Independent Evaluation of the Extractive Industries Transparency Initiative

Main Report

Submitted to the EITI Board and International Secretariat

11 November 2022

Executive Summary

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.

The Evaluation Methodology

The evaluation utilised a mixed methods approach including **country case studies**, **policy case studies** and **governance sentiment survey instruments**. A range of qualitative methods were employed at the global level as well as within the case studies – including **global 'expert' interviews**, **outcome harvesting** and **most significant change**.

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 report is the Main Evaluation Report that provides an overview of the evaluation project as a whole, including findings and recommendations. It does not contain all of the underpinning detailed data that informs the report. Instead, and 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 Main Evaluation Report.
- A Summary Report that provides the key background, findings and recommendations of the Main 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.

All of the above reports and data are available at **www.eitiopenevaluation.org**.

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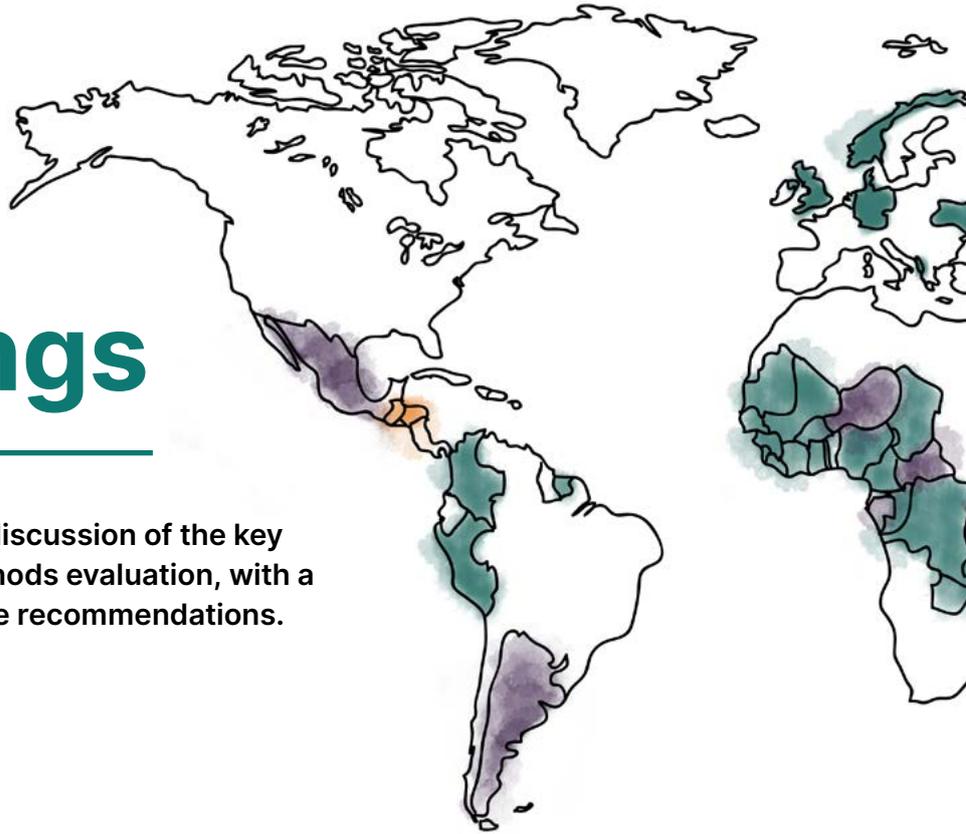
Key Findings

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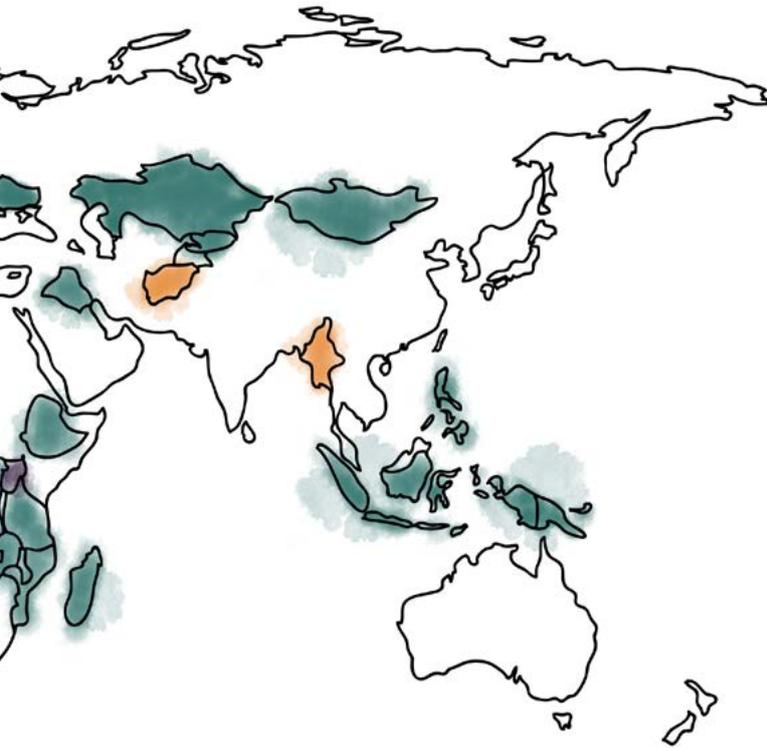
How the EITI is implemented through its MSG governance model and country-led approach brings significant value to case study countries.

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.

The evaluation also carried out surveys of EITI 'insiders' as well as large samples of citizens in three major but diverse implementing countries (Colombia, Nigeria and Indonesia) in order to understand the different demands on the EITI and resource governance more broadly.

The Citizen Surveys show governance priorities that are more local than that which is typically delivered by the EITI — safety, local jobs, addressing social and environmental impacts, but also some high-level priorities such as addressing climate change and corruption. Conversely, citizens surveyed rated issues such as financial transparency and beneficial ownership relatively lowly in terms of what they considered important.

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 a model. That is, they ask: are we doing what we said we would do? They often 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).[1] 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 not relevant practice, are generic interventions based on standardised templates of 'best practice'.

1   Available at: https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm

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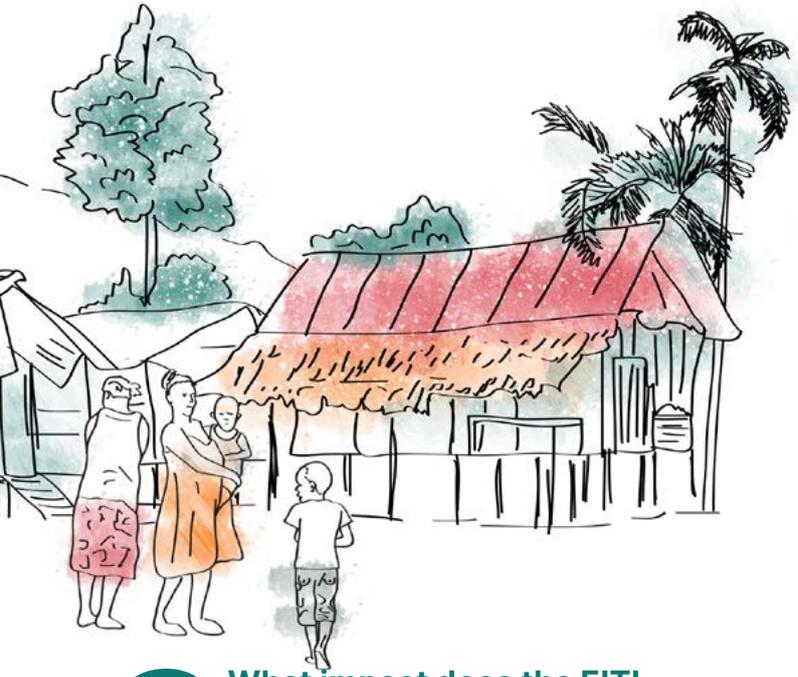
3 What impact does the EITI contribute to (intended and unintended)?

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 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 from some 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 about how EITI interventions lead to flow on impacts in the broader extractives governance landscape – particularly in terms of development impacts.

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.[1] 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 of the organisations that will be charged with implementing the recommendations of the evaluation (the International Secretariat and Board).

Strategic Priority	Findings
Informing the energy transition '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.'	• There is clear albeit cautious demand in some implementing countries for the EITI to expand in this direction. • The appeal for the 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. • As the fundamental role of fossil fuels and critical minerals are increasingly scrutinised, the energy transition debate is sharpening the tensions between stakeholder groups.
Supporting open data '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.'	• The production of data that is timely, useable and accessible is clearly happening in many implementing countries. Transparency as 'every day business' is becoming more of an accepted norm. • There is inconsistent practice, however, of using EITI data to stimulate analysis, public debate and reform.
Informing investment decisions '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.'	• Some companies report on their involvement in the EITI as part of regular ESG reporting. • This evaluation, however, came across few examples in which commitment to the EITI was stated as a factor in private sector lending and investment decisions (except where a bilateral or multilateral donor funding was also involved). • The EITI does, however, continue to be used as a metric, indicator or condition in some bilateral and multilateral aid and lending programmes.
Strengthening revenue mobilisation '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.'	• 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. • Some consider the EITI Standard and validation process as so complex that it inadvertently reduces the resources available for revenue mobilisation and reform activities. • Others also noted that the COVID-19 pandemic has weakened government capacity in many countries, while the pandemic and other geopolitical priorities have reduced the level of political will / attention available to drive reform.

2　　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 positive contribution to addressing corruption risks was mentioned in most case study countries. • While there appears to be few examples of corruption being explicitly revealed by EITI reporting, many stakeholders considered the EITI as playing an important 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, the independent evaluation referred to by this strategic priority has occurred and is much broader in scope than an impact evaluation. • At the country level, stakeholders can clearly identify the outputs of EITI programmes. However, linkages to claimed benefits are not always clear.
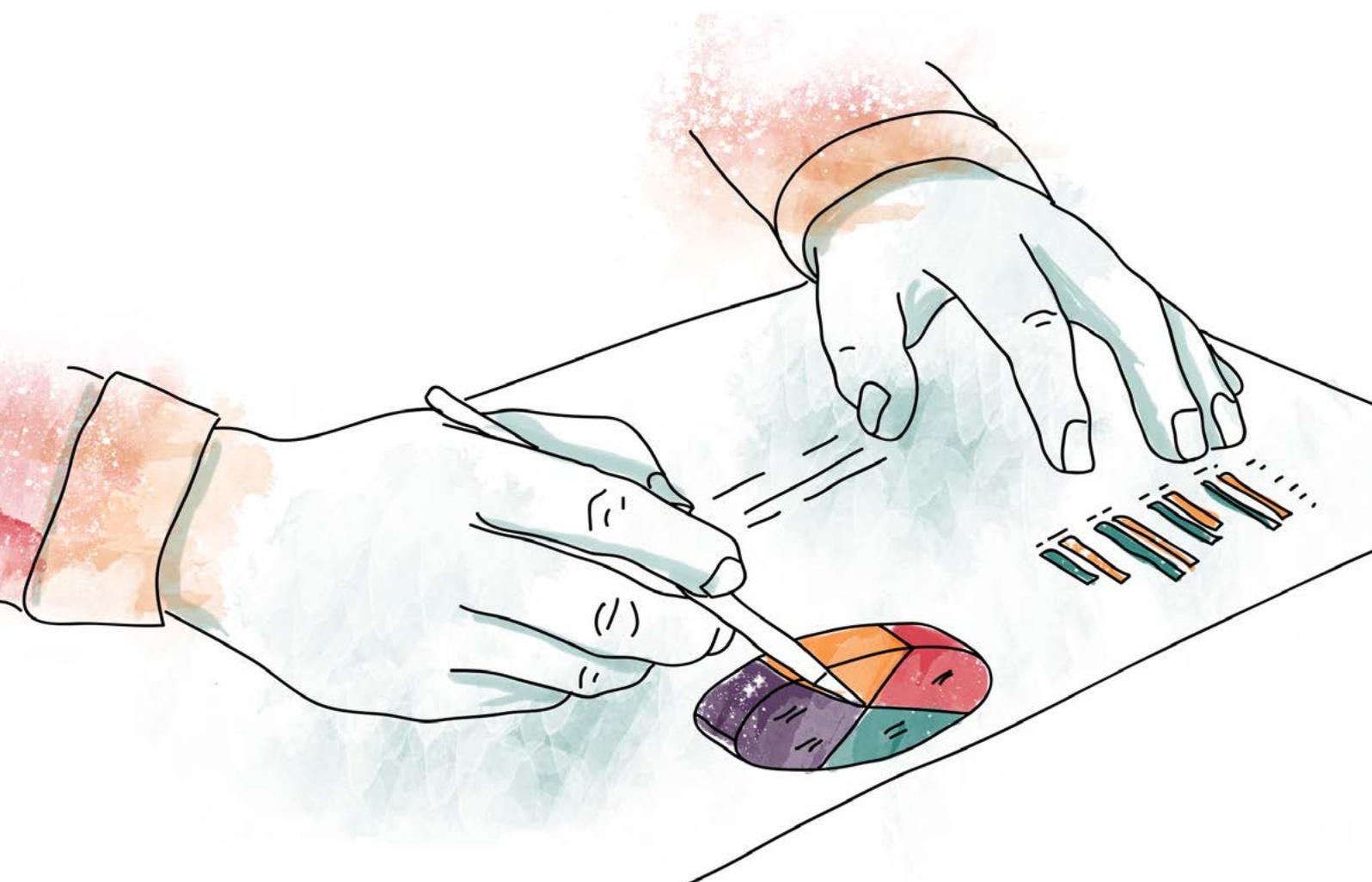
Recommendations

This evaluation makes recommendations in four key areas for the EITI to focus on:

1. **A modular approach to the EITI Standard** should be developed that supports implementing countries to adopt the version of the EITI that is most relevant to them, while at the same time preserving the global integrity of the Standard.

2. **Making the EITI more 'real' at the subnational and local levels** to strengthen country level relevance and links to development outcomes.

3. **Reinvesting in the multi-stakeholder model** with a focus on strengthening the engagement of the EITI's different partner organisations, and in particular extractive companies and civil society groups.

4. **Measuring what matters** with a clear, simplified approach to global and country level monitoring and evaluation.

Who owns these recommendations?

It is important to consider not only the 'what' but also the 'who' of the recommendations outlined in this report. Regarding reports commissioned by the International Secretariat and delivered to the International Board, it can be easy to slip into the default assumption that these same two global organisations should be responsible for delivering against recommendations made in the reports. It is the strongly held view of the evaluation team that this assumption would be a mistake.

No	Recommendation	Lead	Support
1	**A Modular Approach to the EITI**	National Coordinators Forum	International EITI Secretariat
2	**Making the EITI 'real' at the subnational and local levels**	Country MSGs	International Secretariat; supporting countries/donors
3	**Reinvesting in the multi-stakeholder model**	Country MSGs	International EITI Secretariat
4	**Making the case for the EITI**	International Secretariat	Supporting countries/donors

Conclusion

The EITI is 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 the EITI brings has significant value in and of itself.

Without the EITI, this transparency and accountability would not occur in many countries. 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, the EITI has 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 significant headwinds.

Firstly, the global environment in which the EITI is operating is an incredibly 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. At the same time, the COVID-19 pandemic has significantly reduced the capacity of many groups to discuss, debate and collectively resolve issues constructively. Civic space is declining in many countries. Significant geopolitical trends (such as climate change, the pandemic, food security, and 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 programmes 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 programmes. The first two recommendations – to adopt a more flexible and modular approach to the EITI Standard, and to find ways of making the EITI 'real' at the subnational and local level – are all about making the 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. All stakeholders in all countries found the multi-stakeholder governance to be one of the EITI's greatest strengths. The continued effectiveness of the EITI's multi-stakeholder governance seems in many cases to be assumed, and yet this evaluation finds it 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 the 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. This change creates significant opportunities for both the transparency and the dialogue pillars of the EITI but can also make the dissemination of complex technical data more challenging. It is for these reasons that we recommend a more thorough focus on the overall health of the country multi-stakeholder groups that drive the EITI.

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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.[3] 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"[4].

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.

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3   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.

4   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, ranging from 'Low', to 'Fairly Low', 'Moderate', 'High' and 'Very High.

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 programmes 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.[5]

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.

