Independent Evaluation of the Extractive Industries Transparency Initiative

Policy Case Studies Report

Submitted to the EITI Board and International Secretariat

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About this report

This report is the Policy Case Studies Report, which is part of the global evaluation of the Extractive Industries Transparency Initiative (EITI). This report is an addendum to the Main Evaluation Report of the evaluation (Main Report), so it is important to read it in the wider context and analysis of the Main Report. In order to make the evaluation 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.
- A Summary Report that provides the key background, findings, and recommendations of the Main Report.
- The Main Evaluation Report.
- A Video Report that showcases the evaluation including key findings and recommendations.
- A Country Case Studies Report that summarises the key data and findings from each of the 10 case study countries.
- This Policy Case Studies Report that summarises the key data and findings from each of the three 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 from both the GSI and Citizen Surveys, though some data has been removed for privacy reasons.

The above reports and data are available at **www.eitiopenevaluation.org**.

Executive Summary

This Policy Case Studies Report looks at three distinct topics in EITI in order to understand whether there are aspects of how the EITI operates as a policy standard that increases or decreases its overall effectiveness, relevance, impacts and sustainability. The topics considered here are:

- **Beneficial ownership transparency;**
- **The role of EITI at the subnational and local level; and**
- **Whether there are aspects of the EITI Standard that cause some resource rich countries (particularly major producers) to not join the Initiative.**

Beneficial ownership

The timeline of beneficial ownership's inclusion in the EITI Standard as a mandatory requirement heavily overlaps with the COVID-19 pandemic, and a subsequent but understandable reduction in implementing country capacity, as well as the adoption of more flexible reporting arrangements by the EITI Board.

Because of this most EITI countries have only made modest or minor progress in implementing the beneficial ownership requirements of the EITI Standard. Within EITI itself the Opening Extractives partnership with Open Ownership does, however, show considerable promise with participating countries making significantly more progress on beneficial ownership.

While progress on beneficial ownership transparency in the EITI has been slow, implementation outside of the EITI has possibly been even slower. All-in-all the inclusion of beneficial ownership in the EITI has led to modest improvements in the initiative's effectiveness, relevance and impacts.

Subnational implementation

There is only limited evidence of EITI having been effective, relevant and impactful at the subnational level. This is largely because the EITI Standard is not currently designed to meet the needs of subnational governments and the communities that live closest to extractive operations. In this regard this is less a failing of EITI implementation, but rather the logical consequences of the scope and detail of the EITI Standard.

What is clear, however, that there is significant demand for the EITI to do more at this level. Across this evaluation's country case studies and survey data this lack of reach to the people most directly impacted by extractive operations was raised repeatedly as an opportunity for the EITI to increase its overall relevance.

In some countries engaging at this level will not be without risk and will likely require additional resources. Growing EITI at this level will also require EITI models that bring in new governance topics and new forms of multistakeholder engagement in order to be effective.

Countries not implementing the EITI

It has long been notable that many of world's largest resource producers are not members of the EITI. There is a rich mix of factors and perceptions of EITI (some not always accurate) that contribute to this.

A small number of major producers are likely not members of the EITI because civic space is so limited, and transparency potentially so hostile to those governments, as to make EITI unimplementable. For another group of already relatively transparent and open resource producers, EITI is not currently addressing the global and local issues that matter most to them. In between these two groups is a final set of countries where the reasons for non-implementation are more difficult to categorise.

Set against the evaluation questions the results here are mixed: that EITI is a clear standard for increasing transparency and accountability speaks to the overall effectiveness of the initiative. For those countries which are already perceived as being transparent and open, the areas of resource governance that EITI is focused on does not fully address some of their local and global concerns, and this therefore limits the relevance of the initiative.

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Background

Purpose of the policy case studies

One of the major successes and ongoing challenges of the EITI comes in how it reconciles global policy dialogues and drivers with the specific needs of its more than 50 implementing countries. The Policy Case studies presented here look at how different aspects of EITI policy contribute to this global – national dynamic.

While the EITI is principally focused on implementation at the national level, the global policy process within the EITI is critical in that it:

- Captures the evolution of stakeholder consensus (and disputes) around what it should mean to implement the EITI, which is then encapsulated in different iterations of the EITI Standard.
- Drives forward the EITI's role in shifting policy norms and the behaviours and actions of global actors such as multinational corporations, civil society groups, donors, and international financial institutions.

In the overarching context and methodology of the evaluation, it is important to note that both the country and the policy case studies have been focused not on reviewing the progress of any given EITI country or policy. Rather, the purpose of the case studies is to gather data about how country implementation and policy processes contribute to the EITI's effectiveness, relevance, impacts and sustainability.

Further detail on the overall project methodology and the 'guiding questions' that underpin the four main evaluation questions can be found in the main evaluation report and on the project website.

Policy case study selection

The criteria that were considered when selecting policies included:

- Ensuring that each case study will generate data that connects to specific evaluation questions of effectiveness, relevance, impact and sustainability.
- Ensuring that at least one policy area spoke to EITI's global policy role.
- Ensuring that at least one policy area had emerged from the two most recent versions of the EITI Standard (2016 and 2019).
- Ensuring that at least one policy area spoke to how the EITI is implemented at the national and/or local level.
- Considering which policy areas might be best investigated through other methodological tools (e.g., country case studies, governance sentiment instruments) rather than via a standalone case study.
- Considering whether a policy area was likely to give rise to easily accessible data and aligned to consultant expertise.

Based on these criteria, the three case studies selected were:

- **Beneficial ownership** implementation, as it speaks to the EITI's global policy role, and was first included in the 2016 version of the EITI Standard.
- **Subnational** implementation of the EITI, as it speaks to how the EITI is implemented at the national and local level.
- **Countries not implementing the EITI**, to understand if there are aspects of what EITI does, or does not do, that encourage or discourage membership, or which impact positively or negatively on the EITI's effectiveness and relevance.

It should be noted that this third case study on non-implementing countries is not a policy case study per se in that it considers how the EITI as a whole is perceived rather than a specific aspect of EITI policy. Members of the evaluation team and the evaluation's Project Steering Group (PSG) nonetheless felt that including such a case study would provide a useful contrast to the predominance of evaluation data from EITI implementing countries. It was also felt that this case study contributed to the objective of carrying out an open evaluation, part of which involves bringing in voices and perspectives from outside of the EITI.

Policy case study methodology

Each policy case study is informed by:

- Desktop research.
- A small number of key stakeholder interviews to inform each case study.
- Analysis of references to the specific policy area in country case study interviews and materials.
- Integration of findings from both of the Governance Sentiment Instruments (GSI) – the 'insider survey' and the 'citizen survey'.

Policy case study summaries

Each of the following country summaries:

- Provides country case study data and GSI survey data that is relevant to the topic.
- Maps that data against the overarching evaluation questions.
- Provides a short conclusion of the policy's overall contribution to the EITI.

How global EITI policy happens

Before the individual case studies are considered in greater depth, it is important to highlight one of the findings from the main evaluation report which impacts on all EITI policy considerations. Throughout the evaluation it was at times striking that discussions of the global policy processes often focused heavily on the 'what' of the policy process (i.e. what governance issues are being considered), but far less on the 'how' and the 'who'.

