

# Opening Extractives

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**Catalysing improved governance with  
beneficial ownership transparency**

SUMMARY OF A NEW GLOBAL PROGRAMME  
OCTOBER 2020



# Opening up extractives ownership

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Governments, citizens, and companies increasingly want to bring the real owners of companies into the open. This builds fair markets and helps businesses manage risk. It enables effective taxation, helps save money on schools and hospitals, and tackles corruption. Multiple cases from the Panama Papers to the FinCEN Files have shown the risk of not taking action against anonymous companies.

Over 90 countries have committed to beneficial ownership transparency, but the impact of these reforms depends on effective implementation and use of the data. Globally, we are at a tipping point for accelerating progress from commitment through to effective, widespread use of data. The extractives sector is a strategic entry point to catalyse change.

close this down. The Luanda Leaks were a powerful reminder of how some resource-rich countries have particularly suffered.

Access to quality beneficial ownership data can strengthen accountability by improving governance of energy and mining revenues, supporting business, and curtailing corruption and illicit financial flows. As countries around the world face the dual challenges of climate change and the economic impact of the coronavirus pandemic, sustainable governance of natural resources is becoming essential. Now is the time to ensure that citizens living in some of the world's poorest and resource-rich countries properly benefit from the revenues from their natural resources.

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Natural resources are a significant revenue source for over 80 countries, home to 3.5 billion people. Corruption and poor governance can divert this revenue away from delivering the services and governance that citizens of these countries deserve. The abuse of anonymous companies is the getaway vehicle for stolen public money, and beneficial ownership transparency is the most effective way to

# The *Opening Extractives* programme

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Opening Extractives is an ambitious new five year programme to bring about a transformative change in the availability and use of beneficial ownership information for effective governance, in particular targeting natural resources.

The programme aims to create a more trusted and better-governed business environment, driven by government and citizens having a timely, clear, and accessible picture of how businesses are owned and operated. Beneficial ownership data alone does not deliver these outcomes, but without it, the chances of success fall significantly.

## Objectives

The programme seeks to achieve three outcomes:

1. Ensure government, industry, and civil society actors have greater access to comprehensive and reliable information on the ultimate owners of extractive industry companies.
2. Enable government, industry, and civil society actors to more easily identify and address corruption and mismanagement risks related to hidden ownership.
3. Advance beneficial ownership transparency in the extractive industries and beyond in a post-COVID-19 context by documenting and communicating the impact and outcomes of the programme.

By 2025, the programme aims to deliver clear improvements to domestic resource mobilisation from the extractives sector in up to ten countries across the globe. Interventions will have demonstrated – at sufficient scale and with sufficient geographic diversity – that ownership transparency within the extractives sector is critical to ensuring that citizens benefit as they should from their country's resources. By communicating evidence and learning from this work with stakeholders globally, the programme aims to catalyse a broader transformational shift towards beneficial ownership transparency across all sectors of the economy.

## Working in partnership

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The Extractive Industries Transparency Initiative (EITI) and Open Ownership (OO) are leading the way in creating the political environment and technical capability required to deliver a step change in natural resource governance. The partnership these organisations have formed for Opening Extractives brings together their unique capabilities and reach. It builds on three years of collaboration at the global and national level during which the EITI and OO have co-delivered workshops and training on beneficial ownership in Indonesia and Senegal, and collaborated to provide technical assistance on beneficial ownership implementation in countries, including Armenia, Kyrgyz Republic and Nigeria. Opening Extractives is our joint programme to hasten and deepen the implementation of beneficial ownership transparency in this key sector, as a springboard for full-economy disclosures.

The EITI is the global standard to promote the open and accountable management of oil, gas, and mineral resources. The EITI Principles, agreed in 2003, acknowledge that natural resource endowment can be an important contributor to sustainable economic growth. The EITI Standard, currently implemented by 54 countries, requires countries to ensure companies that apply for or hold a participating interest in an oil, gas, or mining licence or contract in their country disclose their beneficial owners.

OO is a global centre of expertise on beneficial ownership transparency. OO provides specialist technical assistance and tools to support the implementation of beneficial ownership transparency, works with multilateral organisations to increase the number of jurisdictions publishing quality beneficial

ownership data, and builds the capacity of civil society and government to analyse and use the data to drive impact.

Throughout the Opening Extractives programme, the EITI and OO will work in partnership with governments, civil society, local communities, companies, and multilateral organisations, bringing together the unique expertise of these stakeholders to catalyse transformative global change on beneficial ownership transparency.