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5   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.
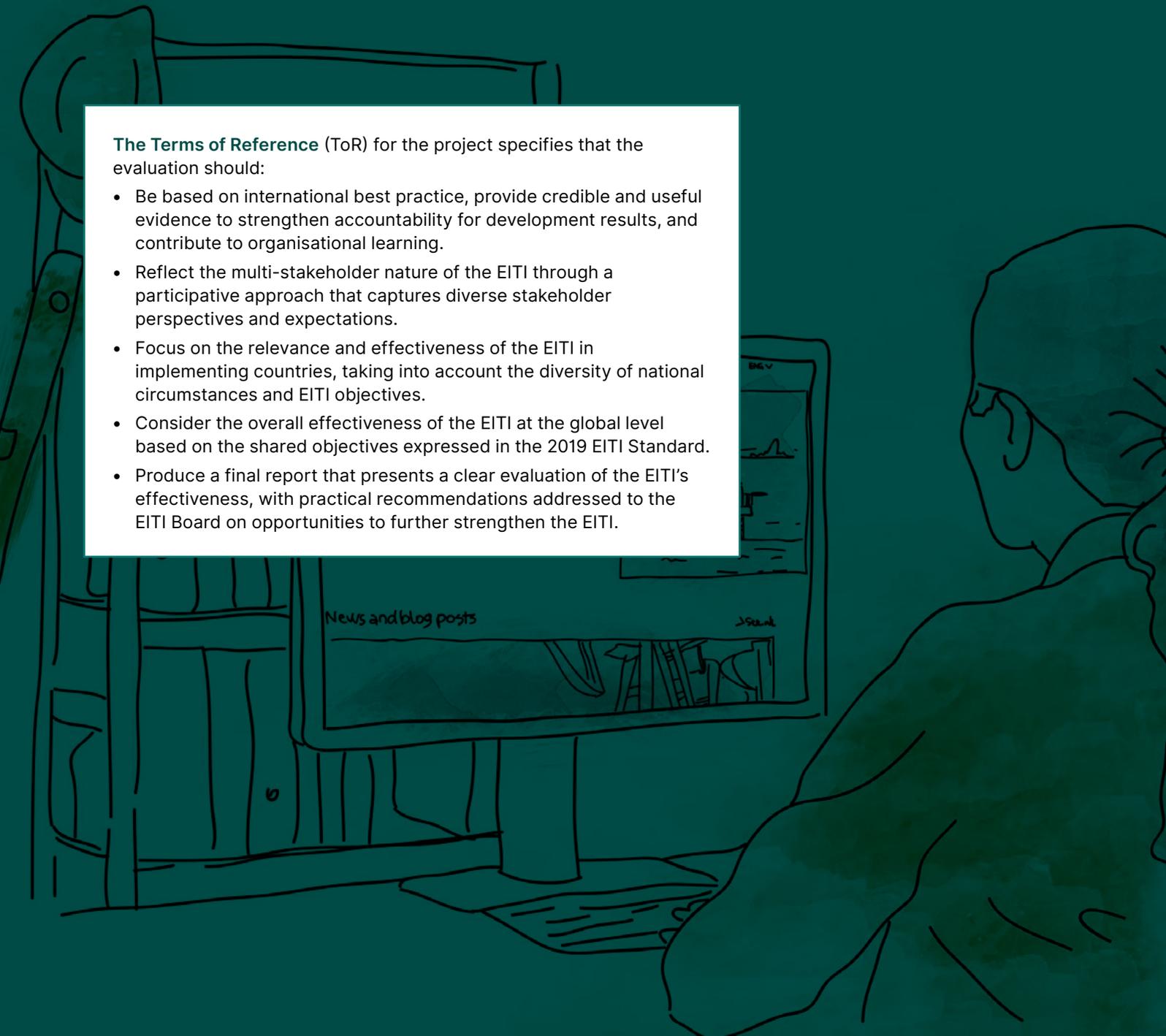
An open evaluation

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 eitiopenevaluation.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[6]) 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.

METHODOLOGY MAP

UNITED KINGDOM
Country Case Study (Rapid Scan)
Interviews

DEMOCRATIC REPUBLIC OF THE CONGO
Country Case Study (Deep Dive)
Interviews
Most Significant Change Stories
Digital Stories Fieldwork
Reflection

GUINEA
Country Case Study (Rapid Scan)
Interviews

COLOMBIA
Country Case Study (Rapid Scan)
Interviews
Citizen Governance Sentiment Instrument

NIGERIA
Country Case Study (Rapid Scan)
Interviews
Citizen Governance Sentiment Instrument

Country
Dive)
Intervie
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Village
Fieldwo

ARGENTINA
Country Case Study (Deep Dive)
Interviews
Most Significant Change Stories
Digital Stories Fieldwork
Reflection

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

KYRGYZ REPUBLIC

Country Case Study (Deep Dive)
Interviews
Most Significant Change Stories
Digital Stories Fieldwork Reflection

PHILIPPINES

Country Case Study (Deep Dive)
Interviews
Outcome Harvesting
Most Significant Change Stories
Digital Stories Fieldwork Reflection

ZAMBIA

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Stories
Chairman for Kabwela

ork Reflection

INDONESIA

Country Case Study (Deep Dive)
Interviews
Most Significant Change Stories
Digital Stories
Citizen Governance Sentiment Instrument
Fieldwork Reflection

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

Existing research

It is important to note that the EITI is not an under-studied initiative, and a number of different studies have been carried out over the years to understand different impacts and benefits. A good summary of this research is provided as part of the Terms of Reference for this evaluation – 'Annex A: Recent Research on the EITI's Impact'.[7]

One of the challenges that emerges from much of this literature is the tension between whether it is best to take a broad or narrow approach when considering the impacts, effectiveness, and benefits of the EITI. Narrow approaches invariably focus on reviewing the EITI's work in a small set of countries and/or in a small number of governance areas (e.g., control of corruption). While these more specific studies benefit from an ability to establish clearer links between EITI activities and particular outcomes (or lack of outcomes), they are constrained by either their small sample size of countries, or the focus on resource governance areas that may not be relevant in most EITI countries.

It is important to note the ongoing research into the EITI. This research was reviewed early in the evaluation to help develop and design the evaluation carried out here.[8]

The Governance Sentiment Instruments (GSI)

The GSI is a series of surveys carried out as part of this evaluation to understand people's views of the EITI and resource governance more broadly.

The first survey was carried out of EITI 'insiders' – i.e., people already aware of and involved with the EITI around the world. The second survey is of citizens in a small number of EITI implementing countries who know nothing about the EITI but who experience resource governance.

The intent of these surveys is to reach out as widely as possible to those involved in the EITI globally; to provide a low-barrier way of people contributing to the evaluation; and to bring community voices into the evaluation that might not otherwise be heard.

According to the 'Open Evaluation' commitment, a dashboard of the results of the survey will be publicly available, and the raw data of each survey will also be made available (though some data will need to be removed from the 'insider' survey to ensure the privacy of respondents).

Access to the GSI dashboard

Go to: **https://voconiq.shinyapps.io/eiti_insider**

Select different tabs to explore individual question responses, as well as splits on those questions by different demographic groups.

The 'Insider' survey was completed in 4 different languages by 137 different EITI stakeholders in 50 different countries. One third of respondents are involved in a national-level multi-stakeholder group and more than two-thirds are involved in the EITI at the national level.

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7   Accessible at https://eiti.org/sites/default/files/attachments/independent_evaluation_of_the_eiti_2021-tor.pdf

8   Notable recent research includes Neumann, et al. (2016), *Assessing the effectiveness and impact of the EITI*, published by GIZ; Lujala, P., Rustad, S.A. and Le Billon, P. (2017), *Has the EITI been successful? Reviewing evaluations of the EITI*, U4 Brief 2017:5 ; Wilson, C. (2020), *Results measurement and impact assessment in EITI: a review of best an current practice*; and Le Billon, P., Rustad, S.A. and Lujala, P. (2020), *A Theory of Change for the EITI*; U4 Issue 2020:11.

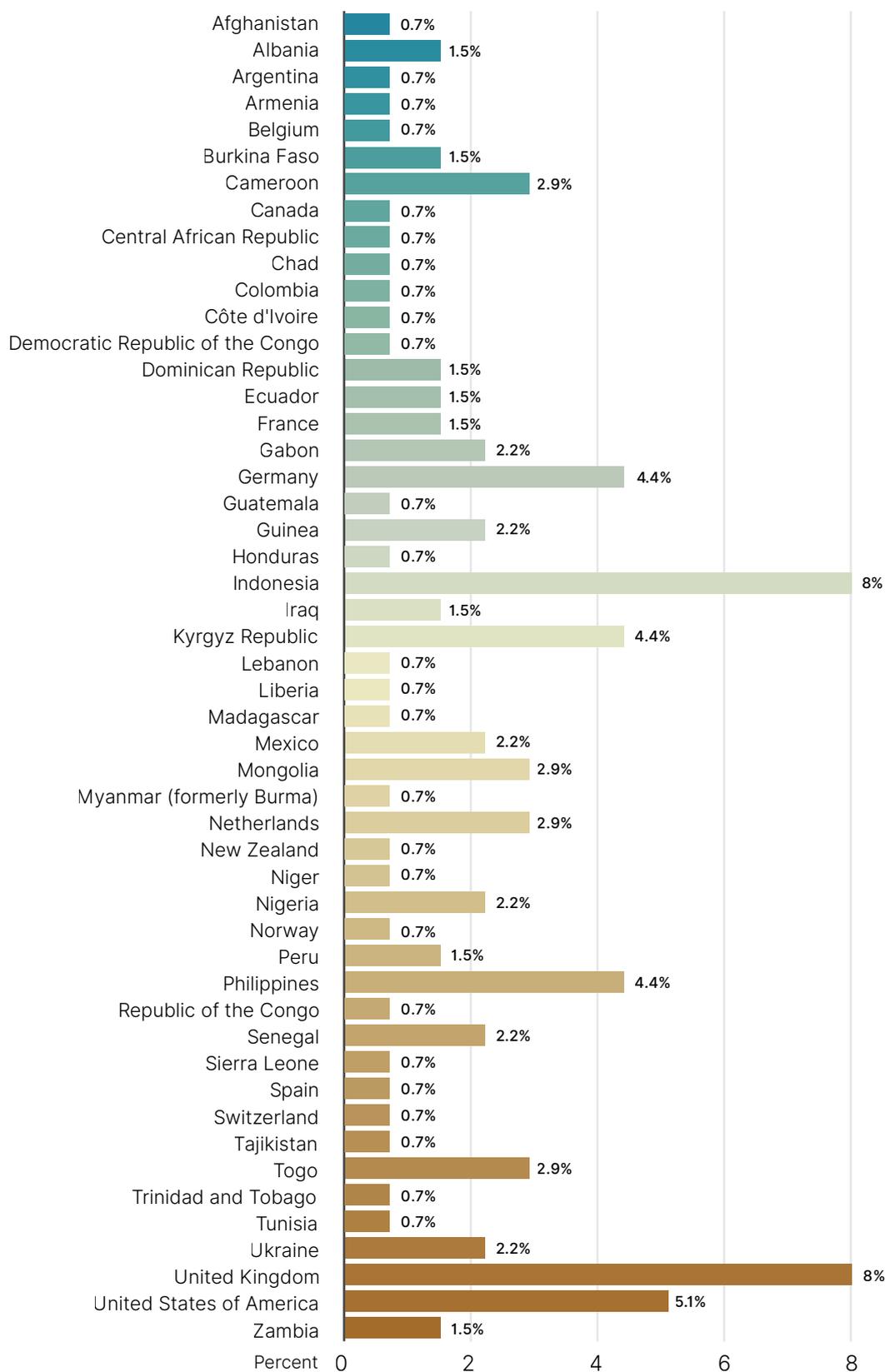| Country	Percent
Afghanistan	0.7%
Albania	1.5%
Argentina	0.7%
Armenia	0.7%
Belgium	0.7%
Burkina Faso	1.5%
Cameroon	2.9%
Canada	0.7%
Central African Republic	0.7%
Chad	0.7%
Colombia	0.7%
Côte d'Ivoire	0.7%
Democratic Republic of the Congo	0.7%
Dominican Republic	1.5%
Ecuador	1.5%
France	1.5%
Gabon	2.2%
Germany	4.4%
Guatemala	0.7%
Guinea	2.2%
Honduras	0.7%
Indonesia	8%
Iraq	1.5%
Kyrgyz Republic	4.4%
Lebanon	0.7%
Liberia	0.7%
Madagascar	0.7%
Mexico	2.2%
Mongolia	2.9%
Myanmar (formerly Burma)	0.7%
Netherlands	2.9%
New Zealand	0.7%
Niger	0.7%
Nigeria	2.2%
Norway	0.7%
Peru	1.5%
Philippines	4.4%
Republic of the Congo	0.7%
Senegal	2.2%
Sierra Leone	0.7%
Spain	0.7%
Switzerland	0.7%
Tajikistan	0.7%
Togo	2.9%
Trinidad and Tobago	0.7%
Tunisia	0.7%
Ukraine	2.2%
United Kingdom	8%
United States of America	5.1%
Zambia	1.5%

Figure 2: GSI survey data: Representation of 'Insider' GSI survey responses by country

'Insider' survey respondents answered questions on:

- Knowledge of the EITI
- Experience with international EITI institutions, including perceptions of fairness and trust
- The EITI's relevance, including which governance topics matter most
- The EITI's impact, including which governance areas the EITI has the greatest impact on
- The EITI's effectiveness, including of both international and national level institutions
- The EITI's sustainability at all levels

Individual question data can be explored (and data and graphs downloaded) by region, gender, age, and whether someone is directly or indirectly involved in EITI implementation. The Insider Survey also models which aspects of the EITI most determine whether stakeholders trust and accept the EITI at the global level.

The second 'Citizen' survey was a much shorter survey including of 2,879 respondents across Colombia, Nigeria and Indonesia. This survey asked respondents various questions, including:

- Their levels of knowledge of the extractive industry and whether they would know where to find more information about how those industries are managed.
- Which issues they considered the most important when it came to managing the oil, gas and mining industries.
- Levels of trust in various institutions.
- Perceptions of whether resource management had improved over time.

The intent of the Citizen Survey was to provide a clear voice of everyday citizens and communities inside the evaluation. It also enables the evaluation to compare what the EITI currently does; with what EITI 'insiders' would like it to focus on; with what issues everyday citizens prioritise.

Survey samples varied somewhat across the three countries involved. Survey respondents in Nigeria and Colombia were located mainly in regions close to extractive operations. Respondents in Indonesia were from a mixture of urban and rural, and extractive and non-extractive regions.