The GSI insider survey asked a number of questions to understand these 'how' and 'who' considerations of the global policy and governance process better, including:

- Whether respondents trusted the EITI at the global level to act in a 'responsible' manner;
- To what level respondents trusted the International EITI Secretariat, relative to other organisations and stakeholder groups involved in the EITI;
- Whether interactions with the International EITI Secretariat were positive or negative;
- Whether the International EITI Secretariat and Board operate in a way that is fair and transparent;
- Whether the International EITI Secretariat listens to and respects the views of those surveyed; and
- Whether the EITI works well with other global governance initiatives.

Across all these questions respondents were on average clearly positive about the EITI's global institutions (i.e., the Board and International Secretariat) and the way in which they interact with other stakeholders. This high level of trust in the core processes and institutions of the EITI is a crucial factor when looking at how the global and national layers of the EITI interact.

Since the EITI was launched in 2002, there has been an enduring tension between the development of global 'principles' / 'criteria' / 'rules' / 'standards' (as different iterations of EITI policy have been called) that set out what is required of all EITI implementing countries on the one hand, and the need for implementing countries to be able to adapt and develop EITI programmes that reflect their country contexts, needs and (for better and worse) political realities on the other.

The delicate balancing act that the EITI must maintain, therefore, is in having global policy that is relevant to resource governance priorities and is rigorous enough to have value as a unifying standard; while at the same time maintains enough flexibility to adapt to different country contexts. Err too far in the direction of too detailed and rigorous global policy and the risk is that the EITI will be seen as an external burden not rooted in the reality of country experience. Err too far in the direction of flexibility at the country level and there is an opposite risk that the EITI means so little that the value of implementation is minimal.

The main participants in this balancing act are the different constituencies and members of the EITI Board; EITI implementing countries; as well as representatives of multinational companies and international civil society groups. Where trust between participants and institutions is high (as the insider survey shows it currently is), the aforementioned balancing act can act as a kind of 'fuel' for the EITI – the dialogue, debate, agreement and disagreement around the balance between global and national policies and processes helps to sustain the EITI by keeping it relevant for all stakeholders. Were that trust to be lower, however, there is a risk that the same balancing act could create substantive tensions within the EITI, which might lead to the abandonment of the initiative by different global stakeholders and/or implementing countries.

Beneficial ownership

Key evaluation themes

- Beneficial ownership implementation in most EITI countries is still at an early stage.
- EITI's partnerships with other organisations working in the beneficial ownership space increases EITI's reach and effectiveness.
- The Opening Extractives programme shows early promise in promoting beneficial ownership.

Current EITI policy

The requirement to disclose the beneficial owners of extractive companies as part of the EITI process was introduced in the 2016 version of the EITI Standard, with countries required to disclose data from 2020 onwards. The requirements of the Standard in this area are captured in Requirement 2.5 and the accompanying Guidance Note 28.[1] A joint EITI / Open Ownership programme 'Open Extractives' launched in 2021 to speed up and improve beneficial ownership reporting, with an initial focus on 11 EITI countries, five of which (Argentina, Indonesia, Nigeria, Philippines and Zambia) were also case study countries for the global evaluation.[2]

1 International EITI Secretariat (2020), Guidance note on MSG oversight of beneficial ownership disclosures, accessible at https://eiti.org/guidance-notes/msg-oversight-beneficial-ownership-disclosures

2 See https://eiti.org/opening-extractives

Data insights

In order to understand the role and state of beneficial ownership transparency within the EITI, the following data was gathered:

- A high-level review of beneficial ownership and validation data from all EITI implementing countries, as well as the status of those countries on the Open Ownership map of beneficial ownership commitments and implementation.
- A review of beneficial ownership information from the 10 evaluation case study countries.
- Insights from both the 'insider' and 'citizen' surveys that were carried out as part of the evaluation.
- Desktop research and a small number of stakeholder interviews.

Country data

In order to understand the possible impact of EITI's work in the beneficial ownership space, this case study reviewed data gathered from both the ten case study countries, as well as publicly available information on beneficial ownership across the 47 non-case study EITI countries. This included looking at:

- Commentary related to a country's efforts on beneficial ownership outlined in the most recent validation report;
- Information on beneficial ownership on individual EITI country pages on the eiti.org website (which was often more up to date than validation information);
- Information on the Open Ownership map of worldwide commitments and action on beneficial ownership at https://www.openownership.org/en/map/

Using these data sources, it was possible to group EITI countries into seven 'levels' of beneficial ownership implementation, as shown in Table 1.

Beneficial ownership status	Number of countries	Description of status
Full beneficial ownership	8	These countries have achieved full beneficial ownership – i.e., BO data on all material extractive companies has been collected and is publicly accessible. In some countries it only covers the extractive industries, but EITI policy does not require BO in other sectors.
Some beneficial ownership - EITI	8	In these countries significant progress has been made on beneficial ownership, and this progress is directly attributable to the country's EITI programme. In these countries there is large amounts of BO data publicly available, though it is often does not cover all material companies operating in the sector; may have some gaps; or may still be reliant on voluntary disclosure by companies rather than being backed by legislation.
Some beneficial ownership – not EITI	4	A small number of countries have made significant progress in gathering beneficial ownership data, but that data was often not publicly available or linked to a country's EITI programme. Progress on beneficial ownership in these countries was often attributable to wider reforms (e.g., those driven by membership of the European Union) rather than by a country's EITI programme.
Minor progress	20	The largest group of countries have taken some concrete steps towards beneficial ownership, but the publication of BO data is ad hoc and often only covers a small number of companies. In the BO sections of validation reports these countries were often rated as either 'yet to be assessed'[3] or had been given a score of 30/100 on beneficial ownership on more recent validations.

3 The 'yet to be assessed' category consist of countries whose most recent validation was carried out before beneficial ownership transparency

Beneficial ownership status	Number of countries	Description of status
No beneficial ownership	3	A small number of countries are implementing the EITI and have been validated but have made no discernible efforts to implement beneficial ownership.
Yet to be assessed	6	These countries have only recently (in the past 2-3 years) joined the EITI and because of this are still working on different aspects of early EITI implementation. Validation to assess their progress against the requirements of the EITI Standard – including beneficial ownership – has yet to take place.
Suspended	8	At the time of writing 8 of the 57 countries implementing the EITI are suspended from the initiative for a variety of reasons ranging from political instability through to lack of progress or missing reporting deadlines.

Table 1: State of beneficial ownership implementation in EITI countries.

It is important to note that because this assessment is based on publicly accessible summaries of beneficial ownership progress on the EITI and Open Ownership websites, it is probable that there have been some changes in individual countries implementation and disclosures have not yet been reflected in the sources used here and at the time of writing (December 2022).

Looking at the sub-set of 10 EITI countries that are members of the Opening Extractives programme, it is particularly noteworthy that eight of those countries (Armenia, Ghana, Indonesia, Mongolia, Nigeria, Philippines, Senegal, Zambia) cluster towards the two highest 'levels' of beneficial ownership identified above – i.e., full beneficial ownership or some beneficial ownership driven by EITI implementation. The programme has also developed useful resources that show the ways in which beneficial ownership data can be used to better inform all steps in the extractives value chain covered by other parts of the EITI Standard. A recent policy brief from the programme also highlights the importance of beneficial ownership data in identifying and preventing corruption.[4] The strength of the Opening Extractives program appears to be not only that it works with countries that are clearly committed to full beneficial ownership implementation, but rather that it provides significant technical assistance to those countries to help them work through the intricacies of implementation.

