

Overview of corruption risks in the extractive sector

Anti-Corruption training
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of oil, gas and mineral resources.

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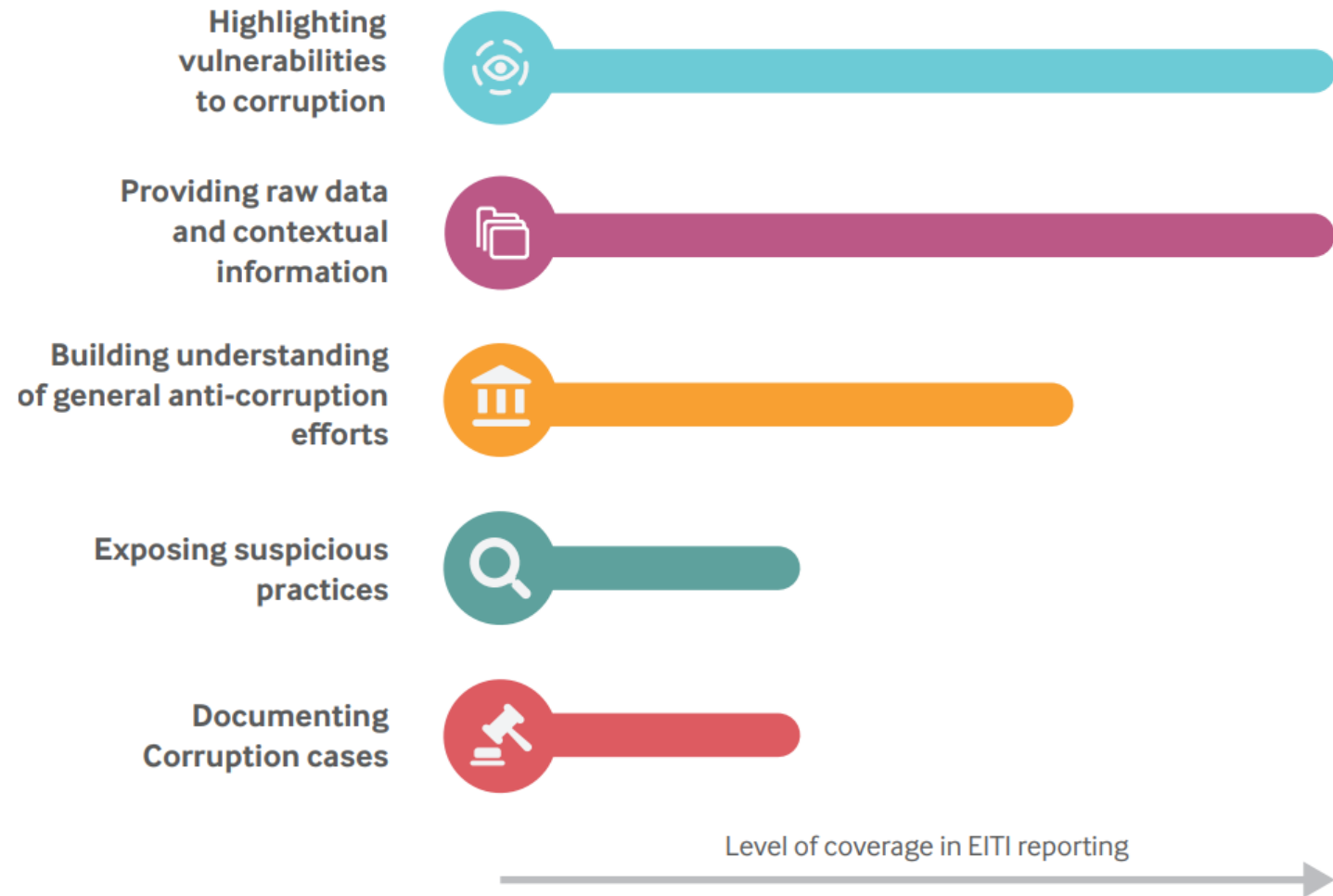
EITI

Key messages

- Demand is growing for the EITI to more explicitly tackle corruption risks
- The EITI's main strength lies in highlighting governance weaknesses and providing contextual information to anti-corruption actors
- Beyond disclosures, multi-stakeholder dialogue is critical for identifying and addressing corruption risks



How can EITI disclosures support anti-corruption efforts?



Source: NRG, How Can Anticorruption Actors Use EITI Disclosures (2021)

What to look out for in EITI disclosures

- Weak rules
- Deviations from the rules
- Lack of oversight
- Conflicts of interest
- Gaps in transparency



Licensing and contracting

- Key requirements:
 - *2.2 Contract and license allocations*
 - *2.3 Register of licenses*
 - *2.4 Contracts*
 - *2.5 Beneficial ownership, including PEPs*



Revenue flows

- Key requirements:
 - *3.2 Production*
 - *3.3 Exports*
 - *4.1 Comprehensive disclosure of taxes and revenues*
 - *4.2 Sale of the state's share of production*



Effective anti-corruption action requires multi-stakeholder dialogue

MSGs can:

- Discuss challenges
- Conduct corruption risk assessments
- Develop anti-corruption action plans



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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.

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.
- **Ensure that anticorruption actors use EITI disclosures** to advance their efforts.
Describe the anticorruption legal and institutional framework



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Thank you

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