More details on the methodologies, questions, and respondents to both GSI surveys can be found on the evaluation website. The raw survey data (with some data withheld to ensure the privacy of respondents) is also available.
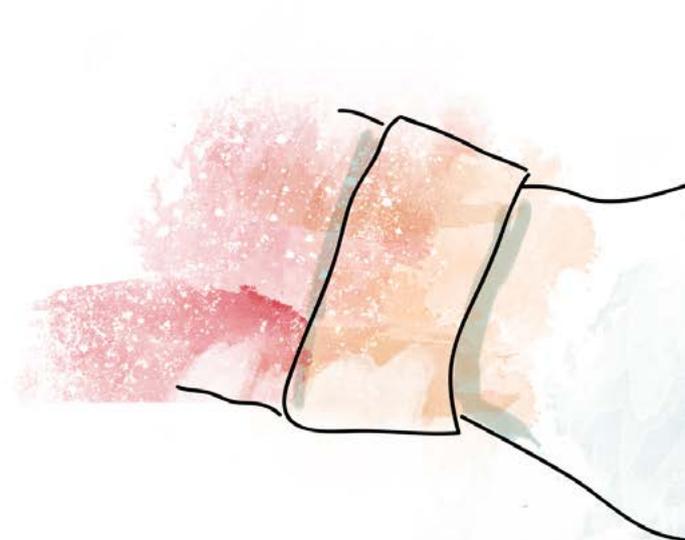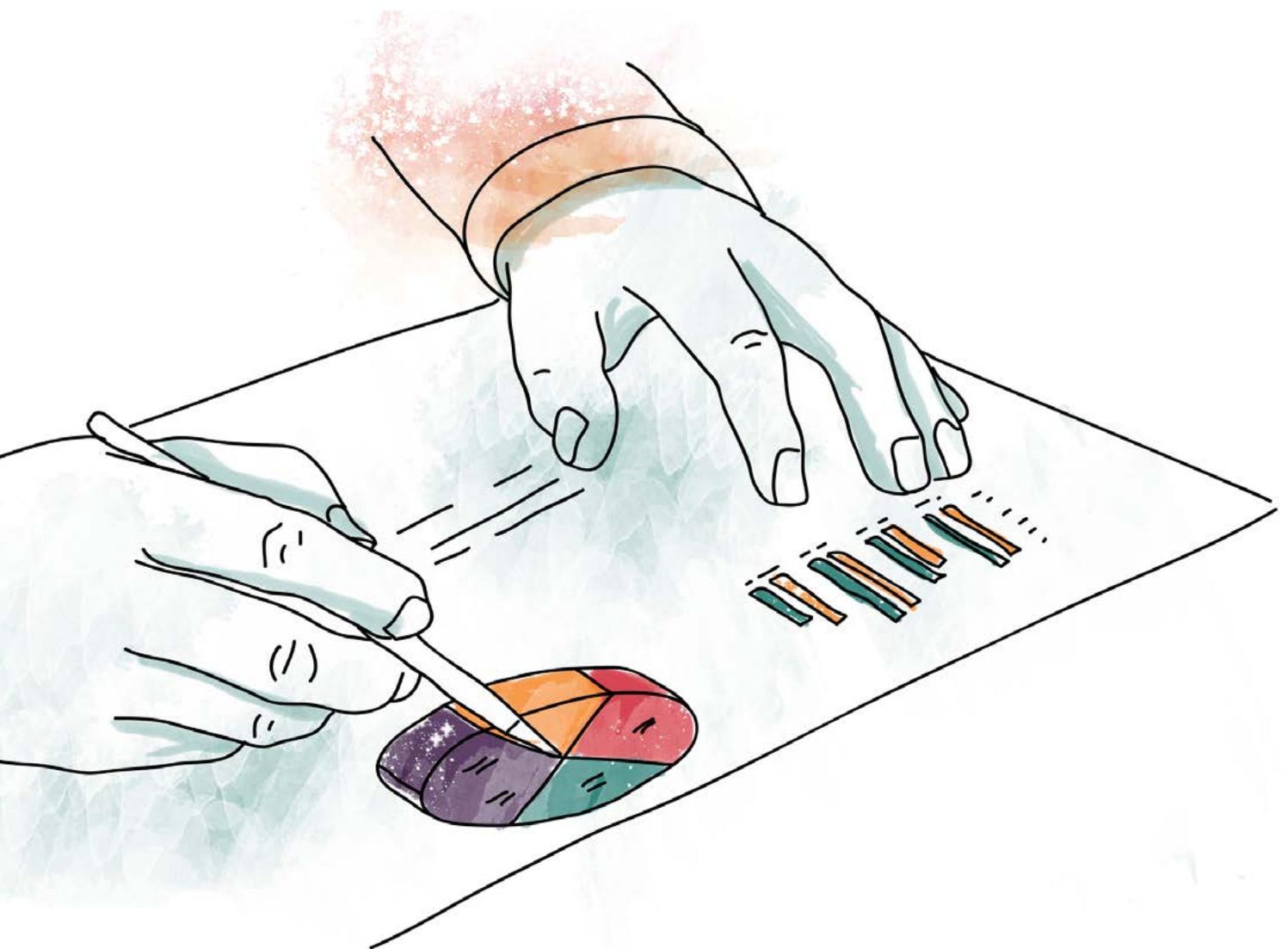
Theory of Change

A simple and somewhat linear 'Theory of Change' emerged from the perspectives in case study countries – with notable consistency and coherence.

It is clear from the evaluation data that many stakeholders share a similar causal narrative about how EITI interventions *should* contribute to change, and how that change happens or is expected to happen.

That said, there is a tension between a desire to provide a single clear theory of change of EITI, and the fact that there is considerable diversity of countries implementing the EITI; their reasons for joining the EITI in the first place; and the ways in which they are implementing the initiative. This tension between a desire in some quarters for 'one-theory-of-change-to-rule-them-all', and the facts on the ground of implementing countries having different theories of change, has been explored in recent research commissioned by the EITI International Secretariat.[9]

Further recent research proposes three potential theories of change for EITI – a 'name and shame' model; a 'public debate' model; and a 'technical reform' model.[10] The model that has emerged most consistently from this evaluation and which is described below could be seen as a hybrid of the 'public debate' and 'technical reform' models.

The theory of change presented here reflects the most common ways in which stakeholders in different countries, as well as at the global level, explained how they believe the various activities and actions of EITI lead to particular outcomes and higher-level impacts. To reiterate – while this theory of change is the most commonly articulated one, by no means does that suggest that it should be the only theory of change that the EITI uses at the global or country level.

9   Wilson, C. (2020), *Results Measurement and Impact Assessment in EITI: a Review of Best and Current Practice*, accessible at: **https://eiti.org/ documents/results-measurement-and-impact-assessment-eiti-review-best-and-current-practice**

10   Le Billon, P., Lujala, P. and Rustad, S.A. (2020), *A Theory of Change for the Extractive Industries Transparency Initiative*, U4 Issue 2020: 11, accessible at: **https://www.u4.no/publications/a-theory-of-change-for-the-extractive-industries-transparency-initiative#three-theories-of-change-for-the-eiti**

In this model, first, activities related to transparency were understood to provide the opportunity and information required for accountability. Next, accountability and participation processes improve the governance of natural resource revenues. Finally, some stakeholders connect this improvement in governance with improved public goods. Those public goods can be understood as development outcomes – particularly in 'developing countries' and 'economies in transition'. However, not all stakeholders made this final connection. Rather, stakeholders more often talked about transparency, accountability, and improved governance as the actual impact of the EITI – without tracing EITI impact through to development outcomes. This is discussed further in the section on EITI impact.

THEORY OF CHANGE

TRANSPARENCY

- Credible information is consistently generated (e.g. beneficial ownership, legal and regulatory settings, contracts, payments & revenues, production data)
- Information is effectively accessed by relevant stakeholders, enabling public debate
- CSOs inform and advocate without reprisal

ACCOUNTABILITY

- Stakeholders enjoy inclusive participation
- Governments are accountable to citizens
- Communities have increased capacity to control beneficial outcomes

DEVELOPMENT OUTCOMES

- Development projects are implemented
- Populations experience socio-economic benefits

GOVERNANCE

- Management of natural resources is improved
- Corruption & fraud are reduced
- Service delivery & efficiency is improved
- Investment confidence is boosted
- Revenues increase

Figure 3: A Theory of Change

The analysis of evaluation data about what 'enables' effectiveness, impact and sustainability' suggests relevance is central to the theory of change narrative.

The EITI's ability to break through to higher order governance and development outcomes is dependent on it being relevant at the country level. The EITI's overall global effectiveness, impacts and sustainability is therefore heavily dependent on ensuring that the EITI Standard remains relevant to the majority of implementing countries.

EITI RELEVANCE: KEY TO A THEORY OF CHANGE

TRANSPARENCY	ACCOUNTABILITY	GOVERNANCE	DEVELOPMENT OUTCOMES

Where EITI is relevant to country-level needs...

... it is more likely to be effective, impactful, sustainable...

...and is more likely to 'break through' to governance and development outcomes.

Where EITI is not relevant to country-level needs...

...effectiveness and impacts are limited – transparency may happen...

...but improved accountability, governance and development may not.

Figure 4: EITI Relevance: Key to a Theory of Change

Is the EITI Effective?

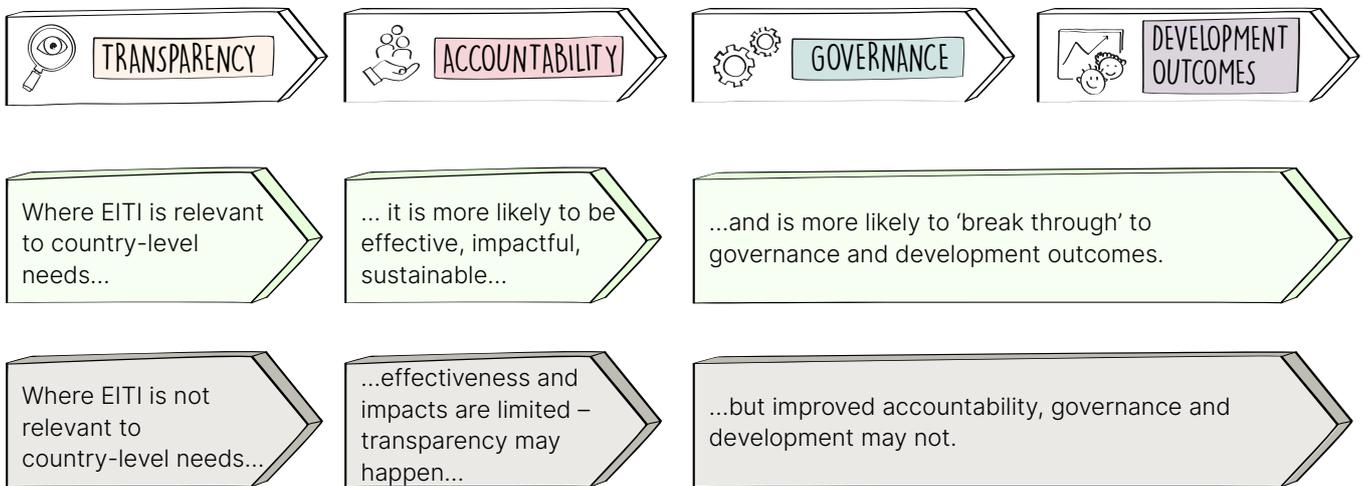## Transparency

Data across all evaluation methods suggest that the EITI has been effective in contributing to and fostering transparency in case study countries.

The very existence of the EITI is considered important by global, national, and local stakeholders.

In its absence, some or many of the activities that contribute to improved transparency in the extractive sector, would not be implemented in some or many of the EITI's implementing countries.

Stakeholders talked about the value of having a space for government, civil society, and the private sector to come together to share information and discuss extractives governance. The EITI provides this space for dialogue as well as an impetus for initiatives that enhance transparency.

In this very fundamental way, the EITI does contribute to transparency in the extractive sector. It also makes *lack* of transparency more evident.

Country Case Study Insight

In Nigeria, stakeholders associated the EITI with the ability to speak publicly about resource governance without fear of reprisal – something they said was not possible 20 years ago.

Country Case Study Insight

In the Democratic Republic of the Congo (DRC), stakeholders described the period before joining the EITI as a situation of "total opacity" on extractives – associating progress on transparency (however fraught with challenges and limitations) as occurring since the government began publishing information on the sector.

How the EITI contributes to and fosters transparency in implementing countries:

- Providing a platform for stakeholder engagement and dialogue
- Tax and revenue disclosure
- Contract transparency
- Beneficial ownership disclosure
- Strengthening of audit authorities
- Sharing of data between government agencies and enabling digitalisation
- Improving consistency and rigour in reporting
- Encouraging and generally improving company compliance in data sharing
- Promoting or implementing reforms in the governance of the extractive sector

GSI Insight

The GSI Insider Survey asked a range of questions related to the effectiveness of various elements of the EITI – from the EITI Board and Secretariat; to the effectiveness of the EITI Standard; to the effectiveness of the EITI in specific areas such as creating transparency and civic space; through to whether the EITI is effective in improving transparency and accountability in government, companies, and civil society.

Stakeholder responses to these effectiveness questions were almost all strongly positive.

There are variations, however, in how different groups perceive the EITI. Data for these and all GSI questions can be accessed in the online dashboard.

Enabling conditions

The enabling conditions for the EITI to be effective at the global, national, and subnational levels are shown below. For implementing countries, these enabling factors tend to play out in their own unique ways although there are also commonalities between implementing countries. Though important in and of themselves, the enabling factors of EITI effectiveness are also 'mutually constituting' – the absence of any factor decreases the potential for other factors to contribute to the effectiveness of the EITI. Further discussion of these factors appears throughout the report.

Country-led model	Stakeholders understood the country-led model of the EITI as enabling of countries to contextualise the implementation of the EITI Standard. The model contributes to a sense of national ownership of the EITI, and increasing EITI relevance and effectiveness.
Multi-stakeholder governance	The multi-stakeholder governance structure provides a forum for dialogue and information sharing between stakeholders, which directly contributes to the effectiveness of the EITI and its mandate to promote transparency, accountability, and participation. Informed by a range of key perspectives, the structure has the potential to enable shared decision-making. The MSG generates national ownership of the EITI, which further underpins EITI effectiveness.
Active and resilient civil society	Civil society was seen to be essential in generating public awareness of the extractive sector and influencing the performance and accountability of government and industry. Active, capable, and resilient civil society appears to be a prerequisite for broader EITI impact and therefore the effectiveness of the EITI (as shown in the 'Theory of Change' that emerged from the study (see Figure 3).
Political will	Political will was considered by stakeholders across all the case study countries as one of the most critical enabling factors for EITI effectiveness. It was associated with parliaments and government agencies seeing benefits in implementing the EITI and being willing to adopt and implement legislation and policy that is supportive of the EITI mandate.
Budget and capacity to implement	Budget and capacity to implement is not surprisingly an important enabler of EITI effectiveness – both at the global levels for the International Secretariat to adequately resource its activities, as well as the country level for MSGs to resource their work plans.
Legislation and policy	Legislation and policies that are supportive of EITI activities were recognised by stakeholders as enabling of EITI effectiveness, as well as outcomes of EITI implementation. In some countries they are used to create and sustain the EITI and its institutions. In others, legislation and policy settings are used as procedural tools – for example, to allow for or compel the disclosure of revenue data and contracts. They are associated with mainstreaming the EITI in government and industry, as well as in providing levers for civil society to use in advocacy work, contributing to EITI relevance and sustainability.
Digitalisation	Digitalisation was considered an enabler of EITI effectiveness as well as an outcome of EITI mainstreaming – its very existence can signal a greater preparedness for openness. It has the potential to enable stakeholders to share, analyse, and use information more effectively.

Support from and effectiveness of the EITI Board and International Secretariat

Most stakeholders in most case study countries felt that the EITI Board and the International Secretariat operate transparently and provide effective support to country implementation.

GSI Insight

The GSI Insider Survey asked a number of questions related to the effectiveness and responsiveness of the EITI Board and International Secretariat.

Results for these questions were **strongly positive**.

The modelling of all GSI data shows that aspects of procedural fairness – whether the Board and Secretariat are transparent and open in their operations – are the major driver of trust in the EITI globally.

The most frequently cited support received was financial and technical support. Stakeholders were generally pleased with support around capacity building, communication, information sharing, and efforts to establish and maintain networks between and within countries.

Beyond the issue of support provided by the EITI International Secretariat and Board, there is the related question of whether those organisations operate effectively, and in a way that reflects the needs of the different stakeholder groups who collectively contribute to the EITI's governance. The GSI survey of EITI insiders provides useful insight here, as 62% of respondents came from government, company or civil society representatives working on the EITI at the country level. Relevant questions included:

- Whether interactions with the international institutions are positive or negative
- Whether those institutions listen to and respect the stakeholders they serve
- Whether those institutions operate in a way that is fair and transparent.

