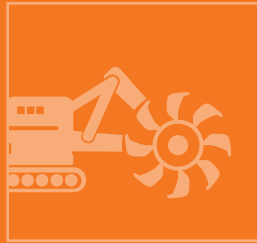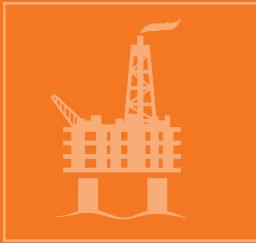# LTRC

Leveraging Transparency to Reduce Corruption

The TAP-Plus Approach to Anti-Corruption in the Natural Resource Value Chain

JUNE 2020

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About the Leveraging Transparency to Reduce Corruption (LTRC) Project

LTRC is a global initiative launched in 2017 by the Brookings Institution, with Results for Development and the Natural Resource Governance Institute, to develop and disseminate leading practices for reducing corruption along the natural resource value chain that are grounded in rigorous evidence and field work.

LTRC is an action-research initiative that seeks to identify and advance discussion of evidence-informed transparency, accountability, and participation policies and programs. We pilot adapted interventions in the extractives sector (one of the most corruption-challenged industries in the world) to tackle governance issues identified by local and global stakeholders. LTRC scales up and rigorously evaluates the most promising strategies from among those pilots.

LTRC's principal objectives are to increase stakeholder knowledge and understanding of the most effective ways to tackle corruption risks along the natural resource value chain, and to improve sustainable development outcomes through the reduction or prevention of corruption.

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LTRC

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Acknowledgments

Executive Summary[1]

Corruption in extractive industries is a barrier to good governance and sustainable development in countries around the globe. This is a particularly acute issue along the natural resource value chain. Overall state fragility, conflict, and endemic corruption are present in many resource-rich countries, where poverty remains deep and widespread. Resource-rich countries, on the whole, have shown little progress over the past fifteen years in multiple dimensions; if anything, there has been some deterioration. Their economic progress in particular has been subpar compared with the rest of the world. Worse, their overall governance quality levels not only have failed to improve on average but also are markedly lower than for the rest of the world. If anything, the evidence suggests that the corruption challenge has become even more dire. Arguably, resource-rich countries, with some notable exceptions, pose the thorniest development challenge.

Yet it need not stay this way. Research suggests that a major development dividend would ensue with respect to improving governance and controlling corruption were governance and anti-corruption reforms adopted (Kaufmann and Kraay 2002). Many anti-corruption practitioners and academics, particularly those working in the transparency and social accountability field, have coalesced in recent years around a troika of factors required for good governance progress—transparency (T), accountability (A), and participation (P), or TAP. Where there is effective accountability, where transparency is widespread, and where there is vibrant and unimpeded civic participation, the likelihood of corruption reduction is greater than where efforts are focused solely on transparency measures.

In this introductory paper, we introduce the Leveraging Transparency to Reduce Corruption project (LTRC), a global initiative launched by Brookings with support from other leading researchers to develop best practices for reducing corruption along the natural resource value chain grounded in rigorous evidence and field work. This paper provides the initial basis for the LTRC project's upcoming field studies. In what follows, we distill key lessons from recent academic and practitioner literature on TAP interventions in general and in the natural resource

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1 This extensive paper—the result of a collaboration over time among multiple authors and contributors across Brookings, Results for Development, and the Natural Resource Governance Institute in the joint Leveraging Transparency to Reduce Corruption (LTRC) project— draws on an extensive literature review available online at the project's website as well as expertise, materials, and different perspectives from the authors and contributors. Complementing the already published bibliography review found at https://www.brookings.edu/research/annotated-bibliography-transparency-accountability-and-participation-along-the-natural-resource-value-chain/, this paper is the first such lengthy written output containing evidence and analysis by LTRC, a project that will test key propositions and gather data and further information for research. As such, the present paper's contribution should be considered "live" and subject to future additions and modifications. Likewise, this paper ought not be viewed in isolation. Selected areas will be further developed in a briefer companion paper: Kaufmann, Eisen, and Heller, "Beyond Transparency: Pathways to Understanding and Addressing Corruption and State Capture in Natural Resources," forthcoming (in brief, referred to as "Kaufmann, Eisen, and Heller, forthcoming" where relevant below).

space specifically, and we consider what factors are likely to enable or constrain such interventions' success. As an organizing framework, we rely on the natural resource value chain (NRVC), which consists of a five-stage, decisionmaking process for converting natural resources into long-term, sustainable development, ranging from exploration and discovery to revenue management. The stages (or steps) of the NRVC build from the foundational work of the Natural Resource Charter by the Natural Resource Governance Institute (NRGI 2014).

Based in large part on this review of the existing evidence, the bibliography review, and lessons from experience, we argue that narrowly focusing on the adoption of TAP measures, while more likely to have some impact than transparency solutions alone—even when fully implemented—are unlikely to suffice. For step-change improvements that drive broader anti-corruption and development outcomes, more is needed.

Accordingly, in this paper we advance a framework, "TAP-Plus," which includes specific factors that need to be considered in addition to the traditional focus on the adoption of transparency, accountability and participation (TAP) measures. These factors are elaborated in this paper and are to be further tested in the next stages of research. Specifically, the TAP-Plus approach hypothesizes that three factors require particular attention for scaled-up impact: one, interventions that address *the implementation gap* within TAP interventions; two, consideration of *contextual factors*[2] in design of realistic TAP programs; and, three, inclusion of *complementary measures*[3]—beyond the traditional TAP field—which interact with TAP interventions and may have a significant impact in

preventing or reducing corruption and improve sustainable development outcomes. In this paper, we elaborate on these key factors, explaining the implementation gap, contextual considerations, and, to an extent, complementary measures and interventions.[4]

In the Introduction to the paper, we set forth the dimensions of the global challenge of corruption along the NRVC. We discuss the history—and limits—of fighting such corruption through TAP mechanisms. To address those limits, we introduce the need to traverse beyond the traditional notions of adopting TAP measures by integrating additional factors complementary to TAP (i.e., those beyond the transparency and accountability field), as well as taking the implementation gap and context into account. We label this combined approach as TAP-Plus.

In Chapter One, we survey the theoretical and practical debates around reducing corruption along the natural resource value chain. We build on the traditional working definitions for key concepts such as corruption, "the abuse of entrusted power for private gain" (Transparency International n.d.), which we then expand to encompass the challenge of state (and kleptocratic) capture in which public institutions are distorted by private interests (Hellman, Jones, and Kaufmann 2003) or by the autocratic political leader.

We next turn to a discussion of the "resource curse," the contested hypothesis that natural resource wealth leads to economic and governance deterioration that, among other things, impairs a country's macroeconomic health and makes it vulnerable to corruption (Auty 1993; Lederman and Maloney 2008). Based on a review of the literature, we identify effective public

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2 As the authors note in Chapter Three, contextual factors "comprise elements of institutional design, function, and legitimacy that are deeply associated with democratic governance." In this paper, we focus upon the following contextual factors: (1) state capture; (2) social trust, political trust, and conflict; (3) civic space and media freedom; (4) rule of law; and (5) government effectiveness and capacity. Further details are available in Chapter Three.

3 Here we refer to critical institutions, structures, or programs that are deeply interwoven with the natural resource value chain and may mediate corruption pathways. Examples include, but are not limited to, state-owned enterprises, sovereign wealth funds, and beneficial ownership regimes. See Chapter Four for further information.

4 Further discussion of institutions, structures, or programs that are complementary to TAP, the related importance of interactive effects, as well as the interdisciplinary approaches to program design is to be found in Kaufmann, Eisen, and Heller, forthcoming.

and private institutions as a key mediating factor of the curse. If institutions are nonexistent, captured, or ineffective to withstand the pressures that often accompany natural resource endowments, then corruption, dysfunctional governance, and violent conflict are likely to ensue. Drawing on the existing literature on the value and decisionmaking chain in natural resources (NRGI 2014), Chapter One then presents the five stages of the NRVC and articulates corruption risks for each stage.

In Chapter Two, building upon evidence that the resource curse is not inevitable, we discuss several decades worth of interventions aimed at reducing corruption in natural resource governance. Early scholarship focused on pure transparency interventions as the critical pathway for effectuating the principal-agent theory of representative government. That scholarly work argued that representative government cannot function without transparency because citizens (the principals) will not have the information they need to hold representatives (the agents) to account. The belief that transparency leads to reduced corruption has long been the basis for these pure transparency interventions, but the evidence surrounding their effectiveness is mixed (World Bank 2016). Notable among these interventions is the freedom of information (FOI) movement, which some studies find has had limited impact on corruption or other outcomes (Calland and Bentley 2013). Research has also shown that transparency initiatives do not, in and of themselves, mitigate corruption, the resource curse, or other outcomes (Calland and Bentley 2013). Taking scholarly evidence and practitioner experience into account, in the first stage of the work presented here, we posit that transparency alone is far from sufficient and that at least it also requires voice, participation, and related mechanisms to hold decisionmakers effectively accountable.

Consequently, Chapter Two then turns to the evolution of TAP in the extractives field, which started with a narrow focus on narrow disclosures and subsequently broadened. We review intertwined transparency initiatives in natural resource governance—Publish What You Pay (PWYP) and the Extractive Industries Transparency Initiative (EITI)—and trace the evolution of the latter from a single transparency intervention (payments disclosure) introduced over a decade ago into the modern-day EITI Standard, which incorporates a much broader transparency mandate, as well as significant elements of accountability and participation. We then discuss quantitative evaluations of EITI's effectiveness, which suggest that it has been successful in generating transparency around natural resources, but that its broader efficacy in reducing corruption has been mixed according to studies based on data in past years (e.g., Hubert and Pitman 2017; Sovacool et al. 2016; Corrigan 2017). Further, we also present ongoing analysis of the most recent data which suggests a more nuanced and complex reality regarding governance performance by countries in EITI.

Chapter Two discusses the implementation gap. Within TAP, insufficient attention has been paid to a silent brake that inhibits impactful interventions and reforms, namely the implementation gap or the deficit between the adoption of TAP measures on the one hand and such measures being effectively put into practice and implemented on the other. The Chapter explains how it has been identified by some researchers as a key inhibitor of the effectiveness of some—primarily law- or policy-oriented—TAP interventions.

In Chapter Three, we develop our argument that while TAP interventions have shown promise, substantial work remains to be done. A traditional TAP approach in of itself is unlikely to suffice for sustained and large-scale impact. Key additional contextual factors, often traversing well beyond a TAP intervention or program, need to be fully integrated to attain more impact.

Recognizing that traditional TAP interventions alone often will not suffice to achieve sustained and large-scale impact, LTRC has identified an initial set of contextual factors requiring attention in TAP program design and implementation. The type of TAP intervention that is likely to be effective in very

underdeveloped, transitional, or weak post-conflict settings would differ from those in a more robust and stable emerging economy. Even across countries at similar stages of development, context will differ, and thus the appropriate TAP design would also need to be adapted accordingly.

For purposes of this paper, the contextual factors considered here—each associated with democratic governance—are: (1) state capture; (2) social trust, political trust, and conflict; (3) civic space and media freedom; (4) rule of law; and, (5) government effectiveness and capacity. The third factor, civic space and media freedom, is contextual *within* the TAP realm (by definition), while the other four tend to apply more broadly, *beyond* the confines of the TAP field. They all need to be considered in shaping particular TAP interventions in order to enhance the likelihood of concrete impact in a particular country setting. We discuss each of these factors and their links to TAP approaches in turn. We note, however, that this set of five, while all important, ought not overrule other contextual factors that may also need to be considered in program design and execution.

In Chapter Four we further advance the TAP-Plus conceptual framework by introducing natural resource specific *complementary* institutions, structures, or programs—including legal and regulatory as well as public finance and institutional structures—that we posit are essential to consider in addition to TAP interventions for effectively reducing corruption. We consider that, where possible, measures aimed at these natural resource specific complementary institutions, structures, or programs should be linked with context-informed TAP interventions. However, we caution that it will not always be possible to do so.

In the first part of the chapter, we address three particular natural resource specific complementary institutions, structures, and programs of particular relevance to the design of interventions under LTRC: state-owned enterprises (SOEs), sovereign wealth funds, and beneficial ownership disclosure programs. These entities and the issues relating to their reform can be—depending on the jurisdiction in

question—highly relevant to creating an environment that enables or constrains a given TAP intervention. For example, political interference in SOEs' board appointments can hinder the effectiveness of technical or objective decisionmaking. Programs that limit political interference can serve anti-corruption ends. Further, to concretely illustrate the importance of complementary efforts to TAP, we also delve into beneficial ownership initiatives such as enforcing laws that prohibit politicians and high-level officials from "holding interests in companies applying for extractives licenses."

These complementary efforts are different from contextual factors, since they are natural resource specific and are often (though not always) actionable, concrete interventions amenable to implementation during the TAP program life cycle, namely in the short to medium term.

We advance the notion that the general absence of complementary efforts to the traditional set of TAP interventions has limited the impact of TAP. A major leap towards integrating TAP with other fields of relevant inquiry in a concrete, actionable manner—including legal and regulatory, revenue management, and institutional reforms—remains underexplored, warranting emphasis.

The second half of Chapter Four suggests how to start bringing these strands together by offering a couple of hypothetical and preliminary examples of how the TAP-Plus approach could look in the countries of Mongolia and Nigeria. These are preliminary and subject to revisions and extension into other possible case studies.

In the Mongolia example, we explore the issue of beneficial ownership transparency efforts and how they can be improved with a TAP-Plus approach that prioritizes one particular contextual factor—media freedom—and complementary measures, such as legal amendments for disclosing beneficial ownership of mining licenses. In Mongolia, murky ownership arrangements of natural resource companies are a source of large corruption risks. LTRC

has identified beneficial ownership disclosure as a key vehicle for TAP-Plus approaches in coordination with other anti-corruption efforts across the natural resource value chain. This potential program would attempt to address an implementation gap (the disclosure regime currently suffers from a significant lag time and lacks comprehensiveness) or help improve use of beneficial ownership information by a wider set of civil society organizations. As part of our approach, we would explicitly and strategically adapt the pilot to a challenging though not insurmountable contextual factor: media freedom. As part of the complementary effort in the TAP-Plus approach, we would advance the need for legislative changes in beneficial ownership, reinforcing the proposals by the EITI Working Group in Mongolia on this matter.

In the Nigeria example, we initially discuss a possible initiative that would bolster citizen engagement and bottom-up accountability efforts while complementing these with measures beyond the conventional TAP realm, that inter alia may tackle an implementation gap in budget transparency efforts.[5]

In addition, we provide a set of five annexes offering more detail on the methodology used with respect to the literature review process, the operation of the resource curse, the macro- and micro-level mapping of contextual factors, and the various measures and indices upon which we rely in this paper and in the LTRC project.

Finally, the authors wish to note that following the completion but prior to the publication of this paper, the world has been struck by the COVID-19 pandemic. LTRC intends to publish a supplement to this paper analyzing the impacts of the pandemic on our and others' anti-corruption research along the natural resource value chain.

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5 This possible case study could also explore methods such as "storytelling" and the use of public fora to create genuine accountability regarding budget leakage and corruption and to bolster citizen engagement. The possible contextual factors that would be considered are political trust and conflict. Civil Society organizations and citizens would be able to use budget-related information to identify services intended to be provided and hold officials accountable for spending resources for earmarked services. Further work would be needed to identify concrete and actionable complementary measures (non-contextual) to traditional transparency measures—beyond TAP.

Introduction

The Challenge of Natural Resource Corruption

In September 2013, the governor of the Central Bank of Nigeria (CBN), Lamido Sanusi, notified President Goodluck Jonathan that as much as $50 billion in oil revenue was unaccounted for (Sanusi 2013; Sayne and Gillies 2016; Sanusi 2015). Sanusi claimed that over an 18-month period, the state-owned oil company, the Nigerian National Petroleum Corporation (NNPC), failed to transfer the total sum of the revenue to the Federation Account within the CBN as is required under Nigerian law (CBN n.d.; Fetzer and Kyburz 2017). This stolen wealth set in motion a political scandal that would rock Nigeria, see Sanusi ousted, and contribute to the defeat of President Jonathan in the 2015 election (Nossiter 2014, 2015).

Nigeria is one of many resource-rich countries (RRCs) facing extreme and intractable corruption challenges. In too many cases, resource wealth that could support growth and development instead fuels plunder, bribery, and continued poverty (Auty 1993; Sala-i Martin and Subramanian 2013; Ross 2015). Chart 0.1 shows that "in 1990 only about 20 percent of the world's poor were living in resource-rich countries" but that "if current trends continue (that is, unless institutions and governance improve), by 2030 half the world's poor will live in resource-rich countries" (Kaufmann 2015, 2). Neither does this trend look better when considering absolute numbers: "the numbers of people living below the poverty line in resource-rich countries have not declined—they continue to hover at about 1 billion people worldwide—and they are not expected to decline in the next 15 years unless governance improves"—in stark contrast to the trend of rapidly declining poverty levels in non-RRCs (Kaufmann 2015, 2). The paradox of resource wealth is that it appears to inhibit, rather than support, efforts to address fundamental societal problems, as evidenced by the increasing concentration of extreme poverty in RRCs relative to non-RRCs.

Much recent research finds a correlation between increased extractive industry activity and high levels of corruption and poor governance (Williams and Dupuy 2016, 2). Chart 0.2 compares the Worldwide Governance Indicator (WGI) scores for Control of Corruption by RRCs and non-RRCs, or the "perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests" (Kaufmann, Kraay, and Mastruzzi 2011, 223). As the chart demonstrates, control of corruption has actually been decreasing in RRCs, the very countries that could benefit most from its reduction.

CHART 0.1: Share of the Poor Living Under \$2 a Day in Non Resource-Rich Countries vs. Resource-Rich Countries, 1990 & 2030

Share of Poor in Resource-Rich Countries: 20%

Share of Poor in Non Resource-Rich Countries: 80%

Share of Poor in Non Resource-Rich Countries: 50%

Share of Poor in Resource-Rich Countries: 50%

1990

2030
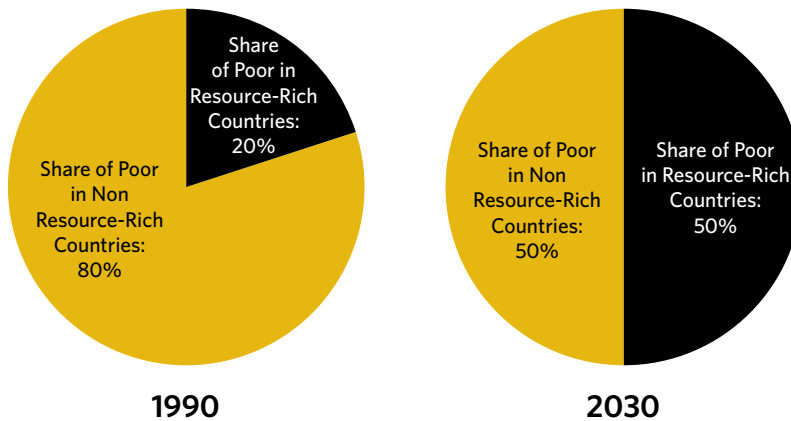
Source: Kaufmann 2015, based on Brookings Poverty database (2013) and estimations.[6]

CHART 0.2: Control of Corruption, 2000 & 2018 (WGI): Resource-Rich and Non Resource-Rich Developing Countries

Base sample has 137 developing countries, of which country groupings include Resource-rich (79), Non Resource-rich (58).
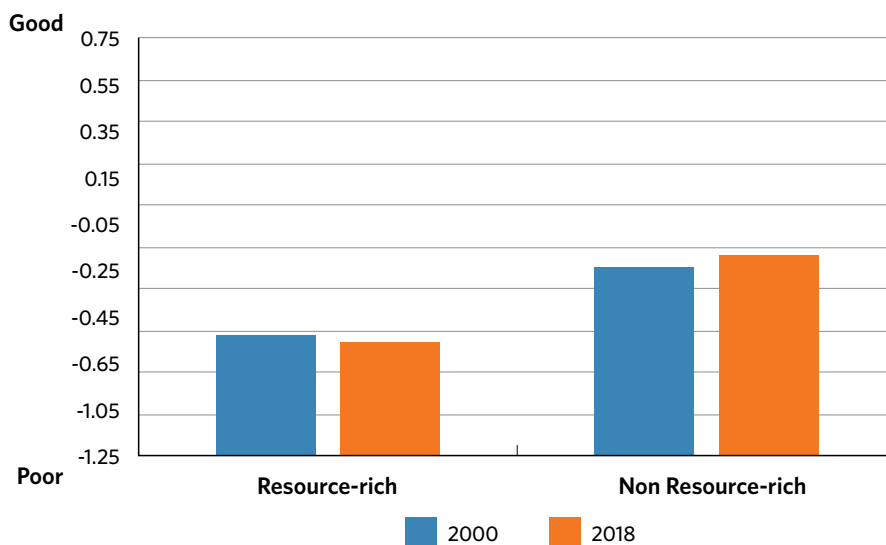
Source: Kaufmann, Kraay, and Mastruzzi 2010, Kaufmann 2019.

6 Further detail may be found in Kaufmann (2019).

The dividends from reducing natural resource corruption are immense, potentially dwarfing the billions in foreign aid that have flowed into developing countries. If the wealth of the 94 (as of 2013) natural resource-dependent nations were used to pursue anti-poverty goals, by 2030 more than half a billion people would be lifted out of extreme poverty (Longchamp and Perrot 2017).[7] Chart 0.3 shows the correlation between GDP per capita and the Control of Corruption Worldwide Governance Indicator. While this relationship is only a correlation, with mutual causality at play, the size of the dividend is almost three-to-one and is particularly high in RRCs.

CHART 0.3: **Correlating GDP and Corruption Control**
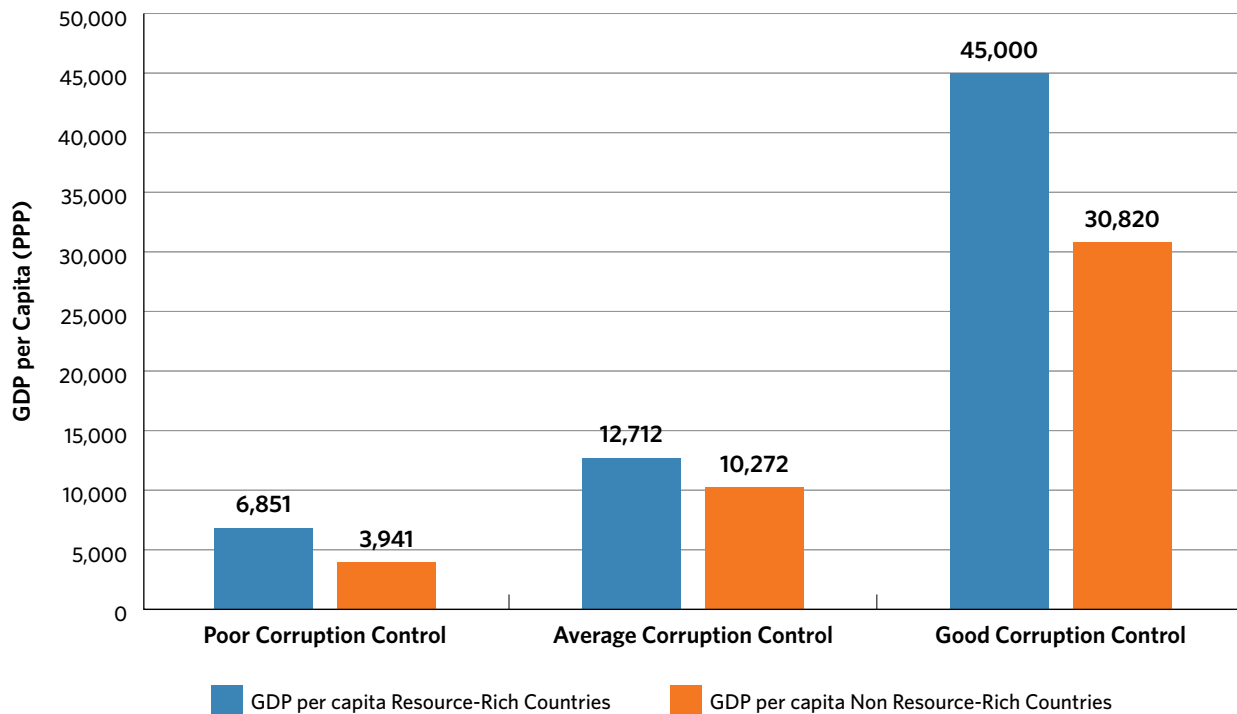
Source: Kaufmann 2016, Kaufmann 2019.[8]

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7 Longchamp and Perrot (2017, 6) explains, "using the United Nations Conference on Trade and Development's (UNCTAD) criteria, which look at the ratio of the value of a country's commodity exports to the value of its merchandise exports, 94 countries were dependent on commodities in 2013, compared with only 58 in 1995 (UNCTAD 2015, 15; Dobbs et al. 2013, 25). For the most part, the new arrivals are developing countries, including the Democratic Republic of the Congo and Zambia with copper, Angola and Equatorial Guinea with oil, Mozambique and Tanzania with gas, and Sierra Leone with iron ore (Collier 2013). Some 69 percent of people in extreme poverty live in commodity-rich developing countries (Dobbs et al. 2013). Half of the known iron, oil, and gas reserves can be found in these same countries. If this wealth could be used to benefit these countries' citizens, extreme poverty could almost be halved by 2030, and some 540 million people could find their way out of poverty (Dobbs et al. 2013, 31–33)."

8 Data derived from GDP per capita from World Bank World Development Indicators (2012), Corruption Control data from Worldwide Governance Indicators (WGI 2012), and IMF resource-rich country classifications (2010).

The extent to which the value of a natural resource endowment is retained by the country of origin—and how that value in turn contributes to sustainable development and economic well-being—varies dramatically across geographies. Nations with natural resource endowments, that rank among the wealthiest in the world, that are among the most economically developed, and that operate with high levels of governance (e.g., Norway), are in the minority. [9] More typically, countries with resource endowments face significant rates of poverty (e.g., the Democratic Republic of the Congo) and corruption (e.g., Venezuela) (Labrador 2019).

The Leveraging Transparency to Reduce Corruption Project

In recent decades, scholars and practitioners have sought to address this thorny blend of issues through strong transparency, accountability, and participation mechanisms—sometimes collectively referred to as "TAP." Thanks to decades of efforts, outcomes of TAP initiatives have consistently improved, but much more remains to be done.

In 2017, Brookings, supported by Results for Development (R4D) and the Natural Resource Governance Institute (NRGI), launched the Leveraging Transparency to Reduce Corruption project (LTRC). LTRC is an action-research initiative that has established a knowledge platform to promote the use and discussion of evidence-informed policies and programs. More than that, LTRC is a lab that will pilot adapted interventions to tackle governance challenges identified by local and global stakeholders in the extractives industry, with a plan to scale up and rigorously evaluate the most promising strategies.

LTRC's principal objectives are to increase stakeholder knowledge and understanding of the most effective ways to tackle corruption risks along the natural resource value chain, and to improve sustainable development outcomes through the reduction or prevention of corruption. LTRC aims to contribute to the learning environment around governance challenges in the extractive sector in the countries where we work. Over the next few years, LTRC will develop and study pilot interventions, launch larger-scale studies, and disseminate lessons learned from the evidence base. We will provide stakeholders with tools and elements for analysis, fostering sustained impact and enhancing local capacity. Figure 0.1 illustrates the planned phases of work.[10]

We hope that this emphasis on constant engagement in the field, paired with the implementation and study of rigorous evidence-informed strategies, will facilitate the discussion around scaling up or replicating the most promising national and subnational pilots. LTRC will lead this debate acknowledging the intrinsic challenges of scaling up initiatives and the need to adapt the strategy based on the learning generated from the pilot experience.

