

Mining for Sustainable Development Programme

Combatting corruption in mining approvals

A Transparency International Global Thematic Network Initiative

Led by Transparency International

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SOME FACTS

According to the OECD, 1 in 5 foreign bribery cases occurs in the extractive sector. [OECD Foreign Bribery Report, 2014](#)

The International Monetary Fund (IMF) has estimated that \$US 1.5-2 trillion is lost to bribes (only one type corruption) every year – close to 2% of global GDP.

The IMF singles out extractive industries as a priority sector for transparency efforts. [Corruption: Costs and Mitigating Strategies; IMF Staff Discussion Note No. 16/05, May 11, 2016](#)

Most Minerals endowed countries are poorly ranked in the CPI or the Doing Business.

It is no wonder that reducing corruption and bribery is a key target of Sustainable Development Goal 16.





M4SD – A global programme

- **Led** by Transparency International Australia, acting as a global Centre of Expertise
- **Implemented** by Transparency International National Chapters and local stakeholders
- **Supported** by the Transparency International Secretariat
- **Funded** by the BHP Billiton Foundation and the Australian Government through the Department of Foreign Affairs and Trade (DFAT)
- I would like us to reflect on what these findings mean for **how mining sector is governed in Cameroon**



Australian Government





Focus on mining approvals

Mining approvals:

Government decisions about **whether**, **where** and under **what conditions** to permit mining, including **who** to award licences and contracts

Approving mining projects: Awarding licences and contracts

Regulating and monitoring operations

Collecting taxes and royalties

Implementing sustainable development policies

Improving revenue management and allocation

Mining value chain. Adapted from: World Bank, Extractives Industries Value Chain.



Phase I (2016 – 2017): Identify & assess risks

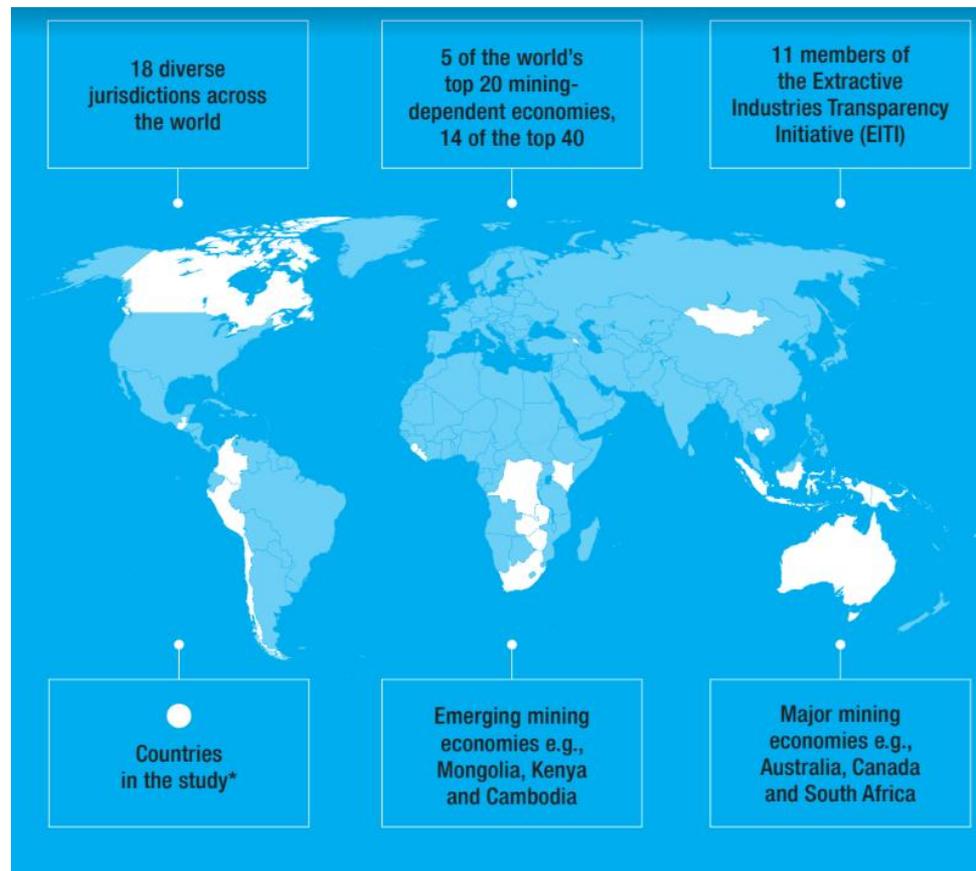
Risk assessments in 18 resource-rich countries to understand the source and nature of corruption risks in mining approval regimes