In response to the first question regarding interactions with the international EITI institutions, the mean answer of 4 was strongly positive (on a Likert scale of 1-5), with representatives of governments, civil society groups and companies working on the EITI at the country level all responding at or very close to the mean. The only group that is significantly less positive (but still positive) is global civil society groups where the mean response was 3.5. Figure 5 then show the breakdown of responses to the latter two questions by stakeholder group. The mean response to both questions is 3.5 – which is

Legend:
- Other
- Researcher / academic / consultant
- Work for a company involved in EITI implementation at the country level
- Work for civil society group in an EITI implementing country
- Work for global civil society group
- Work for government implementing the EITI
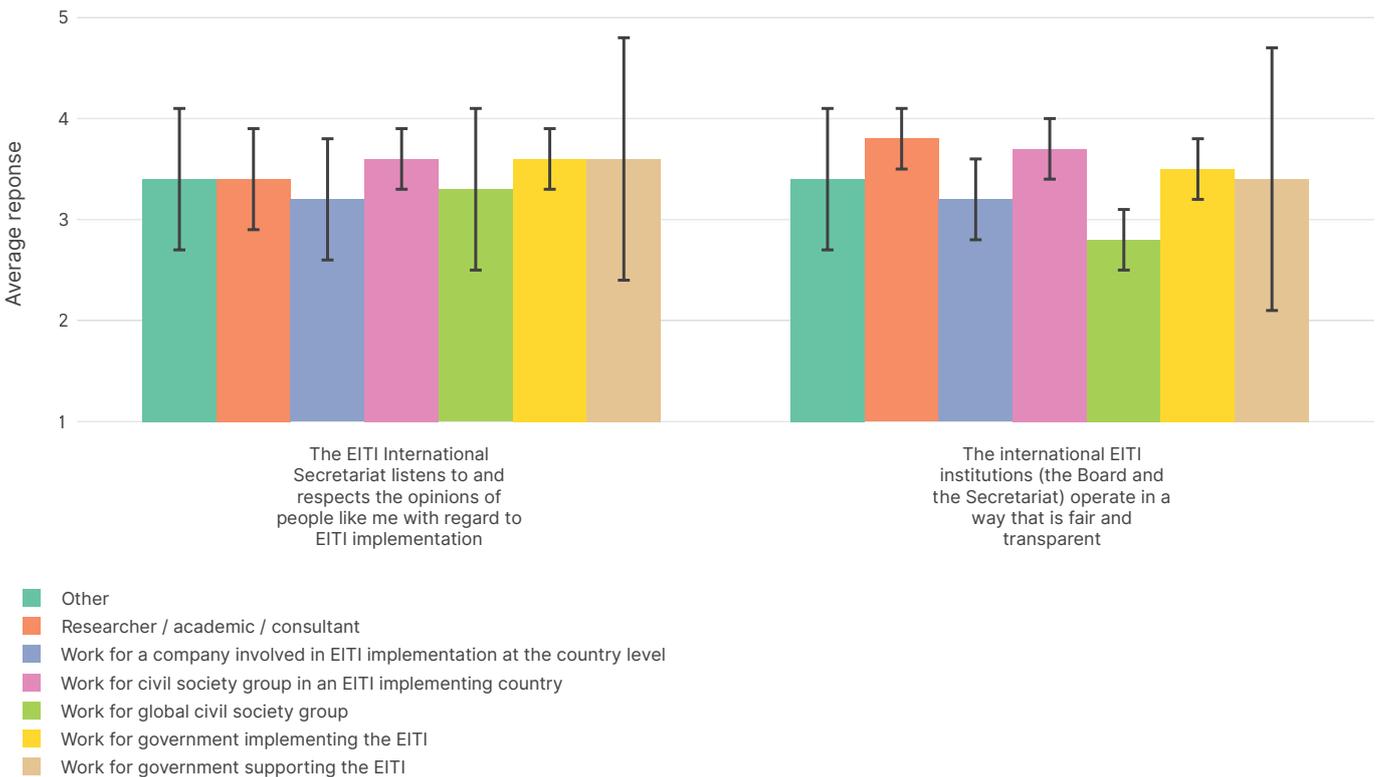- Work for government supporting the EITI

Figure 5: GSI survey data: Example of GSI effectiveness data broken down by stakeholder type

clearly positive. Those representing companies at the country level, and civil society groups at the global level answer these questions not as positively as other groups, while those representing country level civil society groups or government agencies replied to these questions either at or slightly above the mean.

However, some stakeholders in some case study countries reported feeling isolated. They pointed to a need for greater capacity building support for key stakeholders within the sector, in particular government agencies and civil society. Some stakeholders suggested that EITI support could be improved by providing a space for learning and sharing across jurisdictions, to share good practice and prevent experiences of isolation.

Multi-stakeholder governance

The EITI's multi-stakeholder governance structure has been effective in ensuring that extractive industry stakeholders come together and deliberate.

The COVID-19 pandemic has had a significant impact on multi-stakeholder governance.[11]

Some stakeholders noted that national MSGs have not met in person for a number of years. Some felt that this shift to remote engagement has led to a loss of commitment to the EITI by some stakeholders, while others felt that the lack of a physical meeting space severely constrained the ability of different stakeholder groups to come together to develop a better understanding of each other. Virtual meetings, held because of pandemic-related restrictions, have reportedly proven more conflictual and fractious, and less nuanced and cooperative.

The MSG is seen as the key mechanism that enables stakeholder dialogue, collaboration, participation, and joint EITI implementation in a way that puts divergent stakeholders on an equal footing. The MSG also helps build mutual understanding of the capability, concerns, and constraints of each stakeholder. In some countries, stakeholders saw the MSG as a unique space in which issues outside of EITI implementation can also be discussed and addressed. In many countries the EITI is the only sustained multi-stakeholder approach to governance in the resource sector. In some countries stakeholders identified the EITI MSG as the only platform (regardless of sector) for inclusive decision-making.

Challenges that undermined the effectiveness of the MSG and its ability to achieve its mandate include:

- Unfavourable or volatile political environments
- Stakeholders operating in silos outside of the MSG
- Difficulty achieving meaningful subnational representation on the MSG
- Lack of resources and/or capacity of stakeholders to effectively participate in the MSG
- Limitations to the MSG's decision-making and implementation processes

Country case Study Insight

In Guinea, the Philippines, and the Kyrgyz Republic, the civic space can fluctuate, and has been shrinking at times – but it is still felt that the EITI opens civic space that would not otherwise be there.

Country Case Study Insight

In Guinea, stakeholders pointed to the inclusive nature of the MSG as contributing to meaningful participation of stakeholders, including citizens – something that they identified was historically not possible.

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11 See, for example, the EITI articles Nurturing trust in the time of COVID-19 and Beyond Covid-19: Building resilient and accountable extractives governance

Civic space and participation

The EITI has contributed to increasing civic space and participation – albeit with significant ongoing challenges.

Stakeholders in most case study countries reported improvements in freedom of speech and the capacity of civil society stakeholders (both inside and outside of civil society organisations) to contribute to the dialogue on natural resource management. In some case study countries, there was reportedly a decreasing fear of reprisal for advocating for transparency in extractives.

These observations are relative – the EITI was seen to improve on what 'would have been' the case without the EITI. That is, while the EITI supports and helps to open civic space, that does not mean that civic space in an EITI implementing country is not under threat or closing. As such, civic space in the extractives sector was not always increasing in the case study countries.

Moreover, while implementation of the EITI generally works to widen civic space, even in repressive country contexts, its positive influence is sometimes not enough. Civic space has been undermined in some countries to the point that it has impacted on validation outcomes. For example, in the Philippines, Bantay Kita, a coalition of civil society organisations and a member of the Philippines EITI MSG, submitted a 'shadow report' during the country's recent validation process. The report raised serious concerns of shrinking general civic space driven largely by institutional capture and 'weaponization of the law' – citing a recently passed law on anti-terrorism.[12] Civic space can also be undermined by a disengaged or incapacitated civil society – including in cases where there is a lack of necessary funding, technical capacity, and/or access to information that is useful for purposes of advocacy.

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12   See, for example, Rising Tide: Shadow Report on Civic Space in the Philippines

Governance and performance of resource companies

The case studies did not provide much evidence of improved governance and performance of resource companies.

Many industry stakeholders understand and attribute benefits to participating in the EITI, including sector legitimacy, social licence, and reputational benefits. In the Philippines, for example, many stakeholders from extractive companies said that being part of the EITI helps them improve their disclosures, reporting and performance. Multi-national extractive companies also understand that implementing EITI principles is important and necessary to improve their Environmental, Social, and Governance (ESG) compliance. However, benefits to resource companies were not consistently recognised across the data. For example, in Argentina, stakeholders pointed out that some companies chose not to participate in the EITI because they could not see the benefits in participating.

Stakeholders from all case study countries gave accounts of improvements in data sharing from extractive companies. However, despite a general acceptance of EITI activities, many stakeholders reported that there was a compliance focus among some companies that was not meaningful. Some stakeholders talked about a reticence for companies to be fully open, and that they were motivated by reputational reasons and not through a genuine commitment to the objectives of the EITI. This compliance focus and/ or reporting reticence is not limited to extractive companies – it was also observed as applying to some government agencies in some case study countries.

Country Case Study Insight

The scope of company reporting appears to have increased in some countries – for example, in Nigeria, the traditional focus was reportedly on oil and gas, but Nigeria EITI has highlighted the importance of also reporting on solid minerals.

GSI findings related to EITI effectiveness and relevance[13]

GSI Insight

In the GSI Insider Survey respondents were asked to identify topic areas (from a list of 18) that they considered important for the EITI to address. They then indicated whether the EITI was effective in creating positive change in those areas. The correlation of these two areas provides a crucial way of linking and understanding stakeholder perceptions of the *relevance* and *effectiveness* of the EITI.

In Figure 6 we show those correlations for GSI respondents in OECD and non-OECD countries. In both graphs the scale is from 1 (representing a topic that is not important / where positive impact is definitely not happening) through to 5 (representing a topic that is very important / where positive impact is definitely happening). The graphs have been scaled to allow for greater clarity of individual topic areas.

What this correlation shows is that respondents in non-OECD countries consider all of the topics to be of importance to EITI implementation (i.e. they are

all rated above the midpoint score of 3) but there is a real mix of views as to whether the EITI is effective in achieving positive change in those areas, with 8 areas 'above the line' (indicating positive change) and 10 areas below the line (indicating less experience of positive change).

Respondents in OECD countries have very different views. In these countries only 7 topics were considered important for the EITI to address (while 11 were considered less important), and respondents only rated one topic area – financial transparency – above the line when considering whether the EITI was effective in achieving positive change.

Using the GSI to investigate these results further, it is possible to see different views on these questions related to relevance and effectiveness across different splits, such as by gender and by stakeholder group.

Figures 7 and 8 then show the total result across each of these 'importance' and 'effectiveness' questions.

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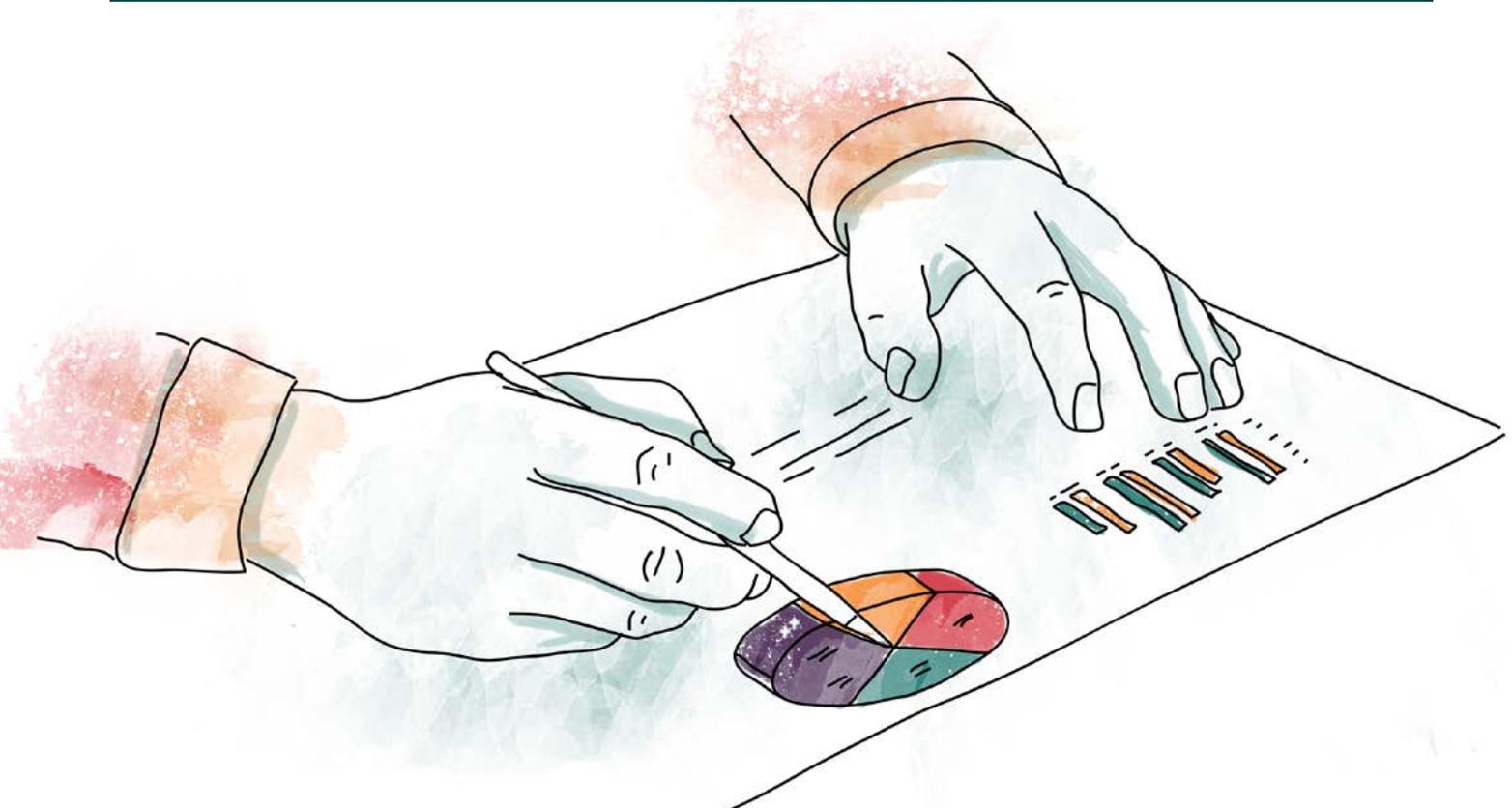
13   The use of OECD and non-OECD splits in this data does of course over-simplify the significant diversity of countries inside and outside of the OECD. While OECD countries have significantly higher levels of economic development, that can still conceal significant inequalities and absolute poverty (as is the case in many non-OECD countries).
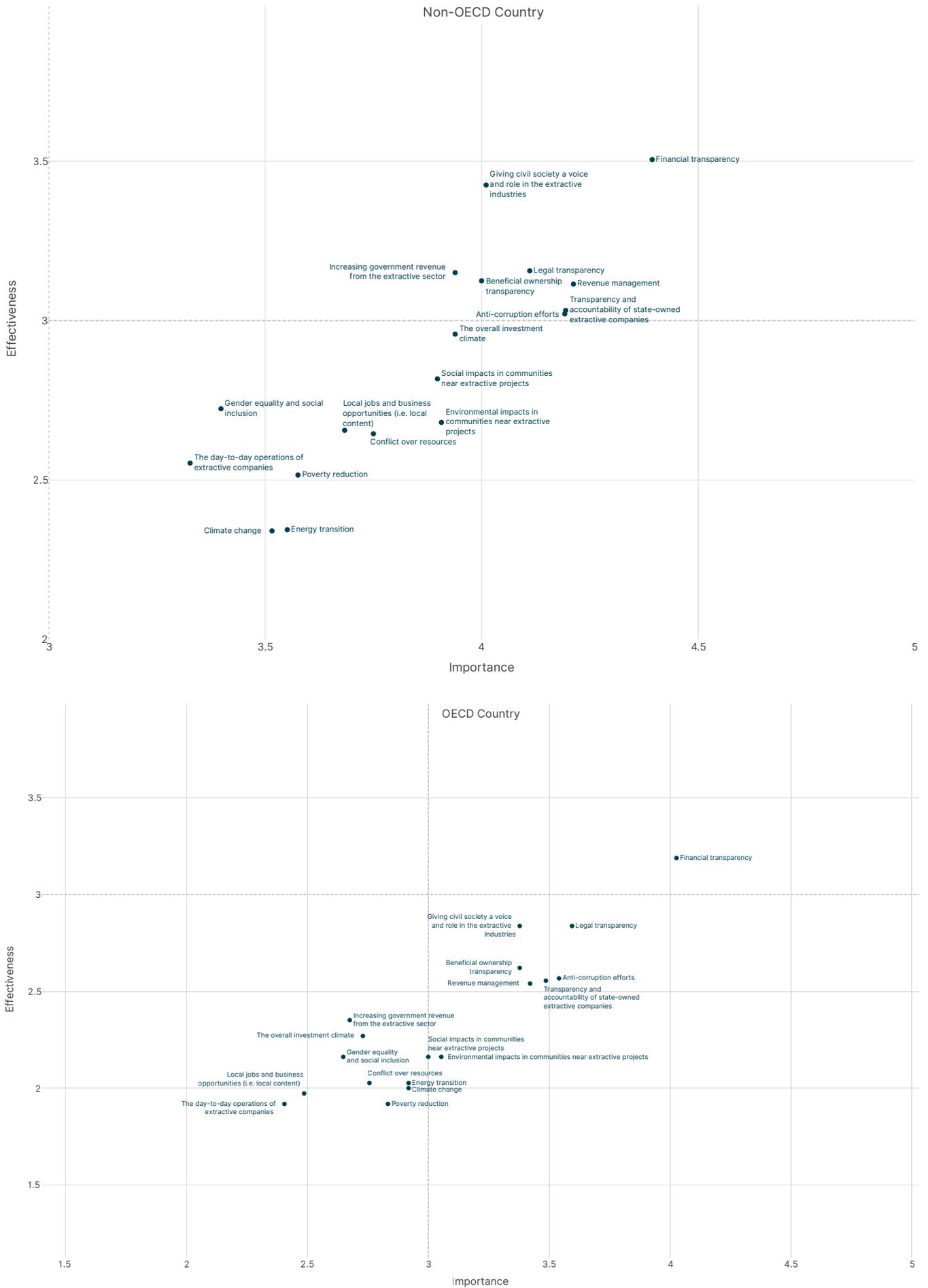
Non-OECD Country