In every country LTRC decides to work in, there will be an effort to understand the challenges and priorities in the country in terms of governance across the NRVC, as well as an effort to identify existing and planned programs, policies, and initiatives in order to improve the likelihood of an impactful contribution.

LTRC is a project that aims at learning from what governments, civil society, industry, and donors are doing in diverse locations around the world and looking for incremental approaches that enhance learning loops and the capacity of local actors to use knowledge generated in their own countries and elsewhere. LTRC positions itself as a partner—not a

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9 The resource curse need not be an RRC's destiny (Lederman and Maloney 2007), as shown by the oft-cited case of Botswana. Like Botswana, some RRCs have managed to capitalize on resource endowments while delivering significant benefits to their citizens (Iimi 2007; Van der Ploeg 2011; Sanborn, Ramírez, and Hurtado 2017). Robust institutions are a critical determinant of their success, as we discuss in Section 1.2.

10 More information about LTRC can be found at www.brookings.edu/ltrc.

FIGURE 0.1: **Phases of Work Under the LTRC Project**

Evidence scoping, foundational paper, framework, theory of change, & stakeholder mapping to identify key gaps and opportunities

1.
Evidence Review & Consultations

2.
Small-Scale Studies

Pilots, experimentation informed by evidence review and in-country consultations to assess priorities and needs

LTRC as a knowledge platform highlights our work and work done by colleagues in this space

4.
Communications & Engagement

3.
Scale & Scope Evaluations

Most promising pilots are scaled up and full impact evaluation is rolled out

Source: Authors.

competitor—of existing programs and actively looks for opportunities to increase impact. To undertake this ambitious project, LTRC leverages some of the RRC and extractives industry expertise of NRGI, the public policy focus of Brookings, and the experience of R4D in strengthening systems and local capacity. However, to succeed, strong partnerships with global initiatives and local stakeholders committed to similar goals will be essential.

This paper is a product of the first phase of the LTRC project. It is based in part on an extensive bibliographical review, as well as some ideas regarding addressing corruption in natural resources that will be set forth in a briefer companion article

entitled "Beyond Transparency: Pathways to Effective Anti-Corruption Initiatives in Natural Resource Governance" (Kaufmann, Eisen, and Heller, forthcoming).[11] While many aspects of the literature review are presented in detail in this longer paper, the companion article will elaborate on some critical aspects that are cross-referenced in this paper.

Regarding the bibliographical review, for LTRC generally and this paper in particular, consideration was given to numerous recent works from leading organizations and scholars across multiple disciplines in the TAP and natural resource spaces, which were identified by the LTRC team. Highly-cited and relevant journal articles, books, and some blog posts

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11 A draft of this document was provided in advance of the LTRC advisory board convening on February 4, 2019. Copies of the draft are available upon request.

were also considered. Overall the literature review included more than 650 resources, leading to an annotated bibliography of over 150 salient items.[12] In addition, this paper draws on the expertise and views of LTRC's principal investigators and the many authors involved in this effort.[13]

LTRC considers corruption as a main outcome variable. It is not, however, an ultimate development outcome (such as poverty or inequality), but an intermediary outcome. And as discussed further below, corruption is often—yet not always—a symptom of governance and institutional failure in RRCs.

Over the past fifteen years or so, progress has been achieved in applying TAP approaches to the governance of natural resources. Yet the evidence indicates limited impact of these interventions.

When considering the reasons for this, there is a clear "implementation gap"—the gap between adoption and implementation of TAP initiatives and between law and practice in particular. This implementation gap is often behind the suboptimal results of past TAP initiatives, even when suitable laws are enacted, and regulations put in place. Flawed TAP implementation can occur when a program does not focus on priority disclosures or the need for detailed information, when there is no adaptation for low capacity settings, and when the data generated is not used. When these types of problems occur, TAP efforts have proven insufficient to empower civil society and citizens to hold the government authorities and companies truly accountable. To be sure, the implementation gap can occur at any spot on the governance continuum, e.g. governmental actors or civil society participants may also fail to execute fully a reform agenda as envisioned.

In addition, many TAP efforts have had limited impact because there are key factors beyond TAP at play that have been insufficiently considered. As this paper shows, past experience demonstrates the need for a more systematic consideration of factors that complement TAP strategies in order to achieve enhanced impact.[14] As a result, we propose a new approach, which we call TAP-Plus.

TAP-Plus is an integrative approach that features a T, A, and/or P strategy or set of interventions that prioritizes contextual factors affecting the likelihood of success of a TAP initiative(s). As the first of three essential elements in this approach, we define five key contextual factors deeply associated with democratic governance: (1) state capture; (2) social trust, political trust, and conflict; (3) civic space and media freedom; (4) rule of law; and (5) government effectiveness. (We discuss each of these factors and their links to TAP approaches in Chapter Three.) LTRC looks at context not as a fixed and immobile condition but rather as complex and dynamic. In Chapter Four, we acknowledge that even in difficult conditions, such as repressive and non-democratic settings, there are conditions and trends that may open windows of opportunity for strategies like the ones LTRC proposes that can build synergies between transparency, accountability, and participation on the one hand and complementary reforms beyond TAP on the other.

A look at all these elements that support an effective TAP-Plus strategy allows LTRC and its partners at the local and global level to inform the design and timing of strategies, supplementing existing efforts and identifying what can be addressed and included in the design. LTRC is opportunistic in looking for jurisdictions in which to work where shifts in context can

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12 The annotated bibliography can be found at www.brookings.edu/ltrc.

13 At the same time it ought to be emphasized that this paper is still in draft form, awaiting further feedback, and it does not aim to be an exhaustive synthesis of the literature or of the state of the art in governance of the sector.

14 Refer to Kaufmann, Eisen, and Heller (forthcoming) for further details.

make TAP work better to reduce corruption and to look at complementary reforms that would support these TAP efforts. These additional efforts beyond TAP will of course often be dependent on factors such as national processes or political considerations that fall outside the control of a project of the size and scope of LTRC (and in some cases, outside the control of projects no matter their size and scope).

Nevertheless, we postulate that the possibilities for integrating TAP strategies with initiatives in other fields beyond TAP—in a concrete, actionable manner—remains greatly underexplored. As part of the third element needed for an effective TAP strategy, we consider that critical reforms beyond TAP—that could be fully integrated with TAP and lie in disciplines such as law, fiscal policy, politics, and public administration or business management, among others—offer an opportunity to strengthen context-adapted TAP strategies. We discuss in Chapter Four, how matters beyond TAP itself can help (or hinder) the effectiveness of, for example, multi-stakeholder initiatives such as the EITI.[15] On this matter, we intend to analyze reforms relevant to NRVC-specific institutions such as state-owned enterprises or sovereign wealth funds and initiatives such as those related to beneficial ownership, which could come from fields beyond the ones oriented to TAP, to better understand their interactions with NRVC corruption and development outcomes. Once LTRC has identified a challenge to focus on within a country (through consultations with key stakeholders and in-country partners), we will analyze

the existing landscape of ongoing or past initiatives there with a TAP-Plus lens. This will allow LTRC to understand what is missing in terms of T, A, and/or P approaches, as well as the implementation and contextual factors, both within and beyond TAP, as well as the (actionable) complementary matters beyond TAP, that would strengthen a TAP strategy.

LTRC is guided by an overall theory of change that outlines the inputs and desired outcomes of TAP interventions in the natural resource space (see Figure 0.2).[16] Each country-based project will have a detailed theory of change that will focus on specific T, A, and/or P interventions that are being introduced or that already exist and are being reinforced by LTRC projects, any relevant institutional reforms (for example, related to corporate governance or management of state-owned enterprises), and the expected interaction effects among them. We will carefully consider the implications of our five priority contextual factors in a given jurisdiction with respect to the suitability and feasibility of any intervention(s) and the identification of the relevant institutional reforms. (For further detail on our selection process for, and understanding of, these factors, see Chapter Three and Annex 5). Examples of prospective outcomes of interest are detailed in Figure 0.2. Of particular interest to our team will be evidence pointing toward mitigation of corruption risks, limiting of corruption, and how those outcomes are linked to broader sustainable development objectives.

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15 The fact that integrating complementary actions beyond TAP may be warranted across countries with vastly different "contexts" is discussed further in Kaufmann, Eisen, and Heller (forthcoming).

16 We discuss the elements in the figure throughout the paper.

FIGURE 0.2: The LTRC Project's Theory of Change

A. INPUTS	**T**	Information about: consultation process, environmental assessments, beneficial ownership, standards and safeguards, use of resources, etc
		Information provided to: citizens, civil society, government agents, industry actors
	A	Institutional accountability and capacity to sanction
		Principals' (citizens') ability to ensure actions by decisionmakers (government, industry)
	P	Participation by: citizens, civil society, government agents, industry actors
	+	The TAP-Plus approach addresses the implementation gap within interventions; considers contextual factors; and includes complementary measures beyond the traditional TAP field.

B. INTERMEDIATE OUTCOMES	Altering decision-making processes to ensure free, prior, informed consent of communities prior to contracting and production by natural resource companies	Altering decision-making processes, regulations, and standards to limit conflicts of interest in contract decisions	Creating, regulating, and enforcing standards of practice in production and exploitation	Regulating and enforcing payment of resource-derived revenues from companies	Allocating and implementing NR revenues on social development sectors relevant to needs of communities
C. NATURAL RESOURCE VALUE CHAIN	1: Consent	2: Contract	3: Production	4: Revenue	5: Spending
D1. DIRECT OUTCOMES	Percent/number of communities consulted prior to NR contracting	Percent/number of contracts with conflict of interest between NR company and government, etc.	Number of citations of improper NR practices by communities	Percent/amount of NR taxes paid by NR sector	Percent/amount of NR revenues directed to social development sectors, local communities, etc.
D2. ULTIMATE/ LONG-TERM OUTCOME	DECREASE IN CORRUPTION ➡ IMPROVED GOVERNANCE				

Source: Authors.

We turn now to the beginning of our analysis: the problem of corruption along the natural resource value chain.

CHAPTER ONE:

Corruption Along the Natural Resource Value Chain

L TRC's core outcomes of interest are reducing corruption along the natural resource value chain and improving sustainable development outcomes—critical outcomes that scholars across disciplines have focused on for decades. This chapter draws from those debates to frame LTRC's focus on natural resource corruption reduction (as well as the ensuing impacts of sustainable development goals) and the interventions that LTRC will undertake to achieve those ends.

1.1 Defining and Measuring Corruption

For the LTRC project, we begin with perhaps the most widely used definition of corruption: "the abuse of entrusted power for private gain" (Transparency International n.d.), which builds on and broadens the previously widely accepted definition as the "abuse of public office for private gain." [17] This broader definition is particularly apt given the vast scope of corruption that manifests in the natural resources field. Additionally, the growing recognition of the challenge of state capture in general—and in transitional or fragile democracies in particular—suggests that a broader definition of corruption may be warranted. Moreover, corruption can occur because of the behaviors of private entities or pseudo-public entities, and, thus, the focus on "public office" can underestimate the occurrence of corruption.

Corruption is more complex than a two-way, one-time transaction (Jancsics and Jávor 2012). It can involve a network of actors, from domestic elites to international actors to brokers or middlemen, as well as an enabling environment (Cooley and Sharman 2015). That enabling environment can include offshore havens for corrupt gains, vehicles for creating shell companies to conceal information about payments, or broad weaknesses in anti-corruption norms and oversight mechanisms, whether those weaknesses are structural or the result of individuals turning a blind eye (Cooley and Sharman 2015; Button, Shepherd, and Blackbourn 2018). Anti-corruption efforts must consider these factors (see Chapter Three) and address both political power-holders and enabling networks.

A big tent understanding of corrupt behaviors contains many subtypes of corruption. Two commonly discussed subtypes are grand and petty corruption, which are roughly synonymous with political and bureaucratic corruption, respectively. Petty, or bureaucratic, corruption is defined as the "abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens who often are trying to access basic goods or services in places like hospitals, schools, police departments, and other agencies" (Transparency International n.d.). This is substantially similar to administrative corruption, which takes place on a transactional level

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17 This definition is typically attributed to, but is not original to, Transparency International (see World Bank 1997, 8). It has been relied upon by, among others, the International Monetary Fund, the Open Government Partnership, and the United States Office of Government Ethics.

and in the implementation of the laws, regulations, and policies of the government. It is not always petty or small-scale.

Grand or political corruption, by contrast, is "the abuse of office by those who decide on laws and regulations and the basic allocation of resources in a society (i.e., those who make the 'rules of the game')" (Rocha Menocal et al. 2015, 12). Transparency International adds that it includes "acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good" (n.d.).

Grand corruption has enormous effects on economics, politics, policy, and development goals. For that reason, dissecting the forms of grand corruption is important. Because the root causes and impacts of grand corruption vary, so too must the means of addressing them. One major—perhaps *the* major— form of grand corruption is capture: a systemic and pernicious corruption that afflicts the shaping of the rules of the game or a nation's laws, regulations, and policies (Hellman, Jones, and Kaufmann 2000). Capture, as such, can be far more costly (and thus "macro-critical") than administrative corruption (which takes place in implementing the rules).

For the purposes of LTRC, in state capture, powerful, elite economic interests exert undue influence on democratic institutions and shape the game and the institutions of government for their own private gain at the expense of the public good.[18] These elites often, but not always, collude directly with or bribe politicians (Hellman and Kaufmann 2001; Carpenter and Moss 2014 [the former on the broader notion of state capture, the latter focused more specifically on regulatory capture, which had been studied earlier by Stigler, among others]).

Decades of debate surround the measurement of corruption. For example, an extensive volume edited by Sampford et al. (2006) covers the challenges to measuring corruption in meticulous detail. Some authors in that compendium ardently defend Transparency International's Corruption Perceptions Index, while others diagnose the failings of any such effort that relies on potentially "noisy" and subjective data. While we are sensitive to the concerns raised in this theoretical debate, LTRC's concrete goal of reducing corruption requires a practicable means of measuring corruption.

Kaufmann, Kraay, and Mastruzzi (2007) states: "Since corruption usually leaves no paper trail, perceptions of corruption based on individuals' actual experiences are sometimes the best, and the only, information we have … . All efforts to measure corruption using any kind of data involve an irreducible element of uncertainty … . Efforts to measure corruption should aim at minimizing measurement error and be transparent about what inevitably will always remain as residual error" (1–2). Following this lead, we will use, at least in part, data generated by informed responses by experts, users of services, citizens, and firm managers when necessary. At the same time, LTRC may generate and gather additional data, possibly including at the project or intervention level, supplemented by data on institutional features. We will be explicit about all data limitations, as well as explore opportunities for data advances, at every step of the small-scale study design in Phase Two (see Chapter Four).

Finally, in defining the term "natural resources," we follow the World Trade Organization (2010) in considering them as "stocks of materials that exist in the natural environment that are both scarce and 'economically useful' in production or consumption, either in their raw state or after a minimal amount of

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18 Since none of the traditional definitions of corruption can fully encompass the notion of state capture, it has been suggested that the traditional definition be complemented with the notion of privatization of public policy, or even be expanded to also encompass privatization of the rule of law and regulatory regimes. We bear some of these considerations in mind when relevant in the analysis that follows. Kaufmann, Eisen, and Heller, forthcoming will also focus further on salient aspects of state capture.

processing" (6, emphasis added). In this report, we further use the term "extractive industries" to refer to the industries of oil, gas, and mining, but note that, under other, more expansive definitions (e.g., Schrecker, Birn, and Aguilera 2018), other industries may also fall under this classification.

Against these data considerations, limitations, and opportunities, this chapter proceeds as follows: Section 1.2 asks and answers why corruption is so pervasive and insidious in RRCs, then Section 1.3 traces the specific corruption risks along the steps of the NRVC.

1.2 Resource Wealth, Corruption, and Development Outcomes: The Resource Curse

The term "resource curse" was coined in the early 1990s to describe the seeming paradox that natural resource wealth can impede sustained economic growth (Auty 1993; Lederman and Maloney 2008). This now-famous, much-debated theory seeks to explain a puzzling phenomenon uncovered by researchers: how natural resource abundance can distort a country's macroeconomic health, devastating its potential for sustainable growth and development (Auty 1993).

Building upon the work of Auty (1993), Sachs and Warner (1997) finds a negative relationship between natural resource dependence and economic growth. Auty (2001), Papyrakis and Gerlagh (2004), Kronenberg (2004), and many others further analyze natural resource abundance and other economic development indicators and begin to collectively indicate the negative causal effect of natural resource abundance on economic growth and macroeconomic fundamentals such as long-term trends in commodity prices, volatility of revenues, and pro-cyclicality of policy and capital flows. According to Frankel (2012),

commodity prices undergo large cyclical fluctuations. Countries with more volatile primary product prices grow more slowly relative to other primary product exporters (Van der Ploeg and Poelhekke 2009; Blattman, Hwang, and Williamson 2007). Finally, research demonstrates that fiscal policy and capital inflows are procyclical in most developing countries (Frankel 2012; Kaminsky, Reinhart, and Végh 2005).

This issue is sometimes also referred to as the "Dutch disease," which describes the possible causal relationship between the disproportionate development of one particular economic sector coupled with a relative decline in others. The term was coined in 1977 by *The Economist* in reference to the decline of manufacturing in the Netherlands after the discovery and exploitation of the Groningen natural gas field in 1959. The Dutch disease theory attempts to explain why this apparent contradiction occurred, as scholars theorized that natural resource exploitation led to an influx of foreign investment and revenue, resulting in the appreciation of local currency, which in turn stifled exports and investment in non-extractive sectors. Moreover, capital-intense sectors like gas extraction produced few jobs (Brahmbhatt, Canuto, and Vostroknutova 2010).

However, subsequent research has shown that purely macroeconomic factors can explain some, but not all, of this negative relationship between resource abundance and economic development (Beverelli, Dell'Erba, and Rocha 2011; Toto Same 2008). As a result, efforts to explain the causes of the apparent resource curse have expanded to look at social and political elements (Ross 2015).

Given their profound significance, it is unsurprising that good institutions have emerged as one of the most important mediators of the resource curse.[19] Institutions are understood to be "the rules of the game in a society," or the constraints humans have devised over time to shape incentives (North 1990, 3).

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19 By good institutions, we mean "institutions that promote accountability and state competence," following the definition provided by Robinson, Torvik, and Verdier (2006, 447).

They organize social, economic, and political interaction in a society (Acemoglu, Johnson, and Robinson 2005). Sala-i-Martin and Subramanian (2003) was among the first to suggest that institutions might play a role in mitigating the relationship between resource wealth and poor economic growth. They argue that, when controlling for good institutional quality at the country level, natural resources were not significantly related to economic growth. Similarly, Robinson, Torvik, and Verdier (2006) shows that countries with accountable institutions tend to benefit from resource booms. Van der Ploeg (2006), Collier and Goderis (2008), and Mehlum, Moene, and Torvik (2006) find the same—institutional strength can mitigate the pernicious effects of the resource curse.

Different insights have subsequently emerged to address potential endogeneity issues in the above argument, since the path that institutional quality takes depends on the initial conditions (Ross 2015). Still, various real-world analyses of the resource curse favor institutionalist, governance-focused explanations. Acemoglu, Johnson, and Robinson (2001a, 2002) point to Canada, Australia, the United States, and New Zealand as examples of countries that had high quality institutions in place at the time of their resource discoveries. On the other hand, countries such as Angola, Nigeria, Sierra Leone, and the Democratic Republic of the Congo did not have developed institutions at the time their resource booms began or had lasting colonial institutions that were set up to extract their resources for a foreign power (Acemoglu, Johnson, and Robinson 2001a; Stevens and Dietsche 2008). Acemoglu, Johnson, and Robinson (2001b) uses the case of Botswana as a prime illustration of why institutions matter. Botswana, a developing country, possessed good institutions that were capable of protecting and enforcing private property as well as resisting colonial institutional destruction.

Does the existing institutional context determine whether natural resource abundance turns into a curse? Or, conversely, does natural resource abundance generate perverse incentives within existing institutions that lead to poor socio-economic performance? The answer, we believe, can vary depending on initial conditions, context, and ongoing trends in the unit of analysis. There is a dynamic relationship between a nation's institutions and resource abundance.

By the same token, institutional strength can be weakened by resource abundance-related stressors. Ross (2015) concludes, "There is now considerable evidence that under certain conditions one type of resource wealth—petroleum—tends to produce a 'political resource curse.'" Next, we discuss the implications of natural resource abundance with respect to democracy, conflict, and corruption.

Researchers have refined the institutional understanding of the resource curse in several ways that will shape the framing and development of the strategies we will pilot. First, the type of resource affects the curse's mechanism of action, as Ross (2015) demonstrates. Oil differs from diamonds, which differ from mineral ore, in a variety of important characteristics that influence how the resource curse emerges. Different types of resources result in different political economies distinguished by three closely related, relevant factors, as described by Le Billon (2012)[20] and summarized in Table 1.1 . We will frequently refer to these characteristics; for more, see Annex 2.

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20 Note that Le Billon (2012) includes a fourth characteristic, "renewability." Although it is an important factor, we do not discuss it here, because the focus of the LTRC project is on non-renewable mineral and hydrocarbon resources.

TABLE 1.1: Characteristics Related to the Resource Curse

CHARACTERISTIC	DESCRIPTION
Lootability	The ease with which an unsanctioned actor can extract and sell the resource. Resources are more easily looted if they tend to occur in diffuse geophysical deposits and are produced by a larger number of firms (Le Billon 2012). Some resources, like petroleum, require a hefty technological investment that usually only an experienced, wealthy government or company can provide. Other resources, like alluvial diamonds, have lower economic barriers to entry and can be effectively "dug up" with a pickaxe or gold pan (Snyder and Bhavnani 2005).
Relative Location	The social, economic, cultural, and political context of where the resource is physically located. Important relative location considerations could include proximity to a capital or border and whether the resource is located in a territory controlled by a dominant or oppressed group or tribe. Relative location is most influential in particular local contexts where "political geography" and "socially constructed space" interact (Le Billon 2012, 28).
Level of Economic Dependence	The amount of the government's income and the society's private employment and welfare that rests on a particular resource. Diffusely- deposited resources tend to employ larger numbers of employees, since extracting and processing them is relatively labor-intensive (Le Billon 2012). Oil typically has higher rent share by gross value and is easier to tax, so oil-rich countries tend to exhibit a higher fiscal dependence on their oil (Ross 2012).

1.2.a The Resource Curse and Democracy

Natural resource wealth may affect governance institutions directly. Isham et al. (2005), for example, explains that the quality of institutions decreases when governments use their natural resource income to pay for their inefficiencies. These governments find themselves empowered to suppress opposition groups, avoid accountability, and slow down modernization, each of which degrades the quality of their institutions. Egorov, Guriev, and Sonin (2009) and Caselli and Tesei (2016) show that, in cases where institutions are already shaky, point-source resource booms will incentivize those in power to undermine those institutions further.

Since the economic benefits of being and staying in power in a resource-rich non-democracy are enormous, it is unsurprising that Jensen and Wantchekon (2004), Ross (2001), and Rose-Ackerman (1978) find a positive relationship between authoritarian regimes and economic dependence on oil and mineral resources. Smith (2007) shows that authoritarian regimes survive longer in oil-rich countries, though the timing of oil dependence is a key factor. What explains this close relationship? As Ross (2012) argues, building upon Mahdavy (1970) and Karl (1997), "When dictators must finance themselves through taxes, they are met with demands for greater accountability; when they can fund themselves by selling off state-owned assets, like oil and gas, they can elude democratizing pressures" (11). In other words, the revenue from natural resources can be employed to block the development of, or undermine the existence of, a functional democracy and democratic institutions in a country. Box 1.1 surveys this topic.

Box 1.1: The Resource-Rich Authoritarian Playbook

Once in power, authoritarians can employ a variety of methods to stay in power, including:

- "providing the population with benefits, infrastructure projects, patronage, or outright graft" (Isham et al. 2003, 6);

- bloating the public sector through direct, unnecessary hires, subsidies, and handouts (Wiens 2015; Robinson, Torvik, and Verdier 2006);

- buying off political rivals (Acemoglu, Johnson, and Robinson 2005);

- meeting demands for redistribution to alleviate pressure for democracy (Wiens 2015; Dunning 2008; Morrison 2009).

From Nigeria (Sala-i-Martin and Subramanian 2003; Global Witness 2017a) to the Congo (Acemoglu, Johnson, and Robinson 2001a) to Cambodia (Global Witness 2009), examples of oligarchs and authoritarian leaders using the above "playbook" abound. Ross (2012) points out that dependence on oil explains the different fate of Arab Spring uprisings; while protesters were able to overthrow governments in oil-poor countries such as Tunisia and Egypt, this was not the case in oil-rich states like Libya, Bahrain, Algeria, and Saudi Arabia.

This democracy-focused implication of resource abundance has profound repercussions for efforts to prevent or cure the curse, suggesting that solutions must at a minimum take into account background democracy factors that we discuss in Chapter Three.

There are researchers who question the democracy implications. For example, Haber and Menaldo (2011) concludes from panel data that there is no resource curse, and that there may even be a "resource blessing." Gurses (2011) finds that oil wealth helps sustain democracy. (See also Wacziarg 2012 and Karl 1997, among others.)

The general field consensus (e.g., Bebbington et al. 2017), however, seems to disagree with these detractors, and so do we. Andersen and Ross (2014) responds to Haber and Menaldo's (2011) finding of a

"resource blessing," arguing that transformations in the political economy of oil in the 1970s are what led to a resource curse beginning in the 1980s and that Haber and Menaldo's study rested on the questionable assumption that the relationship between oil wealth and democracy had remained the same since 1800. Frankel's (2012) literature review regarding resource dependence and authoritarian government supports a correlation, and Andersen and Aslaksen (2013) finds that natural resource wealth in oil or non-lootable diamonds increases the durability of authoritarian regimes (but not that of democratic regimes). As Ross (2015) puts it regarding the case of oil: "in short, there is strong evidence that higher levels of oil wealth help authoritarian regimes, and authoritarian rulers, ward off democratic pressures. These effects are commonly attributed to a rentier mechanism, although other mechanisms and

conditions might also matter" (248). Overall, our claim that certain types of natural resource abundance tend to harm democracy is supported by the literature.

1.2.b The Resource Curse and Conflict

The resource curse literature probes another factor that will loom large in Chapter Three: conflict. Natural resources, and the rent (as opposed to the products) they generate, have a significant causal effect on the likelihood of conflict. With growth in income from production, more people want to buy, sell, and work, which raises the opportunity cost of engaging in warfare. But, if the income growth comes from resource rents, warfare designed to capture those rents for oneself or one's group becomes a more attractive option (Van der Ploeg 2011). Significant research has demonstrated the strong links between natural resource abundance and conflict. De Soysa (2000), Humphreys (2005), and Collier (2007) all find a correlation between an economic dependence on natural resources and civil war (Frankel 2012). In contrast to incomes from other types of production, resource rents tend to increase the likelihood of civil conflict (Fearon and Laitin 2003; Collier and Hoeffler 2004; Fearon 2005). Collier and Hoeffler (2004) finds about 22 percent probability of civil war in a country where primary commodity exports account for about 33 percent of GDP. This number is only one percent in countries with no such exports.

Understanding the relationship between resource wealth and conflict requires examining the ways in which resources can catalyze conflict. What are the exact mechanisms by which resources induce conflicts? Governments of less developed countries, where resource windfall discoveries represent a "particularly valuable" opportunity to bolster limited fiscal capacity, may be less able to provide security against violence and theft or to put down rebellion and disquiet (Venables 2016, 161; Skaperdas 2002; Mehlum, Moene, and Torvik 2002; Fearon and Laitin 2003; Van der Ploeg 2011). Multinational companies interested in gaining access to a region or the resources it produces may finance local rebels or warlords in exchange for "booty futures"—the rights to exploit resources that those combatants hope to capture in future battles (Bannon and Collier 2003, 14; Murshed and Tadjoeddin 2009).