# Implementation strategy

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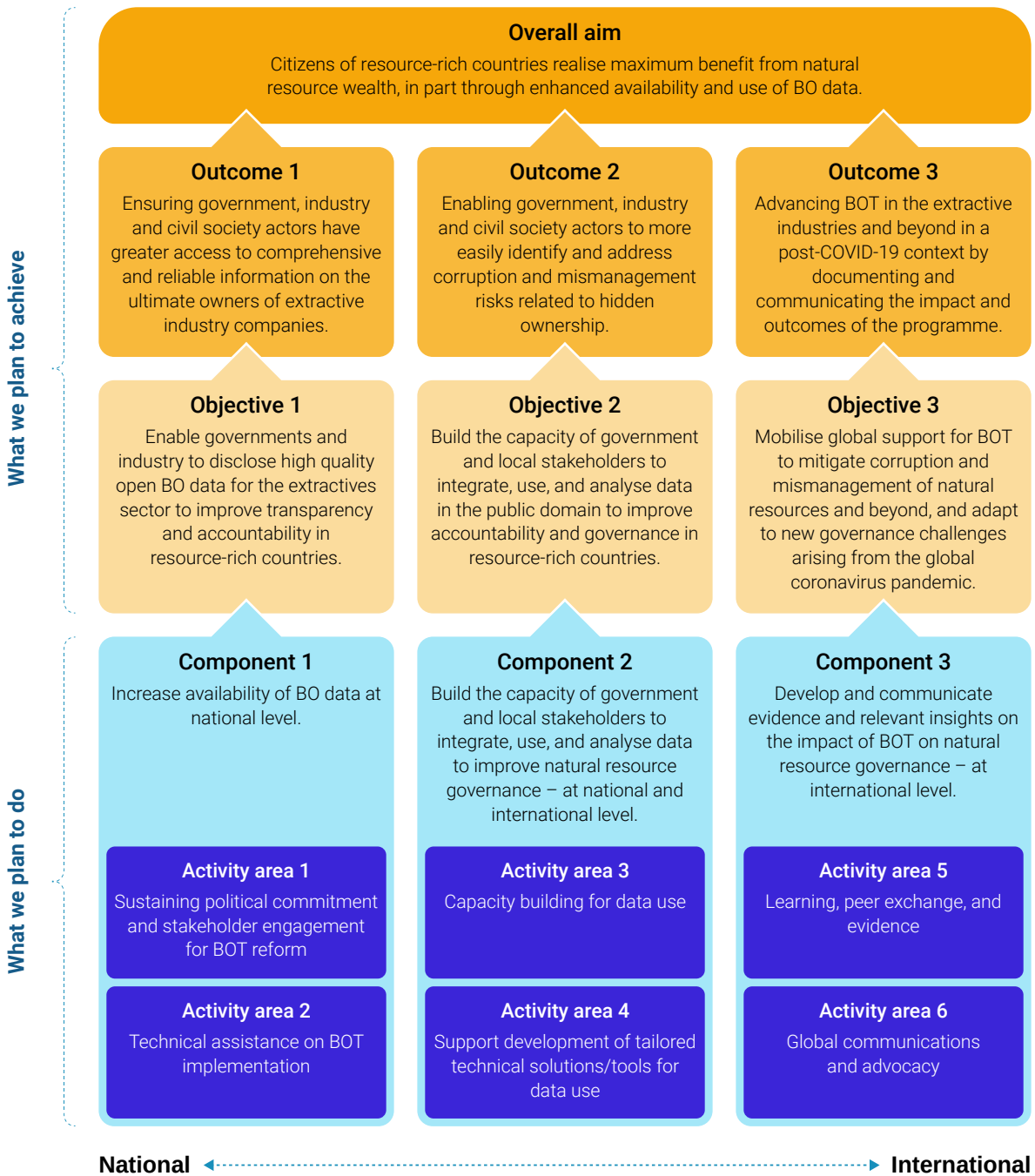
Opening Extractives will provide sustained, multi-year support to partner countries to implement beneficial ownership reforms and catalyse use of beneficial ownership data by government, civil society, and companies to improve natural resource governance. The programme design is informed by the EITI and OO's combined experience working to advance beneficial ownership transparency and by [new primary research](#) conducted with national and international stakeholders (see "*Evidence based approach*" on page 8).

The programme will combine political and technical work to support national governments to publish high quality beneficial ownership data (component 1), capacity building at national and international levels to increase use of beneficial ownership data to improve natural resource governance (component 2), and analysis and communication of evidence and insights globally to drive learning and impact beyond the programme's lifetime and countries of focus.

“ The *Opening Extractives* programme will engage across four global regions, working in depth in eight to ten EITI-implementing countries, and engaging further countries through peer learning activities. ”



**Figure 1.** Programme implementation components



The programme consists of three interrelated components. Each component comprises two activity areas, which contribute towards a particular objective and outcome.

# Priority countries

The Opening Extractives programme will engage across four global regions, working in depth in eight to ten EITI-implementing countries, and engaging further countries through peer learning activities.