OECD Country

Figure 6: GSI survey data: Correlation of governance areas that are important vs. areas where the EITI achieves positive impacts

Transparency and accountability of state-owned extractive companies

| 4% | 7% | 8% | 47% | 34% |

The overall investment climate

| 6% | 7% | 26% | 41% | 19% |

The day-to-day operations of extractive companies

| 11% | 19% | 35% | 23% | 13% |

Social impacts in communities near extractive projects

| 8% | 10% | 19% | 36% | 27% |

Revenue management – i.e. ensuring that extractive revenues are used for public benefit

| 3% | 8% | 12% | 40% | 36% |

Poverty reduction

| 8% | 14% | 27% | 34% | 17% |

Local jobs and business opportunities (i.e. local content)

| 12% | 11% | 23% | 38% | 16% |

Legal transparency - e.g. how contracts are awarded

| 4% | 5% | 14% | 45% | 32% |

Increasing government revenue from the extractive sector

| 8% | 11% | 21% | 32% | 27% |

Giving civil society a voice and role in the extractive industries

| 4% | 12% | 17% | 32% | 35% |

Gender equality and social inclusion

| 14% | 16% | 24% | 29% | 17% |

Financial transparency – i.e. how revenue is collected and allocated

| 4% | 9% | 40% | 47% |

Environmental impacts in communities near extractive projects

| 7% | 12% | 18% | 34% | 29% |

Energy transition

| 10% | 12% | 30% | 26% | 22% |

Conflict over resources

| 10% | 10% | 19% | 47% | 15% |

Climate change

| 12% | 14% | 23% | 29% | 22% |

Beneficial ownership transparency – i.e. who owns extractive companies

| 6% | 8% | 13% | 44% | 30% |

Anti-corruption efforts / makes corruption harder

| 4% | 8% | 10% | 38% | 40% |

0   20   40   60   80   100

■ Not at all important   ■ Slightly important   ■ Moderately important   ■ Very important
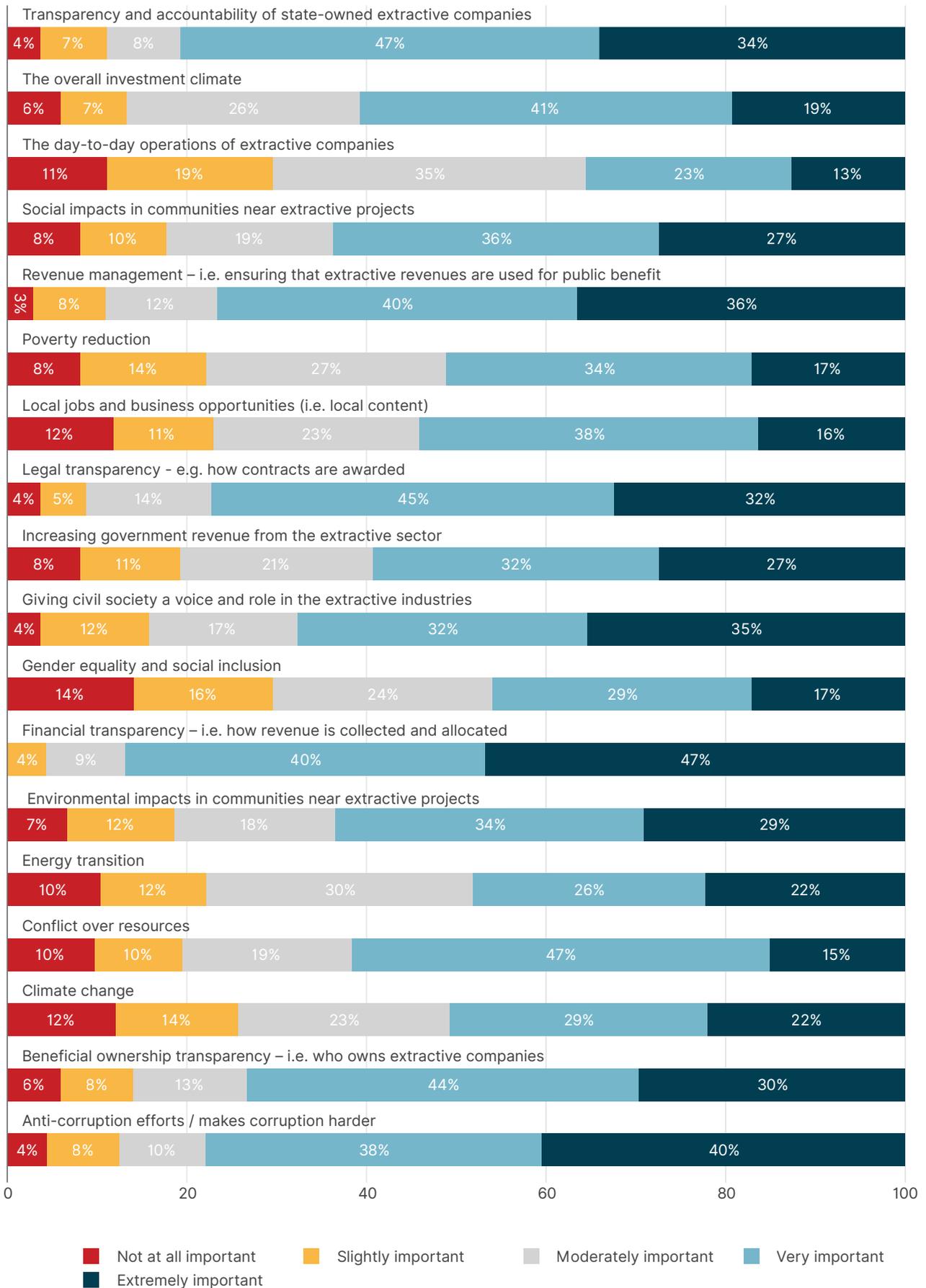■ Extremely important

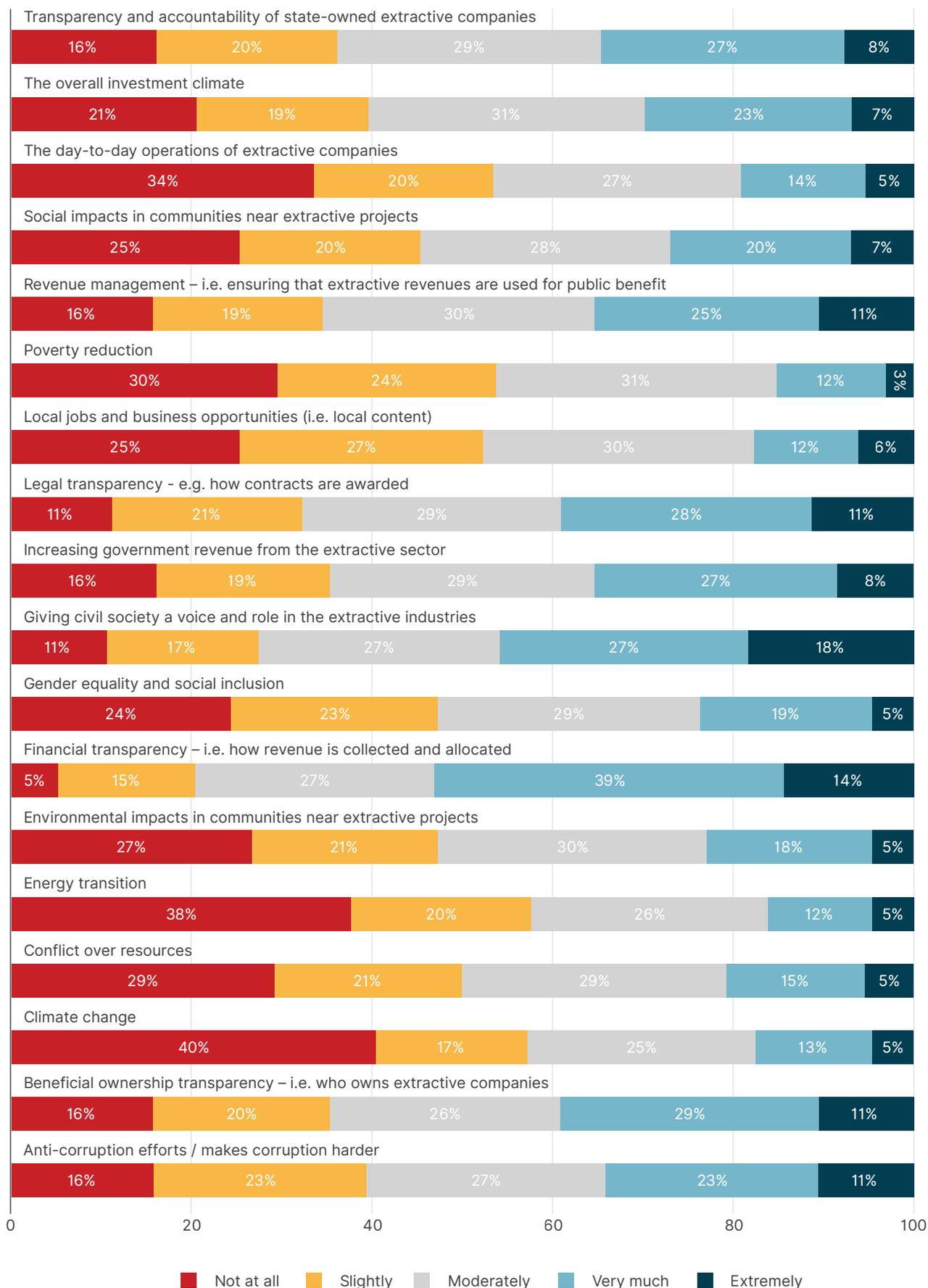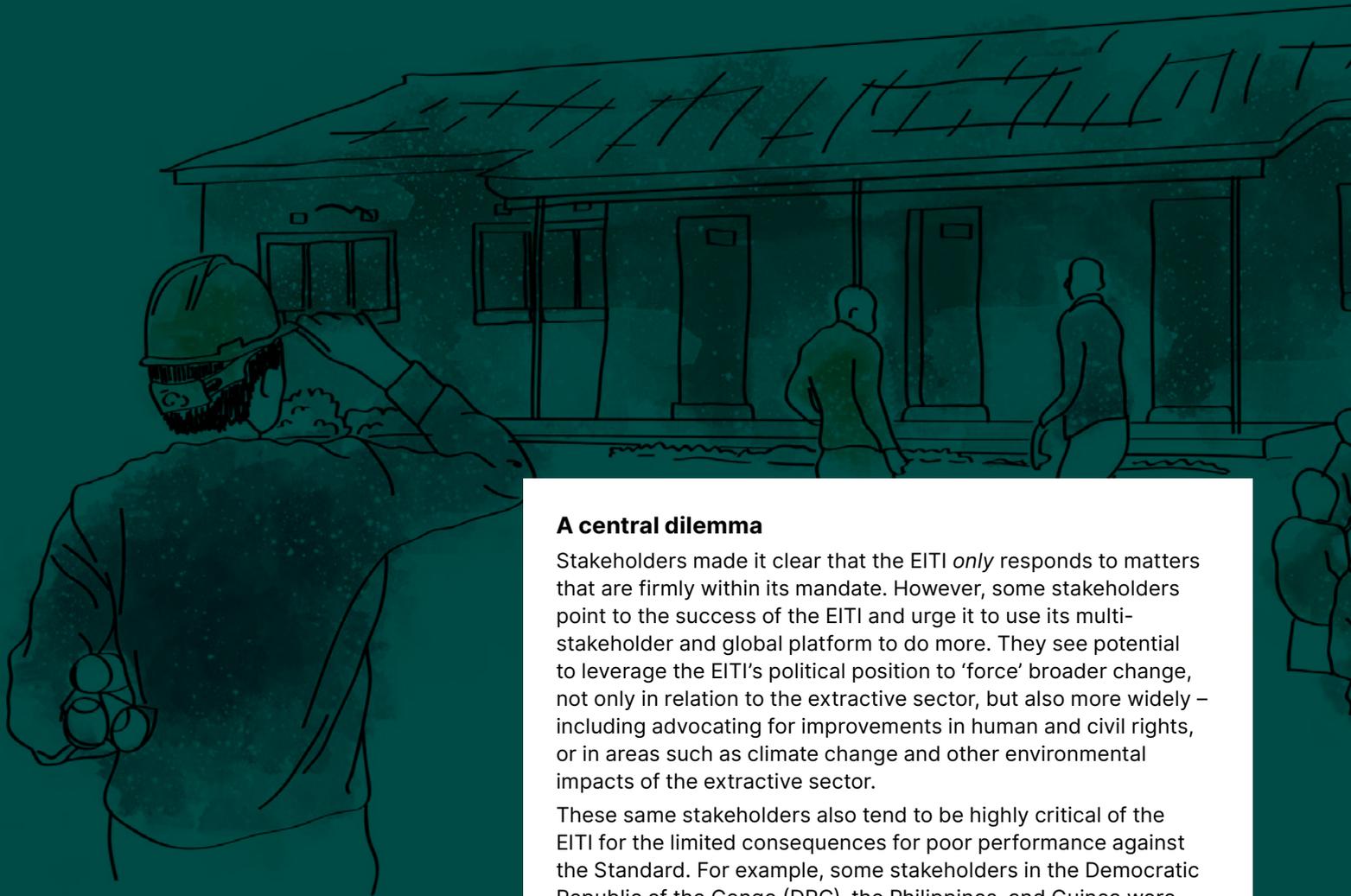Figure 7: GSI survey data: How important is it that the EITI has an impact in the following areas?

Figure 8: GSI survey data: How effective is the EITI in achieving positive change in these areas?

Are EITI policies and interventions relevant?

A central dilemma

Stakeholders made it clear that the EITI *only* responds to matters that are firmly within its mandate. However, some stakeholders point to the success of the EITI and urge it to use its multi-stakeholder and global platform to do more. They see potential to leverage the EITI's political position to 'force' broader change, not only in relation to the extractive sector, but also more widely – including advocating for improvements in human and civil rights, or in areas such as climate change and other environmental impacts of the extractive sector.

These same stakeholders also tend to be highly critical of the EITI for the limited consequences for poor performance against the Standard. For example, some stakeholders in the Democratic Republic of the Congo (DRC), the Philippines, and Guinea were unsatisfied regarding the EITI's ability or willingness to compel government agencies and companies to fully participate in the initiative, and the lack of sanctions for non-compliance. Yet the central dilemma for the EITI centres around a 'lose/lose' situation – either allow the implementing country to stay in the EITI and benefit from the 'façade of legitimacy' that membership provides, while allowing EITI country stakeholders to be supported and to keep advocating for change – or to suspend the country and therefore forfeit a valuable platform for multi-stakeholder dialogue and civic space.

Alignment of expectations

Stakeholder expectations about the purpose of the EITI generally align to the actual purpose of the EITI.

Stakeholders generally agree that **the EITI is responsive to the needs and priorities of their respective countries** – and that this responsiveness is enabled through the country-led model of implementation.

The **country-led implementation** model contributes significantly to the relevance of the EITI's policies and interventions at the national level.

The potential relevance of the EITI at the **subnational level** is not disputed – but this potential is often unrealised due to challenges with implementation.

The EITI appears to practice its purpose in explicit ways that align with what it sets out to achieve. Even when discussing shortfalls or making criticisms of the EITI, stakeholders still focused mostly on the EITI's core function of making information about the extractive sector transparent and creating a multi-stakeholder accountability platform around that transparency process – an indication that stakeholders are aware of the EITI's core mandate.

This appears to be the case for two main reasons:

- Stakeholders are well informed regarding the EITI's purpose.
- Country-led approaches, informed by the MSG, ensure that the purpose of the EITI and implementing countries' expectations generally align.

This does not necessarily mean that what stakeholders want from the EITI aligns with what the EITI is designed to achieve – only that those expectations are generally managed.

GSI Insight

The GSI Insider Survey tested levels of knowledge of the EITI in general, the Standard, and the validation process. In all three areas respondents rated their knowledge highly.

Country Case Study Insight

Country National Secretariats are reportedly making efforts to advance expectations of what can be achieved by the EITI – for example, around using EITI data as a platform for policy dialogue.

Stakeholder expectations

Different stakeholder types have different expectations of the EITI, but these expectations are interrelated and interdependent.