Moreover, conflicts further weaken state institutions and socioeconomic linkages (Le Billon 2012) and cause a "degradation of the social contract" such that ongoing conflicts last longer and new conflicts are more likely to arise (Murshed and Tadjoeddin 2009, 1). (See Chapter Three for more discussion on this topic).

There are, of course, caveats to the relationship between resources and conflict that any effort to derive lessons from the literature, and apply them to experimentation, must carefully consider. First, as noted in Table 1.1 among natural resources, oil and alluvial gemstones seem especially tied to conflict (Isham et al. 2005; Lujala 2010; Ross 2004). Some types of gemstones tend to be easily lootable and are therefore targeted by "conflict entrepreneurs" (Korf 2005, 201). For oil, the massive upfront investment increases companies' exposure to risk and can make them more willing to extort or engage in other behaviors that support local conflicts (Ross 2012). Rigterink (2010) and Nillesen and Bulte (2014) emphasize that the resource-conflict relationship is heavily reliant on the type of resource, with the former noting that quantitative evidence of the link between resource abundance and civil war onset is "quite fragile when taking resources a single category" because "results are sensitive to changing specifications" and debates over the mechanisms that link the two remain unsettled (Rigterink 2010, 21).

Conflict is also most likely to occur if the resource-rich region is different from the rest of the country in terms of ethnicity, culture, or religion (Caselli and Coleman 2013). However, Caselli and Coleman also finds that "one of the insights is that the incidence of ethnic conflict is nonmonotonic in expropriable resources as a fraction of total resources, with a low incidence for either low or high value" (2013, 163–4). Van der Ploeg's (2011) economic model, built from Hodler (2006) and Van der Ploeg and Poelkhekke

(2009), shows that "if the country is homogenous … there is no fighting. … The resource curse is more severe in countries that have many ethnic or religious fractions" (26). In fact, Nillesen and Bulte (2014)'s extensive literature review finds that grievances (such as poverty or ethnicity) are a necessary mediating factor; otherwise, "there is no unconditional relation between resource wealth and conflict" (81).

1.2.c The Resource Curse and Corruption

Finally, the institutional resource curse literature demonstrates how resource wealth incentivizes corruption. Understanding these dynamics is critical to altering them, which LTRC aims to do.

From broader panel data, a number of studies find a positive correlation between economic dependence on natural resources and higher perceived rates of corruption (Leite and Weidmann 2002; Arezki and Brückner 2011; Sala-i-Martin and Subramanian 2013; Bhattacharyya and Hodler 2010; Ross 2015). Papyrakis and Gerlagh (2004) shows a significant positive relationship between the share of mineral production in GDP and perceived corruption. Andersen and Aslaksen (2013) tracks "foreign deposits into the banks of tax havens," showing "that when autocracies (but not democracies) experience a rise in oil and gas rents, there is a corresponding rise in transfers to these tax havens" (Ross 2015, 249).

At a more granular level, Sala-i Martin and Subramanian (2013) describes Nigeria's recent political history as "shaped by getting access to the revenues from oil" (596). In Brazil, Monteiro and Ferraz (2012) and Caselli and Michaels (2013) demonstrate that large sums of oil revenues are diverted from development spending, most likely through mayors hiring unnecessary government workers or keeping funds for themselves. In São Tomé and Principe, Vicente (2010) finds that, after a resource boom, politicians

increased corruption in sectors that would enable them to stay in power, especially direct vote-buying and indirect corruption in scholarship allocations and customs (which the authors postulate as a proxy for increased imports from the elite).

These studies and others have identified four main mechanisms of resource-fueled corruption through which natural resource rent is captured, which our theory of change and our experimental design must consider. In countries burdened by the resource curse:

- Politicians will see more opportunity for personal enrichment, leading to relatively fewer "civic-minded" candidates and relatively more individualistic candidates (Brollo et al. 2013);

- Politicians in power discount the future (both their political future and the country's macroeconomic future) and either steal money themselves or bloat the public sector through vote-buying and patronage in public service jobs (Robinson, Torvik, and Verdier 2006; Caselli and Michaels 2013);

- The huge potential payoffs to a company that acquires exclusive rights to develop a resource deposit raises the attractiveness of potentially corrupt behavior;[21]

- Finally, as described earlier, transfers and payoffs to citizens could reduce the sting of perceived corruption and reduce the demand for anti-corruption reforms (Manzetti and Wilson 2007; Dunning 2008; Morrison 2009; Ross 2012; Wiens 2015).

Because of its effects on corruption, resource abundance can produce a self-reinforcing curse: its elements and outcomes interact with one another, setting up a series of devastating feedback loops. As we know, natural resource wealth creates more incentives and opportunities for corruption. Once

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21 According to Gupta (2017), this increase in "unethical practices" only occurs when an industry is less subject to normal, competitive market pressures. This has historically been the case in natural resource extraction, although that situation is evolving: see Williams and Dupuy (2016).

corruption undermines citizens' trust in government, citizens are less likely to actively cooperate with—or even support—efforts to clean up the system (Morris and Klesner 2010). Businesses act similarly. If firms perceive a corrupt system in which their competitors have stronger political connections, they are more likely to bypass courts, pursue extra-legal benefits, and pay bribes themselves (Hellman, Jones, and Kaufmann 2003). Thus, corruption leads to a vicious cycle and deterioration in the very institutional quality necessary to productively manage resource wealth (Papyrakis and Gerlagh 2004; Mehlum, Moene, and Torvik 2006; Kolstad and Wiig 2011; Sala-i-Martin and Subramanian 2013).

1.3 Corruption Risks Along the Natural Resource Value Chain

In this section, we review each stage along the NRVC, focusing on real-world scenarios of exposure to corruption and highlighting how TAP has addressed or can address those concerns. We return to these risks and their resolution throughout this paper and, in particular, as part of our discussion of the LTRC experimental design.

We follow those who segment the NRVC into five stages, as shown in Figure 1.1.

FIGURE 1.1: LTRC's Natural Resource Value Chain (NRVC)

1: Consent	2: Contract	3: Production	4: Revenue	5: Spending
Consultation between extractives companies, governments, and citizens before the implementation of an extractives project. Includes project-specific consultation, FPIC, environmental impact assessments, and special considerations for indigenous/marginalized populations.	Awarding and completion of concessions, licenses, and contracts to begin exploitation. Includes open contracting and beneficial ownership.	All steps of exploitation and production. Includes special considerations for parastatal resource companies, local sourcing requirements, and environmental impacts of extraction.	Paying and collecting resource-derived revenues from companies to governments and/or communities. Includes any efforts to avoid taxes, like transfer pricing.	How resource-derived revenues are managed, spent, transferred, invested, etc. Includes decentralization and revenue sharing and social expenditures of resource wealth.

Source: Authors.

As will be seen, we rely heavily on the work of Natural Resource Governance Institute (NRGI) to assess activities along that chain, including NRGI's foundational work on the Natural Resource Charter (see Figure 1.2) (NRGI 2014).[22]

FIGURE 1.2: NRGI's Natural Resource Charter Decision Chain

DOMESTIC FOUNDATIONS FOR RESOURCE GOVERNANCE	Discovery and deciding to extract	Getting a good deal	Managing revenues	Investing for sustainable development	INTERNATIONAL FOUNDATIONS FOR RESOURCE GOVERNANCE
PRECEPT 1 Strategy, consultation, and institutions	PRECEPT 3 Exploration and license allocation	PRECEPT 4 Taxation	PRECEPT 7 Revenue distribution	PRECEPT 9 Government spending	PRECEPT 11 Roles of multinational companies
PRECEPT 2 Accountability and transparency		PRECEPT 5 Local effects	PRECEPT 8 Revenue volatility	PRECEPT 10 Private sector development	PRECEPT 12 Role of international community
		PRECEPT 6 Nationally owned resource companies			

Source: NRGI 2014.

In 2016, the Organization for Economic Cooperation and Development (OECD) released a detailed map of the risk structures along the NRVC. Drawing on that work, Table 1.2 provides a summary matrix of these risks. The OECD's assessment is also a pillar of the analysis that follows in this subsection. For a detailed assessment of corruption risks surrounding the awarding of licenses, permits, and contracts in the mining sector, please see the Mining Awards Corruption Risk Assessment (MACRA) Tool (Nest 2017) and related "Combatting Corruption in Mining Approvals" report (Caripis 2017) published by Transparency International's Mining For Sustainable Development Programme.

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22 NRGI (2010) describes the NRVC as "a way of describing the stages by which the full value of a product is managed and ultimately realized." While each definition offers something of significance, we combine some of the existing definitions of the NRVC used among the business community and especially among leading NGOs. By finding common ground among definitions, we seek to provide a comprehensive research framework in which to assess interventions in the natural resource space.

TABLE 1.2: **The OECD's Typology of Risks along the Natural Value Resource Chain (NRVC)**

NRVC STEP	TYPES OF RISK
1. **Consent of Affected Communities**	• Underestimation of environmental impacts or overestimation of economic benefits • Opaque land tenure and community decisionmaking systems
2. **Contracts and Licenses**	• Asymmetries in information and legal and technical capacity • Opaque negotiation processes • Discretionary bid evaluation or license allocation
3. **Extraction and Production**	• Lack of enforcement and oversight • Extortion of and insecurity for local communities
4. **Revenue Collection and Taxation**	• Inefficient and discretionary taxation regimes • Lack of government capacity and expertise • Commodity trading loopholes
5. **Revenue Management, Expenditure, and Investment**	• Weak governance of wealth, stabilization, social development, and subsidy funds • Incoherence and lack of coordination between local and central governments

Source: Derived from OECD 2016.

1.3.a NRVC Step 1: Acquiring the Consent of Affected Communities

Consent is the first step in the NRVC, and includes "deciding to extract," or the process in which "a government or community [decides] if and when to begin extracting their natural resources and convert them into monetary or other benefits" (NRGI 2010). During this time, "governments may take the opportunity to get prior informed consent from the local communities, to designate environmentally or culturally significant areas as off-limits to exploration and production, or even to reserve certain areas for particular methods of extraction" (NRGI 2010).

The first step in the consent process requires an assessment of the costs and benefits, which must be conveyed to the community or representative decisionmakers. Often, the costs are formulated in environmental impact assessments (EIAs), in which

the party interested in extracting the resource evaluates the environmental damage that is likely to occur. Box 1.2 details some possible corruption risks with EIA processes.

Regardless of whether an EIA is conducted, interested parties can convince communities to support extractive projects by promising benefits that never materialize or are minuscule in the context of the larger, hidden impacts. Outright fraud and intimidation can also come into play. In Honduras's Patuca River valley, attendees at a consultation meeting for a dam project were offered rice, and, in exchange, they had to sign attendance records. The following year, those signatures were falsely used as evidence of their consent (Chayes 2017). There have further been reports of violence and intimidation being used to acquire the facade of consent in places like Liberia (Global Witness 2015).

Box 1.2: EIA Corruption Risks

The typical EIA process is exposed to possible corruption at various points (Dupuy and Williams 2016):

- Even before the EIA is begun, companies might offer or be expected to pay bribes in exchange for "fast-tracking," or exemption from EIA requirements. In Guatemala, for example, "the EIA has generally served as a tool for the state to pursue political rents" (Dougherty 2015, 13);

- During the scope-setting phase, interested parties may use corrupt means to deliberately leave out problematic topics. Kenya's Nairobi Thika Highway improvement project allegedly suffered from "a potentially coercive relationship between a project proponent and a lead expert" that resulted in an EIA that did not include sufficient mitigation strategies for impacts on water and skipped noise and vibration impacts entirely (Barczewski 2013, 6);

- During report preparation, the expert leading the evaluation may have a stake in the results, and may be influenced to cherry-pick or falsify data. For instance, in 2006, the EIA used to obtain approval for a 74-year lease on a bauxite mineral mine was exposed as having been copied from an unrelated bauxite project in Russia. Civil society organizations allege that such "cut and paste jobs" are common (Ghosh 2007), and Barczewski (2013) finds that, in Kenya, experts conducting EIA studies created templates to facilitate such copying;

- When a report is finalized, the results may not be shared outside of the company in a thorough, comprehensible fashion, and the affected community may never see the results. The 2015 Environmental Democracy Index shows that the Philippines, Bangladesh, Saint Lucia, the Republic of the Congo, Namibia, and Malaysia all have no legal obligation to make EIAs public without the public having to make an official request (World Resources Institute 2015).

Finally, local-level elite capture and corruption can also mar community consent processes. In a 2015 survey of mining industry stakeholders commissioned by the International Council on Mining and Metals (ICMM), a major constraint on real consent was that companies often "engage only with the better educated and more articulate sectors of a community, who do not necessarily represent the broader community and may not seek to share benefits widely" (Macdonald 2017, 18). In several consultations for hydrocarbon projects in Bolivia, "it was not clear who the representative institutions and persons were, as mistrust toward these organizations was great, or parallel organizations existed; during the consultation procedure negotiations with individual community members were held and local authorities were corrupted" (Schilling-Vacaflor 2012, 12).

1.3.b NRVC Step 2: Contracting and Licensing the Rights to Extract

Once a community has provided its consent (or, as suggested by the cases described above, once consent has been bypassed),[23] the next step for a natural resource project is to secure the legal rights to the resource. This usually takes the form of a contract or licensing negotiation that involves a level of dealmaking in which "the government must decide on a framework for awarding rights to explore and extract, and establish the legal and financial terms governing those rights" (NRGI 2010).[24] While different regulatory regimes will have a different balance of challenges and risk factors, the categories of risk factors are the same (Columbia Center on Sustainable Investment 2015; NRGI 2015).[25] They include: information, capacity, and expertise asymmetry; opaque negotiation processes; and policymaker discretion over allocations of rights.[26]

Many governments lack sufficient geospatial information systems or legal and technical expertise to engage in contract negotiations on a level playing field, and to fully measure, value, map, and negotiate over their resources. As a result, extractive companies often enter contract or licensing negotiations with more information than government officials and are at an advantage when agreeing to terms (OECD 2016). In many contracting regimes,

so little information is publicly available that it is impossible even to know whether capacity is an issue, and rules governing the evaluation of contract bids and proposals are often nonexistent, unclear, or unenforced. This opacity and discretion are the main drivers of corruption in the second step of the NRVC, creating the space for special kickbacks and enabling the approval of deals that are not in the public's best interest (Rosenblum and Maples 2009). Box 1.3 provides some concrete examples of these risks.

Private companies may be legally required to include a role for the state-owned enterprise (SOE) during the contracting phase,[27] ostensibly for helping transfer technology to the developing agency. But some officials use this contact point to demand bribes. Furthermore, just like regular politicians, executives in an SOE may have conflicts of interest. The OECD (2016) reports two relevant cases. In one, the president of an SOE's board, who also happened to manage a private company, contracted with the SOE. When contractual disagreements emerged, this individual pushed to resolve this case in his private company's favor. In another, SOE executives and political leaders signed inflated contracts with local service providers and small companies and demanded kickbacks that they then funneled to the dominant political party's campaign funds.

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23 One question for the field is whether consent mechanisms like "free, prior, and informed consent" (FPIC) reliably lower corruption risks at later stages of the NRVC. While there is some evidence from related initiatives like REDD+ (reducing emissions from deforestation and forest degradation and enhancing carbon stocks) that "policies, institutions, systems, and processes" designed in earlier stages of natural resource governance "will influence the presence or absence of risks and conditions for corruption in subsequent phases,", this question has not—to our knowledge—been rigorously tested (Dermawan et al. 2011, 1). The general lack of successful, sustainable FPIC processes may explain why.

24 The landmark "Contract Disclosure Survey" published by Oxfam in 2018 examines contract disclosure commitments across 40 leading oil, gas, and mining companies (see Munilla and Brophy 2018).

25 A 2017 report from Transparency International examines corruption risks in the contracting and licensing stage across 18 resource-rich countries, arguing that "corruption risks exist in mining approvals regimes of countries across the globe" (Caripis 2017).

26 One important new tool for mitigating corruption in the contracting and licensing stage of the NRVC is Transparency International's "Mining Awards Corruption Risk Assessment Tool" (Nest 2017).

27 State-owned enterprises (SOEs), including national oil companies (NOCs), pose special concerns due to their hybrid nature of straddling the public and private sectors. SOEs can be perpetrators, vehicles, and victims of corruption at every stage of the NRVC. In many countries, the SOE acts as both "administrator and regulator," allowing it to force private companies into collaborations that may be inefficient or allow for opportunities for corruption (OECD 2016, 16). For more, see Gillies, Heller, and Kaufmann (2018) and the OECD's 2015 Guidelines on Corporate Governance of State-Owned Enterprises.

Box 1.3: Capacity and Opacity Challenges at Natural Resource Value Chain Step 2: Contract

- The 2005 agreement between Mittal Steel and the National Transitional Government of Liberia was infamously skewed in Mittal's favor, due to capacity challenges during the civil war. One of President Ellen Johnson Sirleaf's first presidential acts was to insist on the agreement's renegotiation (Global Witness 2006, 2007).

- Within governments, corrupt actors can intentionally weaken ministries charged with overseeing or approving contracts. Transparency International Zimbabwe claimed that such targeted "de-fanging" happened to the Zimbabwe Mining Development Corporation in 2012 (TI Zimbabwe 2012).

- In the Democratic Republic of the Congo, the government secretly assigned rights to oil blocks that overlap with legally protected rainforests to an extremely opaque company, COMICO. Global Witness (2018b) recently unmasked some of COMICO's hidden owners and holding companies, which include "a former Congolese politician and businessman, who was a cabinet member of Jean-Pierre Bemba's Congolese political party[,] ... [a] Portuguese businessman linked to the Brazilian Car Wash scandal[,] ... [and] a former business associate ... who was previously convicted of playing a part in a fraudulent investment scheme."

In many cases, ethical private interests do not want such an opaque and discretionary operating environment, while in other cases, less ethical businesses leverage the opacity to their benefit. In Nigeria during the Obasanjo and Yar'Adua administrations (from 1999 to 2010), oil companies "confront[ed] costly delays and inefficiencies in their dealings with Nigerian state institutions. Though they [did] not constitute corruption per se, such delays create[d] the motive and opportunity for 'greasing the wheels' ... the bottleneck around reviewing contracts ensure[d] that top officials remain[ed] the gatekeepers of the industry" (Gillies 2009, 3). With such a tempting payoff on the other side of a frustrating hurdle, companies may find it cheaper to simply try to capture the state or specific regulatory agencies themselves (Al-Kasim, Søreide, and Williams 2008). In 2017, Sayne, Gillies, and Watkins reviewed more than 100 real instances where, in contexts lacking

transparent, accountable contracting procedures, allegations arose that an oil, gas, or mining contract or license was secured via corruption. Based on this review, they published a list of "twelve red flags" indicating that rights to extract a natural resource might have been corruptly assigned. These red flags are reproduced in Box 1.4.

1.3.c NRVC Step 3: Extracting and Producing the Resource

Production involves the actual extraction of a natural resource from its source and any refinement or other conditioning necessary for its ultimate production and sale. This step also includes the laws, rules, and regulations around "safety, health, and environmental practices" (Ríos, Bruyas, and Liss 2015, 13). Critically, the production process should institutionalize a regulatory framework focused on monitoring

Box 1.4: Sayne, Gillies, and Watkins (2017): "Twelve Red Flags"

1. The government allows a seemingly unqualified company to compete for or win an award.

2. A company or individual with a history of controversy or criminal behavior competes for or wins an award.

3. A competing or winning company has a shareholder or other business relationship with a politically exposed person (PEP), or a company in which a PEP has an interest. (PEPs are defined as government officials and their close associates [Westenberg and Sayne 2018]).

4. A competing or winning company shows signs of having a PEP as a hidden beneficial owner.

5. An official intervenes in the award process, resulting in benefit to a particular company.

6. A company provides payments, gifts, or favors to a PEP with influence over the selection process.

7. An official with influence over the selection process has a conflict of interest.

8. Competition is deliberately constrained in the award process.

9. A company uses a third-party intermediary to gain an advantage in the award.

10. A payment made by the winning company is diverted away from the appropriate government account.

11. The agreed terms of the award deviate significantly from industry or market norms.

12. The winning company or its owners sell out for a large profit without having done substantial work.

and accountability, in an effort to guarantee that contracts are executed according to agreed-upon terms and that "capacity building for regulatory agencies" ensures their ability to regulate and to enforce the law (Ríos, Bruyas, and Liss 2015, 13). During the extraction phase, most potentially negative impacts are accrued to the local community and the environment, and actual extraction usually occurs in remote locations that only sporadically have the necessary state presence to enforce regulations and protections (Williams and Dupuy 2016; ELLA 2012b). As Box 1.5 illustrates, this opens the door to local occurrences of corruption, and foreshadows the emphasis on rule of law and local context covered in Chapters Three and Four.

In many cases, issues from NRVC2 continue as problems at NRVC3, since "existing staff have little time to monitor and enforce EIA recommendations" and mitigation measures (Kakonge 2006, 19). Even though this narrative is common for institutions that govern the extraction and production phase in developing countries, capacity excuses are often a cover for corrupt political systems. In Honduras, for instance:

the businesses whose activities constitute the most serious menace to biodiversity— and therefore *require* "weak" environmental and legal institutions in order to flourish— are businesses in the hands of private-sector network members. These are the activities

Box 1.5: Corruption Risks at the Local Level at NRVC3 (Production)

Local authorities are expected to form a first line of public defense, but these smaller governance structures can often be more easily bought out, bribed, or co-opted. As a result, the protective rules codified in the central government can become riddled with loopholes and lack of enforcement. In Indonesia, "most mining districts lack capacity and funding," to the extent that, in one district's Energy and Mining Office, "the occupational safety and health inspection budget enabled the office to conduct inspections at less than 25 percent of the district's 285 coal mining operations" in 2011 (Venugopal 2014, 11). In Peru, timber exporters were able to falsify sustainable origin documents through corrupt agreements with regional leaders, and, when a public prosecutor attempted to intervene in 2015, "under pressure from the timber sector, the new law allowing public prosecutors to seize timber was weakened" and the president of Peru's forest and wildlife inspection agency [was] sacked (Global Witness 2017c).

the Honduran government has selected as pillars of its development strategy. Some scholars suggest that the environmental degradation that results from such policies is also deliberate—that it is used to create a rootless class of poor laborers for industries controlled by the kleptocratic network (Chayes 2017, 54 [emphasis in original]).

Whether the root cause of this lack of enforcement is inability or malfeasance, the fact remains that companies aware of a likely lack of consequences are disincentivized from implementing costly mitigation strategies or compensating communities.

Even companies acting in good faith can become embroiled in corruption at the extraction stage due to the high levels of discretion granted to power-seeking government officials, as well as opaque business relationships. Officials can encourage fulfilling local hiring requirements based on ethnic, family, or political party ties.[28] They can demand bribes or kickbacks in exchange for waiving requirements, add or remove companies from exemption lists, or capriciously enforce sanctions (Martini 2014). Officials' corrupt natural resource interests may extend so deeply throughout an economy that regular due diligence efforts cannot reveal them (Kubba and Schornick 2015).

Because communities living in such contexts often resort to protest and disobedience to defend their interests, the third step of the NRVC is also one at which direct violence and extortion are common, as described in Chapter Three. Some companies take advantage of gaps in state presence to threaten anyone who questions or opposes their activities, although actual culpability is rarely proven.

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28 By requiring extractives companies to hire, train, spend, and borrow in the localities from which resources are extracted, local content provisions policies aim to foster local economic growth and technological transfer that can make natural resource extraction less "extractive." Yet some critics believe that "local content is detrimental to development … arguing that 'local content without oversight gives nothing' and will only lead to capture and corruption" (Kolstad and Kinyondo 2015, 15). Indeed, local content requirements can actually create new channels of corruption and inefficiencies, including: "local content interventions being closely aligned with public officials' or investors' other local businesses; targets resulting in selection of contractors unable to meet prequalification without falsifying capabilities; extorting fees to be part of a tender list; authorization of single/sole sourcing without appropriate governance arrangements; bid-rigging between contractors to increase prices; or bribing officials to provide certification" (Esteves, Coyne, and Moreno 2013, 7).

Box 1.6: Examples of Threats and Violence against Environmental Defenders at Natural Resource Value Chain Step 3: Production

- In Mongolia in 2017, an "influx of mining companies and transporting trucks in the Dalanjargalan subdivision of Dornogovi province caused heavy dust which severely degraded pastures and threatened the health and safety of livestock and people. Media workers filmed mining company representatives intimidating journalists and herders" (Amnesty International 2018, 263).

- In the Philippines in 2016, a leading environmental activist was murdered in her home after opposing local coal mining (Amnesty International 2017). That same year in South Africa, after years of violent attacks and death threats, the chairman of a local NGO opposed to a local open-cast titanium mine in the area was shot eight times (Front Line Defenders 2017).

- The government of Turkey infamously signed a contract with BP in 2003 that obliged the government to pay fees if it intervened in BP's operations, even if it did so to enforce the country's laws (Amnesty International 2003).

- Ecuador's Interior Ministry filed a complaint against, and threatened to close, the Ecological Action Corporation after that organization published information about the environmental impact of mining in a certain province. Authorities later declared a state of emergency in the province and arrested a local indigenous leader of the opposition to the mine (Amnesty International 2017).

- Several indigenous activists have been tortured and murdered for opposing a hydropower plant project secretly owned by the spouse of a powerful politician in Honduras (Global Witness 2017b).

Governments can be both complicit and complacent in the face of threats to environmental defenders. Corrupt actors within the government can be inclined to use the power of the state to criminalize environmental dissent and protest through outlawing demonstrations, limiting NGOs' registration and access to funding, and surveilling environmental rights defenders (Cowman 2017). Box 1.6 provides five case examples, and Chapter Three explores these dire challenges in more detail.

Finally, several of the worst risks of corruption at NRVC3 result from local instances of what Østensen and Stridsman (2017) call "shadow value chains," where the resource is produced independent of, or is stolen or diverted from, the official value chain. This practice, of course, has huge implications for the revenue base of governments; just as importantly, it also results in severe local impacts around the areas of production. Box 1.7 covers two elements of the shadow value chain: artisanal mining[29] (which is distinct from illegal mining) and resource theft.

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29 Artisanal or small-scale mining, simply put, is the unofficial but accepted practice of labor-intensive, non-mechanized extraction of a resource in a traditional, allowed area, even if the individual miners do not have the official licenses or legal permissions that the government requires larger mining operations to acquire (Wagner 2016). For more information on artisanal mining, see Pact's Mines to Markets program (Pact n.d.).

Box 1.7: Shadow Value Chains

Artisanal mining produces many of the world's minerals from outside of the official resource value chain. Although not necessarily illegal, these men (and, increasingly, women [Bush 2009]) are by definition operating in a legal gray area outside of state oversight, and usually experience some degree of economic dependence and marginalization. This creates a "perfect" scenario for criminal organizations to exploit or outright enslave workers. Those organizations can also convert artisanal mining into illegal mining, bringing in destructive machinery or operating in prohibited or protected areas (Wagner 2016). This can result in a harsh backlash that further marginalizes the men and women of traditional artisanal mining communities (Bush 2009; Hilson 2017).

In other cases, the resource is produced from official channels, then stolen and diverted. Nigeria epitomizes this problem. With thousands of miles of exposed pipelines and high-quality petroleum that does not require extensive additional refining, sprawling networks of thieves puncture legal companies' oil infrastructure to siphon off crude oil for local sale as gasoline substitutes or to fill barges to mix into official stores on offshore tankers in the Gulf of Guinea (Katsouris and Sayne 2013). The infrastructure punctured by the thieves is often severely damaged, resulting in environmental damage and dissuading investment (Gillies 2009). Political leaders, Nigeria's national oil company, law enforcement agencies, and "big men" industry intermediaries have all been implicated in facilitating and benefitting from this oil theft (McPherson and MacSearraigh 2007; Gillies 2009; Katsouris and Sayne 2013; Østensen and Stridsman 2017).

