption, e.g. EITI Reports. Validation assessments, work plan

7) Option to tackle corruption issues on areas of risk beyond the EITI Standard, e.g. service contracting, energy transition or local content.

Recommended three-step approach:

1.
Assess corruption risks and formulate objectives

2.
Develop and implement an activity plan

3.
Monitor results

Step 1: Assess corruption risks and formulate objectives to address them

- How can MSG activities link to broader national reforms on anti-corruption?

- Which stages of the extractive industry value chain are most prone to corruption issues?

- Which commodities and sub-sectors are most vulnerable to corruption, e.g. critical minerals?

- Are there loopholes in policies and practices that heighten corruption risks?

- Are there areas of extractive management that are at high risk of corruption, that are not covered by the EITI Standard?

Example: MSGs that want to examine risks in licensing could look into:

- The weaknesses of the bidding process

- Loopholes in regulations

- How gaps in systems and lack of transparency in regulations make it possible for political capture and conflicts of interest to occur

- Shortcuts /deviations from or fas tracked licensing procedures, e.g. for critical minerals

CASE STUDIES

Indonesia and Nigeria
Linking EITI implementation to national reforms

Indonesia's anti-corruption framework includes a reference to the EITI. Its MSG's work plan also links existing national strategies with EITI implementation. It pays special attention to beneficial ownership reform as a key transparency gap and a concrete anti-corruption measure and to working in partnership with the national Corruption Eradication Commission (KPK).

EITI Nigeria capitalised on strong political will and high-level engagement on Open Government Partnership (OGP) commitments on beneficial ownership to progress its plans on establishing a register of beneficial owners of extractives companies. The MSG's 2018 work plan included this as a priority area, and in 2020 the Companies and Allied Matters Act (CAMA) was approved which provided a legal basis for Nigeria's beneficial ownership register. Currently, information on the beneficial owners of companies is required for license renewals and license applications processes. Furthermore, one of the key objectives of the Petroleum Industry Act (PIA), enacted in 2021, is to promote transparency, good governance and accountability in the administration of petroleum resources, with clear disclosure provisions including the establishment and maintenance of public registers for licenses and beneficial ownership.

Source: OGP (2019), Seeking Synergy: OGP and EITI.

Step 2: Develop and implement an activity plan

- Could activities in the EITI work plan include an anti-corruption component?

- Are there potential constraints? If so, what measures would address them?

- Has the role of the MSG on corruption mitigation been defined and articulated and have responsibilities for the various activities been assigned to relevant stakeholders?

- Does the activity plan reinforce and leverage the strengths of the EITI national process?

Example of Anti-corruption activities

- **Technical studies** on the types of risks in a particular sector/commodity

- **Use of diagnostic tools** such as NRGI's corruption diagnostic tool and Transparency International's Mining Awards Corruption Risk Assessment (MACRA) tool.

- **Formulation of recommendations/safeguards against corruption.**

- **Capacity building and awareness raising**, e..g on corruption risks in the extractive sector and the role of EITI in corruption mitigation, how to effectively use and analyse data to inform anticorruption efforts and detect red flags.

- **Analysis of corruption cases to** understand how corruption occurs, identify enablers, highlight what types of transactions are vulnerable to risks.

EXAMPLES

Albania, Mongolia and the Philippines
Integrating anti-corruption in EITI work plans

Mongolia's 2021 work plan explicitly includes addressing corruption as one of Mongolia EITI's objectives and outlines specific activities to meet this objective, including a pilot on managing risks using NRGI's diagnostic tool for corruption risks. Similarly, the Philippines' 2021 work plan includes conducting an analysis using NRGI's corruption tool.

Albania's 2021-2022 work plan aligns EITI implementation with the national anti-corruption agenda. It highlights the MSG's role in raising awareness and conducting outreach activities, as well as the need to reform national legal frameworks to strengthen natural resource management.

Roles that the MSG could play on anti-corruption

- **Supporting citizens' discussion, monitoring and advocacy**, e.g.MSG can follow up on concerns revealed in EITI Reports about payments not being recorded in the Treasury

- **Analysing current EITI disclosures and providing recommendations to strengthen government systems.**

- **Demanding or disclosing complementary data**, e.g. asset declarations of politically exposed persons, service contracting, or risks in the renewable energy sector.

- **Facilitating inter-agency cooperation**, e.g company register for BO information and tax authority or licensing authority

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Step 3: Monitor results

- What should be monitored and how?

- How to select data sources and indicators?

- How to identify appropriate roles and expertise?

- How can monitoring align with existing EITI processes?

- What are the opportunities to learn from monitoring and review?

Monitoring results could be through

- Work planning

- Validation

- Annual progress reports

For discussion:

- *What are the opportunities to strengthen anti-corruption work through the EITI process in our countries?*

- *What are the most pressing challenges to advance this work? What practical guidance do you need to address these challenges?*

- *What additional support is needed from the EITI Secretariat to further work on anti-corruption at the country level?*