



MINING FOR SUSTAINABLE DEVELOPMENT

WHO BENEFITS FROM MINING APPROVAL DECISIONS?

CASE STUDY 1: REVOLVING DOORS

Decisions about whether to approve mining projects must put the public interest first, and conflicts of interest need to be acknowledged and addressed. Undisclosed and unmanaged conflicts of interest can distort decision-making and result in poorly executed mining projects.

RISKS

Corruption is more likely to arise when:

- **The real owners or beneficiaries of mining companies applying for licences are not disclosed** > making it difficult to determine whether the government decision-makers have conflicts of interest and could personally benefit from their own decisions
- **The regulation of political donations and lobbying is weak and lacks transparency** > allowing industry players to have undue influence over the design of laws and approvals decisions
- **Controls on the movement of staff between industry and government (“revolving doors”) are inadequate** > creating conflicts of interest and risking disclosure of privileged information and prioritising personal considerations over the public interest

“Revolving doors” is the movement of people between legislative and regulatory positions in government to industry and vice versa. It can bring technical expertise into government and regulatory expertise into industry. Yet significant controls are required to prevent government officials from making decisions that favour industry at the expense of the public interest due to their past or potential future industry employment. Controls must also ensure that privileged information is not disclosed. Addressing poor working conditions – short-term contracts, insecure employment and low wages – that may drive public servants to seek secondary employment in the private sector is also essential.

In **Peru**, the precarious nature of public service contracts in the mining licencing authority increases corruption risks. Contracts typically last a mere three to six months, with renewal dependent on internal recommendations. The salaries for these positions are less than equivalent roles in the private sector.



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With insecure employment, some staff face the temptation to maximise their opportunities to obtain work in industry when assessing the technical reports and operations of companies. Peru's licencing authority has recognised that this makes the process vulnerable to corruption and has set out steps to resolve the situation.

Examples of revolving doors involving senior government officials and even ministers were identified in a number of the countries studied. Over time revolving doors involving individuals at higher levels of government can make it harder for lawmakers and decision-makers to clearly identify the public interest when performing their duties, losing sight of who they ultimately serve.



MITIGATING THESE RISKS

Measures to ensure mining approvals decisions benefit the public:

- Obligation on politicians and senior officials to declare their assets and interests in mining, these are verified and there is an up-to-date and publicly available register of declarations
- Beneficial ownership disclosure requirements to ensure licence applicants disclose who really owns and ultimately profits from their companies, for example through a publicly available register of beneficial owners of mining companies
- Cooling off periods, an obligation to declare past employment, and government integrity systems to control the potential adverse impacts of personnel moving from the public service to industry and vice versa (revolving doors)
- Improved working conditions for staff in the licencing authority to reduce their incentives to seek secondary employment in the mining industry
- A register of lobbyists and effective regulations for mandatory disclosure of all lobbying activities and political donations

Chapter 1 of Transparency International's Global Report *Combatting corruption in mining approvals: assessing the risks in 18 resource-rich countries* provides further details about the risks arising from the political and administrative context in which mining approvals take place.

MINING FOR SUSTAINABLE DEVELOPMENT

Transparent and accountable mining can contribute to sustainable development. This begins with corruption-free approvals – the very first link in the mining value chain.

As part of Transparency International's Mining for Sustainable Development Programme (M4SD), national chapters – from Africa, Latin America, Central Asia, the Asia Pacific, and North America – have identified and assessed corruption risks in mining approvals of 18 resource-rich countries.

The six case studies in this series highlight some of the most common and serious corruption risks. These are the key questions to ask *before* corruption gets a foothold in mining approvals processes.

The next phase of M4SD will focus on addressing corruption risks.



POLITICAL & ADMINISTRATIVE CONTEXT

Who benefits from mining approval decisions?



LAND ALLOCATION

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



LICENCING

How fair and transparent is the licencing process?



LICENCING

Who gets the right to mine?



ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

How accountable are companies for their environmental and social impacts?



COMMUNITY CONSULTATION

How meaningful is community consultation?