Further research, including interviews with a selection of stakeholders in all opening extractives countries, would be required to determine what have been the key drivers of success for the Opening Extractives program. That research could, amongst other factors, look at the relative importance of political drivers - i.e., a commitment to beneficial ownership; technical drivers – i.e., the provision of technical assistance to navigate the complexities of beneficial ownership implementation; and financial drivers – i.e., having the resources to implement beneficial ownership registers. The trend for the programme is, however, strongly positive after 22 months of implementation.

While the scope of this case study does not allow for a full comparison of the status of beneficial ownership in all EITI and non-EITI countries, a high-level survey of the 54 African countries in the Open Ownership list of country commitments and implementation does provide some interesting albeit early insights. The numbers here (Table 2 below) clearly shows that EITI-implementing countries are much more strongly committed to implementing beneficial ownership (89% of EITI countries vs 46% of non-EITI countries).

became a mandatory part of the EITI in 2020. In most cases there was more up-to-date data provided on the eiti.org website that provided insight into the current state of beneficial ownership implementation. The number of countries in this situation will diminish over time as more validations are completed.

4 See https://eiti.org/documents/who-benefits

When it comes to actual implementation the difference is less stark due to the low overall numbers, but there is still some difference, with 18% of EITI countries implementing a beneficial ownership register, and 14% of them implementing a public register, compared to only 12% and 0% respectively for non-EITI countries.

EITI is therefore clearly effective in driving commitment to beneficial ownership, and at this early stage of implementation it the numbers below would also suggest that EITI has a significant impact on encouraging countries to committing to registers being publicly accessible

Beneficial ownership		EITI countries	Non-EITI countries
BO Register - committed	Yes	25 (89%)	12 (46%)
	No	3	14
Public Register - committed	Yes	25 (89%)	8 (31%)
	No	3	18
BO Register implemented	Yes	5 (18%)	3 (12%)
	No	23	23
Public Register implemented	Yes	4 (14%)	0 (0%)
	No	24	26

Table 2: Beneficial ownership implementation in Africa

Progress on beneficial ownership was also raised in stakeholder interviews in six of the ten case study countries covered by the evaluation: the DRC, Guinea, Indonesia, Kyrgyz Republic, Nigeria and Zambia. Several interviewees noted that the inclusion of beneficial ownership as part of the EITI had been helpful in that it had introduced the concept of beneficial ownership to government agencies and helped them to understand the different aspects and complexities of implementation within a single sector (i.e. extractives). Some stakeholders were of the view that had beneficial ownership been introduced on a whole of economy basis it may have been too difficult and/or politically unpalatable to be properly implemented.

Barriers identified to implementing beneficial ownership in case study countries included:

- Resistance by government stakeholders who perceived beneficial ownership as a departure from EITI's original mandate of focusing primarily on revenue and production data.
- The lack of domestic or donor funding to assist in the development of public registers.
- A lack of resources to compel compliance, especially from small to medium size mining companies.
- The use of privacy laws or concerns to argue against the public disclosure of beneficial ownership data. (This barrier has been made very tangible with the recent Court of Justice of the European Union ruling that the publication of beneficial data threatened the privacy rights of individuals.[5])

5 See https://www.openownership.org/en/news/statement-on-court-of-justice-of-the-european-union-cjeu-judgement-on-public-beneficial-ownership-registers-in-the-eu/

- Political will / leadership in EITI implementing countries being difficult to muster in light of the fact that many significant 'headquarters countries' (i.e., countries where major oil and mining companies are headquartered and/or are listed on stock exchanges) do not yet have beneficial ownership registers. Countries such as Australia, Canada and the United States are notable examples of jurisdictions where there are public commitments to implement beneficial ownership, but where implementation has yet to occur. While these countries are not EITI implementing countries, they matter here because their lack of beneficial ownership implementation leads some countries to not unreasonably ask why they should implementing beneficial ownership when much richer countries are unwilling to do so.
- Weak political will / leadership due to the undisclosed ownership of extractive companies by senior officials and ministers – i.e., beneficial ownership is either not implemented or is implemented in a piecemeal manner because of a fear that it might reveal corrupt dealings.

Global data and stakeholder interviews

Some stakeholders interviewed as part of the country case studies, as well as EITI International Secretariat staff, noted that reforms such as beneficial ownership and EITI more broadly often have many drivers of initial adoption – i.e., that there is rarely one single motive or political decision that leads to implementation. That said, it was observed by some of the interviewees in the case study countries that attribution of beneficial ownership reform solely to EITI is made difficult by the fact that, unlike many other requirements of the EITI Standard, beneficial ownership as a global policy norm is being driven by several other organisations, such as the Financial Action Task Force (FATF), the Open Government Partnership (OGP), and Open Ownership (OO), often in partnership with the International Secretariat. This attribution problem is far from unique to EITI – policy changes and reform commonly have many different drivers.

That said, it is worth noting that OGP commitments related to beneficial ownership in resource rich countries are often framed as commitments to implementation of the EITI (this is the case Burkina Faso, Ghana, Indonesia, Liberia, Mongolia, Nigeria, Philippines, and Sierra Leone). OGP guidance on the extractive industries explicitly refences EITI as a global OGP partner and recommends implementation of the initiative.[6] EITI beneficial ownership policy and examples of implementation have also been cited in global civil society guidance, such as that produced by Transparency International's Accountable Mining Programme.[7]

Survey data

The issue of beneficial ownership was explored in both the Insider Survey and the Citizen Survey, with mixed results. In the insider survey, respondents were asked to rate whether beneficial ownership was an important issue for the EITI to address, and whether the EITI was effective at creating positive change in the area of beneficial ownership.

On a standard Likert scale of 1-5 (where 1 is 'not at all important' or 'not at all effective; and 5 is 'extremely important' or 'extremely effective'), respondents were clearly positive (3.8) about beneficial ownership being an important issue for the EITI but were neutral (3) about whether EITI was creating positive

6 See https://www.opengovpartnership.org/policy-area/extractive-industries/

7 See https://mining.transparency.org.au/publications/promoting-beneficial-ownership-and-integrity-screening-in-the-mining-sector/

change in the beneficial ownership space. There was some variation amongst different groups in terms of responses, with respondents from OECD countries rating both questions lower than respondents from non-OECD countries. Interestingly, however, there was little difference in responses between respondents whose involvement with the EITI was at the national level, and those whose involvement with the EITI was at the global level.

While the number of respondents who are working on EITI at the national level in OECD countries is small (28 of 37 OECD respondents), that group would appear to have notably lower views of the importance and impact of EITI in the beneficial ownership space. As the main evaluation report notes, this view extends to a number of other governance topics beyond beneficial ownership.

Group		Number of respondents	Average rating of beneficial ownership importance	Effectiveness of EITI in creating positive change in beneficial ownership
All survey respondents		133	3.8	3.0
Location	Non-OECD	96	4.0	3.1
	OECD	37	3.4	2.6
Involvement in EITI	National level	87	3.8	3.0
	Global level	46	4.0	3.0

Table 3: Insider survey – importance and effectiveness of beneficial ownership.

In the Citizen Survey, only the ‘importance’ questions were asked, and respondents rated beneficial ownership (phrased in this survey simply as ‘who owns oil and mining companies’ rather than the more technical ‘beneficial ownership’) as being lower in importance than EITI insiders (3.5 compared to 3.8). What was particularly notable, however, is that although citizens still rated company ownership as an important issue, it was the lowest ranked issue of the 19 different factors tested in the survey.