There is evidence, however, that multi-pronged interventions can allow ASM to operate with state oversight and facilitate local economic development. In Cote d'Ivoire, the Property Rights and Artisanal Diamond Development Program (PRADD), co-sponsored by USAID and the EU, targets the country's Artisanal Small Scale Diamond Mining (ASDAM) sector (UN Economic Commission for Africa). This program not only attempts to strengthen the technical capacity of actors within ASDAM through diamond mining best practices, but also promotes international good governance through the Kimberley Process and prioritizes engagement with affected mining communities (Tetra Tech n.d.). This context-based intervention, working to facilitate diamonds sold in legal channels with government oversight, demonstrates an effective counter to shadow value chains.

1.3.d NRVC Step 4: Revenue Collection and Taxation

Revenue collection and management includes the post-sale return of revenues to government coffers and how government agencies collect and manage revenues. This step does not include the impact or destination of revenue as it is returned to the public or invested into agreed-upon budget and spending priorities. Rather, this step centers on public finance and the accounting security around those financial

transactions. As such, at this step in the NRVC, the corruption risks shift to the monetary value of the resource rather than the resource itself. Even if a natural resource is extracted with proper legal authorization, a fair contract, and informed consent from the community affected by its extraction, the money that the resource is worth can still be affected by corruption at this stage.

From the outset, however, it is important to note that both corrupt and compliant companies engage in a number of legal activities to lower their tax burden. While not necessarily corruption per se, these efforts do run the risk of severely hobbling a government's ability to fund itself, which can create an environment in which corruption can flourish. And, because these efforts are often opaque, the line between legal tax minimization and corrupt profiteering can be quite blurred.

To attract investment, governments may feel compelled to allow for negotiation of tax levels during contracting or some level of adjustment for companies during price downturns. Companies will aim to maximize their take (and minimize the government's take) by "locking in" advantageous terms through tax holidays, favorable depreciation rates, and stabilization clauses. Government negotiators may be at a technical or experiential disadvantage, leading to overly generous terms for companies that stem from being "out-negotiated" rather than from corruption (Hubert 2017). This asymmetry is especially likely (and steep) upon the initial discovery of a resource, when the government has never before dealt with that resource or its exploration (see, e.g., the discussion of offshore oil in Ghana in Hickey et al. 2015).

In many cases, corrupt companies attempt to bribe officials to secure better terms, and corrupt officials

Box 1.8: Sweet Tax Deals and Their Dangers

The OECD corruption risk assessment (2016) notes multiple examples of bribes paid to "local tax officials in exchange for reducing the company's tax assessment and minimising its tax obligations … in one specific case, the bribe was intended to reduce the amount of expatriate employment taxes payable by the company. Payroll expenses were regularly underreported and improper payments mischaracterised in the company's books and records" (78–79). However, as has occurred in Tanzania, these deals can be dangerous (Forstater and Readhead 2017a). In the late 1990s, several foreign companies signed confidential Mining Development Agreements that fixed very favorable terms for extensive periods. After facing years of criticism for low tax payments, including a five-year period in which shareholders received US $444 million in dividends while the company paid zero corporate income tax, the British company Acacia Mining reported in 2017 that it had exported US $1 billion worth of gold the previous year but paid only eight percent in taxes and royalties. A dispute erupted with the government halting all gold exports while demanding additional tax payments. The company's defense is that it complied with the terms of the original agreement, which seems to be true; of course, that agreement was extremely favorable to the company (OpenOil 2016).

use their discretion to enrich themselves (Hubert 2017). Furthermore, corrupt companies may not be content with making use of the status quo institutions, regulations, and monitoring and auditing systems. They may directly target those entities through undue influence and capture in order to evade taxation. For example, tax assessors can collude with company officials to apply loopholes or

to not investigate otherwise-questionable financial statements. Box 1.8 offers some examples, including how "golden tax deals can come back and bite you" (Forstater and Readhead 2017a).

Even when officials do not extract bribes through coercive or suggestive means, governments may lack the capacity and expertise to properly audit company

Box 1.9: Examples of Transfer Pricing Schemes

- Prior to renegotiation, the now-infamous Liberia Mittal Steel agreement allowed the company to set the price at which it exported iron ore, an extremely favorable term that they may have secured through bribery, by selling to subsidiaries at a lower price, Mittal was able to lower the royalty due to the Liberian government and then re-sell the final exported product at market price (Global Witness 2006, 2007).

- In addition, governments can struggle to enforce rules against tax evasion via transfer pricing, due to a lack of capacity and technical understanding, or due to opaque information about the transactions. In South Africa, for example "the revenue authority has a dedicated transfer pricing audit team of 20 people, and 30 audits between 2012 and 2015 resulted in adjustments totalling nearly $2 billion, generating about $500 million in additional government revenue. However, it does not appear that there has been a successful prosecution for transfer mispricing in South Africa. The challenges of administrative capacity are not limited to the revenue authority; they extend to the courts, where judges may lack the capacity to truly understand a complicated transfer mispricing case" (Hubert 2017, 45).

- Nigeria's NOC sells crude oil "on an intercompany basis" and underreports its earnings in order to cover budget deficits due to its own internal mismanagement and corruption (Sayne, Gillies, and Katsouris 2015, 18).

- According to McPherson and MacSearraigh (2007): "Accounting practices of most NOCs should be a cause for concern. Often, the books are unavailable or, if available, they are non-transparent and confusing. In general, lack of transparency, weak or nonexistent audits, and unnecessarily convoluted accounting, tax, or financial structures should be taken as signals of possible problems" (210). Longchamp and Perrot (2017) have collected a database of more than 60 examples of corruption cases involving SOEs and commodities trading. They conclude that there are "major risks of revenue misappropriation" for SOEs in just this one part of the NRVC (36).

financial statements or production and export declarations.[30] This allows corrupt companies to keep more resource rents for themselves by distorting project revenues, costs, or production data. One common tactic is to under-report the quantity, quality, or value of the product, especially for resources like alluvial gemstones that are easy to smuggle, or other valuable minerals that occur alongside lower-value minerals and can be hidden in concentrate or mixtures (OECD 2016; Hubert 2017). Despite a widely lauded semi-independent government agency being charged with verifying the quality and quantity of exported minerals, the Acacia dispute in Box 1.8 involves unproven allegations that the company hid higher-value minerals in gold concentrate (Forstater and Readhead 2017b). In Zimbabwe, Bikita Minerals (Pvt) Ltd. owns a rich lithium deposit, but does not report exporting lithium, yielding allegations that it exports lithium under the guise of the lower value petalite and accusations of "rent-seeking behavior by the country's ruling elites who … demand resource rents from extractive industries in exchange for shielding them from compulsory acquisition" (Maguwu 2017, 2). Efforts to avoid taxation may or may not be illegal. Companies may also sell the resources they produce to subsidiaries they own at a special, not necessarily illegal "transfer price" that lowers the tax bill to the government whose land they extracted (Readhead 2016, 6).

Some SOEs have their own versions of transfer pricing and quantity underreporting schemes to keep rent for themselves (Longchamp and Perrot 2017). Box 1.9 offers some examples. More obviously corrupt illegal production and theft of resources, as described above at NRVC3, also have tremendous implications for government revenue. Box 1.10 provides additional examples relevant to NRVC4.

Box 1.10: Lost Government Income from Shadow Value Chains

- In 2016, around 28 percent of Peru's gold was produced illegally at a value of about $2.6 billion, almost double the value of the cocaine the country produced that year. In Colombia, a staggering 80 percent of gold comes from illegal sources (Wagner 2016).

- Many Colombian cartels have developed "resource portfolios" of drug crops and gold, threatening hopes for peace and hobbling negotiations to end the world's longest running civil conflict (Rettberg and Ortiz-Riomalo 2016; Massé and Le Billon 2017).

- Nigeria's lost revenue from stolen oil in 2016 totaled more than one-fifth of its revenue target, and roughly one-sixth of its total budget (Nigeria Natural Resource Charter 2018).

- Some contend that Indonesia's decentralized licensing regime has empowered "illegal tin-mining activities" that "have resulted in loss of revenue for the district" (Venugopal 2014, 12).

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30 For a recent report on the challenges of government cost auditing in the oil and gas sector, see Oxfam's "Examining the Crude Details" (Readhead, Mulé, and Op de Beke 2018).

1.3.e NRVC Step 5: Revenue Expenditure and Investment

Investment and spending form the final step in the NRVC and focus on how citizens benefit from the allocation of revenues generated from natural resources. At this step, the government must manage the income it has collected or earned from resource extraction. This requires processes and institutions to be in place to ensure that funding streams arrive at their intended destinations, and "systematic and rigorous monitoring and audits of public investment programs by independent organizations (including civil society groups)" (NRGI 2010). However, the massive and volatile inflows that natural resources can create often render this practice ineffectual. The risks manifest in three broad areas: resource wealth funds, revenue-sharing schemes, and regular government budgets.

Many countries establish natural resource funds to smooth budgeting, shield the domestic economy from destabilizing inflows of foreign capital, and force savings for specific development priorities or future generations. While macroeconomically prudent, these funds can also represent a trove of spoils and pork-barrel spending opportunities over which corrupt politicians can compete. Foreign banks also often play a significant role in natural resource fund corruption, due to the practice of entrusting foreign, external managers with oversight. In some cases, those managers have undisclosed political ties in-country (OECD 2016). Some funds have been explicitly created with special rules to make them less subject to parliamentary or civic oversight and more opaque and discretionary (Bauer, Rietveld, and Toledano 2014). Still others are just created prematurely, which Cust and Mihalyi (2017) calls the "presource curse," and are subject to the prevailing low-capacity, poor governance environment (Bauer and Mihalyi 2018). As Bell and Faria (2007) puts it:

one must not assume that "new" institutions will somehow master government and administrative skills that existing institutions lack ... oversight and transparency play a key role in law enforcement. ... Without this, government officials, oversight committees, and the public will simply not have the basic information necessary to ensure responsible use of the nation's resources. ... Transparency cannot ensure the responsible use of resource revenues, but without transparency, abuse is almost certain (287–288).

Another corruption risk at the spending stage involves sharing revenues at the local level, either by giving local governments the authority to collect and retain taxes on natural resource extraction, or, more commonly, through intergovernmental transfer systems.

Revenue sharing is a growing trend, pursued with four typical objectives: recognizing local claims on natural resources, compensating for the locally-concentrated negative impacts of extraction, promoting development in resource-rich regions or "sharing the wealth" with resource-poor regions, and trying to mitigate violent conflict (Bauer et al. 2016b, 24–25). Additionally, decentralization has long been pushed as an anti-corruption measure, backed by early evidence that fiscal decentralization was strongly associated with lower levels of corruption (Fisman and Gatti 2002). Unfortunately, evidence now shows that natural resource revenue decentralization, without explicit strategies to safeguard the environment and develop local accountability institutions, is not a panacea for these issues or the resource curse. Indeed, decentralization generates its own set of local-level corruption issues (Morgandi 2008; Bauer et al. 2016a). Chapter Four outlines LTRC's proposed response to this issue, while Box 1.12 explains the three major risks of decentralized revenue sharing: local capacity, elite capture, and conflict.

Box 1.11: Corruption in Natural Resource Funds

While some natural resource funds, like those of Chile, Norway, and Saudi Arabia have, at least historically, successfully stabilized the national budget and protected their economies, corruption and mismanagement are more common.

• The "Libyan and Kuwaiti funds have incurred billions of dollars in avoidable losses due to financial transactions that benefited friends of the regime or investment managers" (Bauer, Rietveld, and Toledano 2014, 16).

• Triwibowo and Seixas Miranda (2016) demonstrates how the Petroleum Fund (PF) in Timor-Leste led to large and beneficial savings, but had major shortfalls in the implementation of withdrawal rules and poor investment decisions. While civil society organizations (CSOs) are integral parts of the PF's management through involvement in the Independent Consultative Council, their level of influence is limited, which contributed to the problem.

• In Azerbaijan, Ibadoglu (2015) finds that although savings of about 50 percent of GDP had been accumulated by 2014, decisions on how to invest those savings were made on an ad hoc basis. Lack of withdrawal rules, poor enforcement of existing rules, and limited independent or parliamentary oversight undermine the effectiveness of the fund. The fund discloses some information on how it accumulates and invests money, but this partial transparency has not translated into accountability.

• The OECD (2016) offers many additional examples—highlighting in particular the different actors involved—of "cases where conflict of interest and political capture have led to misman-agement, misuse and misappropriation of funds" (93).

  ○ "It is common to find government officials or well-connected elite on the supervisory board of these funds. In one particular case, the board was almost exclusively composed of members belonging to the President's inner circle. This resulted in a series of opaque and high-risk invest-ments in hedge funds and complex derivative transactions. ... Indeed, suspicions of corruption underlie several cases where non-commercially credible or imprudent investments were made in companies affiliated to (owned, managed and/or advised by) well-connected elites. In all cases identified, the amounts of revenues missing from the funds' accounts or lost as a result of mismanagement, misconduct and lack of oversight amounted to billions of dollars" (93).

  ○ In another case, the natural resource fund filed suit against a foreign bank for "bribing key offi-cials and top executives of the fund to influence decisions over the fund's investments" (93).

• In Nigeria in 2013, members of parliament accused one natural resource investment fund manager of contracting UBS Securities, his former employer, as the external manager "without following due process" (Bauer et al. 2014, 45).

Box 1.12: Three Risk Categories for Decentralized Revenue Sharing

Local governments often do not have the capacity to manage large windfall revenues and are not subject to the same transparency and accountability mechanisms that exist at the federal level. As a result, "decentralization also distributes the opportunities for corruption more widely and often with less formal oversight" (Bauer et al. 2016a, 23), such that "soaring government expenditures have often led to ... profligate spending on government employee bonuses and vanity projects" (Bauer et al. 2016b, 41). In Nigeria, subnational governments are highly dependent on volatile oil revenue allocations, but how they actually spend those allocations is extremely opaque: "Petroleum revenues are the lifeblood of official corruption ... federal, state, and local government structures essentially function as mechanisms for dividing up and spending what Nigerians refer to as their 'national cake': oil and gas revenues" (Page 2018, 9).

Local elite capture is also a pressing risk because participatory decentralization can easily become clientelism (Bénit-Gbaffou 2011). Furthermore, empirical work has shown that fiscal decentralization only lowers corruption if there is a supervisory body like a free press to monitor bureaucrats' behavior (Lessmann and Markwardt 2010), but that local media is often lacking (as addressed in more detail in Chapter Three). In Peru, especially in regions lacking robust civil societies, clientelism and corruption abound (Crabtree 2014). In Ghana and Sierra Leone, the mining wealth sharing systems "put into the hands of traditional authorities and district assemblies, which have lengthy histories of embezzling funds, a share of the mine royalties earmarked for local economic development. It is a setup, however, that is undermined by a tendency for elite capture, and it may contribute to political corruption at the community level" (Standing and Hilson 2013, 10). Similarly, Indonesia's system gives subnational governments little to no ability to enforce rules, a lack of incentives to perform well, and very weak accountability to citizens. Local political space "opened up by decentralization in Indonesia has simply helped local rent-seekers to secure privileged positions without the constraining effect of national-level party politics" (Venugopal 2014, 12; Hadiz 2010).

Finally, revenue decentralization can exacerbate conflict. While some violent conflicts have been headed off by resource revenue payouts, like Aceh and West Papua in Indonesia (Bauer et al. 2016b), in other cases, conflict worsened. Poorly designed systems can incentivize the use of violence to capture extractive sites or local governments (ibid) or create additional grievances if regions perceive an unfair distribution (ELLA 2012b). Peru's "canon minero" and royalty decentralization is the prime example of this negative case. Rules established at the national level do not allow for sufficient savings, forcing local and regional governments to spend more than what is rational and not necessarily on productive investments, and raising the stakes for controlling those governments. Most regions do not disclose comprehensive information with respect to how much money they receive and how it is used (Lasa Aresti 2016a; Lasa Aresti 2016b notes similar opacity in the case of Iraq). Leaders in power play a "polarized political game that generates short-term policies ... conflicts begin to be seen as a way to achieve a better bargaining position" (ELLA 2012b, 5; Arellano-Yanguas 2011). During the Humala administration, various subnational politicians, from local mayors to regional presidents, were accused of using public funds to incite conflicts for their own political gain (Whitt 2013).

The third category of corruption risk at NRVC5, although not specific to natural resources, involves the general government budgetary process, which is subject to many corruption risks as well as evidence-thin, ideology-based spending patterns. Officials often favor investing in megaprojects, regardless of need or cost-benefit, because such projects are excellent opportunities for hiding illicit funds and collecting bribes, as well as winning votes (Karl 2007). Indeed, "certain politicians—members of parliament, general secretaries, ministers, or even heads of state—attempt to shape investment expenditures largely to suit their own interests," allocating projects to their own companies, friends, family, or political contributors; "this is the case especially where key monitoring or control bodies are not well developed, and institutional monitoring is correspondingly weak" (Edling 2005, 25–26). As Isaksen (2005) explains, budgetary corruption can misallocate much-needed resources from social development to private greed, render development plans ineffective by prioritizing elites' districts or supporters, and undermine a society's confidence in the rule of law and their trust in government.

1.4 Conclusion

Is the resource curse the destiny of all resource-rich countries? Certainly not. We have shown that natural resource wealth creates the incentives and facilitates the mechanisms by which corruption robs a society of funds that could otherwise be used for sustainable development. But interventions to change those incentive structures and alter those mechanisms can potentially prevent or reduce such wealth diversion—and the corrupt practices that lead to it.

We now turn to those interventions. The last few decades have seen several attempts to tackle corruption both within and beyond the natural resources space. These efforts have built formal and informal institutions to change incentives and alter behavior in order to achieve effective accountability. We will focus on approaches increasing transparency, bolstering public participation and public decisionmaking, and/or enhancing accountability mechanisms. In the next section, we present a historical perspective on transparency, accountability, and participatory approaches: how they have fared, and how they can potentially be improved in the natural resource governance space.

CHAPTER TWO:

Improving Governance through Transparency, Accountability, and Participation

Chapter One showed that resource-rich countries are at greater risk for corruption and that the magnitude and perniciousness of that corruption are necessary targets in order to increase the beneficial, sustainable use of natural resource wealth. As one approach to reducing corruption in natural resources and indeed other sectors, the governance field has spent years refining methods and proposing, testing, and evaluating solutions to these challenges. Many solutions hailed as silver bullets have failed, leaving us considerable lessons to be learned about what does *not* work and about how TAP approaches may work better.

Thanks to existing studies and several reviews, including our own, we have isolated characteristics that can make a TAP intervention more likely to be effective in improving anti-corruption outcomes. This chapter traces the history of those characteristics. The conclusion we draw from the historical evolution of TAP efforts is that a bundled approach that incorporates two or even all three of the elements of TAP is needed to successfully reduce corruption and improve sustainable development outcomes.

We begin at broad aperture, considering TAP efforts such as freedom of information laws and the Open Government Partnership (OGP) that range across sectors, including, but not limited to, the natural resource value chain. Then, we turn to the evolution of TAP in the extractives space. Our survey includes a detailed review of the successes and failures of the most important transparency-focused international multi-stakeholder initiative relevant to the natural resource value chain: the Extractive Industries Transparency Initiative (EITI).

2.1 Additional Definitions

Due to the amount of work in this space, numerous definitions of relevant terms exist. For consistency's sake, we briefly define each TAP component as well as what we mean by governance in a way that serves the purposes of LTRC. We mean neither to devalue other definitions nor to suggest that in other settings our definitions will always be superior.

Transparency means making "information on relevant laws, regulations and other policies publicly available," and "notify[ing] interested parties of relevant laws and regulations and changes to them" (Kaufmann and Bellver 2005, 4). This is the supply side of transparency—that is, government's role in transparency. On the demand side, information must actually reach and be taken in by citizens (Naurin 2006; Lieberman, Posner, and Tsai 2014). Fung et al. (2004) and Fung, Graham, and Weil (2007) point out that information must be salient, accessible, and consequential. Finally, transparency requires information that is accurate and comprehensive. Governments or other elite institutions that provide information that is false, misleading, or incomplete fail to be transparent.

Accountability is an essential aspect of democratic systems. "Accountability exists when there is a relationship where an individual or body, and the performance of tasks or functions by that individual or body, are subject to another's oversight, direction, or request that they provide information or justification for their actions" (Stapenhurst and O'Brien n.d., 1). Schedler (1999) discusses political accountability as having two connotations: answerability ("the obligation of public officials to inform about and to explain what they are doing") and enforceability ("the capacity of accounting agencies to impose sanctions on powerholders") (14). More succinctly, Fox (2007), in discussing accountability, notes that "one could call answerability the 'soft face,' while the 'hard face' includes answerability plus the possibility of sanctions" (668). Oversight may happen through executive, legislative or judicial bodies, independent institutions, elections, or societal mechanisms involving civil society or the media.

Participation focuses on "citizen involvement in local and national political processes," a category of behavior that can include anything from voting, protesting, or attending municipal meetings to working with civic groups (Carothers and Brechenmacher 2014, 10). Similarly, Williamson and Eisen (2016) describes participation as "public engagement in the political process" (4). We follow the approach taken in Rocha Menocal and Sharma (2008) that describes participation (using the roughly equivalent term "voice") as "the expression of preferences, opinions, and views. Mechanisms for expressing voice are key to ensuring that different preferences, opinions, and views can be expressed, heard, and acted upon. Mechanisms for voice can be formal or informal" (5). While some approaches view participation as a subcategory of accountability, we view them as distinct, given participation's focus on the principal side of the principal-agent equation. Indeed, at the far end of participation, where citizens are given decisionmaking power rather than merely expressive power—for example with participatory budgeting—the principal-agent relationship is telescoped. (See Section 2.2 for a brief discussion of principal-agent theory).

TABLE 2.1: Working Glossary for TAP

CONCEPT	DEFINITION	SOURCES
Transparency	The practice of ensuring that information on relevant laws, regulations, and policies is publicly available, salient, accessible, consequential, comprehensive, and accurate.	Kaufmann and Bellver 2005; Fung et al. 2004; Fung, Graham, and Weil 2007; OGP 2014; Transparency International n.d.
Accountability	A system where an individual or body, and their performance of tasks or functions, are subject to oversight by another individual or body that has the power to request information or justification for their actions and impose sanctions.	Stapenhurst and O'Brien n.d.; World Bank 2017; Rocha Menocal and Sharma 2008; Fox 2007, 2015
Participation	The ability of citizens to engage in local and national political processes and express their preferences, opinions, and views through either formal or informal mechanisms.	Williamson and Eisen 2016; IAP2 n.d.; Rocha Menocal and Sharma 2008

Finally, **governance** rests at the center of this work. The World Bank (2017) defines governance as "the process through which state and non-state actors interact to design and implement policies within a given set of formal and informal rules that shape and are shaped by power" (3). [31] Alternatively, governance is also defined as the "traditions and institutions by which authority in a country is exercised." This includes 1) the "process by which governments are selected, monitored and replaced," 2) the "capacity of the government to effectively formulate and implement sound policies," and 3) the "respect of citizens and the state for the institutions that govern economic and social interactions among them" (Kaufmann, Kraay, and Mastruzzi 2011, 222).

In the context of this paper, we are interested in how those processes relate to natural resource governance, which we define as how governments interact with the institutions (public, private, or semi-private) that extract natural resources from sites within a given jurisdiction and how those extractive institutions and related government entities interact with other government entities and with citizens. This definition describes an ecosystem of related governance components that work around and within a natural resource value chain (for more on the NRVC, see above). [32] This encompasses a variety of concepts, institutions, processes, and behaviors, and measuring it is a complex process.[33] In the end, we subscribe to the view that a holistic embrace of the construct of "governance" is one that puts the contestation and exercise of political power at the center. In other words, we do not view governance as simply a technocratic exercise of institutional design and execution within public sector departments or ministries.

2.2 The Evolution of Our Understanding of Transparency, Accountability, and Participation

Principal-agent theory—arguably the dominant analytical framework of democratic governance studies—models representative government in broad strokes. We rely upon it in our conceptualization of TAP although we acknowledge that it has its critics and that the following explanation simplifies a very complex analytical framework. [34] The theory features government actors (agents) who act on behalf of citizens (principals) (World Bank 2016). A principal-agent problem is introduced when the parties' interests do not align and when, therefore, the agent may be incentivized to imperfectly represent the principal. Corruption is a symptom of a principal-agent problem in our framework. The problem cannot be cured without some form of accountability or disciplinary mechanism. In turn, this framework cannot function without some measure of transparency in policy, actions, and expenditure for without it, principals cannot be aware of agents' actions that diverge from their interests. It also requires an element of participation from principals as a means of expressing their interests and imposing accountability (Williamson and Eisen 2016; Kolstad and Wiig 2009).

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31 There are multiple definitions of governance, and we do not claim that this one is best suited to all circumstances. We rely on it because of its broad extension and usefulness in the context of this paper.

32 Other definitions of resource governance exist, including: "the rules, disclosures, oversight procedures, and enabling environment that allow citizens to hold their government to account for managing their extractive resource wealth" (NRGI 2017b, 1); "the institutions, rules, and practices that determine how company executives and government officials make decisions and engage and affect citizens, communities, and the environments they inhabit" (NRGI 2017a, 3); "Good resource governance is the effective, accountable, and transparent management of oil, gas, and mineral resources. This definition implies the enactment of rules to promote the use of natural resources to improve public welfare and as well as strengthening public institutions, like the justice system and oversight bodies, to enforce these rules. In most cases, it also requires political will to transform subsoil assets into tangible benefits for citizens" (Bauer and Quiroz 2016, 245).

33 See Chapter Three for more details.

34 In unruly democracies operating across multiple administrative levels and involving millions of so-called principals (i.e. voters), classical principal-agent theory may offer only a limited analytical framework (Sabel 2004; Booth and Cammack 2013). In addition, principal-agent theory may, in some cases, under- or mis-evaluate the role companies play in outcomes of interest.

Each element of transparency, accountability, and participation has its own mechanisms for tackling corruption. We begin with a discussion of the transparency-centric scholarship to show that transparency alone tends to be insufficient to ensure impact or social change. In response, scholars and practitioners have sought to combine additional transparency, accountability, and participation mechanisms, which Sections 2.4.b and 2.4.c analyze.

2.2.a Transparency

Transparency forms a cornerstone of broader governance theory. It is not a new concept; deliberate mechanisms for knowledge circulation and for civilian oversight of public funds and policies was a key feature of Athenian democracy (Ober 2002). In 1948, transparency was incorporated into Article 19 of the Universal Declaration of Human Rights, which ensured the right "to seek, receive, and impart information and ideas through any media and regardless of frontiers" (United Nations 1948).

Representative government cannot function without some measure of transparency in policy, actions, and expenditure. The role of transparency may be understood through the lens of principal-agent theory, which forms a central intellectual underpinning for contemporary understandings of governance and representative government (World Bank 2016). Without transparency, citizens (i.e., the principals) cannot be aware of their representatives/government actors' (i.e., the agents) actions. Asymmetric information thus becomes a barrier to effective governance.

The transparency needed to facilitate principal-agent function does not arise effortlessly. Government actors (and other actors, such as firms, about whom the government holds information) may and often do contest transparency. Stiglitz (1999) identifies two motivations often driving resistance to transparency.

The first is insulation from making a mistake and then receiving condemnation from the public. The second is greater opportunity for special interest groups to influence policymaking, which allows for quid pro quos, often legal (e.g., electoral and political financing, "revolving door" jobs) and sometimes illegal (e.g., bribes and gratuities). As the World Bank's 2017 World Development Report notes:

> information asymmetries, while arising from problems of whether actions or outcomes are unobservable, are in the end rarely an accident of history. Rather, the lack of disclosure of information is often the result of powerful actors intentionally withholding information or resisting attempts to make it accessible—in other words, information asymmetries are also embedded in existing power asymmetries (World Bank 2017, 247).