Americas

Canada
Guatemala
Colombia
Peru
Chile

Africa

Sierra Leone
Liberia
DRC
Kenya
Zambia
Zimbabwe
South Africa



Europe/ Central Asia

Armenia
Mongolia

Asia Pacific

Cambodia
Indonesia
Papua New Guinea
Australia

*Armenia, Australia (Western Australia and Queensland), Cambodia, Canada (Ontario), Chile, Colombia, Democratic Republic of the Congo, Guatemala, Indonesia, Kenya, Liberia, Mongolia, Peru, Papua New Guinea, Sierra Leone, South Africa, Zambia and Zimbabwe



MINING AWARDS CORRUPTION RISK ASSESSMENT TOOL

01

MAP THE MINING
AWARDS PROCESS
AND CONTEXT

STEP 1
DEFINE THE SCOPE



STEP 2
MAP THE AWARDS
PROCESS AND PRACTICE



STEP 2A
IDENTIFY VULNERABILITIES
TO CORRUPTION IN THE
PROCESS AND PRACTICE



STEP 3
ANALYSE THE
AWARDS PROCESS



STEP 3A
IDENTIFY VULNERABILITIES
TO CORRUPTION IN THE
AWARDS CONTEXT

02

ASSESS THE
CORRUPTION RISKS

STEP 4
IDENTIFY CORRUPTION
RISKS RESULTING FROM
THE VULNERABILITIES



STEP 5
ANALYSE EVIDENCE ABOUT
THE LIKELIHOOD AND
IMPACT OF EACH RISK



STEP 6
SCORE THE LIKELIHOOD
AND IMPACT OF THE RISK



STEP 7
VALIDATE THE RISK
ASSESSMENT RESULTS

03

COMMUNICATE
THE FINDINGS

STEP 8
PRIORITISE THE
CORRUPTION RISKS
FOR ACTION



STEP 9
WRITE A CORRUPTION
RISK ASSESSMENT
REPORT



MINING APPROVAL REGIMES



Source: Adapted from Ortega Girones, 2009

Law – Institutions – Practice

LOOKING AT THE RESULTS





What did we find?

- Mining approval regimes in all jurisdictions are vulnerable to corruption
 - Regardless of the stage of economic development, political context, geographic region or the size and maturity of the country's mining sector
- 140 distinct types of corruption risks identified and assessed
- Analysis revealed several corruption risks hotspots
- 6 key questions help identify *where* and *how* an approvals regime is vulnerable to corruption



Change starts by asking these questions

- **POLITICAL & ADMINISTRATIVE CONTEXT**

Who benefits from mining approval decisions?

- **LAND ALLOCATION AND PLANNING**

How ethical and fair is the process for opening land to mining?

- **LICENSING PROCESS**

How fair and transparent is the licensing process?

- **LICENSING PROCESS: INTEGRITY SCREENING**

Who gets the right to mine?

- **ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT**

How accountable are companies for their environmental and social impacts?

- **COMMUNITY CONSULTATION & ENGAGEMENT**

How meaningful is community consultation?



Types of corruption risks

Corruption is more likely when there is...

Poor **access to information**/lack of transparency

- Gaps in mining licence register (cadastre)
- Beneficial owners of licence applicants
- Accessibility of ESIA report & related docs
- Contract negotiation

Limited opportunities for **public participation**

- By parties whose interests are affected eg local communities
- By accountability actors such as CSOs and the media to monitor the process and decision-making

Lack of **institutional capacity**

- Due diligence on licence applicants
- Verification of ESIA reports
- Monitoring & enforcing compliance





Types of corruption risks

Corruption is more likely when there is a...

Compromised **administrative context**

- Undisclosed and unmanaged conflicts of interest
- Weak controls on revolving doors between industry and government
- Inadequate regulation on political donations and industry lobbying

Lack of clear **legal/regulatory process**

- For opening land to mining
- Steps in the licencing process & roles and responsibilities
- For conducting community consultation

Lack of clear **decision-making criteria**

- For granting licences
- For environmental approval





Mitigating corruption risk: whose responsibility?



Government,
industry and the public
all have a role to play
in combatting
corruption risk in
mining approvals



Phase II (2018 – 2020): Take action

Transparency International National Chapters develop and implement action plans to address the specific corruption risks identified in Phase I.

Working with:

Government - Civil society - Local communities - Industry



**GLOBAL
REGIONAL
NATIONAL**

STRATEGIES



Global publications

- Snapshot of key findings and selected case studies
- Full report based on 18 individual national assessments
 - Real country examples
 - Spanish and French translations
- Mining Awards Corruption Risk Assessment (MACRA) Tool

National risk assessments are available on our website.

Publications available:
transparency.org.au
transparency.org

Contact us:
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Phase I of M4SD supported by:



Australian Government