Contribution to evaluation findings[8]

Effectiveness	Beneficial ownership policy is increasing transparency (1.1) in a modest number of countries, though implementation across the entire EITI group of countries is still at an early stage. By definition it also improves the transparency of resource rich countries (1.7).
Relevance	There is a gap between EITI insiders and citizens as to how important beneficial ownership is. EITI insiders are strongly of the view that beneficial ownership is an important part of the EITI. Citizens on the other hand, do see it as important, but rate it behind 18 other resource governance and management issues in terms of importance (2.4, 2.5). EITI's partnerships with Open Ownership and the Open Government Partnership (OGP), and the use of EITI as a way of framing commitments that countries make under the OGP demonstrates cross-pollination of between EITI and other global policy initiatives (2.8).
Impact	In some case study countries beneficial ownership implemented as part of EITI does appear to stimulate debate and implementation of beneficial ownership in other sectors of the economy (3.5). Impact data is mixed. When assessed against the requirements of the EITI Standard, it would appear that almost 3 years after beneficial ownership implementation became a mandatory EITI requirement there has only been modest progress – the majority of countries have only made minor progress. It is possible – though further research would be required – that BO does happen more frequently in EITI countries than non-EITI countries. EITI also appears to encourage the development of public registers, whereas in non-EITI countries registers are commonly not publicly accessible.
Sustainability	The low levels of beneficial ownership implementation in most EITI countries suggests that there are possible barriers related to a lack of local ownership (4.1), resourcing (4.5), or that the barriers identified above are significantly constraining progress in this area (4.6).

8 The number references in this section and corresponding sections in the following policy case studies (e.g., 1.1, 2.2) refer to specific guiding questions that were used to inform the four high level evaluation questions of effectiveness, relevance, impact and sustainability. The full list of these guiding questions can be found at https://www.eitiopenevaluation.org/the-approach/the-guiding-questions/

Conclusion

While beneficial ownership was first introduced six years ago in the 2016 EITI Standard, it was bought in on an extended implementation timeline that did not require action until 2020. This timing then coincided with the COVID-19 pandemic; an understandable reduction in implementing country capacity; and the adoption of more flexible reporting arrangements by the EITI Board.

Because of this most EITI countries have only made modest or minor progress in implementing the beneficial ownership requirements of the EITI Standard. Within EITI itself the Opening Extractives programme does, however, show considerable promise with participating countries making significantly more progress on beneficial ownership than non-participating countries.

Whether the EITI is being effective in promoting beneficial ownership transparency depends on the measure of success that is being used. EITI itself uses its validation process to assess progress by implementing countries against different aspects of the EITI Standard. Based on the analysis summarised in Table 1 above (which draws heavily on validation data), the current state of beneficial ownership implementation in EITI countries would appear to be disappointing.

Assessed against countries not implementing the initiative, however, EITI countries would appear to be more successful in implementing public beneficial ownership registers than non-implementing countries (though further research would be required to confirm this).

Beyond the binary assessment of implementing / not implementing, it should be acknowledged that that the research underpinning this case study has not been sufficient (nor was it designed to be sufficient) to fully understand the medium-term effectiveness and impacts of EITI's contribution in the beneficial ownership space. The country and survey data here does provide good insight into progress, but in the absence of any standalone stocktake of beneficial ownership or formal evaluation of the opening extractives programme makes it difficult to comprehensively understand the experience of those EITI countries which are working on beneficial ownership but have not yet launched a beneficial ownership register.

EITI is one of several organisations actively promoting beneficial ownership globally. A small number of global stakeholders interviewed for this case study noted that the sheer visibility of beneficial ownership as a global issue had increased significantly in recent years, and that EITI has undoubtably contributed to that. One interesting finding in this space is that a lot of EITI's work in this area is strengthened by **partnerships with other organisations** – notably Open Ownership and the Open Governance Partnership.

The use of partnerships in this space is interesting as the EITI is currently considering expanding the Standard to new areas (e.g., energy transition) and this evaluation also recommends the adoption of a more modular approach to the EITI Standard to allow for new governance topics to be more easily bought into the EITI Standard. The greater use of partnerships with other organisations with expertise on specific topics (as well as different networks and stakeholders) may well be an effective way of promoting and supporting EITI implementation in these new areas.

Finally, the absence from EITI of many of the countries which host the headquarters of major multinational oil and mining companies, poses a particular challenge in the beneficial ownership space. While beneficial ownership transparency in EITI implementing countries requires companies to disclose their beneficial owners, the absence of beneficial ownership in these headquarters countries makes it very difficult to track ownership further – for example to understand what other entities are owned by the same person or organisation. This is particularly the case for companies which are not publicly listed on any stock exchange, which can make accessing information about ownership, financial flows or performance particularly challenging.

It should be noted, however, that a small number of large publicly listed multinational corporate supporters (AngloAmerican, BHP, Glencore, Newmont, Repsol, and Rio Tinto) of the EITI have independently committed to publishing beneficial ownership information and promoting beneficial ownership wherever they operate. Some of these companies are listed in jurisdictions which are not EITI implementing countries (Australia, South Africa, Spain, the United States).

Subnational implementation of EITI

Key evaluation themes

- There are only low levels of evidence of EITI having impact at the subnational level.
- There is a need for a model of subnational EITI that considers the needs of host communities.
- Improving the EITI's relevance at the local level will contribute to greater relevance at the national level.

Current EITI policy

The current approach of the EITI Standard is to mandate the inclusion of the material payments and transfers that are made to subnational levels of government.

That said, the Standard does not require meaningful engagement with subnational stakeholders or consideration of their transparency and accountability needs, and because of this EITI implementation at this level has not been a major focus of the initiative as whole.

It is also important to note that the definition of what is considered material is left to the multistakeholder group in each implementing country and it is highly likely that payments and revenues that are considered immaterial at the national level are excluded from reporting, even if they maybe very material to subnational levels of government and/or local communities.

Guidance on the subnational requirements of the Standard (4.6 and 5.2) has been produced to support implementing countries.[9] It is important to note, however, that both the Standard and the corresponding guidance conceives of subnational involvement in the EITI in a narrow, top-down sense, with the focus being on:

- Disclosure of subnational revenues and transfers as part of an overall national EITI reporting process;
- EITI country implementation being managed by a national level multistakeholder group; and
- The involvement of subnational stakeholders only where they are recipients of revenues.

9 See EITI international Secretariat (2021), Subnational payments and transfers – guidance note, available at https://eiti.org/guidance-notes/subnational-payments-and-transfers

Data insights

It should be noted that the topic of EITI at the subnational and local level is covered extensively in other evaluation deliverables, and for the sake of brevity some of that information is not repeated again here. More detailed information and observations on subnational issues can be found in the Main Evaluation Report (pages 5-7, 47, 54, 66, 67). In the Country Case Study Report discussion of subnational issues can be found in the chapters on Argentina (pages 7-9), Colombia (13-15), Indonesia (25-26), Kyrgyz Republic (29-30), and the UK (41-42).