Empirical studies seeking to validate the central role of transparency in representative governance have had varied results, although there is evidence of a correlation between greater transparency and improved governance. Islam (2003) shows that the release of economic information is correlated with improved governance indicators such as government effectiveness, regulatory burden, control of corruption, voice and accountability, the rule of law, bureaucratic efficiency, and contract repudiation and expropriation risk. Mauro (2002, 21) suggests that policies aimed at improving transparency and disseminating information help with controlling corruption and fostering economic growth.[35]

Historically, initiatives using transparency to limit corruption often relied on theories of change that posited transparency alone would work and assumed that other pre-conditions for accountability were in place. From the broad national freedom of information movement (discussed in Section 2.2.b) to

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35 One body of work, however, notes that certain transparency initiatives may have a corrosive effect on democratic governance. Chong et al. 2015 shows through an experimental exercise in Mexico's local elections that the provision of information about corruption may be insufficient to promote accountability as voters may react to the information by withdrawing their participation in the electoral process. See also Lindstedt & Naurin 2010, Malesky et al. 2012 (adverse effects of transparency on participation in Vietnam).

international, extractives-specific initiatives such as the EITI (described in Section 2.4), the focus has been on producing and publishing information in the relevant sector (itself a necessary and always challenging task) then leaving to other, often unspecified players the job of using, translating, and acting upon the data to promote accountability and improve public sector decisionmaking and spending. But in fact, the path from transparency to accountability to reduced corruption can be a rocky and winding one. In even the most simplified models of this pathway, transparency is just the first step (Peixoto 2013, Figure 2.1).

Some interventions justified this focus on transparency alone because it is relatively inexpensive, and, if successful, relatively scalable (e.g., Ravallion et al. 2013; see also Box 2.4 on the Transparency for Development program in the following section). Other efforts have been justified based on rigorous empirical correlations of greater transparency with lower corruption (e.g., Kaufmann and Bellver 2005; D'Souza and Kaufmann 2013). The common assumption, or at least aspiration, of these initiatives has been that the existence of public information would trigger collective action and effective accountability leading to disincentives for corrupt activities.

Research has been clear in dismissing this linear and simplistic story. The most extensive view of the evidence conducted by the World Bank in its 2016 report "Making Politics Work for Development: Harnessing Transparency and Citizen Engagement," tells a complicated story where "the details of transparency are important" (World Bank 2016). In most cases, making government activity or even malfeasance itself transparent neither automatically motivates collective action nor sufficiently shifts incentive structures (Fox 2005, 2007; Williamson and Eisen 2016). Table 2.2 summarizes a representative sample of foundational, transparency-focused research that demonstrates this.

Thus, improving transparency is necessary but not sufficient to improve broader governance outcomes, including reducing corruption. In addition to the empirical literature referenced above, a wide array of more theoretical work has led to this consensus, including several recent extensive reviews and meta-analyses. Transparency is best understood as a necessary first step (Joshi 2013; Gaventa and McGee 2013). A framework developed by Gillies and Heuty (2011) and depicted in Figure 2.1 shows the value and limitations of natural resource transparency.

TABLE 2.2: **Selection of Empirical Transparency Studies**

YEAR	AUTHORS	GEOGRAPHY	SECTOR	STUDY DESIGN	FINDING
2009	Kolstad and Wiig	Global, 87 countries	Governance	Regression analysis of 87 countries from 1965 to 1990	Transparency alone does not mitigate the resource curse effect of reduced growth from resource wealth. [36]
2010	Banerjee et al.	India	Education	Randomized intervention to (a) improve understanding of participatory institutions and (b) share a community scorecard	Making government structures more transparent and illustrating comparative education failed to motivate action.
2010	Lindstedt and Naurin	Global, 111 countries	Governance	Panel data analysis using two World Bank cross-country transparency indices, press freedom indices, the Polity IV index, and indices of perceived corruption	There is some evidence that education, media circulation, and free and fair elections can have an impact on transparency and its role in reducing corruption.
2011	Keefer and Khemani	Benin	Education	Natural experiment based on community access to radio in northern Benin	Mass media broadcasts increased the amount people were willing to pay for bed nets, allowing local officials to charge an inappropriate premium.
2013	Costa	Global, 63 countries	Governance	Difference-in-difference comparison of corruption perceptions before and after freedom of information reform	The adoption of Freedom of Information laws is associated with increases in perceived corruption and decreases in the quality of governance in the short term.
2013	Ravallion et al.	India	Employment	Randomized controlled trial treating communities with an informational video about their rights under a rural employment program	Even though participants had higher knowledge after the intervention, program performance did not improve.
2014	Lieberman et al.	Kenya	Education	Randomized educational intervention	Provision of information on children's educational performance had no discernible impact on collective action.

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36 The authors use Freedom of Press as a proxy for transparency. See their work for a defense of this methodological choice.

FIGURE 2.1: **Gillies and Heuty's (2011) Model of the Ideal Impact of Transparency**
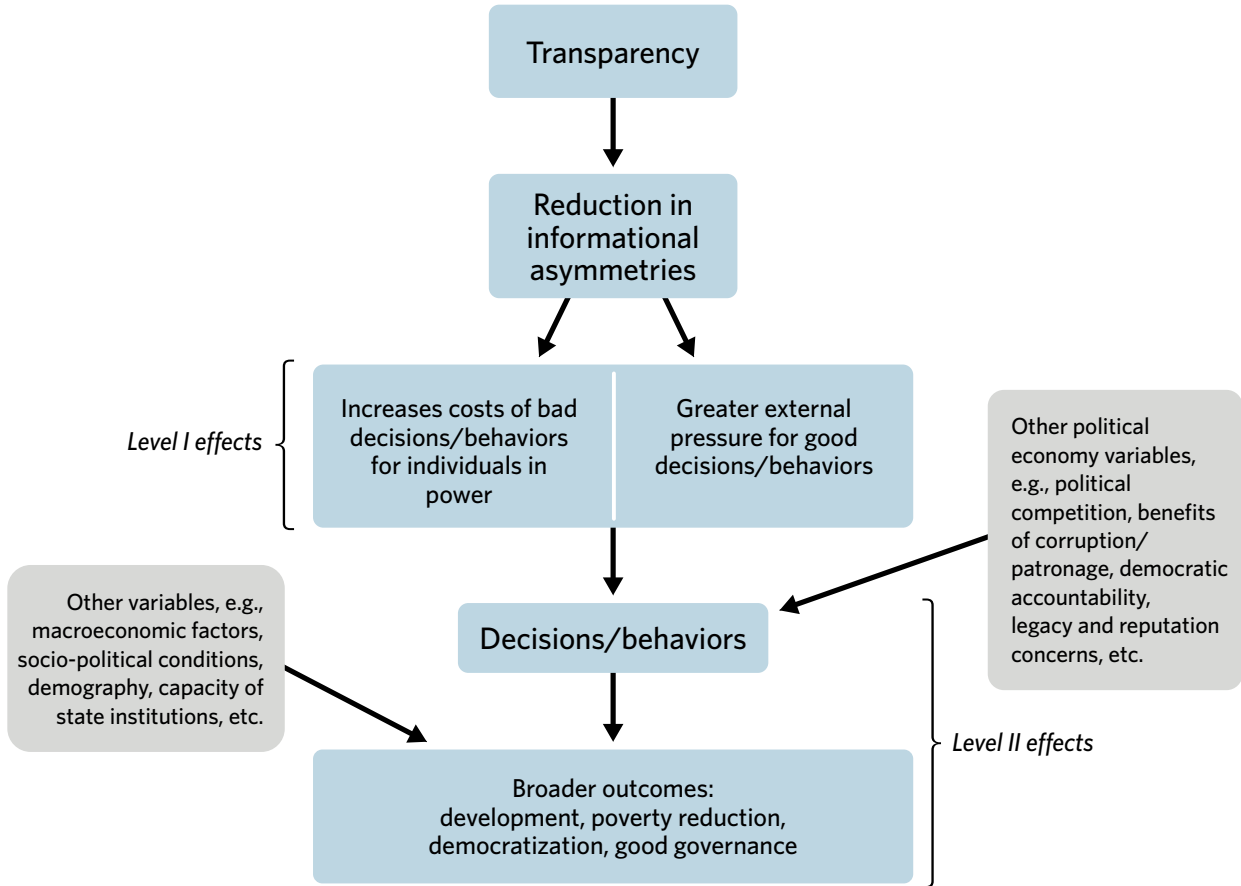
Source: Gillies and Heuty 2011.

As we have shown, transparency can only reduce informational asymmetries that in turn, in the best case, help change *some* of the incentives of potentially corrupt public officials. But these "incentives created by transparency are only some of the factors that determine the actual decision that is ultimately made" (Gillies and Heuty 2011, 32).

Putting transparency theory into practice is more complicated than might be expected. The critical questions often come with what is made transparent, when, and to whom. The practical difficulties start to become obvious, for example, with increasingly complex information, such as the contracting, licensing, or beneficial ownership information that are key to

addressing the natural resource value chain corruption risks outlined above (Brockmyer and Fox 2015).

For example, Bria et al. (2016) examines Indonesia's oil and gas industries and finds that the southeast Asian nation faces real challenges and risks of corruption through decentralization, given its lack of transparency and capacity at the subnational level. The authors recommend that Indonesia commit to greater transparency at multiple levels of the natural resource value chain, including contracting and licensing, as a necessary (but insufficient) first step. Similarly, Shortell and Htun Aung (2016) attributes the underperformance of Myanmar's gemstone industry to informal practices and a lack of consistent

disclosure of information that limit the ability of the public and CSOs to understand fully what is happening within this important sector. Those limitations make it nearly impossible for CSOs, the media, and the public to hold the government accountable generally, and individuals accountable specifically. Following a review of 131 real-world corruption cases in the natural resource value chain, Chêne (2017) recognizes that in natural resource governance, "transparency initiatives [alone] are unlikely to be effective in reducing corruption and increasing accountability if they are not supported by an enabling environment and combined with wider processes of institutional change" (16).

Infomediaries may be required for disclosures of highly technical or legal information, and of information that does not draw the interest of a limited-attention public. In such cases, an infomediary can effectively convey the information to a principal or support the principal in using the information (Peixoto 2013; Carter 2016). (Note that the infomediation concept drives, in part, our focus on media freedom as a key contextual factor, as described in the next chapter.) Box 2.1 offers two examples on this challenge from the realm of open contracting.

The timing of information disclosure can also be an issue. Many transparency initiatives engage in ex

Box 2.1: The Need for Infomediaries in Open Contracting

In a report profiling transparency and disclosure requirements for Mexican oil companies, NRGI examines how a government oversight administrative body—the National Hydrocarbons Commission (CNH)—reviews contracts. NRGI praises CNH for publishing relevant laws and regulations as well as the full text of winning contracts. However, the report notes that such disclosure requirements are not comprehensive enough to provide the information necessary for public knowledge nor to empower the public to hold institutions accountable. The report recommends CNH build upon its existing efforts by disclosing a list of individuals involved in the contracting process and guiding the public and CSOs on the best ways to use the available information and data (NRGI 2016).

Likewise, an analysis of 103 oil contracts by eight Latin American countries—Argentina, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru, and Venezuela—over an extended period of time found extensive interpretive complexities. Many contract provisions, particularly fiscal terms, required significant contextual information and financial sophistication, making disclosure alone unlikely to yield greater accountability or improved natural resource governance (Kyle 2014).

The recognition of infomediaries like CSOs and journalists as "an essential part of the change process" in open contracting led Hivos and ARTICLE 19 to launch the Open Up Contracting program in 2016 (Dietrich 2017). Their goal is to "develop the capacities infomediary CSOs need to access, analyze, and translate complex contracting data and documents into actionable information for evidence-based advocacy with their respective governments" (Ibid.). Five of their planned projects are focused on extractives.

post information dissemination; others are ex ante (i.e., concern something that is about to happen). The former allows for post hoc accountability or sanction, which is a type of "post mortem" transparency necessary for any functioning principal-agent relationship. However, ex-ante transparency may have a deterrent effect and keep undesirable events from happening in the first place. This is an extremely important, but underrated, difference in transparency efforts.

In addition, the speed with which information is released can also dramatically impact its usefulness. Information that is only nominally available—accessible in theory but not in practice—may not alleviate information asymmetries (Fox and Haight 2010; Djankov et al. 2010). One effort that illustrates this shortcoming is "Ask Your Government! The 6 Question Campaign," which made identical budget information requests to 80 governments, 44 of which had right-to-information laws. Of the governments with right-to-information laws, only 35 percent released all information requested. For all responses released (with and without right-to-information laws), the average time for completion of request was 62 days (Mendel and Darbishire 2011). While countries with right-to-information laws did release more information than those without, and released information faster, clearly, the mere existence of transparency policies and initiatives does not guarantee that citizens are able to access government information in a timely, affordable manner.

None of the above should be taken to mean that transparency reforms are wasted efforts, or that informational interventions do not have anything to contribute. Indeed, transparency initiatives alone can set off a positive dynamic and serve as building blocks for broader reforms; see, e.g., Gaventa and McGee 2010 and Kaufmann, Eisen, and Heller (forthcoming). Moreover, the absence of transparency can have devastating effects. It can make natural resource corruption less risky for the corrupt and increase opportunities for corrupt businesses and policymakers to collude on rent-seeking (Kolstad and Wiig 2009). As evidenced by the review of

corruption risks along the natural resource value chain above, many points along the value chain remain opaque, especially to locally impacted communities. Without basic transparency reforms, downstream participation and accountability strategies are often doomed to fail (or at least disadvantaged from the start). Affected populations need interventions that improve disclosures of environmental impacts or tax payments to overcome inhibitive information asymmetries (among many, Le Billon 2011 and Lindner 2014; see also Box 2.3 on Free, Prior, and Informed Consent).

While transparency approaches can be strengthened by enhancing the quality, depth, and relevance of the information disclosed, additional efforts are needed to help citizens actually receive information and act on the basis of it—and to ensure that effective accountability is triggered (World Bank 2017; Williamson and Eisen 2016). In the Gillies and Heuty model (2011), the first-level effects of transparency—increasing the costs of power-holders' malfeasance and creating public rewards for good decisions—can only be achieved with improved participation, and in all cases, participation will be necessary to reliably move from those first-level effects to the second-level effects of substantively different actions and behaviors.

2.2.b The Freedom of Information Movement

For decades, the most consistent and pervasive transparency initiatives have revolved around the use of freedom of information (FOI) laws which require that governments publish or make available data and information (Berliner 2014, 480). The data subject to FOI vary widely. They may (or may not) include budgeting, the provision of revenue, beneficial ownership, conflicts of interest, government statistics in a variety of specific policy areas, internal bureaucratic communications, information on grants and contracts, and a host of other topics.

FOI movements and associated laws have high ambitions: ensuring that sunshine on government reveals corruption or, better yet, prevents it. Berliner (2014)

notes, "Access to information about official rules and activities can empower citizens and journalists, constrain politicians, and expose corruption" (479). With so much promise attached to FOI laws, their extensive adoption is no surprise. The FOI movement is now widely viewed as a part of the governance mainstream, and freedom of information is often framed as a right rather than a privilege (Snell and Sebina 2007; Calland and Bentley 2013).

The United States was an early adopter, passing the Freedom of Information Act in 1967.[37] Over the course of the next 15 to 20 years, there was only a slow uptake of similar laws in other jurisdictions. This was predictable, since, in 1967, the Soviet Union was still intact, many Latin American countries were in the midst of extended periods of dictatorship, and much of the rest of the world was transitioning (or was yet to start transitioning) to democratic systems. Even traditionally democratic Western countries were slow to adopt FOI reforms. The United Kingdom did not pass an FOI law until 2000, and Germany failed to approve FOI legislation until 2005. Ackerman and Sandoval-Ballesteros (2006) shows that by 1987, only 14 countries had passed FOI laws; however, Berliner (2014) notes that "by the end of 2008, they had been passed by 78 countries on five continents" (480).[38]

Gauging the efficacy of FOI laws is not straightforward. For example, in 2005, an FOI law went into effect in India, after a series of state-level reforms over the previous decade. The law, known as the Right to Information Act, allows citizens to request information for a nominal fee. The government must assess the request and either convey the information or reject it. If a request is rejected, citizens have the right to appeal the decision. Peisakhin and Pinto (2010) evaluate whether the law helped curb

corruption (in a country with a notorious reputation for it) using a field experiment. In this trial, Indian citizens applying for a ration card were randomly assigned to four groups: one that applied for a ration card and filed an FOI request; one that applied for a ration card with a letter of support from an NGO; one that applied for a ration card using a middle-man (paying a bribe); and, finally, one that applied for a ration card in the standard way (the control group). The authors find that while paying a bribe remains the most efficient way to expedite the approval of a ration card application, those who filed FOI requests received approval at a higher rate and more quickly than the control group or the other experimental group. One year out, 100 percent of those in the bribe group and 87 percent of those in the FOI group received ration cards. In contrast, only 24 percent of those in the control group and 17 percent of those with NGO support received ration cards. The FOI group waited a median of 120 days to be approved, compared to 82 days for those who paid a bribe; the other two groups both waited a median of 343 days (Peisakhin and Pinto 2010, 273). Based on these findings, the authors argue that even in a system with pervasive corruption, the exercise of rights under an FOI law can significantly change administrative processes and reduce inertia or corruption.

Overall, however, Calland and Bentley (2013) sounds a note of caution: "There is very little evidence of the effectiveness of FOI generally or transnationally, no systematic assessment of the impact of FOI on social change, and only limited assessment of its impact on institutional change" (72). The authors note that longitudinal assessments to assess FOI effectiveness and impact are apt to require a longer timeframe. Despite further research since the authors' 2013 conclusion, there remains a need for rigorous, substantive consideration of the effect of FOI laws on

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37 The earliest western nation to adopt a FOI law may have been Sweden, which in 1766 passed the Freedom of the Press Act that gave Swedish citizens the right to access government archives. The Act's preamble stated "this freedom should also be regarded as one of the best means of improving morality and promoting obedience to the laws, when abuses and illegalities are revealed to the public through the press."

38 For more on the spread of FOI laws globally, see Ackerman and Sandoval-Ballesteros 2006 and Banisar 2006; for the developed world, see Cain, Egan, and Fabbrini 2003 and Hazell and Worthy 2010; for Latin America, see Michener 2015; and for Africa, see Darch and Underwood 2005 and Ross 2009.

combating corruption (Vadlamannati and Cooray 2016, 2017). (We take the emphasis on impact to heart in planning for our small-scale studies, as discussed in Chapter Four.)

FOI skeptics sort into two camps. Some argue that while the passage of FOI laws can facilitate positive democratic outcomes, their implementation is not always even, and citizens can face significant challenges in accessing information. A second strand of research questions whether FOI laws actually improve governance, reduce corruption, or advance other social or economic benefits. We share the concerns of the first criticism but question the conclusions of the second.

Hazell and Worthy (2010) assesses FOI laws in a variety of Western countries including the United Kingdom and notes their overall benefits. Yet even in the world's most-established democracies—the countries often perceived as the most open—the authors highlight numerous challenges. For example, delays are endemic to FOI regimes, and appeal systems can be time-consuming. The presence of an FOI regime does not, in itself, affect a cultural shift towards openness.

In Worthy's 2010 assessment of the United Kingdom's 2000 FOI law, the author concludes it "has undoubtedly made government more transparent." But he notes that transparency is dependent on the individual department in question, that levels of transparency are affected by such factors as the nature of the information, and that some officials believe that the media does not use the information responsibly (Worthy 2010, 568). Worthy also highlights how few citizens take advantage of the system. He writes, "FOI is not powerful enough a tool to tackle the complex, deep-rooted issues that prevent increased participation, understanding, or trust in the United Kingdom. Although FOI was intended to shape the political environment, the environment also shapes the Act" (Ibid, 578).

FOI laws elsewhere face similarly mixed results. Roberts (2010) reviews eight studies that use a variety of methodologies, including surveys, interviews, and field work, and that examine the efficacy of India's FOI laws. Roberts synthesizes their findings to conclude that the law has improved transparency in India. He finds that implementation and access have been uneven. The poor in India—a significant portion of the population in the world's second-most-populous country—have limited ability to use the FOI system even though they belong to the group most in need of a better functioning, less corrupt government. In addition, low capacity in the information bureaucracy to deal with appeals to FOI decisions threatens the integrity of the entire system.

In Mexico, Lagunes and Pocasangre (2018) finds that the country's FOI law, which was implemented in 2002, has been more successful than the literature would suggest, though government entities abided mostly by the strict letter of the law rather than the broader, more inclusive spirit. The authors sent information requests containing 13 questions (10 focusing on technical information and three on more sensitive personal information) to national government entities in 2007, 2013, and 2015. They find that these entities responded to information requests between 71 and 81 percent of the time, with the rate of disclosure increasing from 2007 to 2015. However, fee requests (which are legal under Mexican law but not required) also increased and response time slowed; furthermore, information was not always in easily accessible formats or not precisely what the requester asked for. So, too, do the authors note that "raising Mexico's level of accountability requires more than access to government information," and that, while the country's FOI law has indeed helped to uncover corruption, this corruption must also be penalized in order to be effective (173).

The question, then, generally stands open: how effective are FOI laws in combating corruption? Calland and Bentley (2013) provides the most comprehensive assessment. The authors caution against the notion that greater transparency through FOI legislation is inherently good: "In countries with weak rule of law and/or poorly capacitated institutions of governance, the question is being asked whether a

comprehensive FOI law will do more harm than good by raising expectations that cannot be met" (70). Costa (2013), using multiple corruption perception indices, finds an increase in perceived corruption, especially in countries with a free press, and a decrease in the quality of governance in countries that adopted FOI laws—at least in the short term. Kolstad and Wiig (2009) observes that a transparency initiative can have more negative effects—from decreasing public sector effectiveness to helping corrupt actors identify the right officials to bribe—than positive effects in aiding the detection of corruption. Mungiu-Pippidi (2015), empirically testing the impact of FOI legislation through bivariate regression analysis, finds no significant difference in corruption between countries that adopted FOI legislation and those that did not. However, she further finds that FOI legislation has a positive effect on corruption reduction when implemented in a society with a pre-existing higher level of social openness.

Such considerations are essential to our inquiry. If a broad, transparency-based intervention such as a FOI law has no impact on corruption or other social, economic, or political outcomes, this may raise concerns about the value of transparency measures generally. Calland and Bentley (2013) suggest the mixed success of FOI laws may induce cynicism about the possibility of fighting corruption, and Costa (2013) documents term fluctuations in perceptions in corruption following the implementation of FOI laws. Still, that FOI laws have passed at all is a promising sign. Thanks to such laws, information is now made available to an inquiring public, an essential first step to reducing corruption.

Despite their limitations, FOI laws have served an important role in theorizing and spurring the implementation of TAP policies, practices, and procedures. Anecdotally, citizens, infomediaries, and other stakeholders have fought for and value FOI laws. Most scholars argue that they are preferable to more opaque systems (Birkinshaw 2006, 2010). Berliner (2014) argues that one of the central benefits to greater access to information is that the laws created "institutionalized transparency." He writes:

> FOI laws not only grant members of the public the right to access information, they also institutionalize transparency in rules and procedures that bind future governments to maintain that right. Indeed, no FOI law has ever been revoked. While transparent practices can exist in the absence of FOI laws, such noninstitutionalized transparency gives less assurance that those practices will be sustained in the future or implemented impartially (482–3).

FOI laws were one of the first large-scale transparency efforts to catch on globally—though they would not be the last. Most current transparency initiatives tend to be sector specific. One of the most notable, the Extractive Industries Transparency Initiative, concerns the NRVC. We examine that initiative in section 2.4 of this chapter.

2.2.c Participation

As we discuss above, the "P" in TAP involves the ability of citizens to engage in local and national political processes and express their preferences, opinions, and views through either formal or informal mechanisms. Participation methods may be conventional or unconventional, ad hoc or formalized. We focus on one type of participation intervention that actively shifts some power to non-state actors (whether citizens directly or other infomediaries) in the decisionmaking processes. These civic engagement initiatives thus attempt to rectify power asymmetries, building on the transparency efforts that sought to rebalance information asymmetries. As Fox (2004) explains, civic engagement requires discovering "how to trigger and sustain 'virtuous circles' of mutual empowerment between institutional reformers and social actors in the public interest" (70).

As illustrated by Table 2.3, adapted from the International Association for Public Participation's (IAP2) influential characterization, varying degrees of decisionmaking power can be shifted to citizens and still be considered participation. Engagement initiatives that merely "consult" citizens afford them the

TABLE 2.3: Participation in Public Policy

CONSULT	INVOLVE	COLLABORATE	EMPOWER
Collection of citizen feedback regarding decision options.	Consistent engagement with citizens throughout the decisionmaking process in order to increase understanding and consideration of citizen preferences.	Partnership with citizens throughout decisionmaking process, including the development of options and the identification of a preferred decision.	Delegation of final decision-making authority to citizens.

Source: IAP2 2018.

least decisionmaking power, while initiatives that "empower" delegate the most. Likewise, Arnstein's seminal work creating a ladder of public participation emphasizes participatory "muscle" versus tokenism or citizen placation as a means of evaluating participation levels (Arnstein 1969).

Theorists have suggested a wide variety of specific components that effective participation strategies must consider:

- Most participation strategies include (or presuppose) a transparency component at the beginning of their theory of change (e.g., Björkman Nyqvist, de Walque, and Svensson 2017).

- Most participation strategies also seek to reduce the cost of participation. Among other things, the actors (be they CSOs, journalists, or activists) have to attain enough capacity to monitor and bargain effectively in asymmetrical power systems that may be skewed against their interests.

- Citizen "voice" involves representation as well as aggregation to channel demands and assure that government properly reacts in the interest of citizens (Fox 2015). This organized voice is the one that may have a chance at rebalancing power asymmetries and then be able to reshape the local policy arena to promote government responsiveness.

The study of participation development programs has generated a broad literature with some that have high expectations for program outcomes (World Bank 1996), while others have more sober, cautionary assessments (Cooke and Kothari 2001; Sen 2016; Bradshaw, Linneker, and Overton 2016). Some particular efforts, like participatory scorecards, community monitoring programs, and social audits, have been rigorously shown to improve education, health, and infrastructure (e.g., Björkman and Svensson 2009; Gaventa and Barrett 2012; Reinikka and Svensson 2011; Björkman Nyqvist et al. 2017; Donato and Garcia Mosqueira 2018). Others have shown little to no demonstrable impact (e.g.,Olken 2007; Banerjee, Glennerster, and Duflo 2008; Rocha Menocal and Sharma 2008; Raffler, Posner, and Parkerson 2018).

Arguably the most extensive review of participation, at least broadly defined, Mansuri and Rao's (2013) analysis of almost 500 participatory interventions painted a distinctly murky picture—with the measurement of their impact on corruption remaining an open question. Banerjee et al. (2010) concludes its study of randomized evaluations of participatory mechanisms in the education sector with a categorical statement: "it seems clear that the current faith in participation as a panacea for the problems of service delivery is unwarranted. ... It is possible that participation can be made to work on a more systematic basis in various contexts, but it would take a lot of patience and experimentation" to get there (29).

TABLE 2.4: Summary of Selected Empirical Civic Engagement Studies by Findings

POSITIVE RESULTS	NULL RESULTS	MIXED RESULTS
1. Björkman and Svensson 2009	1. Olken 2007	1. Gould 1996
2. Gaventa and Barrett 2010	2. Banerjee et al. 2008	2. Uphoff 1998
3. Reinikka and Svensson 2011	3. Banerjee et al. 2010	3. Alkire 2002
4. Barr et al. 2012	4. Rocha Menocal and Sharma 2008	4. Mansuri and Rao 2004
5. Björkman Nyqvist et al. 2017	5. Raffler, Posner, and Parkerson 2018	5. Chambers 2009
6. Donato and Garcia Mosqueira 2018		6. Mansuri and Rao 2013
7. Lagunes 2017		

Overall, while the evidence for participation interventions' success is more extensive than for transparency interventions, the results are still quite mixed. Table 2.4 summarizes the illustrative literature we reviewed (as described in Annex 1).