The programme will follow a specifically developed methodology for selecting countries, which assesses factors including political and technical capacity for reform, local demand for beneficial

ownership transparency, and the likely impact of reforms on natural resource governance. Low and middle income countries will be prioritised for provision of support with beneficial ownership transparency implementation. The following table outlines the countries scoring highest on initial mapping undertaken during the programme design; early during delivery this mapping will be deepened in tandem with further outreach to local stakeholders.

**Table 1.** *Initial mapping of countries*

East Asia and Pacific	Europe and Central Asia	Latin America and the Caribbean	Sub-Saharan Africa
<ul style="list-style-type: none"> <li>■ Indonesia</li> <li>■ Myanmar</li> <li>■ Papua New Guinea</li> <li>■ Philippines</li> </ul>	<ul style="list-style-type: none"> <li>■ Albania</li> <li>■ Armenia</li> <li>■ Germany</li> <li>■ Kazakhstan</li> <li>■ Kyrgyz Republic</li> <li>■ Mongolia</li> <li>■ Netherlands</li> <li>■ Norway</li> <li>■ United Kingdom</li> <li>■ Ukraine</li> </ul>	<ul style="list-style-type: none"> <li>■ Argentina</li> <li>■ Colombia</li> <li>■ Dominican Republic</li> <li>■ Guyana</li> <li>■ Mexico</li> <li>■ Peru</li> <li>■ Suriname</li> <li>■ Trinidad and Tobago</li> </ul>	<ul style="list-style-type: none"> <li>■ Burkina Faso</li> <li>■ Ghana</li> <li>■ Liberia</li> <li>■ Malawi</li> <li>■ Nigeria</li> <li>■ Senegal</li> <li>■ Sierra Leone</li> <li>■ Tanzania</li> <li>■ Zambia</li> </ul>

Within participating countries, the programme will work directly with government stakeholders to advance beneficial ownership reforms as well as local communities and civil society to strengthen demand for and use of beneficial ownership data. The programme will also engage with industry – given their critical role as disclosers and users of beneficial ownership data – along with potential supporters. It will also work with international policy

stakeholders to share evidence and learning, and to accelerate global momentum on beneficial ownership transparency.

# Evidence based approach



The programme is designed around an adaptive management approach that allows activities to respond to the varied and evolving needs of participating countries, and which embraces the inherent complexity of undertaking meaningful governance reforms. The programme's monitoring evaluation and learning (MEL) approach focuses on understanding how and why beneficial ownership disclo-

The Opening Extractives programme is informed by a year-long design phase comprising an extensive review of lessons from the prior work of the EITI, OO, and others to advance beneficial ownership transparency, and new primary research with stakeholders involved at international level and in six national contexts covering three global regions.

“ The *Opening Extractives* programme has been designed in consultation with key global and local partners engaged in relevant work, including six national governments currently engaged in beneficial ownership transparency reform. ”

sure is expected to deliver impact, and measuring whether the expected impacts are realised. It will also examine perceived risks associated with beneficial ownership disclosure, and whether those manifest. In addition, MEL activities will provide regular data to monitor progress of activities that can guide decisions about future delivery. The approach has been designed to be flexible and adaptive to unanticipated outcomes as well as expected changes arising from the programme's activities.

The EITI and OO team worked with the BHP Foundation on the design of the programme and is also engaging with other partners to support certain programmatic themes and specific regions.





# Key findings of design research

## 1. High demand

There is a high demand from governments for technical assistance and guidance on beneficial ownership transparency, especially on data quality and verification.

## 2. Complex challenges

Inter-agency collaboration, political momentum, and technical challenges related to BOT are often context specific and require bespoke solutions.

## 3. Success factors

Rule of law, regulatory effectiveness, technical capacity, clear mandates, active civil society, free speech and media, and a responsive judicial system are all prerequisites to realise an effective beneficial ownership disclosure framework.

## 4. Political will

Among the many success factors needed to achieve BOT, political will is key.

## 5. New frontiers

Beneficial ownership transparency is an emerging policy area. There is a need to share expertise, benefits, and good case practices on how reforms can be successfully implemented.

# Budget

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The overall cost of the programme is estimated at USD 14.2 million for a period of five years.

The EITI and Open Ownership are actively seeking support and contributions by donors and in-kind by participating governments. The project design seeks to maximise benefit versus cost by first building a credible evidence base for advancing beneficial ownership transparency. The additional financing to be mobilised from other partners will then extend delivery and consolidate the progress made by countries in the early phase of the programme.

Throughout 2020 we will host a variety of information sessions and briefings with key stakeholders. If you are interested in attending or finding out more information please contact [louise@openownership.org](mailto:louise@openownership.org) or [IMarques@eiti.org](mailto:IMarques@eiti.org).