Country case study data

The issue of subnational and local implementation of the EITI was raised in some form in almost all case study countries. The common challenges that were noted across the case studies were:

- **EITI's multistakeholder structure is typically not replicated at the subnational or local levels.** Many interviewees noted that the EITI's multistakeholder platform was of equal or greater value to governance at the subnational and local levels, and therefore its absence was seen as a missed opportunity in some countries. In many countries subnational stakeholders are seen purely as 'receivers of transparency' but are not involved in shaping the information they receive, or in defining the scope and approach of the national EITI program.
- **Implementation covers revenue transparency and transfers only.** In countries where there are material revenues being collected by or transferred to subnational and local governments and reporting entities, these financial flows are – generally speaking – covered in EITI reporting. However, reporting on how those revenues are used and ensuring that data is presented in a way that is accessible and understandable to specific communities rather than hidden in the overall mass of EITI data, only happens on occasion.
- **EITI disclosures do not consider the interests and needs of those who live closest to extractive operations.** Where there are subnational disclosures in place in an implementing country, what is typically presented is a subnational slice of national level data. One interviewee suggested that the EITI should instead start by mapping out the interests and needs of host communities and local-level stakeholders, and then design an EITI model of subnational transparency and accountability from that starting point.
- Were that to happen there would invariably need to be a greater focus on increasing transparency, accountability and participation around locally relevant issues, such as ensuring that subnational revenues are invested in a way that leads to positive social and economic development, the monitoring of social and environmental impacts, and on providing benefits to those most impacted by extraction.
- Some interviewees did note, however, that given the level of pent-up demand and dissatisfaction over these kinds of development issues and impacts, a subnational EITI programme could inadvertently destabilise local communities and governments if a multistakeholder dialogue began without resources also being made available to address the issues of greatest concern in local communities.
- **Where a subnational 'slice' of data is provided, it is often complex and not tailored to local communities.** Many interviewees noted that data provided by EITI reporting are designed to help inform national level decision making, but that little work is done on making that information relevant and understandable at the sub-national level. Where that data has not been presented in a way that makes it relevant to local audiences – and is not accompanied by explanations and communication that makes it relevant to

those audiences – such subnational reporting risks contributing to opacity around extractive industries rather than alleviating it.

Requirement 7.1 of the EITI Standard is supposed to address this in requiring that the 'multi-stakeholder group must ensure that government and company disclosure are comprehensible, actively promoted, publicly accessible and contribute to public debate'. In practice, however, many stakeholders in case study countries observed that a narrow interpretation was often taken as to who the data was to be used and debated by, normally settling on a default audience of member organisations and constituencies of a national MSG – i.e., those who are already involved in EITI implementation.

- **The cost of subnational implementation.** Given the high level of engagement that a subnational EITI programme might entail, as well as potentially the production of different kinds of data, it was acknowledged by some stakeholders that a more thorough focus on subnational implementation has the potential to be costly. Since the Standard currently does not require a high level of subnational implementation or consideration of transparency and accountability needs at the subnational level, national EITI programmes are not incentivised to mobilise funding for more meaningful subnational implementation from domestic or international sources.
- **Countries cannot always guarantee subnational participation.** In countries where state and subnational governments have constitutionally defined powers over licencing and/or revenue collection in the extractive sector, additional political considerations can be involved when seeking to incorporate subnational government entities in a national EITI process.

Survey data

As noted in the main evaluation report, there is a clear disconnect between what the EITI was designed to do at the subnational level, and the needs and interests of communities and layers of government closer to extractive operations. EITI 'insiders' recognise this in the survey data by rating the EITI's effectiveness at responding to 'the needs and priorities of communities closest to extractive operations' lowly compared to all other questions related to the relevance of the EITI as a whole.

The survey data, and particularly the citizen survey, provides insights on what topics are more relevant to those who live closer to extractive operations, and how those priorities might differ significantly from those involved in EITI at the national and global level. Understanding these differences is crucial for understanding how EITI might work more effectively at the subnational level.

Both the insider and citizen survey asked respondents to rate a long list of different extractive governance issues by how important they considered them to be. Figure 1 below shows the comparison of some of those survey items. While all respondents across all surveys considered virtually all issues to be 'important' (i.e., they rated them 3 or above on a scale of 1-5), it is notable that are some key differences between insiders and citizens as to the relative importance of different resource governance topics. Key areas of difference and alignment are:

- Citizens and insiders consider addressing corruption and giving civil society a voice to be important issues and rate the importance of these topics at a similar level (i.e., there is alignment between insiders and citizens).
- Financial transparency, beneficial ownership and legal transparency are all more important for EITI insiders than they are for citizens.
- Social impacts, local jobs and business opportunities, climate change, gender equality and inclusion are all notably more important to citizens than they are to EITI insiders.

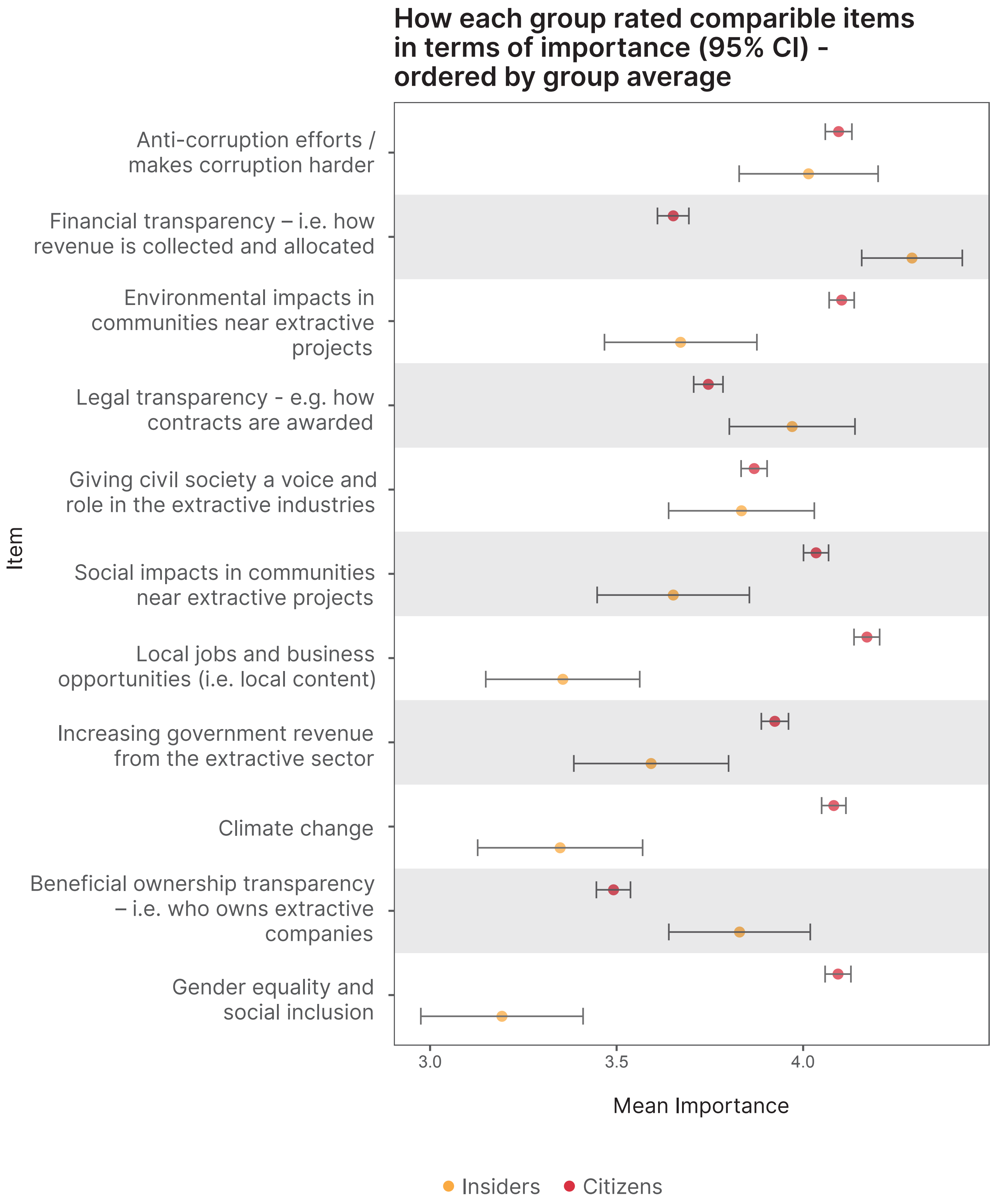

Figure 1: Comparison of importance items between insider and citizen surveys

When considering the data in Figure 1, it is important to recognise that the data collection in the citizen survey had a strong bias (64%) in favour of respondents who lived in areas close to oil, gas or mineral extraction.