The literature on participation interventions in natural resource governance offers an array of explanations for these results. The majority of existing initiatives, according to Mejía Acosta's (2013) review, "lack robust theories of change" that connect process improvements such as greater transparency and participation to desired outcomes (94). A variety of studies and theoretical pieces have criticized initial EITI efforts for focusing too narrowly on publishing information and too little on truly empowering the limited national EITI multi-stakeholder groups (MSGs) to take real, representative decisions. While some MSGs have become "legitimate arenas for dialogue" (Rustad, Le Billon, and Lujala 2017, 159), in other places they often have very little power to influence decisions or ensure changes or responses based on their concerns (Kolstad and Søreide 2009; Kolstad and Wiig 2009; Ölcer 2009; MSI Integrity 2015; Sovacool and Andrews 2015; Sovacool et al. 2016; Corrigan 2017; Dupuy 2017; Rustad et al. 2017). Section 2.4 of this chapter treats the EITI more fully.

We are left with something of a conundrum. Participation and transparency can sometimes achieve their goal of reducing corruption, but not always. Surveying theory around transparency and participation shows a pattern in which principal responsiveness to the interventions is assumed as given, but, does not in fact actually occur (e.g., Fox 2015; Mansuri and Rao 2013). Gaventa and Barrett (2010) begins to point to explanations for the mixed results including government failure to implement decisions from participatory processes: "bureaucratic brick walls" and even reprisals for participation (57). Mejía Acosta hits upon this in his (2013) review when he "found very vague or implicit references to the question of what happens when government officials refuse to be accountable for their actions" (102). The next section, drawing from Fox (2015) and Williamson and Eisen (2016), shows that what is missing is an explicit, intentional focus on accountability.

2.2.d Accountability

Since the foundational World Development Report, "Making Services Work for Poor People" (World Bank 2003), helped put the concept of accountability at the forefront of the development discourse, there have been many advances in our understanding of the concept. There is increasing awareness, for instance, that routes to accountability should not be studied in isolation because they are intertwined (Devarajan, Khemani, and Walton 2014), and that the earlier

World Bank approaches did not fully model the role of organized civil society (Gaventa and Barrett 2012). Further, as Fox (2007) notes, accountability includes both answerability to citizen voice and sanction for malfeasance.

Accountability must be approached as a complex, adaptive system: an ecosystem in which different actors (both informal and formal), approaches, and tools are active at multiple levels of governance and at different directions (Halloran 2016). What this means is that accountability interventions can be designed and combined with transparency and participatory approaches to increase their effectiveness in achieving desired outcomes, including corruption reduction.

We discuss below a framework as an initial building block for effective accountability systems. One building block draws from the "sandwich strategies" in the social accountability literature (Fox 2015, 355). Openings from above led by reform champions (who control or influence some amount of formal political power) that meet non-state collective action from below are regarded as more promising than uni-directional, top-down, or bottom-up approaches. This approach is depicted in Figure 2.2.

Such a framework based on the general social accountability field, while promising, would of course need substantial adaptation to align with the realities of resource-rich countries and its or the extractive sectors. Further, there is the need to consider what modifications are needed to align with a focus on anti-corruption outcomes (rather than, for example, service delivery, which has traditionally been the social accountability focus of the World Bank).

Box 2.2: A Tactical versus Strategic Example

Focused on elections as the mechanism of accountability, Adida et al.'s (2017) access to information impact evaluation purposefully compared tactical and strategic approaches. In different treatment arms, researchers showed participants a video that highlighted their legislator's performance relative to other legislators; showed that video with concrete examples of how legislative performance can directly harm or help constituents; and showed both of the above with additional elements to facilitate coordination across multiple villages in the constituency. Their results showed that only the latter, most-strategic treatment had a significant effect. "Access to information leads voters to reward good legislative performance and punish poor legislative performance *only* when that information is accompanied by an intervention designed to increase the salience of the legislative performance dimension *and* an effort to facilitate across-village coordination" (15, emphasis in original).

FIGURE 2.2: **The Sandwich Strategy for Social Accountability**
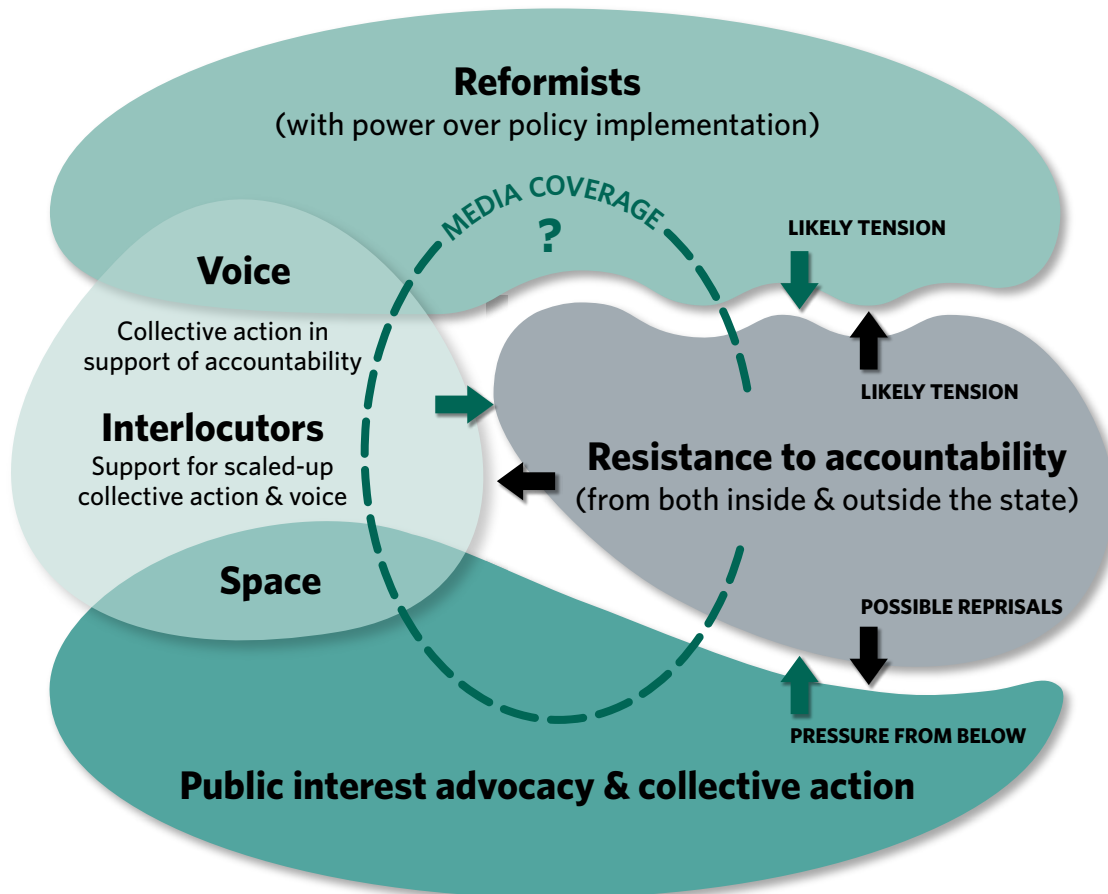
Source: Fox 2015.

Sandwich strategies are a variation of a larger concept differentiating strategic approaches and tactical approaches to governance reform.[39] A tactical approach involves a bounded intervention. For example, many transparency initiatives assume that information provision alone will inspire strong enough collective action to influence public sector performance. A strategic approach, on the other hand, involves multiple tactics or tools that are, at least in theory, mutually reinforcing. These approaches often stretch beyond the immediate problem to factor in larger contextual constraints and opportunities and

combine strengthening voice (capacity for citizen collective action or, in our phraseology, participation) with building "teeth" (accessible and responsive accountability institutions). Box 2.2 offers a concrete example.

The question, then, is how to implement a combined approach to accountability that includes transparency and participation and then to maximize the potential of all three. While not new to LTRC, the field only relatively recently recognized the importance of this dynamic. Rocha Menocal and Sharma's

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39 The tactical vs. strategic debate is not original to the social development arena: it originated in the business strategy and planning literature for the private sector. See Mintzberg, Ahlstrand, and Lampel (2005).

2008 review demonstrates that "in many countries donor focus [had] been much more on voice than on accountability" (24).[40]

Nevertheless, practitioners now seem aware that strengthening governing institutions is a necessary complement to transparency-based efforts (Bria et al. 2016; Sayne and Gillies 2016; Walter 2016; Sayne, Gillies, and Katsouris 2015; Mildner and Lauster 2011) and that interventions make the largest contribution to developmental outcomes when multiple forms of engagement are used jointly (Gaventa and Barrett 2012; Halloran 2016; Joshi 2017). Furthermore, the broader TAP field has also refined its understanding to recognize that there has to be a corresponding, real opening from above (i.e., political power holders) for any bottom-up initiative to achieve true accountability and change the behavior of corrupt actors.

This need for accountability rings especially true considering the resource curse literature cited in Chapter One and the importance of accountable, capable public institutions to counteract the curse. Mejía Acosta (2013) highlights the research gap of "the importance of incentives and sanctions for ensuring effective impact of [transparency and accountability initiatives]" in the natural resource space (102). Similarly, Kolstad and Wiig (2009) underlines the need for true accountability "whereby other groups can hold a government to account and sanction misbehavior. ... The resource curse literature provides evidence that proper institutions that constrain rent-seeking and patronage are the key to avoiding a detrimental effect of resource rents" (529).

A variety of interventions around free, prior, and informed consent (FPIC), reviewed in Box 2.3, further demonstrate the need for transparency and participation in efforts to improve answerability and sanctionability.

LTRC's relevant accountability framework needs to evolve beyond consideration of just two stakeholders, e.g., government actors and citizens. Indeed, it must acknowledge that the term "stakeholder" itself risks simplifying a complex, interactive blend of interest holders and actors in a particular sector. "Government actors" and "citizens" are not homogenous or monolithic stakeholders. Moreover, any relevant frameworks in the extractives fields need to integrate industry as well. Their incentives and stance can alter the full accountability dynamics in a resource-rich country. In this context, to integrate the role of industry, it may be promising to traverse beyond social accountability.[41] International and domestic oil and mining companies often exert as much influence as governments, and so too do national oil or mining companies. Incentives and behaviors have often been such that important segments of industry have operated against effective accountability, though some prominent, well-governed companies show that they can be part of a good governance and effective accountability framework. (Industry-focused efforts that are complementary to TAP interventions are discussed in detail in Chapter Four.)

Similarly, to fully develop an accountability framework for extractives anti-corruption and the resource curse, we must also prioritize and delineate the role of the media (Schiffrin and Lugalambi, 2017; Collier, 2007; Boldbaatar, Kunz and Werker, 2019). Boldbaatar, Kunz and Werker (2019, 3) applied elements of wider social accountability frameworks, including media, to Step Two in the NRVC, as shown in Table 2.5. This framework breaks down the specific steps between disclosure and improved resource governance, and it explicitly differentiates between voice and empowerment, where, active media and key opinion leaders "cultivate discussion" with citizens for an informed public debate afterwards (see Kaufmann, Eisen, and Heller forthcoming).

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40 The authors are forthcoming about the limitations of their methodology: "The small size and limitations of the sample on which this evaluation is based suggest that this evaluation can only provide a partial view of what is otherwise a very broad [citizen's voice and accountability] universe, and the discussion of findings, conclusions, and recommendations should be appreciated with this important caveat in mind" (vii).

41 See Kramarz, T., & Park, S., 2016, 14–16, for instance. Refer to Kaufmann, Eisen, and Heller (forthcoming) for further details.

Box 2.3: Free, Prior, and Informed Consent

For centuries, governments and companies have exploited individuals and their land for gain while offering citizens little information about procedures, rights, or avenues for redress. Led by advocacy organizations like Oxfam, reformers have sought to offer greater protections over the right to consent to the use of land, a concept that has been codified as FPIC: free, prior, and informed consent (see Greenspan et al. 2015). FPIC efforts are integral to the intersection of natural resources and human rights, but the challenges of properly ensuring an FPIC process mirror those of an effective TAP program. Information must be provided in an understandable way, "free from force, intimidation, manipulation, coercion or pressure by any government or company" and "prior to government allocating land for particular land uses and prior to approval of specific projects" (Oxfam Australia 2010, 8). Regarding accountability, "consent requires that the people involved in the project allow indigenous communities to say "Yes" or "No" to the project and at each stage of the project ... the right to give or withhold consent is the most important difference between the rights of Indigenous Peoples and other project-affected communities" (8).

Perhaps unsurprisingly, given the early challenges to TAP work identified above, a 2007 review of seven FPIC processes found that "systems of decisionmaking are complex and may involve multiple fora and institutions ... . Failures of accountability ... result from a variety of factors including ... purposeful manipulation of indigenous institutions [and] decisionmaking... . National laws vary widely in the extent to which indigenous peoples' rights to their lands and to FPIC are recognised. Even where these rights are recognised there are notable deficiencies in implementation. In the same way, even where corporations profess to respect indigenous rights and international law, they may not adhere to their own standards in their actual dealings with communities. Corruption, manipulation, and other malpractices are all too common" (Colchester and Farhan Ferrari 2007, 1). Similarly, in Bolivia, Schilling-Vacaflor (2012) examines case studies of three indigenous areas, finding that prior consultation generated community tension, that enforcement was inconsistent, and that procedures for consultation were deficient overall. In a recent case study that investigates Tullow Oil's compliance with FPIC in Kenya, Oxfam finds that despite improvements in community engagement, Tullow Oil has yet to achieve FPIC (Oxfam 2017).

In other words, "recognition and enjoyment of [FPIC] are two quite different things. The gap between what is clearly established in good practice to be a requirement of international law and actual practice is still very wide" (MacInnes, Colchester, and Whitmore 2017, 158). For prior consultation policies to result in meaningful outcomes, they must include all elements: "a progressive and specific legal framework; communities with access to expert knowledge and relevant information, ... mobilization capacity, and the opportunity to shape public debates; the support of international [human rights] advocates and organizations; and the transparency of the process, including broader public debates and media scrutiny" (Schilling-Vacaflor 2012, 20). More specifically, there must be a "grievance mechanism to address non-compliance; and, clear sanctions and enforcement mechanisms to resolve conflicts at the project level and ensure compliance with agreed plans" (Asia Indigenous Peoples Pact Foundation 2016).

TABLE 2.5: From Disclosure to Improved Resource Governance

DISCLOSURE	USEFUL DISCLOSURE	MOBILIZED DISCLOSURE	VOICE	EMPOWERMENT	COLLABORATIVE ACTION	IMPROVED RESOURCE GOVERNANCE
Demand from civil society	Technical capacity to make sense of data	Capable independent groups to interpret information	Media and opinion leaders are engaged with the citizenry	Informed and aware citizens	Effective actions and leadership from trusted third parties	Issues linked to effective political processes
Government capacity to supply information requirements on company	Quality, disaggregated, clear, understandable data	Government capable of respectful debate	Dialogue platforms and early stakeholder engagement	Strong corporate governance and procedural legitimacy of collaborative forums	Well-designed institutions for participation in decisionmaking, shared knowledge, and trust	Political will and competent institutions who can undertake political reform

Source: Boldbaatar, Kunz, and Werker 2019. The authors note that stages are depicted in the top row, drivers in the second row, and enablers in the bottom row.

2.2.e Transparency, Accountability, and Participation

In recent years, the field has come to agree that all three elements—transparency, accountability, and participation—are required to more effectively tackle governance challenges.

As Chapters Three and Four will further explain, frameworks like the sandwich approach or Williamson and Eisen's six conditions for success (2016) will guide the design of the strategies to be piloted under the LTRC project.

FIGURE 2.3: **Williamson and Eisen's Six Conditions for Successful Open Government Initiatives (2016)**

Open Government Initiative

MUST

| Identify the principals | **+** | Determine the information is important to the principals | **+** | Determine the information is accessible and publicized to the principals |

And Answer **YES** to **ONE** of the Following

| Can an individual act meaningfully based on the information? | **OR EITHER** | Are officials supportive of reform? | **OR EITHER** | Can the principals coordinate to change their agents' incentives? |

Improved Public Services, Broader and Deeper Participation, Reduced Corruption, Budgetary Savings

Source: Williamson and Eisen 2016.

Several studies have found that the success of bottom-up initiatives depends on providing a platform for citizen voice and obtaining ample support from top-down forces. Avenues should be established for citizens to express their concerns to government institutions (Gaventa and Barrett 2012). Likewise, it is crucial to have strong accountability mechanisms—supported by the public sector—in place (Joshi 2013; Lassibille et al. 2010; Pande 2008; Banerjee et al. 2010; Sirker and Cosic 2007). This requires participation to be met with support from key government officials (Gaventa and Barrett 2012; Lagunes 2017). This more strategic approach does not necessarily preclude an interest in scale, as described in Box 2.4.

Box 2.4: The Transparency for Development (T4D) Program

Despite its name, T4D was one of the largest mixed-methods tests of a light-touch information and participation intervention to improve health outcomes. "One of the objectives of the T4D project is to identify evidence that is actionable and could be widely adopted to improve T/A efforts globally and at a large scale … we seek to test whether a relatively small investment by a CSO facilitator could result in citizen participation, action, and ultimately, improvements in outcomes" (T4D 2017, 6–7). To that end, Phase One of the program used a rigorous RCT to test a long causal chain from an adapted citizen scorecard with facilitated civic action planning to improvements in health such as higher rates of birth in a facility. Although the full results are forthcoming, the RCT was unable to make a statement of impact on the majority of its intended outcomes.

This result was not entirely unsurprising. Early testing when designing the RCT began echoing broader results from the field that intentional efforts were needed to generate government buy-in for the 'voice' a light-touch participation might raise (Fox 2015; Mansuri and Rao 2013). At the same time, the T4D team did not want to eschew their guiding principle of identifying scalable results. To that end, in Phase Two, "faced with a promising but complex intervention … the approach developed here is … small-scale experimentation … designed to be far less costly and, relative to the typical large-scale RCT, to refocus and somewhat expand the scope of inquiry: refocusing it on the variation around the causal pathways resulting from the intervention so as to better understand their nature, implications, and whether they come with hitherto unknown side effects; and expanded to be more generally valid by including further contexts and potentially further causal pathways" (Kosack et al. 2017, 35–36).

Although results are still forthcoming and Phase Two was not subject to RCT testing, early indications are that some Phase Two locations were more successful than Phase One. This suggests that a) the more strategic approach to accountability through bundled TAP is indeed more effective, and b) such more strategic approaches are still scalable. Indeed, although somewhat more intensive, "government participation is usually central for scaling up health initiatives" anyway (Mansuri and Rao 2013, 8).

Below are examples of several other TAP interventions that demonstrate the value of a joint, strategic approach:[42]

- Deininger, Ayalew Ali, and Alemu (2011) examines the intervention of a community-focused land certification program in Ethiopia that sought to increase transparency and accountability while also engaging individuals to participate in administrative processes through, for instance, a decentralized process of field adjudication and community identification of boundaries. The authors find that after the intervention, the public had greater tenure security. In addition, land owners rented out more land than under the prior system, generating additional economic activity.

- Fearon, Humphreys, and Weinstein (2015) examines community-driven reconstruction program interventions in two regions of northern Liberia. The program interventions brought together community leaders and members to undertake community development and social inclusion projects. These initiatives were designed to increase leaders' accountability and public participation in decisionmaking in post-conflict contexts where trust in local leaders and fellow community members was low. To measure the impact of their interventions, the authors used a fund-matching challenge in treated and control communities and found that treated communities were more likely than control communities to elect leaders who were able to mobilize the community toward the goal of matching fund contributions for a public good. Similarly, the authors find that for villages that received the community-driven development program stimulus, "changes in community capacity for collective action can take place over a short period of time; can be the product of outside intervention; and, can develop without fundamental changes either to the structure of economic relations or to more macro-level political processes" (466).

- In an experiment run at the local level in Nigeria, Fetzer and Kyburz (2017) capitalizes on natural variation in local level governance. The authors measure a non-traditional intervention. It does not put into place a typical TAP-based effort to engage with a region or community with natural resources in an effort to change outcomes. Instead, they use an exogenous governance shock—democratization in Nigeria—as a change agent. After democratization, some local communities elected members of governing councils; others saw subnational governments appoint local leaders. These differences forced inherent variation in accountability and participation, and in many cases, transparency. The paper looks at how sharp variation in oil revenue—oil shocks—can induce violence, and whether democratic accountability can mitigate violence. The research shows that democratically elected governments— governments with more accountability in systems with expanded participation—mitigated violence.

- A 2019 synthesis of experimental and quasi-experimental studies of TAP in the extractives sector (see reference for specific studies) by the International Initiative for Impact Evaluation (3iE) observes that providing information only to political elites "does not lead to trickle down" to citizens. In Mozambique, this led to a change in the attitude from the elite towards more corruption and capture. However, when the information was shared with the public and the elite alike and was complemented with deliberation or stakeholder engagements, it increased the level of trust. In some cases, as in Uganda, it deepened the interaction between communities and decisionmakers. (The study did not explicitly measure the interventions' impacts on corruption).

In Chapter 4, we provide more examples of combined transparency, accountability, and participation interventions and the lessons they convey in presenting our own research agenda.

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42 In addition to these TAP interventions, LTRC will be watching closely the recently launched Anti-Corruption Evidence (ACE) program run out of SOAS, University of London which uses a sectoral and political settlement approach to corruption. ACE uses four strategic tools to amplify or modify existing TAP structures in the three countries in which it operates (ACE Research Consortium n.d.).
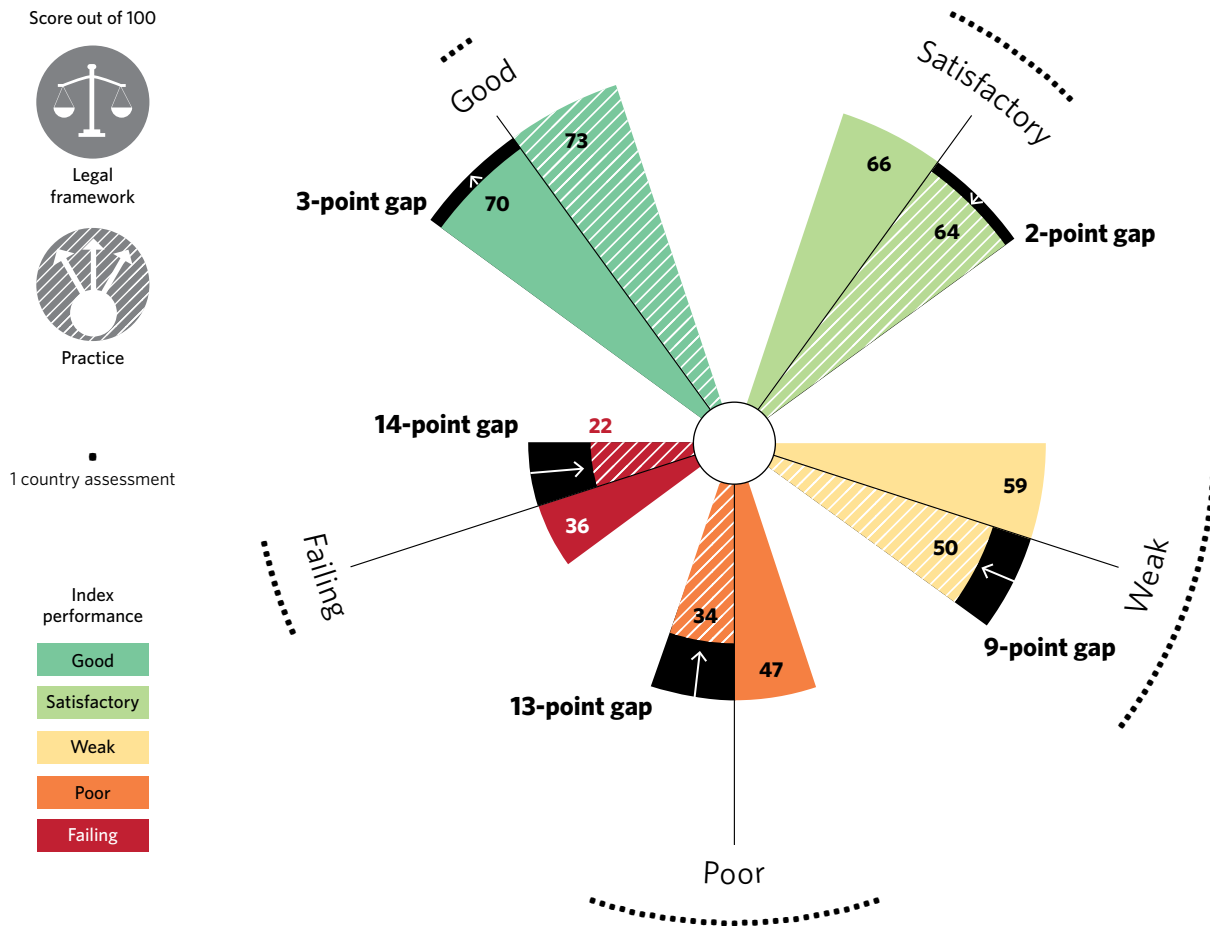
2.3 The Implementation Gap

Many well-intended, theoretically impactful TAP efforts have failed to produce the desired outcomes. Laws have been passed, commitments have been made, yet the results have been paltry. The efforts exist on paper but have minimal consequence on the ground. This implementation gap has been identified by some researchers as a key brake inhibiting the effectiveness of some, primarily law- or policy-oriented, TAP interventions.

In the last decade researchers have attempted to analyze and measure these implementation gaps, or "the difference between the country's legal framework surrounding good governance and anti-corruption and the actual implementation and enforcement of that same legal framework" (Nadgrodkiewicz, Nakagaki, and Tomicic 2012, 4). In 2007, the international civil society organization (CSO) Global Integrity began assessing what it called

the implementation gap in the countries it evaluated. These and previous evaluations have not, however, specialized in the natural resource space. Therefore, we draw from the only effort that exists to date that systematically analyzes the implementation gap in natural resource governance by using the Resource Governance Index (RGI). The RGI assesses the quality of natural resource governance and uses several specific indicators to identify between gaps between laws and regulations as written and as implemented (NRGI 2017a).

In Figure 2.4, the RGI shows a significant gap between the legal framework and actual practice, with countries with weaker governance showing an even larger gap. The main message of the RGI analysis is that more progress occurs in the adoption of rules than in their actual implementation, and the RGI calls for improved governance that focuses on implementing existing legal frameworks (NRGI 2017a).

FIGURE 2.4: **Law versus Practice in the 2017 Resource Governance Index[43]**

Score out of 100

Legal framework

Practice

• 1 country assessment

Index performance

- Good
- Satisfactory
- Weak
- Poor
- Failing

Good

Satisfactory

73

70 — 3-point gap

66

64 — 2-point gap

14-point gap — 22

36

Failing

Weak

59

50

9-point gap

34

47

13-point gap

Poor

Source: NRGI 2017a.

Similarly, in Chart 2.1, the authors calculate the percentage of effective practice indicators (out of the total practice indicators by country) and plot that along the country's score on the legal index.

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43 "The data in the index also inform the computation of a country's scores for legal framework and implementation. The legal framework score includes all indicators relating to the coverage and quality of the laws and regulations that shape resource governance (e.g., whether a country has a rule requiring the disclosure of contracts). The practice score covers indicators regarding actions taken by the government (e.g., whether officials have actually disclosed contracts). This practice measure shows how well a government implements the policies and laws it has established" (NRGI 2017a, 15).

