



# MINING FOR SUSTAINABLE DEVELOPMENT

## Combatting corruption in mining approvals

**Transparent and accountable mining can contribute to sustainable development – this begins with corruption-free approval processes.**



Transparency International's Mining for Sustainable Development Programme (M4SD) addresses where and how corruption can get a foothold in the mining approvals process – we are combatting corruption before ground is even broken.

Working with Transparency International national chapters from across the globe, the programme is building foundations for accountable and transparent mining that benefits communities, and supports social and economic development.

### Participating national chapters

Armenia, Australia, Cambodia, Canada, Chile, Colombia, Democratic Republic of the Congo, Guatemala, Indonesia, Kenya, Liberia, Mongolia, Mozambique, Niger, Peru, Papua New Guinea, Sierra Leone, South Africa, Zambia, and Zimbabwe.

The programme runs for five years, and is currently in the first of two phases:

### PHASE I (2016 – 2017)

#### Assessing corruption risks

National chapters from 20 resource-rich countries are conducting risk assessments to understand the nature and source of corruption risks in mining approval processes. The Mining Awards Corruption Risk Assessment (MACRA) Tool was developed specifically to conduct these assessments.

The global analysis report will set out the findings and some case studies from the research (to be published late 2017).

## PHASE II (2018 – 2020)

### Addressing corruption risks

National chapters will develop and implement action plans to prevent corruption risks identified in Phase I. They will work with key stakeholders – government, civil society, local communities, and the mining industry – as part of a global strategy to build trust, improve transparency, and influence behaviour change in the mining sector.

The programme will advocate for the improvement of national and international policy and practice, and the strengthening of existing mining transparency initiatives and standards.



**Mining offers the opportunity to catalyse broad-based economic development, reduce poverty and assist countries in meeting internationally agreed development goals.**

UN General Assembly, Res. 66/288, July 2012

### The successful implementation of M4SD will lead to:

- changes in policy and behaviour of government and industry stakeholders on the local, national, and international levels;
- practical solutions that reduce corruption risks;
- stronger monitoring and enforcement of transparency and accountability standards; and
- greater contribution from mining to sustainable economic and human development.

## IMPLEMENTATION

- **Led** by Transparency International Australia, acting as a global Centre of Expertise;
- **Put into practice** by Transparency International national chapters and local stakeholders;
- **Supported** by the Transparency International Secretariat;
- **Funded** by BHP Billiton Foundation and the Australian Department of Foreign Affairs and Trade (DFAT).

## FAQ

### 1: WHAT IS 'CORRUPTION'?

Transparency International defines corruption as *abuse of entrusted power for private gain*. Types of corruption in the approvals process include: bribing government officials; favouring particular investors because of personal interest; and not declaring conflicts of interest.

### 2: DO OTHER ORGANISATIONS WORK ON ANTI-CORRUPTION IN MINING?

Yes. There are several organisations and initiatives increasing transparency within the extractives sector. They focus on topics from revenue transparency to contract disclosure. M4SD is unique with its focus on improving transparency and accountability in *mining approval processes*.

### 3: ARE YOU TRYING TO FIND OUT WHO IS CORRUPT?

No, the Programme is looking for *corruption risks*. M4SD is assessing where the mining approvals process is weak and can allow corruption to occur, not whether someone has been corrupt. The focus is on *preventing* corruption by tackling the legal, administrative, and institutional causes of corruption risk. The goal is to make mining approvals more transparent and accountable.

### 4: WHAT KINDS OF MINING APPROVAL PROCESSES ARE YOU ASSESSING?

Most national chapters are assessing the corruption risks in both exploration and production licencing. Some are also looking at related processes such as environmental approvals, land permits, and consultation requirements. Other national chapters are assessing negotiations and agreements with indigenous and affected communities.

### 5: HOW DOES THE MACRA TOOL WORK?

The MACRA tool helps chapters conduct a country-specific risk assessment. It has four main steps:

1. Collect information and map the licence process in theory, in practice, and context;
2. Identify vulnerabilities to corruption in the process design, practice, and context;
3. Assess the likelihood and impact of corruption risks created by these vulnerabilities; and
4. Validate findings, prioritise risks, and produce a risk assessment report.