It is also important to note that it was not possible to compare all 'importance' items between the two surveys as the language used with EITI insiders was necessarily different from the language used with general members of the public. The implications of these caveats are two-fold. Firstly, the views expressed in the Citizen Survey results are likely to be disproportionately influenced by people who are actually impacted by extractive operations. This is a good thing in that it brings the voice of those communities in the evaluation, but the matching caution is that the citizen survey data should not be considered a proxy for 'average citizens. Secondly, there are some 'importance' items which occur only in one survey, and for that reason the items shown here do not reflect all of the topics tested. More details on those importance items for both surveys can be found on the open evaluation website at https://www.eitiopenevaluation.org/surveys/

Contribution to evaluation findings

Effectiveness	The EITI has only limited transparency impacts at the subnational level (1.1), though the Standard is not currently designed to achieve these kinds of impacts. Multistakeholder governance at this level is largely missing (1.5) – subnational stakeholders are 'recipients' of transparency rather than part of the governance structure.
Relevance	There are core aspects of EITI which are less relevant at the subnational level than they are at the national level. Moreover, the EITI Standard currently does not address a number of governance topics that matter to stakeholders and communities at the subnational level. This impacts on EITI's relevance in areas closest to extractive operations (2.5), but stakeholders also often noted that this lack of local relevance often leads to questions of relevance at the national level (2.1, 2.2, 2.4). The weak subnational and local effectiveness and impacts of the EITI is a significant missed opportunity to increase its relevance. This matters because the evaluation found that country relevance is the primary driver of whether EITI programmes are successful as a whole.
Impacts	There are limited impacts at the subnational level (3.3). There is no doubt that subnational data is being produced, but it is questionable whether it is the data that subnational stakeholders want or can use. Governance improvements in some countries do not appear to 'seep out' much beyond the membership of the MSG (3.5).
Sustainability	Improving subnational transparency *and* accountability would improve EITI's levels of local ownership (4.1, 4.3, 4.6) overall relevance and therefore sustainability. The benefits generated by a greater subnational focus would of course need to be considered against the substantial resources that would be required to implement EITI at this level.

Conclusion

EITI policy in the subnational space is meeting few aspects of the evaluation questions of effectiveness, relevance, impact and sustainability. This is because the current approach in the EITI Standard was not designed for 'subnational implementation' per se; the EITI has largely been a national-level top-down transparency initiative since inception.

The above findings should, in some way, not come as a surprise to the EITI. A 2020 report produced for the International EITI Secretariat made a number of recommendations about how the EITI could better support local community participation in oversight of the extractive sector.[10] Those recommendations included a greater focus on communication and dissemination of EITI data; greater capacity building at the local level; and the establishment of local level multistakeholder groups.

It should be noted, of course, that this report was published in the early stages of the COVID-19 pandemic. Restrictions on movement within countries during the pandemic have significantly constrained the amount of direct engagement that some country's EITI programmes have been able to have with subnational governments and/or the communities closest to resource extraction.

The evaluation nonetheless shows that increasing the meaningful participation of local and subnational stakeholders in the EITI will improve the relevance of the EITI in implementing countries, and therefore its effectiveness, impact and sustainability. In this regard it is important to emphasise that while the focus of the evaluation's findings and recommendations in the subnational policy area are on subnational issues and stakeholders, that does not mean

10 See EITI International Secretariat (2020), Empowering communities in EITI implementing countries to participate in the oversight of the extractive sector, available at https://eiti.org/documents/empowering-communities-eiti-implementing-countries-participate-oversight-extractive

that the governance benefits would accrue only to those at the subnational level. National-level stakeholders who were interviewed in case study countries often noted that EITI's lack of connection to the regions where extraction actually takes place limits its perceived use and importance. For this reason, improvements in subnational relevance, effectiveness, impact and sustainability would also lead to improvements at the national level.

Developing a new model may also require implementing countries to consider a new approach to the question of what constitutes a material payment or revenue. What is significant and important to a small community or subnational government agency is often significantly less than what is material when considering large tax and royalty payments made at the national level.

Resource rich countries which have not joined the EITI

Key evaluation themes

- There are diverse and contradictory reasons for countries not joining the EITI.
- For some non-implementing countries EITI is perceived as being rigorous enough that it dissuades governments who wish to avoid greater transparency or accountability from joining. This is good in that it discourages potential free riders from joining the EITI and demonstrates the strength of the EITI Standard as an actual standard.
- For other countries, non-adoption of EITI is more about the Standard not covering issues that are relevant to their resource governance challenges and/or a lack of perceived benefits from joining.

Introduction

This case study is in many regards not a case study of an EITI policy, but rather a case study of the different factors that are cited as being reasons for countries *not* to join the EITI, and whether those factors influence the initiative's effectiveness, relevance, impacts and sustainability. It should be noted upfront that a full study of non-EITI implementing resource rich countries would require significant resources in and of itself, and for this reason this case study tries to keep the focus as narrowly as possible on the evaluation questions.

The case study itself was developed through:

- desktop research;
- conversations with EITI International Secretariat staff;
- evaluation team experience of being directly involved in EITI discussions / negotiations with several non-implementing governments; and
- through a small number of key interviews with stakeholders in countries that had never been members of the EITI (Australia, Brazil, South Africa), one country that had announced its intention to join EITI but which hadn't (Lebanon), and a former member of the EITI (Azerbaijan).

The starting proposition for analysis is a simple one: when one looks at the ten largest oil producing countries, and ten largest minerals producing countries by value,[11] it is notable that only three of the 15 countries on those lists (five countries appear on both list) are EITI members – Indonesia, Iraq and Peru – with one country (the USA) a former member of the EITI. The remaining 11 countries – Australia, Brazil, Canada, Chile, China, Iran, Kuwait, Russia, Saudi Arabia, South Africa, and the United Arab Emirates– have never been members of the EITI. Beyond this list of large players in the extractive industries, there are many other resource rich countries that are not members of the initiative.

11 It is acknowledged that the countries that constitute this list is likely to change regularly as different commodity prices bring different countries in and out of 'content' as a top-10 producer.

Data insights

Desktop research and stakeholder interview data

The variety of explanations given for resource rich countries not participating in the EITI is diverse. This section provides a brief summary of each. It should be noted that the small number of interviews that were carried out solely to inform this case study means that it is not meaningful to indicate a weight (or otherwise) of stakeholder views around the different reasons why countries decide not to join the EITI.