CHART 2.1: Law versus Practice in the Environmental Democracy Index[44]
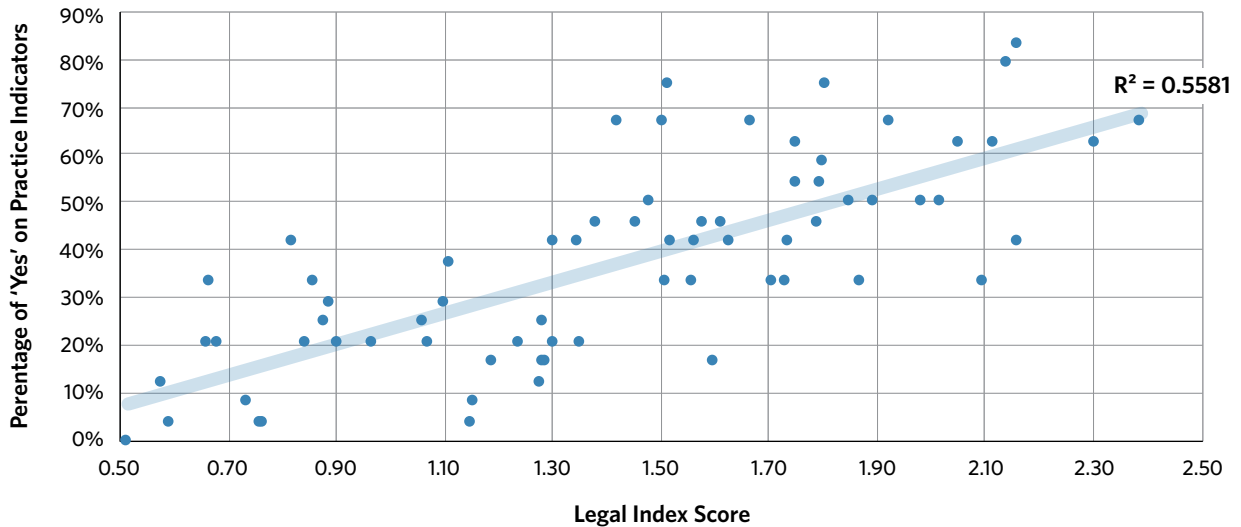
Source: Authors' calculations using data from Worker and De Silva 2015.

Given that some, but not all, TAP interventions involve changes to laws and policies (or rely upon those changes already being in place), anticipating the various ways an implementation gap may manifest is important. For example, mandatory transparency laws may be on the books, but the information may be disclosed at such a slow pace and so incompletely that the transparency is merely notional. (See Section 2.2.b regarding the freedom of information movement.) Or, a local government might have an open meetings law, allowing for civic participation in decisionmaking meetings, but it might fail to provide notice of the meetings in a timely manner or hold them in locations so remote that participation is exceedingly difficult. Gaventa and Barrett (2012, 2405) notes some participation

efforts where "those who challenged the status quo found themselves 'uninvited' to invited spaces of participation." Siregar et al. (2017) describes four citizen complaint systems set up in Indonesia, some of which were regarded by users as convoluted and user-unfriendly.

One example of how implementation gaps are anticipated and measured can be seen in the efforts of the Open Government Partnership (OGP), a multilateral initiative promoting transparency and other open government principles. The OGP was formally launched on September 20, 2011, when eight founding governments and nine founding civil society organizations endorsed the Open Government Declaration.

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44 "The practice indicators are scored qualitatively on a three-point scale: 1. YES (practice is observed in full), 2. LIMITED (practice is observed irregularly or partially), and 3. NO (no observation of practice). Similar to the legal indicators, practice indicators are typically accompanied with guidance to limit subjectivity for the researcher. Unlike the legal indicators, the scores are simply presented as sums and not averaged. There are four practice indicators under the transparency pillar, seven under the participation pillar, and 13 under the justice pillar ... Practice indicator results are supplemental to the legal index and therefore do not affect the index averages" (Worker and De Silva 2015, 7–8).

Since OGP's founding, it has dealt with a vast range of sectors and governance themes. Its Openness in Natural Resources Working Group has concentrated on transparency and accountability in natural resource governance among its member countries. It "takes a focused approach on natural resource issues," among others, "zeroing in on disclosure of contracts, beneficial ownership, and environmental policy, management, and compliance data, as well as adherence to open data standards" (OGP n.d.).[45] As of this writing, the 75 participating countries have made a total of 180 natural resource-related commitments (OGP 2018b).

This OGP commitment regime has explicitly made the implementation gap a part of its accountability ecosystem. A 2017 OGP-led review of whether most of the natural resource commitments had been fulfilled found substantial gaps. Only about half of them had been completed or substantially implemented. Less than half of them had a high enough level of specificity to be confidently regarded as measurable and verifiable. And few of the transformational natural resource commitments were completed within the proposed timeline (Jia et al. 2017).

Assessing what is creating implementation gaps can be more complex. The implementation gap can be particularly extreme in resource-rich countries (RRCs) because natural resources can be detrimental to institutional quality (Sala-i-Martin and Subramanian 2013). In a 2012 paper, Global Integrity and the Center for International Private Enterprise articulated a set of political, economic, and socio-cultural factors that affect the implementation gap and suggested a series of approaches useful in overcoming it (Nadgrodkiewicz, Nakagaki, and Tomicic 2012).

2.4 Publish What You Pay and The Extractive Industries Transparency Initiative

The evolution of several integral multi-stakeholder initiatives provides a critically important lens on the field's understanding of the best ways to reduce corruption via TAP. Two of the notable and wide-ranging initiatives are Publish What You Pay (PWYP), a coalition of civil society actors advocating for mandatory disclosure of company payments and revenues received by governments, and the Extractives Industry Transparency Initiative (EITI), a multi-stakeholder effort designed to ensure "transparency and accountability about how a country's natural resources are governed" in implementing countries (EITI 2015). Chart 2.2 provides a chronological look at the evolution of the EITI and other key players in the TAP space in the extractives industries; this section focuses on these initiatives.

2.4.a Publish What You Pay and The Early History of the EITI: A Focus on Transparency Alone

Both PWYP and the EITI emerged from the recognition in the late 1990s and early 2000s of the challenges faced by jurisdictions engaging in extraction and in particular the literature on the resource curse that Chapter One describes. These scholarly assessments, combined with nongovernmental organization (NGO) efforts (notably by Global Witness, Human Rights Watch, and Oxfam America) and journalistic investigations, brought the resource curse to the attention of the wider public (Rich and Moberg 2015; Aaronson 2011; Gillies 2010). In 1999, civil society groups, galvanized by the publication of the landmark Global Witness report "A Crude Awakening," began organizing under the banner of "Publish What You Pay," calling for company reporting of oil payments and revenues. A formal coalition by that name consisting of civil society organizations

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45 The OGP and EITI have clear points of overlap, and indeed, the EITI is a "major theme within OGP natural resource commitments" (Jia et al. 2017, 1). In 2018, OGP and the EITI formalized these intersections, signing a Memorandum of Understanding to "align their complementary spheres of work," including transparency around revenues, beneficial ownership, state-owned enterprises, contracts, and commodity trading (EITI Secretariat 2018; OGP 2018a).

working toward an open and accountable energy sector was formed in 2002 to "pool the diverse yet complementary strengths of the NGOs interested in campaigning for revenue transparency" (Van Oranje and Parham 2009, 35). By emphasizing the significance of revenue transparency in preventing corruption in resource-rich countries, PWYP helped to launch the so-called Transparency Revolution in natural resource governance (Khadiagala 2014, 16). Van Alstine (2014) argues that PWYP and the EITI have "acted as key catalysts in mainstreaming a growing consensus in favor of transparency in the extractive sector," with PWYP in particular calling for
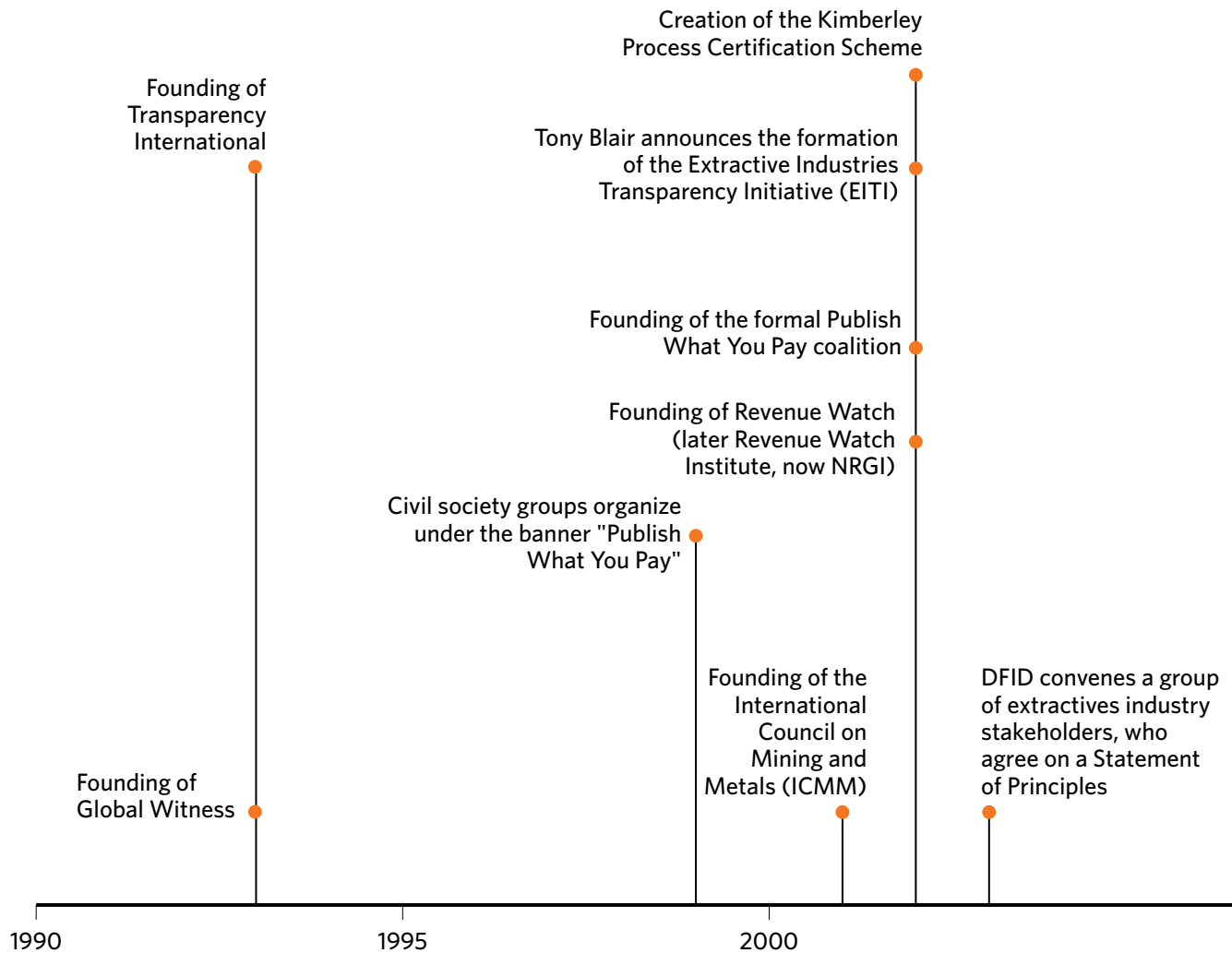
"mandatory transparency interventions" and using "a variety of different campaigning strategies to further its objectives," which include "influenc[ing] hard law" (252, 253).

Companies were initially cautious about PWYP's efforts with industry players, such as mining companies and the newly formed International Council on Mining and Metals (ICMM), largely absent from early discussions (Van Oranje and Parham 2009). (The ICMM now supports the EITI, and all of its member companies are EITI members; for more, see Box 2.5).
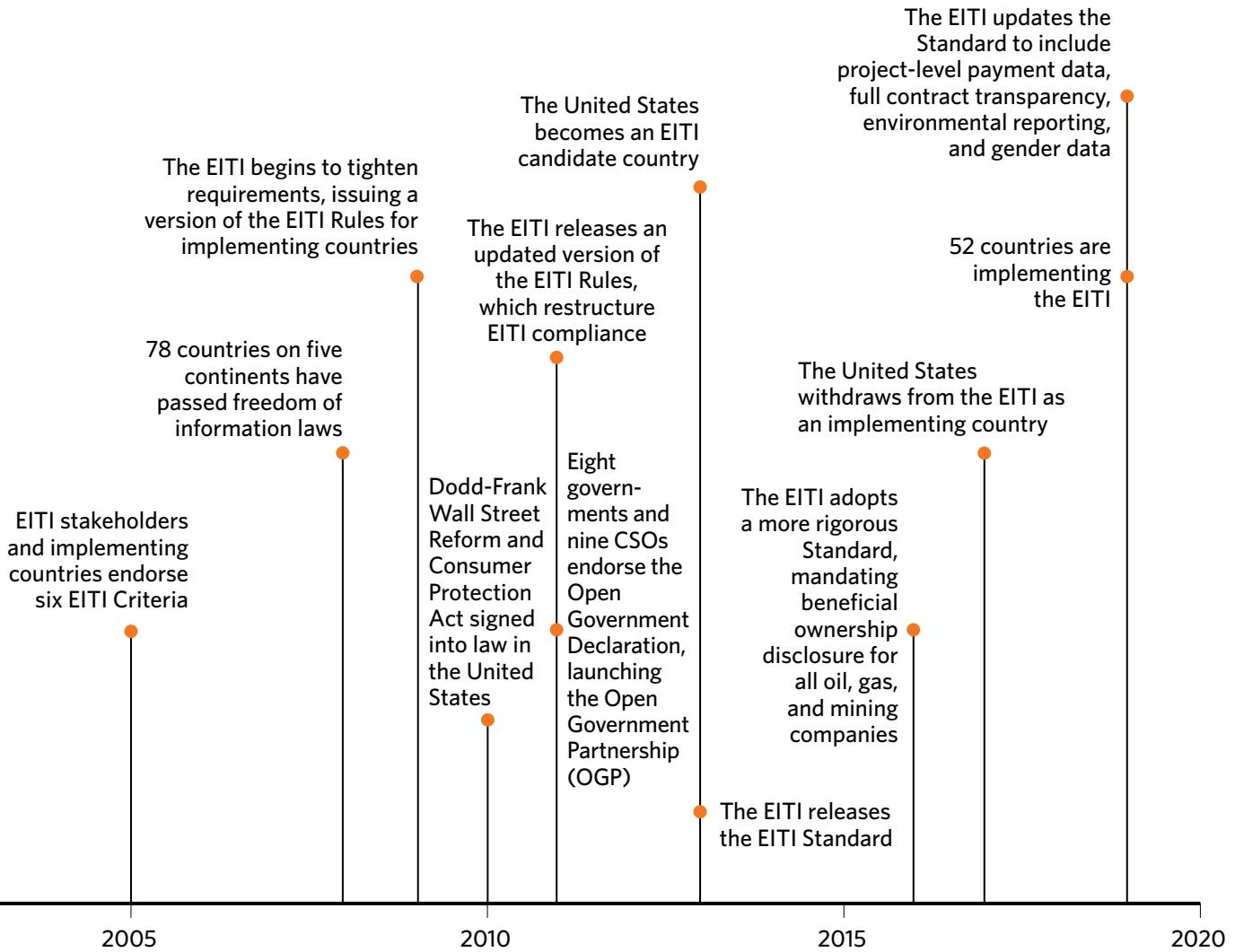
Box 2.5: The International Council on Mining and Metals (ICMM)

ICMM, an international organization consisting of 27 mining and metals companies and more than 30 regional and commodities associations, seeks to "strengthen the social and environmental performance of the mining and metals industry and build recognition of its contribution to local communities and society at large" (ICMM n.d.b.; ICMM 2019). As a key representative of industry in the EITI's multi-stakeholder model, ICMM has helped to shape the development of the EITI, and remains a strong supporter of the initiative.

Founded in 2001, ICMM first endorsed the EITI Statement of Principles in 2003, and followed with a further statement of support in 2005 that urged its member companies to, among others, "support regular publication of all payments made to governments implementing the EITI" (Bickham 2015, 46). In 2009, ICMM linked its preexisting "Sustainable Development Framework," which all member companies were already required to implement, to the adoption of the EITI, thus requiring ICMM member companies to endorse and engage with EITI efforts (ICMM 2009). The next year, ICMM and the EITI signed a Memorandum of Understanding containing such commitments as the collection of "ICMM member companies' financial contributions to the EITI" and the outlining of potential areas of cooperation (Bickham 2015, 46–47). In 2011, ICMM member companies "were prime movers" in revising the EITI Rules, including in the development of "provisions to track value transfers through minerals for infrastructure barter deals; greater focus on subnational payments; the creation of a requirement for compliant countries to produce an annual report on their activities; and, strengthening the need for explicit follow-up on any discrepancies identified through reconciliation reports" (Bickham 2015, 47). These efforts have continued to the present, with ICMM "having been closely engaged in the development of the EITI Standard," and a 2015 review of ICMM member attitudes toward the EITI finding strong support (ICMM n.d.a.; Bickham 2015, 16). Representatives from two ICMM member companies sit on the EITI Board, and the ICMM acts as the coordinating body for industry among EITI supporting companies (ICMM n.d.a.).

CHART 2.2: **The Evolution of the EITI and Other Institutional Developments, 1990–2019**

Creation of the Kimberley
Process Certification Scheme

Founding of
Transparency
International

Tony Blair announces the formation
of the Extractive Industries
Transparency Initiative (EITI)

Founding of the formal Publish
What You Pay coalition

Founding of Revenue Watch
(later Revenue Watch
Institute, now NRGI)

Civil society groups organize
under the banner "Publish
What You Pay"

Founding of the
International
Council on
Mining and
Metals (ICMM)

DFID convenes a group
of extractives industry
stakeholders, who
agree on a Statement
of Principles

Founding of
Global Witness

1990   1995   2000

Source: Authors.

The EITI updates the Standard to include project-level payment data, full contract transparency, environmental reporting, and gender data

The United States becomes an EITI candidate country

The EITI begins to tighten requirements, issuing a version of the EITI Rules for implementing countries

The EITI releases an updated version of the EITI Rules, which restructure EITI compliance

52 countries are implementing the EITI

78 countries on five continents have passed freedom of information laws

The United States withdraws from the EITI as an implementing country

EITI stakeholders and implementing countries endorse six EITI Criteria

Dodd-Frank Wall Street Reform and Consumer Protection Act signed into law in the United States

Eight governments and nine CSOs endorse the Open Government Declaration, launching the Open Government Partnership (OGP)

The EITI adopts a more rigorous Standard, mandating beneficial ownership disclosure for all oil, gas, and mining companies

The EITI releases the EITI Standard

2005   2010   2015   2020

Companies instead sought to reduce what they felt was a burden placed on them by PWYP's initial focus by shifting focus to disclosures by governments. As a middle ground, and as a result of the PWYP campaign, the government of the United Kingdom "saw the opportunity to develop an initiative built on the notion of equal transparency from the governments and the companies," and then-U.K. Prime Minister Tony Blair began the official process to create the EITI in September 2002 (Rich and Moberg 2015, 21; Van Oranje and Parham 2009; EITI n.d.a; PWYP n.d.). In 2003, a group of extractives industry stakeholders consisting of representatives from governments, corporations, industry, international organizations, investors, and NGOs endorsed the EITI Principles, a set of affirmations designed to increase transparency of revenues and payments in the extractives sector (see Box 2.6). In 2004, the Principles were endorsed by the G8.

Box 2.6: The 2003 EITI Principles

1. We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.

2. We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interest of their national development.

3. We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.

4. We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.

5. We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.

6. We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.

7. We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.

8. We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.

9. We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.

10. We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.

11. We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.

12. In seeking solutions, we believe that all stakeholders have important and relevant contributions to make—including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors and non-governmental organisations.

Source: EITI 2003.

In March 2005, EITI stakeholders and implementing countries endorsed six EITI Criteria (G8 2004; Rich and Moberg 2015), featured in Box 2.7. Where the EITI Principles sought to establish an ideological baseline, the Criteria contain actionable guidelines and measures of success.

2.4.b EITI's Evolutions: Expanding the Standard Across the NRVC

While the EITI Criteria marked a step forward in developing the EITI as a disclosure standard implemented by countries, rather than a voluntary corporate social responsibility standard as some had anticipated, some key issues in TAP remained unresolved. The next decade of work looked to address them, particularly by expanding transparency in natural resources beyond revenue to such issues as licensing and beneficial ownership. Other changes included "the maximum amount of time a country had before it was required to become EITI compliant and how regular and timely the reporting needed to be" (EITI n.d.a.). By 2007, 33 countries had agreed to adopt the EITI, but only 14 had accomplished the steps of the EITI Criteria; as a result, the newly formed EITI Secretariat and Board "decided EITI needed teeth" (Aaronson 2011, 53). They began to tighten requirements, and in 2009, issued a version of the EITI Rules at the fourth EITI conference (Rich and Moberg 2015). The EITI Rules included "policy notes" providing further clarification and guidance to implementing countries (e.g., a policy note emphasized the centrality of a vibrant civil society to EITI implementation). The indicators became requirements for implementing countries, and the 2011 version of the rules included a provision that data must be released in both a timely and regular fashion (Rich and Moberg 2015, 25).

Box 2.7: The 2005 EITI Criteria

1. Regular publication of all material oil, gas, and mining payments by companies to governments ("payments") and all material revenues received by governments from oil, gas, and mining companies ("revenues") to a wide audience in a publicly accessible, comprehensive, and comprehensible manner.

2. Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards.

3. Payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards. The administrator's opinion regarding that reconciliation, including any discrepancies that may be identified, is then published.

4. This approach is extended to all companies, including state-owned enterprises.

5. Civil society is actively engaged as a participant in the design, monitoring, and evaluation of this process and contributes towards public debate.

A public, financially sustainable work plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.

Source: Darby 2008, 8.

These 2011 EITI Rules, which were formally adopted at the fifth EITI Conference in Paris, provided for a restructuring: a new chapter of "EITI Requirements" set out how countries and stakeholders could achieve compliance; a "standard term of reference for validators" was provided; sign-up requirements were strengthened (with the formation of a multi-stakeholder group (MSG) to occur in advance of a country being granted Candidate status); and, time limits were placed upon candidature.[46] In particular, the Rules sought to tackle imprecision around the definition of "all material revenues received by governments" in the EITI Criteria (EITI 2011, 11). The Rules provided a template for "materiality," including production entitlements; profits taxes, royalties, and dividends; license and/or concession fees; in-kind payments; infrastructure provision and other barter-type arrangements; and guidance on social payments, among others. Moreover, MSGs were given latitude to agree to a definition and incorporate it (EITI 2011).

An evaluation of the EITI conducted by Scanteam in 2011 directly linked a lack of societal change to the EITI's narrow focus of activities. The authors use a difference-in-differences evaluation to analyze the EITI's impact along dimensions of societal change. They find the results to be inconclusive, with both compliant and non-compliant countries experiencing more or less the same results, with country-specific variations. This is likely because EITI-implementing countries have little in common, and fragmentation along political or economic lines trumps the common factor of EITI candidature or compliance. However, the authors note that country-level analyses provide much more insight into EITI impact, though this necessarily limits the transferability of their findings. The evaluation's strategic options for the EITI going forward include forging strategic partnerships beyond

the sector, creating a Standard that covered a greater part of the value chain, and rethinking task strategies within the existing administrative structure (Reite et al. 2011). The then-newly appointed chairman of the EITI, Clare Short, put the need for ongoing reform bluntly: "change will come and an enhanced EITI could become part of the reform agenda or an irrelevance that is swept aside. Only time will tell" (Short 2012).

In 2013, the EITI set out to broaden the scope of disclosures beyond value chain four (revenue) to cover everything from licenses and contracts to revenue allocation and social and economic contribution (EITI 2015). The 2013 EITI Standard mandated that compliance reports contain contextual information (for example, on the fiscal regime, relevant laws, and how extractive industry revenues are recorded in national budgets). To tackle criticisms that almost half of EITI countries were publishing aggregate data about revenues rather than data about individual companies or ministries, the 2013 EITI Standard required "disaggregated reporting" for companies, revenue stream, and "in due course, by each project" (Sovacool et al. 2016; EITI n.d.a.). In tandem with this process of clarification, significant progress was made in expanding disclosure norms. In April 2013, the EU mandated that companies disclose tax payments (Sovacool et al. 2016). Cross-sector disclosure efforts were made in November 2014, when Trafigura began to publish payments to government from the oil trade—the first commodity trader to do so (EITI n.d.a).

In response to the release of the EITI Standard—particularly the Standard's inclusion of specific requirements for domestic multi-stakeholder groups—the Institute for Multi-Stakeholder Integrity conducted an independent assessment of how the EITI's multi-stakeholder

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46 The 2011 Rules established five sign-up requirements for implementing countries: the government must issue an "unequivocal public statement of its intention to implement the EITI," commit to working with both civil society and companies on implementation, appoint a "senior individual" to lead EITI implementation, and establish an MSG to oversee implementation; the MSG should then consult with EITI stakeholders to develop and publish a "fully costed work plan, containing measurable targets, and a timetable for implementation and incorporating an assessment of capacity constraints" (EITI 2011, 13). These Rules also introduced limits on the amount of time an implementing country could remain a candidate country; candidate countries now had 18 months to publish an EITI report and two-and-a-half years to submit a final validation report endorsed by the MSG to the EITI Board, with the possibility of a one-year extension. If, at the end of that time, a candidate country has not verified compliance, it would be delisted (EITI 2011, 41).

model worked in practice (MSI Integrity 2015). By reviewing all publicly available governance materials from EITI-implementing countries, interviewing members of domestic MSGs, and observing MSG meetings, MSI Integrity concludes that "there are significant shortcomings of internal governance in many MSGs. This in turn implicates a failure at the global level of EITI to ensure sufficient oversight of MSG governance and country-level compliance with EITI's core requirements" (MSI Integrity 2015, iv). Because the EITI Standard did not specify the degree of confidentiality under which MSGs should operate, country practices varied wildly from fully transparent to near secrecy. Worse, the independence of EITI MSGs was often compromised by government officials who hand-picked civil society representatives, designated "inappropriate" CSOs to make decisions, and otherwise limited CSO access (MSI Integrity 2015, viii). To mitigate these low levels of compliance with the EITI Standard and lack of effectiveness of civil society, the authors recommended greater monitoring and incentivizing of MSGs on behalf of the EITI Board and Secretariat, and further provided recommendations for the MSGs themselves and the civil society representatives in the MSGs. Though the EITI Secretariat's response to this report evinced skepticism of some of its findings—arguing that MSI Integrity focuses on good governance as an end in and of itself, rather than assessing it in relation to its broader goals—they largely agreed with its broader argument (Berger 2015). The 2016 EITI Standard reflected some of the recommendations made in the report, notably surrounding high per diem payments (Rogan 2016).

In a further demonstration of how power imbalances between civil society and industry can manifest in MSGs, the United States became an EITI candidate country in 2013; however, the U.S.-based corporate giants Chevron and ExxonMobil—both of which are represented on the EITI board—failed to disclose their tax payments to the United States government as required under the EITI Standard. In response, civil society representatives of the USEITI multi-stakeholder group filed a grievance against those two companies, calling for them to be removed from the EITI board (Brian et al. 2018). However, the EITI

Secretariat concluded that while the companies' failure to report taxes was "serious", and that they did not act "in support of the implementation of the EITI Standard," neither should they be removed from the board, as their actions were "isolated" and the companies had proved to be strong allies of the EITI "elsewhere" (Reinfeldt 2018). In November 2017, the EITI was dealt a further blow when the United States withdrew as an implementing country, though it remains a "supporting country" that is informally committed to the good governance of natural resources (Gould 2017; EITI Secretariat 2017).