Stakeholder	Expectations of what the EITI is supposed to achieve
Government	• Increased industry transparency • Increased public sector transparency surrounding the extractive sector and related revenue • Enhanced data on extractive revenues to ensure maximum capture of resource rents and to inform policy settings • Increased revenue flows • Improved international reputation and in some cases attractiveness for foreign direct investment • Increased civic trust and satisfaction
Corporates	• Increased recognition for work undertaken in communities • Improved social licence, trust, and reputation • To access certain benefits if needed for cooperating and aligning with EITI norms • To operate in an environment with less corruption and harassment
Civil society organisations	• Credible information to scrutinise industry and government • Credible information to inform advocacy work • Openness and improvement of accountability • Ability to work and advocate in the sector without reprisals • Reforms in extractives governance that support enhanced environmental, social, and economic outcomes
Host communities	• Socio-economic benefits from the resources extracted from their land (in the case of landholders) • Data on social and environmental impacts • Data on compensation and benefits flows • Information on how extractive revenues have been spent by governments • To be provided with basic services such as water, electricity, health, and education

Table 1: What stakeholders expect from the EITI

GSI Insight

The GSI Insider Survey data clearly shows that in countries with lower levels of development, stakeholders expect more from the EITI, while those in OECD countries expect less.

There are also some smaller variations on expectations based on whether a stakeholder is directly or indirectly involved in EITI implementation and between genders.

Policy Case Study Insight

Interviews of stakeholders in a sample of non-implementing countries provided two insights on the issue of relevance. Firstly, for some countries the membership of EITI is as relevant as the content – i.e. they do not want to join because of perceptions that it is a 'development initiative' or because other major oil and mineral producers are not members. But secondly, it is clear that some countries have also not joined because of fear of the consequences of an explicit anti-corruption focus in the extractives sector.

Relevance of the EITI Standard 2019

Opinions regarding the relevance of the EITI Standard 2019 are varied and contested.

Competing opinions regarding the relevance of the EITI Standard 2019	
The EITI Standard *is* relevant	**A mechanism and impetus for change** The expansion of the Standard over time has provided a platform for change and improvement in some countries, creating an impetus for strengthened transparency and accountability that may not have been otherwise possible. All case study countries mentioned the importance of efforts and/or progress made in beneficial ownership. In Argentina and Zambia, the focus on gender was understood as an example of the EITI Standard being instructive and helping to drive social inclusion.
	A baseline for civil society advocacy While the expanded scope of the Standard is not necessarily pursued and/or achieved by countries experiencing political turmoil and/or authoritarian regimes, it is still considered a platform for civil society to advocate from, and a political lever with established pathways to global forums.
	A response to stakeholder needs and priorities Stakeholders from some countries felt that the Standard demonstrated a level of responsiveness from the EITI in meeting some of their needs and priorities, and that this is enabled and complemented by the country-led model of national implementation. For example, with the expansion of the reporting scope to include contract transparency and beneficial ownership disclosure, stakeholders in Indonesia identified that the EITI has been responsive to the needs and priorities of civil society.
The EITI Standard is *not* relevant	**A reduction or deviation from the original EITI focus** The expanding scope of the Standard reduces the focus of the Standard and dilutes the EITI. Countries and individual stakeholders are stretched too far with less focus by attempting to pursue and report against the expanding Standard into areas that were never part of the original scope of the EITI, such as human rights.
	Complexity in implementation draws resources away from improving governance For countries with low levels of implementing capacity (financial, technical, and political) experiencing challenges with basic levels of disclosure, the Standard can seem overwhelming or overly expansive. In environments in which there is low government capacity, limited resources can be totally absorbed meeting the Standard, leaving little or no capacity to address any recommendations from EITI reporting or deeper sectoral reform. There were some criticisms from some stakeholders regarding the limited financial and technical support provided to help address the EITI's expanding mandate.
	A deterrent to political support The expanding scope of the Standard can undermine political commitment. Some countries might be inclined to commit to the narrow focus of data and financial transparency but be deterred by the broader social agenda.
Too soon to tell	Some aspects of the Standard are too new to observe consistent data and views, or to establish clear attribution of impacts. This is the case, for example, with Beneficial Ownership, which only became a mandatory part of the EITI in 2020.

Table 2: Views on the relevance of the EITI Standard 2019

Policy Case Study Insight

At the global level, the relevance of Beneficial Ownership as part of EITI is mixed. EITI 'insiders' see it as an important addition to the EITI Standard, but at the same time respondents to the GSI Citizen Survey rated beneficial ownership the least important of 19 different topics around resource governance and impacts.

National relevance

The country-led implementation model contributes to the relevance of the EITI at the national level.

Support for the EITI can be generated in cases where it does not already exist. If there is sufficient motivation and capacity to allow the EITI to 'go through the motions' in an implementing country, the accrued benefits of the EITI can be generative of political will. It can be easier to generate political will when there is a higher relative dependency on the extractive industry for public revenue.

The EITI can be resilient to fluctuations in political support (for example, those brought about through changes of government, leadership, or political priorities). If the EITI continues to function in the implementing country, and maintains a level of relevancy through political shifts, it is possible for it to regain effectiveness when political commitment is reaffirmed. Existing policy and legislation can help to sustain EITI implementation through periods of political inertia or resistance to the EITI.

Most stakeholders in most case study countries think that the EITI's country-led model is highly effective in ensuring country-level relevance of the EITI and a sense of national ownership. Assuming a requisite level of political will, countries can determine how they implement and mainstream the EITI activities in their own contexts. They can also draw on International EITI support as required.

The extent to which the EITI responds to demand is an interesting balancing act. It is clear from conversations with stakeholders that the EITI often generates demand. That is, the EITI sets the boundaries for its work through the 2019 Standard and offers an array of support within that mandate and based on its key priority polices (for instance beneficial ownership, contract transparency, and disclosure of information at the subnational policy). EITI membership and the need to comply with these expectations then generates demand at the country level.

The country-led approach was considered important for the maintenance of resource sovereignty and in generating and maintaining some degree of political will.

A country's decision to join and implement the EITI is highly political. As is the case with most multilateral governance frameworks, 'supra-national' organisations are often seen as eroding the power of national governance. The country-led approach helps to avoid or at least minimise perceptions of foreign interference, which is extremely important in some political contexts. The EITI therefore significantly benefits from the countervailing force of a country-led approach because it offers an avenue for establishing itself as a valuable resource while allowing for appropriate tailoring and responsiveness that makes the final decision-making national.

Country Case Study Insight

Perceived and actual reputational improvements coming from EITI compliance are understood to contribute to the EITI's national relevance. These are associated with the prospect for investment and international development loans.

In Guinea, stakeholders understood that because of the 2016 EITI validation the country was able to sign loan agreements and receive funding from the World Bank and other international institutions.

In the United Kingdom, relevance is gained by the country being seen to meet the same transparency standards that it encourages other countries to meet – making it easier for the country to support governance initiatives globally.

Subnational and local relevance

The EITI is almost universally viewed as being relevant at the subnational and local levels. However, in many countries, a lack of a clear model for subnational implementation and/or the lack of resources to implement it undermines relevance. This means that in practice, the EITI is often not as relevant to subnational and local level stakeholders.

While there are examples of the EITI being relevant and active at the subnational and local-levels, there were criticisms from stakeholders in some case study countries that the country-led model often drives a national-level focus that does not travel well to areas closer to actual extractive operations. Indeed, as the results of the GSI Citizen Survey shows, citizens outside of the EITI 'network' rank a variety of subnational or local governance issues more highly than issues that sit at the core of the EITI such as revenue transparency.

In theory, by improving transparency and accountability expectations at the national level, a 'demand side' expectation for greater transparency and accountability is created locally – and in some case study countries there was evidence of this 'national to local' flow. What is less understood is the way that subnational and local needs for transparency and accountability might influence 'supply side' agendas and work plans at the national and global levels.

Stakeholders identified various challenges and limitations associated with the EITI at the subnational and local levels:

There is a low level of awareness of the EITI	**The limited awareness of the EITI at the subnational and local levels** was primarily associated with issues of communication and dissemination – getting relevant and usable information on the EITI and the extractive sector to local people and stakeholders. Challenges in the civic space and the impacts of the COVID-19 pandemic were also referenced.
	Awareness of the EITI was reportedly increasing in some case study countries through disclosure and transparency processes associated with the EITI, as well as through an increase in informed local advocacy and debate on extractives governance. In other case study countries, things are reportedly not improving or going backwards – such as Guinea, Indonesia, the Philippines, and the Kyrgyz Republic.
EITI reports and data are not relevant or understood	**EITI reports and data are reportedly seen as being highly technical and lacking in accessibility and relevance to communities** – including those that live closest to extractive operations. Across the country case studies, there is an understanding from stakeholders that the usefulness of the reports is affected by the delay between data generation, publication, and dissemination. Stakeholders in the DRC, the Kyrgyz Republic, and Zambia expressed that reporting on extractives is not consistently conveyed in a style or method appropriate to local community audiences.
Implementation of the EITI is not done with subnational or local participation	**There is reportedly a low level of subnational and local participation in EITI implementation in some countries – and an associated disconnect of priorities**. For example, in the Kyrgyz Republic, local governments and local people are reportedly not involved in EITI activities, resulting in what stakeholders identified as a missed opportunity to coordinate local development strategies with the EITI Standard. In Argentina, there is no clear model for EITI implementation at the provincial level, resulting in limited relevance at the subnational and local levels.
There is limited capacity to monitor and measure EITI impact	**There is limited ability for stakeholders, including CSOs and governments, to effectively monitor and measure the impact of the EITI at the subnational and local levels**. When impacts are not adequately understood at these levels it can undermine the relevance of the EITI in the eyes of subnational stakeholders.

Citizen Survey Insight

The GSI 'Citizen Survey' was carried out in Colombia, Nigeria and Indonesia, with slightly less than 1,000 respondents completing the survey in each country. Almost two thirds of participants (64%) identified themselves as living near an oil, gas, or mining operation. The survey assumed no knowledge of the EITI and asked no direct questions about it (though it was disclosed that the research was being carried out on behalf of the EITI).

The purpose of the Citizen Survey was to identify levels of knowledge about the extractive industries and which issues resource governance issues matter most to people who are not 'EITI insiders' and who are most directly impacted by the extractive industries.

As Figure 9 below shows, there was no topic which those surveyed considered 'unimportant' (with the mid score on the scale being 3), but when ranked respondents rated local issues such as safety, work conditions, jobs, and environmental impacts highly; whereas some of the core objectives of the EITI such as revenue transparency and beneficial ownership are ranked near the bottom of importance.

Much more extensive data from the Citizen Survey is available at **www.eitiopenevaluation.org**

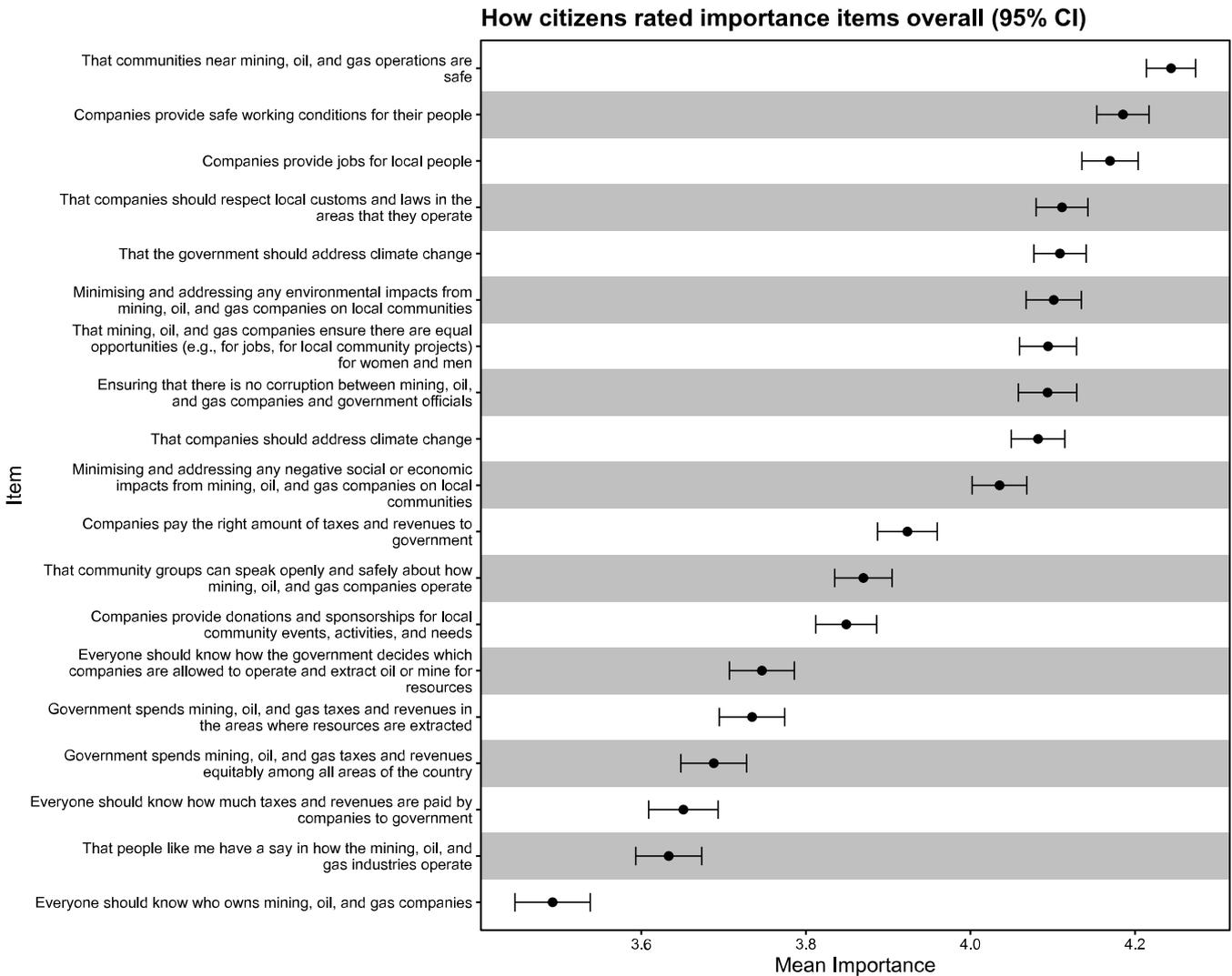## How citizens rated importance items overall (95% CI)

Figure 9: Citizen Survey importance rankings

Contextual factors that enable relevance

The contextual factors that enable or undermine the relevance of the EITI can also be understood in terms of the same categories as the conditions that stakeholders identified as enabling of EITI effectiveness.

Contextual factors	Enabling relevance	Undermining relevance
Multi-stakeholder governance and a country-led approach	Country-specific work plans and responsiveness to stakeholder needs and priorities	Transparency and accountability not seen as useful governance tools Limited resources Limited awareness of the EITI at the subnational level
Active and resilient civil society	Open civil society that has high levels of capacity, activity, and experience	Limited understanding of the EITI agenda and its role, and limited ability to use data that flows from transparency Civil society focused on issues not covered by the EITI
Political will / environment	A political environment conducive to free-flowing information and national policy agendas that align to the EITI – such as political platforms around anti-corruption and extractive-led economic development	Political volatility, repressive political regimes, changing leadership and agendas
Policy, legislation, and regulations	Legislation that correlates with the EITI – although this is also an outcome of the EITI, so the relationship is muti-directional	Poor government capacity to implement reform
Digitalisation	A transformational shift towards systematic disclosure – also considered to be driven in part by the EITI	Weak data systems
Relative importance of the extractive sector, compared with the overall GDP and public revenue	If the extractive sector makes up a significant proportion of GDP there tends to be a greater understanding of the potential benefits of the EITI as well as a greater likelihood of engaged civil society	Limited resources and/or a lack of relative importance of the sector

Table 3: Contextual factors that enable and undermine EITI relevance

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

The **impacts experienced** by participating countries clearly align with the **Theory of Change** conceptualised by stakeholders — as do stakeholder understandings of **impact pathways** and **enabling conditions** (see the evaluation question on **Relevance**).

However, **attribution of impact to the EITI is not always assumed and is sometimes challenged.**

Experienced impacts

The experienced impacts of the EITI are related to increased transparency, accountability and participation, and their influence on resource governance.

The most cited impacts in the country case studies are related to transparency and accountability. For the vast majority of stakeholders who participated in this evaluation, 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. For most stakeholders across the country case studies, an increased awareness of extractive sector data has contributed to more effective stakeholder dialogue, engagement, and 'convening power'. Stakeholders generally positioned transparency, accountability and participation gains as being linked to broader governance impacts, including influencing policy development and regulatory reform. However, improvements to broader extractives governance were not consistently reported across all case study countries.