Political and sovereignty issues: In some non-implementing countries, opposition to EITI adoption is rooted in a deeper domestic hostility to international institutions, and any notion that transnational actors – whether they be companies, civil society groups, investors or donors – should have any right to shape and influence local political processes or to 'tell a country what to do'.

In some of these countries the EITI is perceived as being a particularly northern or western construct which is little more than another tool that is used to exert control over 'non-northern' nations. In some of these countries the EITI is still passingly referred to as 'the Blair initiative' as a way of tying it to former UK Prime Minister Tony Blair, whose government initially launched the EITI.

Fear of transparency impacts: EITI's increased focus on beneficial ownership and on the governance of state-owned companies has, in the view of some, dissuaded some countries from joining the initiative. In these countries the fear is not necessarily that the EITI disclosures might reveal corrupt actors or actions, but rather that the data that is disclosed would lead to questions about which data that *has not* been disclosed, and that this in turn would add credibility and legitimacy to a conversation about corruption that national elites fear would make their position uncomfortable.

Fear of accountability impacts: The requirement for active civil society participation and decision-making through the EITI's multi-stakeholder group (MSG) mechanism is considered by some as making the initiative effectively unimplementable for senior public servants and political leaders in some highly authoritarian governments.

Using the World Bank's Worldwide Governance Indicator on 'Voice and Accountability' as a proxy for civic space in both EITI and major non-EITI countries, it is possible to run a rough test as to whether this might be the case. With the notable exception of one EITI country (Tajikstan – which scores at the 3.38 percentile rank in this indicator), it is notable that the EITI countries with the lowest scores on this indicator cluster around the fifteenth to twentieth percentile rank (Republic of Congo, Central African Republic, DRC, Cameroon).

Amongst the major non-EITI country group there are three countries – China, Iran and Saudi Arabia – which all score below the tenth percentile. At the extreme ends of limits on civic space, therefore, it might be possible that this fear of civil space / multistakeholder governance is a factor in countries not joining the EITI. It is important to note, however, that a large number of major non-EITI resource producers (Australia, Brazil, Canada, Chile, Kuwait, Russia, South Africa, the UAE and the USA) all have voice and accountability rankings at levels that comfortably overlap with many EITI implementing countries.

Who's in the 'club'? Some interviewees noted that the EITI both benefits and suffers from a powerful 'club' effect, in that countries which have not joined the EITI pay significant attention to which countries are or are not members, and whether any of their perceived peers are members. In the mining sector, for example, Australia, Canada (which already has legislated transparency reporting requirements), Chile and South Africa are all mid-sized developed countries with highly advanced domestic mining sectors, which also act as headquarters countries to many multinational mining companies. The fact that none of these countries is an EITI member acts as a significant barrier to the other countries in the group joining.

The power of state-owned resource companies: One notable feature of many large oil producing countries and in particular the major ones that are outside of the EITI, is that almost all of them have a dominant state-owned oil company that has outsized political and economic influence on their host countries. Within the EITI implementing countries these kinds of companies are often seen as particularly opaque institutions, and in the section of the insider survey that asked respondents to rate types of organisations for their trustworthiness, it is notable that state-owned extractive companies were rated lower than all others. This dominant role of state-owned companies was also mentioned by some case study interviewees. The fact that the EITI requires increased transparency and accountability of these powerful actors could therefore possibly be a barrier to some countries joining the initiative.

The evolution of the EITI Standard was cited in some interviews as being perceived as a risk in some countries. In some cases governments felt that they were being asked to commit to a standard that might be achievable in its current form but which will almost certainly change in the future, and might do so in a way that becomes particularly onerous relative to the perceived benefits of EITI implementation.

A lack of certainty around 'adapted implementation' processes, particularly for countries with a strong federal structure was also cited by some interviewees as a barrier to countries joining the EITI. It was noted that meeting all requirements of the EITI Standard could be very challenging in countries where the national constitution guarantees high levels of autonomy to subnational governments (i.e., States, Provinces, Regions). In countries such as Australia, Brazil, Canada and the US, for example, the federal government simply does not have the power to compel transparency of resource governance processes and powers that are held at the level. These concerns could simply reflect a failure of global EITI bodies to communicate that the EITI Standard does in fact contain significant elements of flexibility for implementing countries, and that adapted implementation processes have been used in countries with strong federal structures such as Argentina and Germany. While there is a growing body of examples of EITI implementing countries receiving Board approval for an adapted implementation process that takes into account these constitutional challenges, the framing of adapted implementation as being something that only happens in 'exceptional circumstances'[12] appears to be unhelpful.

Lack of benefits / drawbacks: Some interviewees noted that EITI did not have strong enough connections to major multinational investors and the International Financial Institutions. The EITI Board has had a vacant position for some time now for a representative of the large institutional investors. Previous investor representatives to the EITI had actively maintained a coalition of investors that supported the EITI, and a standing statement from those investors acknowledging the value of the EITI. For example, the 2014 version of the investor statement of support for EITI covered more than 90 different banks, investment companies and associations with assets in excess of $16 trillion.[13] By 2020 (the most current statement) the investor statement of support had diminished to one signed by 3 companies with an unstated total asset value.[14]

12 See 'How to become an EITI implementing country' - https://eiti.org/guidance-notes/how-become-eiti-implementing-country

13 See https://eiti.org/sites/default/files/attachments/Investors-july-2014.pdf

14 See https://eiti.org/sites/default/files/attachments/financialinstitutions_statement_january-2020.pdf

This loss of support occurred at the point at which the EITI began to charge members of the EITI Association a fee to participate in / be listed as a supporter, so it may not reflect so much an abandonment of the EITI by investors, but either a perceived lack of benefits to investors, or simply that most investors do not see it as their role to financially support global standards such as the EITI. Regardless of the cause, this perceived loss of investor support and active involvement in EITI's governance is a potential contributing factor in a perceived lack of benefits seen by some countries and companies.

Perception of EITI as an 'aid and development' initiative / being for developing countries: There is a collection of factors that contribute to EITI being perceived by some non-implementing countries as being an initiative that is primarily designed to meet the needs of developing countries. Factors that play into this include EITI's partial origins as a response to resource-driven conflicts and corruption in sub-Saharan Africa; EITI's long history of support from aid and development institutions (such as the World Bank and the UK's former Department for International Development); the continued funding of EITI from supporting countries foreign ministry / development agency budgets (as opposed to resource governance agencies); the strong presence of staff in the International Secretariat from aid and development backgrounds; and indeed the large number of developing countries that are members of the EITI. Some of these perceptions could no doubt be contested, but it is worth noting that they do collectively create a perception in some non-implementing countries that EITI has a development focus.

Survey data

While neither governance sentiment instrument (GSI) surveys were designed to provide insight on non-implementing country issues, some of the data does provide some pointers.

Limited relevance to the most impacted communities? In the insider survey, answers to the block of questions related to relevance rated the question 'EITI responds to the needs and priorities of communities closest to extractive operations' the lowest of the group (mean = 3.1 on a 1-5 scale). This finding is strengthened by the very different rankings of topics that insiders and general citizens consider important for the EITI to address, which shows that EITI insiders rank more local issues such as social and environmental impacts comparatively lowly, while citizens rank them highly (this is discussed in the main evaluation report, in the earlier case study on subnational implementation of EITI; as well as in the separate report that summarises the citizen survey findings).

Lower levels of perceived relevance and impact in OECD countries: One of the findings of the insider survey was that respondents living in OECD countries generally rated EITI's level of positive change across multiple governance areas lower than respondents in non-OECD countries. They also held narrower views as to which areas of resource governance it was important for the EITI to address. There are multiple interpretations that could be found for this. In some non-OECD countries it possible that in the absence of effective regulation and management of the resource sectors, the EITI is a welcome complement (at best) or supplement (at worst) to the normal functioning of government. Correspondingly, countries with already high levels of regulatory and financial transparency may see the EITI as duplicating existing government processes.

Low levels of impact in the climate change and energy transition space: Respondents to the insider survey rated EITI's impact in the areas of climate change and energy transition relatively low (mean = 2.2 and 2.3 respectively) compared to more 'core' EITI governance areas such as financial transparency (3.4) and giving civil society a voice (3.3). The EITI Standard does not currently cover energy transition, though discussion on whether the Standard should develop requirements that explicitly speak to these topics is underway and is likely to be contentious, with some stakeholders seeing it as being integral to the initiative maintaining and expanding its relevance, while others see any such expansion as coming with the risk of diluting EITI's original focus on fiscal transparency. In some non-implementing countries these issues (climate change and energy transition) may well be perceived as being far more important and urgent than the issues that EITI currently focuses on – i.e., transparency of revenues, contracts, regulatory systems, and beneficial owners, and those countries may only consider joining EITI once it broadens its scope.

Contribution to evaluation findings

Effectiveness	Some non-implementing countries appear to have strong enough concerns about the transparency and accountability that EITI might create that they decide not to join. This is indirect evidence of EITI at least being perceived as creating greater transparency and accountability in implementing countries (1.1). EITI's core multi-stakeholder governance mechanism and objective of increasing and protecting civic space (1.6) is also likely to be perceived by some authoritarian countries as a reason for not joining. Correspondingly, however, EITI's limited (three out of fifteen major producers) adoption in major resource rich countries, diminishes EITI's effectiveness in improving the governance and performance of some of the largest resource companies in the world (1.7).
Relevance	There is a perception that the EITI struggles to be relevant for and deliver genuine benefits for some middle to higher income resource rich countries (2.7). In some cases, the EITI is perceived as an aid and development governance initiative. Some non-implementing countries may also find that EITI's primary focus on macro-level sectoral governance issues, with less of a focus on subnational and local issues, reduces the perceived benefit of the EITI. At the local level, EITI is not strong on addressing issues of environmental impacts, community benefits, and company behaviour in communities (2.4); while at the national level it does not currently speak to issues of climate change and energy transition (2.5). In some countries these issues are more politically salient and relevant than the elements of the extractives value chain that the EITI is currently focused on.
Impact	The guiding questions underpinning the assessment of EITI's impact are difficult to explicitly link to any of the data collected for this case study. Indirectly, and as noted above, some non-implementing countries either fear that EITI would have transparency and accountability impacts, while others may not perceive EITI as having enough impact to make implementation worthwhile.
Sustainability	Perceptions around a lack of flexibility in the EITI Standard (e.g., through adapted implementation approaches) and concerns related to the frequent changes in the Standard, appear to create a concern in some countries that there is not enough local ownership of the EITI process (4.1), or ability of countries to adapt it to local priorities (4.3).

Conclusion

The different explanations and barriers to countries joining the EITI are so varied and at times contradictory as make any consistent argument about their impact on EITI's effectiveness, relevance, impacts and sustainability, very challenging. Non-implementing countries all have their own unique mix of reasons for staying outside of the initiative. Despite these challenges, it is possible to discern three broad groups of resource rich countries which are not members of the EITI.

Lack of civil space

In a small number of major producers – China, Iran and Saudi Arabia – it is possible that EITI has not been adopted because civic space is so limited as to make multi-stakeholder governance impossible. The governments of these countries may see transparency and accountability standards such as the EITI as being hostile to their form of governance. It is important to note, however, that the majority of the large resource producing but non-EITI implementing countries have levels of civic space and engagement that easily overlaps with almost all EITI-implementing countries.

The fact that EITI is perceived by some non-implementing countries as creating 'risks' of greater transparency and accountability, suggests that EITI does have a global reputation for creating that transparency and accountability. This is a positive impact in that it shows that EITI is perceived as a global policy norm that is having tangible governance impacts at the national level in many countries.

Lack of relevance

At the other end of the spectrum there is a group of economically developed major resource producers – Australia, Canada, Chile, and the United States - with sophisticated resource governance systems, and with varied though *comparatively* better reputations on issues such as corruption and civic space than the aforementioned group of China, Iran and Saudi Arabia. For countries such as these it is likely that EITI's strong focus on transparency of financial and production flows, regulatory transparency and contract transparency does not comprehensively address the resource governance issues that are most pressing for them.

In these countries, resource governance issues are much more global in nature (i.e., addressing climate change and managing their transition away from fossil fuels) and/or are much more local in nature.

Those local issues tend to be more around the impact of extractive operations on Indigenous peoples and cultural heritage; conflict over environmental impacts; the health and safety of workers and adjacent communities; issues of distributional fairness (who benefits; who doesn't) at the subnational and community level; and local content and employment. These are not areas that the EITI Standard currently addresses.

Political barriers?

In between these two groups is a collection of major producers – Brazil, Kuwait, Russia, South Africa, and the UAE – where lack of civic space does not automatically come into play as a factor, but nor do they have established reputations as highly transparent countries with relatively low levels of corruption. For this group it is difficult to establish any one particular cause for not joining the EITI.

Russia, for example, is currently largely isolated from many international governance systems, processes and standards due to its war against Ukraine. In other countries in this group there simply maybe no benefit in joining, because there is no perceived need to increase transparency for political or economic / investment reasons.

Of all the countries in the group of non-EITI implementing but major resource producing countries, the most interesting ones to consider in greater depth (and which are the focus of current outreach activity by the International EITI Secretariat) would appear to be Brazil and South Africa, because they are critical resource producers, but are also perceived by many as having significant issues around corruption, poor governance and a lack of transparency at the national level – i.e. all areas which map well to EITI's focus.

Acknowledgements

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Square Circle is a global development consulting company working to facilitate a more inclusive development process that enables sustainable and equitable impact. We work critically, adaptively and creatively with development partners through our core services — governance and social impact advisory, education and capacity development, and monitoring, research, evaluation and learning.

Voconiq is a data science and community engagement company. We specialise in ensuring that community and stakeholder voices are heard clearly inside companies, industries, institutions and all levels of government. Voconiq measures trust and acceptance between organisations and communities through specialised technology solutions to help customers understand their social risks and to focus on what matters most in their relationship with communities.

voconiq.com

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Sefton Darby
Evaluation Co-Lead

Dr Tim Grice
Evaluation Co-Lead

Dr Ana-Lucia Santiago
GSI and Country Case Study Researcher

Arlette Nyembo
Country Case Study Researcher

Dr Jodie Curth-Bibb
Qualitative Methods Lead

Dr Nelson Solan Chipangamate
GSI and Country Case Study Researcher

Frenky Simanjuntak
Policy and Country Case Study Researcher

Jyldyz Abdyrakhmanova
Policy and Country Case Study Researcher

Dr Kieren Moffat
GSI Lead

Kimberley Groves
Senior Analyst

VoconiQ
Engagement Science Insights

SquareCircle
INSIGHT FOR DEVELOPMENT