Beyond these impacts, stakeholders in some countries reported development impacts in the form of revenue for social and infrastructure projects at the subnational level. Increased public investment opportunities at the national level were also referenced. However, generally speaking, the link between transparency, accountability, participation and governance improvements on the one hand, and broader human, social and economic development impacts on the other hand, was not clear in the data. This is in many ways not surprising – given the complex way in which broader development impacts come about in a 'complex system' of change.

While many industry stakeholders reportedly understand the benefits of compliance with the EITI (discussed in the section 'Governance and performance of resource companies'), the resulting impacts of the EITI for industry were not articulated in the data. For example, the benefits were not linked to immediate and tangible impacts such as industry project approvals or social licence around impacted communities.

Attribution of impact

It is often not possible to attribute impact or improvement in a particular area solely to the EITI.

Some stakeholders in Indonesia acknowledged the difficulty of attribution specifically – pointing to the variety of other non-EITI projects related to transparency that had been implemented by government at similar times, making it impractical to clearly ascertain which project was having what impact. Similarly, stakeholders in the Kyrgyz Republic pointed out that the government had refined reporting requirements to develop mining sector indicators and the implementation of the beneficial ownership disclosure mechanism. However, they also pointed out that other sources of data, including those related to statistics committees, are open access, and therefore it is not possible to attribute resource governance improvements related to transparency mechanisms exclusively to the EITI. Attributing local impacts to the EITI can also be difficult in cases where extractive companies operate outside the EITI, working directly with local communities to resolve issues, as was described by some stakeholders in the Kyrgyz Republic.

Summary of experienced impacts associated with the EITI

Actual experienced impact	Examples from the data
Transparency • More information on the sector has been generated • Information and data on the sector have been collated and made more usable and/or accessible • A trend towards systematic disclosure and integrated data	• **Kyrgyz Republic**: Stakeholders pointed to the impact that the publication of EITI reports has had on policy, including in demonstrating how certain policy, administrative, and economic instruments perform based on payments such as licence fees. • **Zambia** and the **Philippines**: There is reportedly a shift from publishing reports towards systematic disclosure, which stakeholders understand contributes positively to public debate, MSG decision-making, and sector oversight. • **Argentina**: The Ministry of Mining has reportedly launched a new information system, in which the EITI will be included. • **DRC**, the **Kyrgyz Republic**, **Nigeria** and **Zambia**: The implementation of beneficial ownership disclosure is referenced by stakeholders as an actual experienced impact of the EITI.
Accountability and Participation • The MSG model has provided a platform for stakeholder dialogue and engagement • The extent to which stakeholders can participate in the multi-stakeholder governance and dialogue of the sector – and push for accountability – has increased	• **Argentina**: The MSG reportedly provides channels for dialogue that has improved contact between stakeholders and reduced the likelihood of conflicts escalating. • **DRC**, **Guinea**, **Indonesia**, and **Nigeria**: Stakeholders identified an expanding civic space as well as increased levels of government and extractive company accountability as a significant impact. • **Zambia**: Stakeholders specifically pointed to increased civic participation beyond the CSOs.
Governance • Increased integration of the EITI Standard into law and regulation • Government reforms and policy on extractives have been implemented • There has been a contribution towards broader resource management • There is transparency around revenue generated by government	• **Kyrgyz Republic**: Stakeholders referenced mining tax reforms and improvements in tax collection. • **DRC**: The EITI reportedly sparked the launch of governance reforms, including the public financial reform law introduced in 2011, as well as efforts to positively contribute to climate change mitigation through improved forestry management. • **DRC**: Stakeholders cited the importance of the inclusion of the EITI Standard into oil and mining law and regulation, as well as the drafting of the bill on beneficial ownership. • **Guinea**: Stakeholders said that EITI activities have influenced changes in disclosure practices among some government agencies, resulting in increased transparency in terms of the amounts contributed by the extractive industries to the national and local governments. • **Zambia**: The government's management of national debt was cited as relevant to wider improvements in resource governance at the country level. • **Zambia** The EITI was instrumental in the formation of the National Mining Indaba, where various stakeholders meet to discuss themes such as tax regime changes, energy transition, and climate change.
Development • There has been an improvement in international reputation, including prospects for international development loans • Social development projects have been implemented using revenues from extractives	• **Guinea**: Stakeholders understood that because of the 2016 EITI validation the country was able to sign loan agreements and receive funding from the World Bank and other international institutions. • **DRC**: In a context of increased accountability of government by local constituents, funds from royalties were reportedly used for tangible social projects in communities.

Table 4: Summary of experienced impacts associated with the EITI

Impact pathways and enabling conditions

The evaluation has sought to identify 'impact pathways' for how change happens in the EITI. For instance, there was a recognition that impacts associated with transparency happen through effective communication – in the dissemination of information between stakeholders and the increased awareness of EITI activities generally. The evaluation also sought to understand the broader enabling conditions for these impact pathways to be effective. For example, civic space and debate, information reaching beyond the MSG and industry with a strong sense of the benefits of the EITI.

The most consistently identified enabling conditions for these impact pathways were:

- Civic space and participation
- Political will
- EITI information being disseminated beyond the members of the MSG
- Companies having a clear sense of the benefits of the EITI
- Effective collaboration between different stakeholder groups
- Clear demand existing at the community level for EITI processes and information
- The ability of MSG members to access and influence resource governance processes and reforms outside of the EITI
- Governments using EITI processes and information to drive reform
- National level EITI institutions (e.g., MSGs, National Secretariats and champions) having a legal basis for existing

Impacts at the subnational and local levels

The EITI contributes to impacts at the subnational and local levels in some important ways; however, there are significant challenges in EITI implementation at the subnational and local levels.

Country Case Study Insight

In the United Kingdom, where the country's EITI programme discloses data in a timely manner, most stakeholders struggled to identify any impact of this transparency at the local level. While the EITI has clearly contributed to transparency in the United Kingdom by bringing different sources of data together in a single place, it remains challenging to promote the meaningful use of that data in ways that have subnational impact.

Policy Case Study Insight

At the subnational and local level, government agencies and citizens tend to be most interested in the overall balance of costs and benefits of specific resource projects, rather than the overall regulatory framework or government revenues. Adapting the EITI to address this would require a greater focus on environmental and social impacts, as well as economic impacts occurring at the local level.

The most prominent feature of the data on local and subnational impact is that of **increased civic participation** in extractive governance. Another identified impact at this level is a greater awareness of the **contributions of extractive companies** to fiscal revenues.

However, in many EITI implementing countries, bringing the impacts of the EITI down to the subnational and local level remains a challenge. For instance, some stakeholders in the Kyrgyz Republic said that the EITI has little impact at the subnational and local level, compared to the national. In Indonesia, some stakeholders believed that no local impact can be attributed to the EITI. In the Philippines, some stakeholders felt that EITI impacts at the local level were minimal and had regressed during the pandemic.

The challenge of EITI impact at the subnational and local levels seems to result from a confluence of factors. One challenge relates to the nature of data itself – how to best collate and share EITI data in a way that is timely, relevant, and useful at the local and subnational level. There is also a challenge in ensuring that participatory governance structures extend beyond the national level. Another common challenge in creating subnational impacts is funding and resources to implement subnational initiatives.

When there is no realistic model for subnational implementation of the EITI, the relevance, effectiveness, impact and sustainability of the EITI can all be undermined.

Country Case Study Insight

In Nigeria, the established **derivative fund**, designed to channel 13% of revenue from the national to state level, is considered by some stakeholders to be successful largely because of information generated by the EITI.

Country Case Study Insight

In Zambia, some stakeholders understood that due to the information being disseminated by CSOs working with the MSG and the Secretariat, some communities have an increased knowledge of the opportunities and risks involved in hosting extractives and a capacity to independently advocate for their communities.

Members of some local communities in Zambia have reportedly formed their own development groups outside the organising structures of the CSOs and actively meet to discuss issues related to extractives and their own development outcomes.

Are EITI interventions sustainable?

There are consistent patterns in the data from country case studies that confirm a significant relationship between **relevance** and **sustainability**.

National ownership

Stakeholders reported a generally high level of national ownership of the EITI. This was primarily associated with the ongoing relevance of the EITI at national levels, and the integration of the EITI into national institutions.

The link between relevance and sustainability is clear. The factors that stakeholders identified as contributing to the relevance of the EITI were also factors that were understood to contribute to its sustainability (compare **Table 3** and **Table 5**).

Integration with national institutions was also seen as an important factor that contributes to national ownership. This integration typically occurs through government representation on the MSG and the EITI Country Secretariat being located within a government agency.

National mainstreaming

In most countries, national mainstreaming of the EITI is achieved through legislation, data, and funding mechanisms that embed EITI principles into practice.

There is general agreement that formally legislating the EITI is an important process in ensuring the sustainability of EITI activities at the national level. Stakeholders recognise that legislation is complemented by data mainstreaming. The move towards digitalisation and systematic disclosure processes indicates an important shift in the status of transparency – from something that comes from a concerted focus and specially commissioned reports to something that happens as a normal part of government and corporate business.

The mainstreaming of EITI funding through government funding and national budget lines was also considered to be key to mainstreaming and broader sustainability.

Contributing factors and enabling conditions for sustainability

Contributing factors	Examples from the data	Enabling conditions
The relevance of the EITI in the country	Stakeholders in the DRC pointed to the fact that the initiative has never been considered an imposition, and through an alignment with national development objectives and locally driven reform in the scope of the country-led model, the relevance of the EITI contributes to national ownership in the country. In Guinea, some stakeholders pointed out that the relevance of the EITI continues even in a context of political instability.	• Legislative processes and legal frameworks • Integration of a functioning EITI Secretariat into national government/ministerial institutions • Favourable investor community attitudes • Digitalisation processes • Political will and participation of government (to drive reforms) • Engagement of the multi-stakeholder group (MSG) • Regular meetings and efficient communication (including updated analysis of EITI reports) • National budget allocation • Well-resourced EITI Secretariat
The integration of the EITI into a country's institutional framework	In Zambia, the EITI is integrated into the Ministry of Mines and Mineral Development, with the position of EITI National Coordinator being equivalent to a Director in the Ministry. In Indonesia the EITI is hosted by the Ministry of Energy and Mineral Resources. In the Philippines, the EITI Secretariat is housed within the Department of Finance, and the Chair of the PH-EITI MSG is Undersecretary – Department of Finance.	
Legislation	Some stakeholders pointed out that Nigeria has a good level of legislation with the NEITI Act (2007). The DRC is reportedly starting the process of legislating norms. Stakeholders in Argentina identified legislative challenges that they were in the process of addressing, including the integration of the subnational provinces that hold a significant amount of autonomy.	
Funding mechanisms	Some stakeholders in Nigeria and Indonesia said that the EITI has a sustainable funding model in their countries. In Nigeria the government has financed a new permanent office building for the NEITI. In considering if the EITI is mainstreamed, some stakeholders in the DRC identified a need for EITI funding from the national budget.	
Digitalisation and systematic disclosure	Some stakeholders in Indonesia pointed to the Ministry of Energy and Mineral Resources project to centralise data as an important mainstreaming factor. The project will reportedly centralise all information within the context of oil, gas, and mining in the Ministry into one public, real-time dashboard, including data reported in EITI reports. Some stakeholders in the DRC identified the systematic disclosure of contracts and revenues as significant to mainstreaming the EITI.	

Table 5: National ownership and mainstreaming: Contributing factors and enabling conditions

Harmonisation with other resource governance initiatives

Stakeholders report that the EITI is generally harmonising well with other resource governance initiatives. Although, more can be done to drive collective impact in shared priority areas through improved mechanisms for collaboration.

In Guinea, some stakeholders pointed to a harmonisation with national policy settings in the example of the building of functional public financial management systems such as the Collaborative Africa Budget Reforms Initiative (CABRI), the Open Budget Initiative, and the national anti-corruption agency.

Some stakeholders in Nigeria said that to drive collective impacts more collaboration was needed with other regional initiatives, for example, the Africa Union's Africa Mining Vision. In the Kyrgyz Republic, an important area for harmonisation with national government initiatives was identified in the context of digitalisation – an activity with GIZ (German Agency for International Cooperation) was cited.

Some of the more recent changes made to the EITI Standard require a greater level of coordination between the EITI and other global initiatives, organisations, and programmes.

In the area of **beneficial ownership**, for example, some global stakeholders noted that cooperation between the EITI with the OECD, the Financial Action Task Force (FATF) and the Open Government Partnership, was particularly important. The problem with successful harmonisation, however, is that it can make the attribution of EITI's impact more difficult. While in some countries it is clear that beneficial ownership reform introduced by the EITI has had positive flow on impacts to other sectors, in other countries EITI's role in driving beneficial ownership is uncertain relative to other initiatives.

> **Country Case Study Insight**
>
> In the DRC, examples of harmonisation with national policy settings were referenced in the Public Financial Management reform implemented by COREF (Comité d'Orientation de la Reforme des Finances Publiques), the business environment reform implemented by ANAPI (Agence Nationale pour la Promotion des Investissements), as well as the rehabilitation of the General Inspectorate of Finance (IGF), one of the key oversight and audit institutions for tackling corruption and embezzlement.

Funding models

National budget allocation is considered the most sustainable funding model.

Most stakeholders understood that sustainable EITI interventions require funding through national budget processes that are duly ratified by parliaments. However, political volatility can undermine national government funding stability.

Funding limitations impact on the range of EITI implementation, including activities related to an expansion in scope.

In countries where EITI activities are not fully funded by government budgets, intermittent national funding is sometimes supplemented by donors, including from the extractive sector. In these cases, funding is reportedly not consistently sufficient to cover all the core activities in the EITI work plan and is subject to changing donor discretions. For example, in Argentina there is reportedly no funding model – resulting in the recurring difficulty of funding the EITI report. Stretched resourcing was a factor in the resistance to the expanding scope of the EITI Standard in some countries.

> **Country Case Study Insight**
>
> Some stakeholders from Zambia suggested that there is an ongoing debate in that country on the most appropriate funding model for the EITI. Funding from a national budget may be argued as more sustainable, but government funding may compromise the standing of the EITI as an independent initiative.
>
> In Argentina, it was understood that extractive companies sometimes pay to produce the EITI reports. Some stakeholders were concerned with the logic of the auditee paying the auditor.

GSI findings related to EITI sustainability

GSI Insight

The GSI results on questions related to **sustainability** are mixed.

Respondents were generally positive about the level of local commitment to the EITI and how the EITI works with other global governance initiatives.

On the other hand, respondents felt strongly that the existence of the EITI continues to be dependent on international support. Moreover, and perhaps more troubling, respondents slightly agreed with the statement that '*The EITI interferes with country-level reforms to improve resource governance*'. As noted above this is likely a reflection of the view that the resourcing demands of implementing the EITI can in some cases come at the expense of resources of sustained governance reforms.
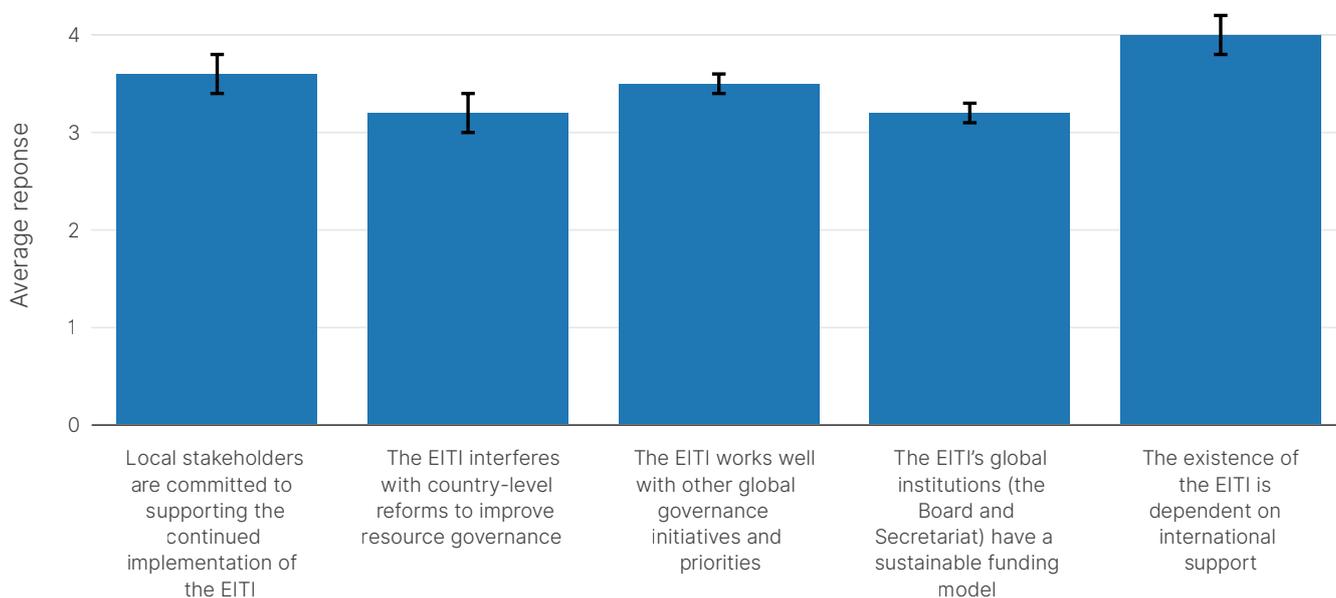
Figure 10: GSI survey data: Responses for questions related to EITI sustainability

Gender equity and social inclusion

The evaluation was conducted with a commitment to mainstream social inclusion. A gender equality, disability, and social inclusion (GEDSI) lens was applied across all project activities, including evaluation methodologies and questions that highlighted the inclusion and exclusion experiences of EITI stakeholders.

Stakeholders from several countries spoke of the EITI's requirements around gender equity and social inclusion. Such inclusive policies and practices related specifically to the function of the MSG and the focus in the Standard. For instance, according to the 2019 EITI Standard, the MSG is to deliberately incorporate "pluralistic and diverse representation" and is now required to "consider gender balance"[14] in their makeup and progress towards gender parity, as well as disclose the gender breakdown of employment data. There is also an expectation that the MSG will take into consideration gender equity and social inclusion in the dissemination of data and in their role as decision-makers. The EITI in fact requires inclusive decision-making processes throughout implementation.

Stakeholders in some countries talked about how the Standard prompted positive change regarding gender equity and social inclusion, and reporting on progress made. This certainly appears to be happening, with 66% of EITI countries now reporting some gender data, and 25% of members of MSGs being women.[15] In Argentina, there were limitations on women working in the extractive industry - until recent years women were reportedly not allowed inside a mine. Stakeholders in that country point to the EITI's requirements on gender reporting and data as contributing to increasing opportunities for women in the extractive sector.

14   EITI 2022 EITI Requirements 1.4, 6.3, 7.1 and 7.4: Gender-responsive EITI implementation Guidance note.
15   EITI 2022 Progress Report

The inclusive aspects of the MSG were one of the most frequently cited benefits of the EITI. Stakeholders discussed the value of the MSG forum bringing together diverse representatives that would otherwise not have such a platform. The majority of stakeholders spoke favourably about the inclusion aspects of this forum, and some even referred to the equal standing that the MSG provided representatives. Stakeholders from several countries described how the EITI had elevated the voices of diverse citizens in ways that were not possible historically. Importantly, such citizen inclusion was reported even in countries that were experiencing political turmoil, such as Guinea. In Zambia, stakeholders described how youth groups had been supported to use EITI data and develop the skills and knowledge to be involved in decision-making about the extractive sector's impacts on local communities. In Nigeria, stakeholders explained how the success of the EITI was related to the way EITI activities cascaded down to the local level, through different layers of inclusive governance.

Notwithstanding the apparent success of the MSG in taking an inclusive approach, there were still concerns about how inclusive some MSGs were in practice. For instance, stakeholders in the Kyrgyz Republic spoke of the need to develop inclusive decision-making structures and processes. Challenges undermining inclusion appear to be particularly present at the subnational and local level. Here some stakeholders flagged that the inclusive MSG governance structure was not making it to the ground effectively. Others talked about delays in providing accessible and useable data and described how practices are in fact exclusionary because they do not adequately address capacity issues to place a diverse range of stakeholders at the subnational and local level in a position to advocate and affect change.

GSI Insight

When the GSI Insider Survey data is filtered by gender there are very few significant differences in responses. Moreover, the response rate of 27% of GSI respondents being women aligns closely to the global percentage of women involved in EITI MSGs.

The only significantly different results can be found in the questions related to which topics respondents think are important for the EITI to address. When considering these questions women are significantly more in favour of including climate change and gender equality and social inclusion issues in the EITI.

Recommendations

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 programmes 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.

At the same time this evaluation has clearly identified the importance of the 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 11) 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 the EITI at the global level.

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 over time. 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.

The advantages of the modular approach proposed below are:

- It would make what is 'core' and what is not much more explicit; 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 the 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 that have implemented the most relevant 'additional' modules and that can clearly demonstrate improved governance as a result of its EITI programme.

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 are:

- 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 programmes.

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.
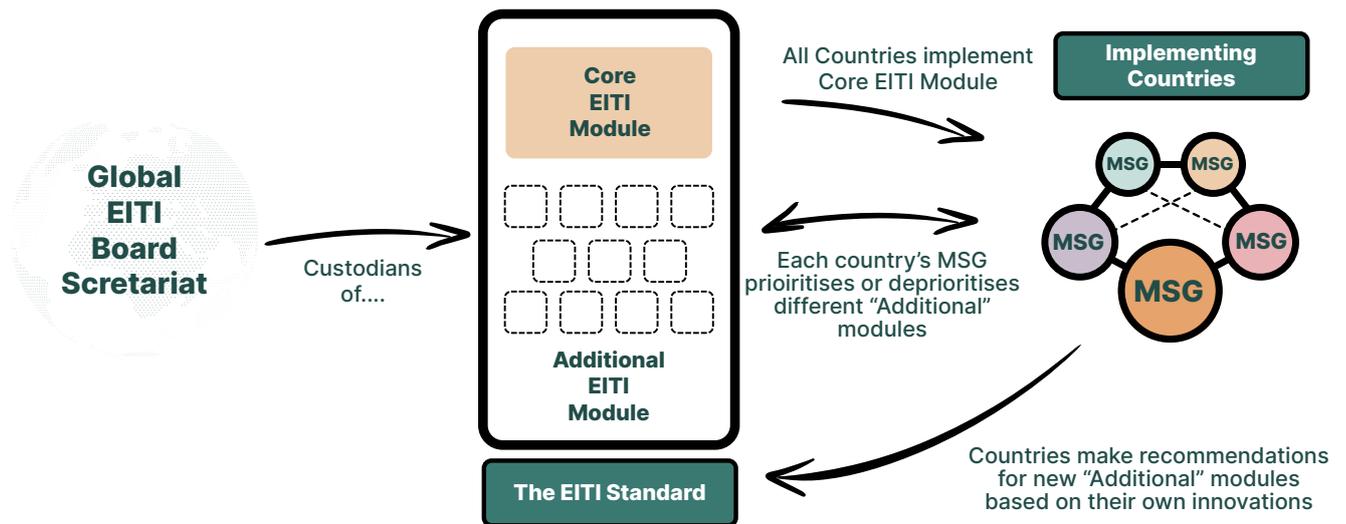

Figure 11. A proposed modular approach to how the EITI Standard is implemented

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 the 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 the 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 the 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 programmes that clearly link to national governance priorities, and for ensuring that EITI programmes 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. Indeed, this would need to be updated to make it clear that the highest validation ratings would only be available to countries that go substantially above and beyond the core module.

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.[16]

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.[17]

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.[18]

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' between 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 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.

> **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.**

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16 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 a materiality level that is too high.

17 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).

18 The 'current approach' as summarised here is necessarily a generalisation. Differences between implementing countries exist in the models and effectiveness of subnational implementation.

The governance for impact model would seek to more 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 different in different countries. The levers in Figure 12 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.
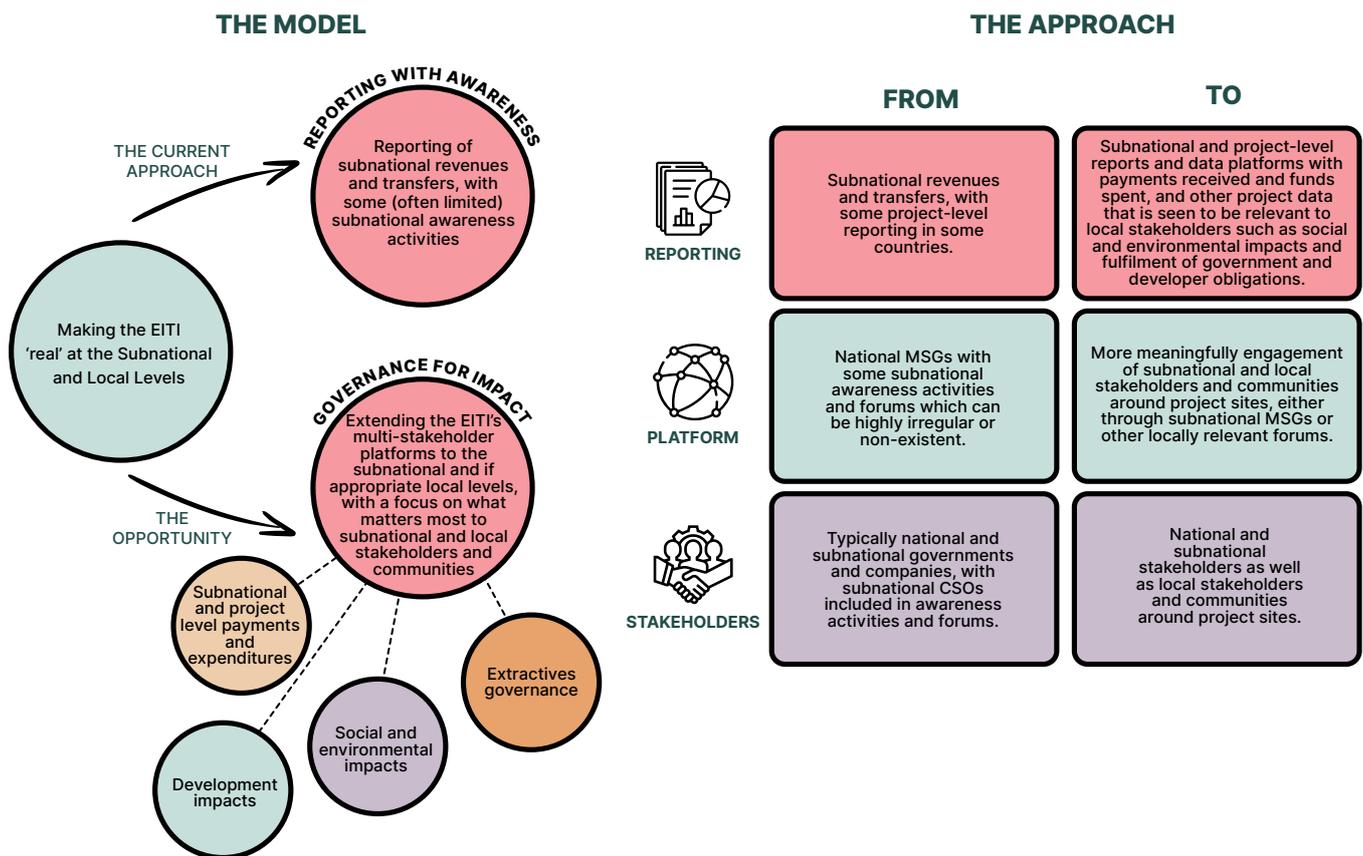

Figure 12. The subnational opportunity

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, the 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.

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 that 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).[19]

- **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 the EITI has existed, the issue of civic space and participation has been the single most considered, debated, and contentious issue within the initiative. It is and continues to 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 the EITI's effectiveness, relevance, impacts, and sustainability are provided in the individual chapters of the main report. 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 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.**

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

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

- **National Secretariats and capacity**. A related theme is the resources 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 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.**
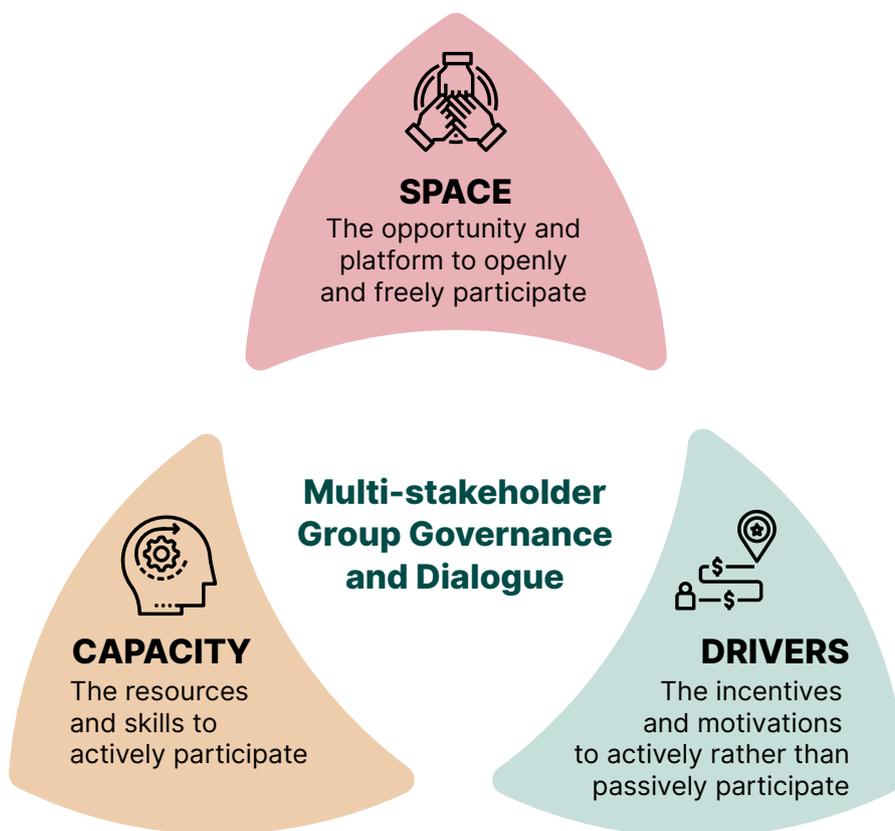
Figure 13. A proposed approach to reinvesting in MSGs

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 are – as has been noted in the evaluation findings – at risk of slipping into a pattern of compelled compliance with the 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 a 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 with 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

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.

the political environment civil society operates within – can lead to meaningful conversations about how to work through the opportunity that the EITI's multi-stakeholder governance platforms provide 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, drivers, 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.

The 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 the 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.

The 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	Details of inputs to global or country programmes – e.g., budgets and staff time. Details of outputs – e.g. Board papers, EITI reports, websites, events held.	What are the EITI's stakeholders actual experiences of country implementation and global EITI institutions (Board and Secretariat)? What is the experience of citizens in resource rich countries of how government agencies and companies operate in the extractive sector? Is it improving?	Increases in government revenue; references to governance indicators – e.g., Worldwide Governance Indicators, measures of investment climate, corruption perceptions etc.
Advantages	Clear attribution between what is being measured and the EITI.	Directly asks those most impacted by the EITI and resource governance more broadly what their experience is. Close enough to the EITI to establish attribution.	Demonstrates the scope of the 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 the 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 are required to improve the 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 the 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 programme 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 the 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

The EITI is 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 the EITI brings has significant value in and of itself. Without the EITI, this transparency and accountability would not occur in many countries. 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, the EITI has 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. At the same time, the COVID-19 pandemic has significantly reduced the capacity of many groups to discuss, debate, and collectively resolve issues constructively. Civic space is declining in many countries. Significant geopolitical trends (such as climate change, the pandemic, food security, and 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 programmes 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 programmes. The first two recommendations – to adopt a more flexible and modular approach to the EITI Standard, and to find ways of making the EITI 'real' at the subnational and local level – are all about making the 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. All stakeholders in all countries found the multi-stakeholder governance to be one of the EITI's greatest strengths. 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 the 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. This change creates significant opportunities for both the transparency and the dialogue pillars of the EITI but can also make the dissemination of complex technical data more challenging. It is for these reasons 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	**A Modular Approach to the EITI**	National Coordinators Forum	International EITI Secretariat
2	**Making the EITI 'real' at the subnational and local levels**	Country MSGs	International Secretariat; supporting countries/donors
3	**Reinvesting in the multi-stakeholder model**	Country MSGs	International EITI Secretariat
4	**Measuring what matters**	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 the 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.

Making the 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 the EITI's focus in this area.

There have been previous attempts at subnational implementation ofof 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 the 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.

Reinvesting in the multi-stakeholder model

The health (or lack thereof) of the multi-stakeholder governance and dialogue that sits at the heart of the EITI is fundamental to its continued success and survival. The 'what' of the 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 counterproductive 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 outlined above 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.

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 experiences of the 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.

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