In 2015, the EITI retained an independent review team to examine the initiative's administrative structures and governance (Darby et al. 2015). The team recommended consideration of board term limits and/or sanctions for nonparticipation, along with a restructuring of the committee system. Crucially, the review noted the emergence of a power imbalance within the EITI between implementing countries and other stakeholders, with implementing countries less able (or willing) to participate in the EITI's core functions. The authors identify this imbalance as one of the "greatest risks present in EITI's governance," because a gap in the policy debate between companies and civil society and what is occurring on the ground could lead to unforeseen difficulties with implementation (Darby et al. 2015, 36). The review calls for a number of practical ways to mitigate this disparity, including faster translations of Board documents into implementing country languages; improved teleconference and translation services at Board meetings, and more in-person meetings generally; increasing implementing country seats on the Board; providing funding to implementing country Board members to fund travel and accommodation costs for Board meetings; and the establishment of an EITI Implementation Forum to serve as a consultative peer advisory group to implementing countries.

2015 also saw the adoption of the "Civil Society Protocol," which responded to criticisms that civil society was a lesser player in the EITI process in authoritarian countries by seeking to ensure civil society's status as an equal partner (Van Alstine 2017). Regarding

the efficacy of EITI reporting requirements, a 2015 Natural Resource Governance Institute report found that country compliance reports produced since the Standard "highlight critical deficiencies in license allocation processes, reveal politically affiliated owners of companies, and identify significant local revenues that were never disbursed" (Westenberg and George-Wagner 2015, 1). However, the report still found significant shortcomings in such areas as timeliness, openness, project-level reporting, and subnational revenue transfer reporting (Westenberg and George-Wagner 2015; Van Alstine 2017).

In 2016, the EITI Board adopted a more rigorous Standard. This marked a further expansion of the EITI's scope beyond revenue transparency. Beneficial ownership disclosure in EITI reports will be made mandatory for all implementing countries by 2020, and as of early February 2017, 45 EITI countries had published roadmaps on how to make beneficial ownership of oil, gas, and mining companies transparent (EITI n.d.a; EITI n.d.d). (For more disclosure requirements under the EITI Standard, see Table 2.6).

TABLE 2.6: Requirements under the 2019 EITI Standard

ALLOCATION OF RIGHTS	PRODUCTION DATA	REVENUE COLLECTION	STATE-OWNED ENTERPRISES (SOEs)	SUBNATIONAL	SOCIAL IMPACT	REVENUE MANAGEMENT
Contract/license award/transfer process and any deviations (§ 2.2(a))	Exploration activities (§ 3.1)	Legal framework and fiscal regime (§ 2.1)	Government transfers by SOEs (§ 2.6(a))	Direct payments/receipts (§ 4.6)	Social and environmental expenditures (§ 6.1)	Revenues recorded and not recorded in budget (§ 5.1)
Register of contracts/licenses (§ 2.3)	Production volumes and values, and encouragement of company- and project-level data (§ 3.2)	Taxes and primary revenues (§ 4.1)	SOE level of beneficial ownership (§ 2.6(b))	Mandated national/sub-national transfers (§ 5.2)	Employment, including disaggregation by gender, project, and role (6.3(d))	Earmarked revenues and budget/audit processes (§ 5.3)
Contract/license disclosure (§ 2.4)	Export volumes and values (§ 3.3)	In-kind revenues (§ 4.2)	SOE quasi-fiscal expenditures (§ 6.2)			
Beneficial ownership (§ 2.5)		Infrastructure/barter provisions (§ 4.3)				
		Transportation revenues (§ 4.4)				
		Economic contribution (§ 6.1–6.3)				

Source: NRGI.

With a broader remit including secretive contracts, transfer pricing, smuggling, and fraud, the EITI was a crucial part of the May 2016 UK Anti-Corruption Summit. Limitations remain, however, with an estimated 23 EITI implementing countries having legal restrictions on civil society organizations, and a lack of clarity over EITI "supporting countries" (Dupuy 2017; EITI n.d.c.).

As of November 2019, there are 52 countries implementing the EITI, covering 373 fiscal years published in open data format and $2.45 trillion of government revenues disclosed (NRGI 2018a; EITI n.d.b.). The EITI has broadened its administrative capacity from a small team working under the auspices of the U.K.'s Department for International Development to an independent Secretariat and Board. Increased disclosure requirements coupled with a growth in implementing countries has led to an unprecedented amount of disclosure in the extractives industry. The Publish What You Pay coalition, too, remains engaged in the work of the EITI: "members use EITI as a means to increase the openness of their extractive sector and access important information that help them hold their governments to account … [and] Publish What You Pay seeks to broaden the boundaries of EITI so that the standard encompasses more areas of reporting and remains robust" (PWYP n.d.). By focusing on civil society participation in the EITI, PWYP works to mitigate the power imbalance between companies and civil society noted in the 2015 review.

Box 2.8: Rustad et al.'s (2017) Defense of the EITI

The authors' 2017 meta-study of 45 studies of EITI's effectiveness cautions that those who argue that EITI has been a failed intervention and policy experiment often base those claims on a faulty or selective interpretation of the goals of the effort. The authors argue that EITI had three major goals at its inception: institutional, operational, and developmental. Those three goals are each pursued on different time frames making evaluation of EITI's effectiveness difficult.

With regard to the first, institutional goal, which encompasses building an organization, creating a brand, and fostering norms of transparency, Rustad et al. (2017) argues that EITI has been largely successful. The medium-term, operational goal, which includes concrete national level implementation of the EITI standard leading to public and civic society participation, has had some limited successes and some mixed results. Finally, EITI's effect on development, which is a more long-term goal and, according to Rustad et al. (2017), at least partially "beyond EITI's direct reach" (159), is minimal to date.

While we certainly empathize with the methodological complications, we do take issue with Rustad et al. to the extent that it lowers expectations about what EITI was intended to accomplish. Although, as the authors note, evaluating success in development is hard to measure because it encompasses a variety of governance-based, economic, and/or social changes, progress in that regard is essential for there to be any claim of success.

The EITI's decade of improvements reflects an increased understanding of natural resource transparency beyond NRVC4. As knowledge of which inputs are likely to generate positive outputs has improved, the EITI has sought to expand its requirements across more steps of the NRVC. Regardless, a key question remains: has the work of the EITI actually been effective in incentivizing good governance and reducing corruption?

We turn now to empirical evaluations seeking to address this concern. A full evaluation of the EITI's impact is beyond the scope of this paper and is premature considering the program's recent evolutions; see Box 2.8. Still, a few key criticisms—particularly those regarding the importance of a bundled TAP approach—are worth recounting, since they underpin LTRC's approach.

2.4.c EITI's Success and Shortcomings

Evaluations of the EITI suggest that its efficacy has been mixed. One of the EITI's indisputable successes, however, is its generation of raw, transparent data. Without a doubt, the EITI has increased transparency efforts in many countries with natural resource endowments, including the codification of transparency measures. Hubert and Pitman (2017) assesses the EITI's effect on contract and license disclosure, arguing that the reporting mechanisms are far from perfect. Nonetheless, while disclosure efforts have varied across EITI member states, there have been meaningful disclosures and changes in disclosure policy among at least a subset of measures. Table 2.7 illustrates their findings.

TABLE 2.7: Hubert and Pitman's (2017) Findings on EITI Contract/License Disclosure

CONTRACT/LICENSE DISCLOSURES AND LEGAL REQUIREMENT (18 COUNTRIES)	CONTRACT/LICENSE DISCLOSURES, BUT NO LEGAL COMMITMENT (11 COUNTRIES)	LEGAL COMMITMENT BUT NO CONTRACT/LICENSE DISCLOSURES (3 COUNTRIES)	NO CONTRACT/LICENSE DISCLOSURES AND NO LEGAL COMMITMENT (20 COUNTRIES)
Afghanistan Burkina Faso Colombia Republic of the Congo Democratic Republic of the Congo Dominican Republic Ghana Guatemala Guinea Honduras Iraq (Kurdistan) Liberia Mozambique Niger Philippines São Tomé and Príncipe Senegal Timor-Leste	Azerbaijan Chad Kyrgyzstan Malawi Mali Mauritania Mongolia Peru Sierra Leone* United Kingdom United States	Central African Republic Côte d'Ivoire Tanzania	Albania Cameroon Ethiopia Iraq (excluding Kurdistan) Indonesia Germany Kazakhstan Madagascar Myanmar Nigeria Norway Papua New Guinea Seychelles Solomon Islands Togo Tajikistan Trinidad and Tobago Ukraine Yemen Zambia

*Sierra Leone has a legal requirement to disclose petroleum contracts but has only disclosed contracts for the much larger mining sector where there is no legal requirement.

Source: Hubert and Pitman 2017.

However, some argue that the EITI's transparency requirements have not succeeded in reducing corruption and have potentially created perverse incentives. Gillies and Heuty (2011) contends that the disclosures and transparency that the EITI requires are aimed at external audiences, rather than the citizenry of the participating countries, producing ineffectual "lonely transparency" lauded outside a country but ineffectively implemented within the participating country (36). Their research, as well as that of others, also suggests that the national-level decision to join the EITI is based less on a commitment to greater transparency and more on an ulterior motive to extract other types of benefits from the affiliation, including anti-corruption whitewashing (David-Barrett and Okamura 2013; Schuler 2012; Bebbington et al. 2016; Aaronson 2011; Desai and Jarvis 2012,).

Although improvements in EITI's design, reporting, and requirements will always be expected to enhance the likelihood of success, it is important to consider EITI's structural limitations and its main focus being on—the admittedly important—topic of transparency in extractives. These imply that the impact of EITI on its own will be limited in addressing corruption in countries and industry as compared with one where other country-specific and global initiatives and organizations also engage in key complementary programs to address corruption in resource-rich countries.

In light of this context, LTRC emphasizes complementary efforts beyond what can be achieved by transparency, participation, and accountability initiatives. For example, many corrupt activities funded by resource revenues in resource-rich countries occur in non-extractive sectors that are not reached by EITI, and, further, some of the over-arching, national-level factors driving corruption in the country and the extractives sector don't originate in the sector itself, and are not addressed by EITI—such as state capture, for instance. Other aspects of corruption, such as cross-border illicit money flows, can involve more than one country, and the EITI is also limited in terms of requirements on industry generally, and on anti-corruption in particular. While the EITI has been successful in attracting many implementing

countries to its initiative, powerful countries which are key for addressing corruption globally and regionally are not members of the initiative and/or not implementing its requirements, such as China, the United States, Russia, South Africa, and Brazil.

Further, there are other structural limitations stemming from the fact that EITI is not responsible for investigating or prosecuting suspected corruption, and, when a corruption risk appears, stakeholders "may also have very uneven appetites for tackling corruption and some may have interests that run counter to this pursuit" (Gillies 2019).

Nonetheless, EITI, if it continues to evolve and improve, and if well-complemented with other initiatives, can make a concrete difference. In this context, we examine studies based on evidence of EITI's performance until a few years ago below, which point to challenges and mixed performance. We assess the possible improvement in results for EITI implementing countries, insofar as the more encompassing and stringent requirements over time are implemented, while at the same time being mindful of the constraints in terms of concrete impact in addressing corruption insofar as the focus is only on transparency, which is insufficient.

It ought to be recognized, however, that EITI, by having evolved over time to adopt and implement requirements to protect and enhance participation and accountability (necessary for TAP), via its civil society protocol and safeguards, has made a major step forward, which inter alia promotes keeping corruption in the sector in check—even if not assured. Without such safeguards, EITI in many countries would be unlikely to have a positive impact.

Still, to enhance its impact the EITI would be well served by attracting some of the relevant global powers as implementing countries, as well as going further—rather than weakening—the strict implementation of its safeguards on civic space in implementing countries (Kaufmann, 2019), and in properly implementing beneficial ownership requirements, as well as in transparency in payments, contracts, and subcontracting,

and also specifically regarding commodity traders and National Oil Companies. More generally, EITI can make further progress in clearly articulating its role in anti-corruption and in areas of high risk of corruption (Gillies 2019).

Kluttz et al. (2015) examines the impact of the EITI and PWYP in Cote d'Ivoire, Guinea, and Liberia. The authors find that the two programs increased access to information in all three nations. However, further positive outcomes were significantly limited by a variety of challenges including: few participatory mechanisms (Guinea), as well as poor enforcement of legislation and a lack of accountability (Liberia and Cote d'Ivoire). GIZ (2016), through case studies on the Democratic Republic of the Congo and Mozambique, finds that EITI-based transparency efforts have a limited ability to affect most behaviors in extractive communities and to overcome existing governing and political challenges. The authors reached this conclusion despite receiving relatively positive responses regarding the EITI's effectiveness on an online survey that they distributed to EITI stakeholders and observers. Nearly 90 percent of EITI stakeholders answered that the EITI had made at least a small impact on "democratic accountability of government" (GIZ 2016, 57).[47] However, the authors do note that respondents indicated higher levels of confidence regarding the EITI's contribution to transparency than to its contribution to improving governance (ibid). (They do not provide specific figures.) Figure 2.5 illustrates their full results.

FIGURE 2.5: **Results of GIZ (2016) Online Survey to EITI Stakeholders on the Past Impact of EITI**
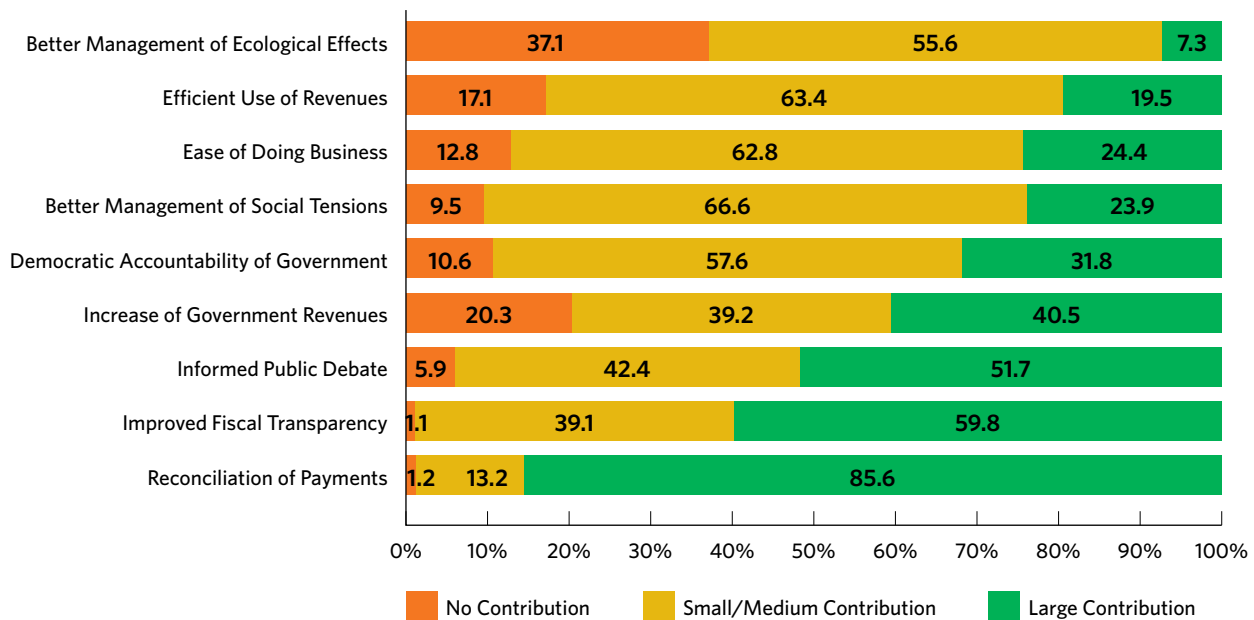
Source: GIZ 2016.

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47 The authors explain the survey's methodology: "From February 22 until May 16, 2016 EITI stakeholders and observers could participate in an open survey to assess the EITI on www.impact-survey.com. It was promoted in a blog and newsletter on goxi.org, direct mailing to national coordinators and through further various channels. … 108 persons participated in the survey, with all but one stating their group affiliation (n=107). There were 90 valid answers for each question with a declining trend from the beginning to the end. The overwhelming majority of respondents were representatives of national and international civil society organizations (35 respondents of national civil society and 15 of international civil society). Government respondents included 11 national EITI coordinators, five other national EITI staff, one government representative of an implementing country, and 11 representatives of supporting governments. Nine researchers and journalists participated in the survey. Only two representatives of extractive industry companies answered the questionnaire, and no representatives from institutional investors participated" (GIZ 2016, 27).

A second analysis by Sovacool et al. (2016) compares 16 EITI countries that reached compliance status before 2012 to non-EITI countries and EITI countries pre- and post-compliance, finding the EITI to have no impact on important metrics including voice and accountability, political stability, and control of corruption. The authors acknowledge important limitations to their study,[48] but nevertheless conclude that the EITI's "limited mandate, its voluntary nature,

stakeholder resistance, and dependence on strong civil society" all hinder the initiative's ability to effect meaningful change (179). More specifically, this study identified that the "absence of strong, independent civil society in countries with high levels of corruption as a major obstacle to the EITI's ability to reduce corruption" (Gillies 2019). Their results are summarized in Table 2.8.

TABLE 2.8: Sovacool et al. (2016) Median Annual Change in Voice and Accountability from EITI Participation

	TIME SPAN	CHANGE IN MEDIAN PER YEAR IN EITI COUNTRIES	CHANGE IN MEDIAN PER YEAR IN COMPARISON GROUP
Voice and Accountability Worldwide Governance Indicator	1996–2002 (Pre-EITI)	+0.02	-0.01
	2002–2012 (Candidacy)	+0.00	+0.00
	2012–2014 (Compliance)	+0.02	+0.02
Rule of Law	1996–2002 (Pre-EITI)	+0.02	+0.00
	2002–2012 (Candidacy)	+0.00	+0.00
	2012–2014 (Compliance)	+0.04	+0.03
Regulatory Quality	1996–2002 (Pre-EITI)	+0.00	+0.00
	2002–2012 (Candidacy)	+0.02	+0.00
	2012–2014 (Compliance)	-0.01	+0.00
Control of Corruption	1996–2002 (Pre-EITI)	+0.00	+0.00
	2002–2012 (Candidacy)	+0.00	+0.00
	2012–2014 (Compliance)	-0.02	+0.01

Source: Sovacool et al. 2016.

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48 Acknowledged limitations include a limited time frame and a quasi-experimental design that "allows for only correlative interpretations regarding the relationship between EITI participation and governance and economic development metrics" (Sovacool et al. 2016, 180).

Third, Kasekende, Abuka, and Sarr (2016) analyzes 76 countries rich in hydrocarbons and mineral resources from 2002–2012 to assess the effectiveness of EITI in the control of corruption. Using the Worldwide Governance Indicators (WGI) Control of Corruption Index, the authors find that EITI membership has not resulted in reduced corruption rates.

Fourth, Öge (2016a) also finds that the EITI has not reduced corruption. Öge (2016a) analyzes the impact of EITI membership on corruption and transparency levels between 2006 and 2013, using interrupted time series and panel data. He finds that overall data disclosure (raw transparency) increased, but concludes that perceptions of corruption did not change. Finally, Corrigan (2017) analyzes panel data from 1997 to 2014, and finds that the EITI has a significant and positive effect on economic development on member states. However, she also finds that there have not yet been observable and significant effects in control of corruption.

Other analyses highlight perverse effects. In a separate study, Öge (2016b) conducts a cross-national analysis of 46 EITI-implementing nations to study why nations elect to join. He finds that membership significantly increases foreign direct investment, and concludes that corrupt governments often use the EITI in a "utilitarian" fashion, enjoying benefits without making meaningful reforms (140). Öge (2016b) criticizes the "narrow definition of transparency in the EITI process," which allows nations to "sign-on to the EITI without necessarily changing their usual modus operandi. Thus they implement a limited form of revenue transparency, while still keeping a tight lid on how these revenues are spent" (ibid).

Still, some find that the EITI has had a positive impact on corruption, if a limited one. David-Barrett and Okamura (2013) uses data on 185 nations from TI's Corruption Perceptions Index (CPI), World Bank Development Indicators, and the EITI to assess why corrupt nations voluntarily join the EITI. The authors find that corrupt nations join the EITI to bolster their international reputation and attain associated benefits, such as increased development aid. However, the authors also find that the decision to join the EITI led to a significant reduction on that nation's CPI score in the two years following. They suggest that this positive effect results principally from the process of implementing the EITI, which increases accountability.

Among the most recent of the quantitative studies reviewed, Papyrakis, Rieger, and Gilberthorpe (2017) also bucked the trend of studies that find that the EITI has produced no observable reductions in corruption. Focusing on resource-rich countries, the authors used panel data to measure whether EITI commitment and candidature is linked to changes in perceived corruption levels, control of corruption, and rule of law over time.[49] According to their analysis, the EITI creates a "shielding mechanism" against increases in corruption in oil and mineral rich nations:

> While mineral abundant (but not necessarily dependent) economies seem to experience an increase in corruption over time, the effect is now of lower statistical significance. ... EITI participation still largely shields again against a now much milder resource curse, [because] the coefficients of the interaction terms are [mostly] insignificant ... while mineral wealth tends to be associated with reduced control of corruption ... and weaker rule of law, participation in the EITI can partly offset these tendencies (302–303).

Papyrakis et al. (2017) finds that shielding effects are particularly strong when nations enter the second stage of EITI implementation, becoming

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49 The authors' broader sample includes commitment, candidature, and compliance. When restricting their sample to the resource-rich countries that most interest LTRC, "we focus our attention on the effect of EITI on reducing corruption at the first two stages of implementation (commitment and candidate status)—that is, for the stages when the growth-reducing effect attributed to EITI membership was larger for the broader sample" (302).

official candidates. It suggests that this likely occurs because second stage nations must intensify compliance efforts in order to be awarded full participation (305). The authors thus credit EITI membership requirements with curbing corruption.

The next two tables illustrate their results. Table 2.9a focuses on resource abundance and corruption perceptions; Table 2.9b focuses on mineral dependence and control of corruption and rule of law.

TABLE 2.9A: Papyrakis et al. (2017) Regression Analysis of the Effect of EITI Participation

INDEPENDENT VARIABLE	DEPENDENT VARIABLE: CHANGE IN CORRUPTION FROM TI CORRUPTION PERCEPTIONS INDEX	
	Commitment Status Coefficient (Standard Error)	Candidate Status Coefficient (Standard Error)
Mineral Abundance	-0.135 (0.133)	-0.146 (0.132)
Oil Abundance	-0.204* (0.108)	-0.211 (0.108)
Oil Abundance with EITI Commitment Status	0.195 (0.208)	N/A
Oil Abundance with EITI Candidate Status	N/A	0.433 (0.279)
Mineral Abundance with EITI Commitment Status	0.250 (0.194)	N/A
Mineral Abundance with EITI Candidate Status	N/A	0.564** (0.254)

Country-clustered robust standard errors of coefficients in parentheses. Superscripts ***, **, and * indicate a one, five, and ten percent level of significance, respectively. Time dummies are included in all specifications.

TABLE 2.9B: Papyrakis et al. (2017) Regression Analysis of the Effect of EITI Participation

INDEPENDENT VARIABLE	DEPENDENT VARIABLE: CHANGE IN CONTROL OF CORRUPTION WORLDWIDE GOVERNANCE INDICATOR (STANDARD ERROR)	DEPENDENT VARIABLE: CHANGE IN RULE OF LAW WORLDWIDE GOVERNANCE INDICATOR (STANDARD ERROR)
Mineral Dependence	-0.098*** (0.029)	-0.062** (0.029)
Mineral Dependence with EITI Commitment Status	0.050** (0.025)	0.042* (0.028)

Country-clustered robust standard errors of coefficients in parentheses. Superscripts ***, **, and * indicate a one, five, and ten percent level of significance, respectively. Time dummies included in all specifications.

Source: Papyrakis et al. 2017.

While Papyrakis et al.'s (2017) recent study suggests that the EITI is a worthwhile endeavor, the lack of consistent quantitative findings (in addition to the qualitative work previously cited) suggests continued challenges that should not be ignored. An important caveat, however, is that these and other quantitative evaluations did not fully capture the effects of the updated 2013 EITI Standard—when meanwhile EITI is already implementing the 2019 Standard, following the implementation of the 2016 Standard until June 2019. As explained earlier, the EITI's updated Standard represent the initiative's efforts to provide additional open government mechanisms other than transparency and, in turn, improve development and reduce corruption. Although implementation challenges abound (Brockmyer and Fox 2015), these shifts are a step in the right direction.

Although governance results in scholarly work with evidence of years past have been mixed or inconclusive, a recent analysis with the most recent Worldwide Governance Indicators (WGIs) data suggests distinct performance trends, pointing to the importance of unbundling sets of countries, rather than relying on overall averages. The initial analysis, with updated data, suggests that older entrants to EITI, when the EITI Standard was narrower and less stringent—inter alia excluding safeguards for civic space—tend to perform less well than newer entrants (Kaufmann 2019). As seen in Charts 2.3 and 2.4, the performance on civic space as well as on corruption control of older EITI country members admitted to the initiative under lower standards deteriorated over time, while the performance of more recent entrants to the initiative has improved.

In parallel, Chart 2.4 from Kaufmann (2019) shows a different performance in terms of control of corruption between old versus new EITI member. Together with the similar findings on civic space comparing these two groups, the data suggests how vital civil society safeguards in EITI can be in addressing corruption.

CHART 2.3: **The Worldwide Governance Indicators' Voice & Accountability Scores of Older and Newer EITI-Implementing Countries[50]**

Voice & Accountability pre- & post-EITI candidacy
Older entrants (28) vs Newcomers (19) — *cutoff: 2011*
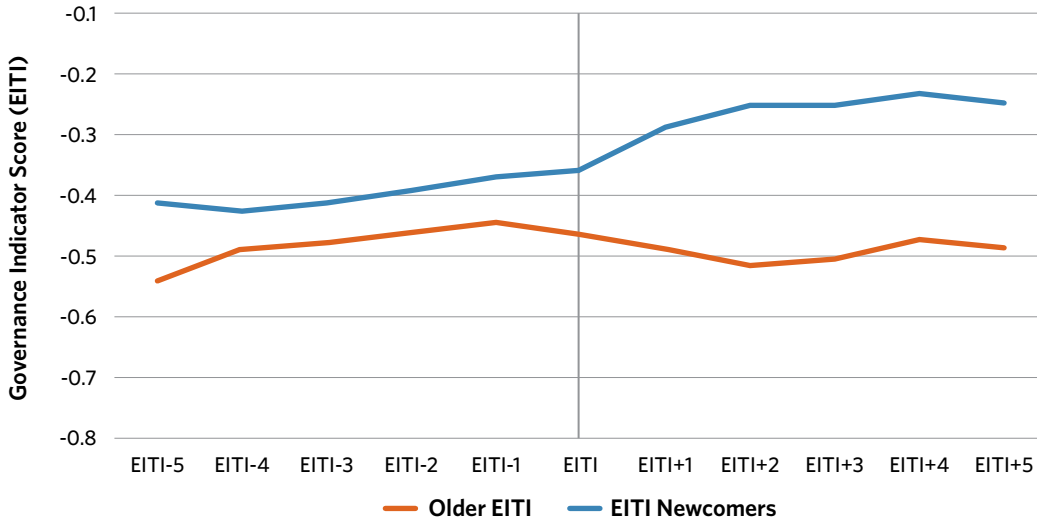
Source: Kaufmann, Kraay, and Mastruzzi 2010 and Kaufmann 2019.

CHART 2.4: **The Worldwide Governance Indicators' Control of Corruption Scores of Older and Newer EITI-Implementing Countries[51]**

Control of Corruption pre- & post-EITI candidacy
Older entrants (28) vs Newcomers (19) — *cutoff: 2011*
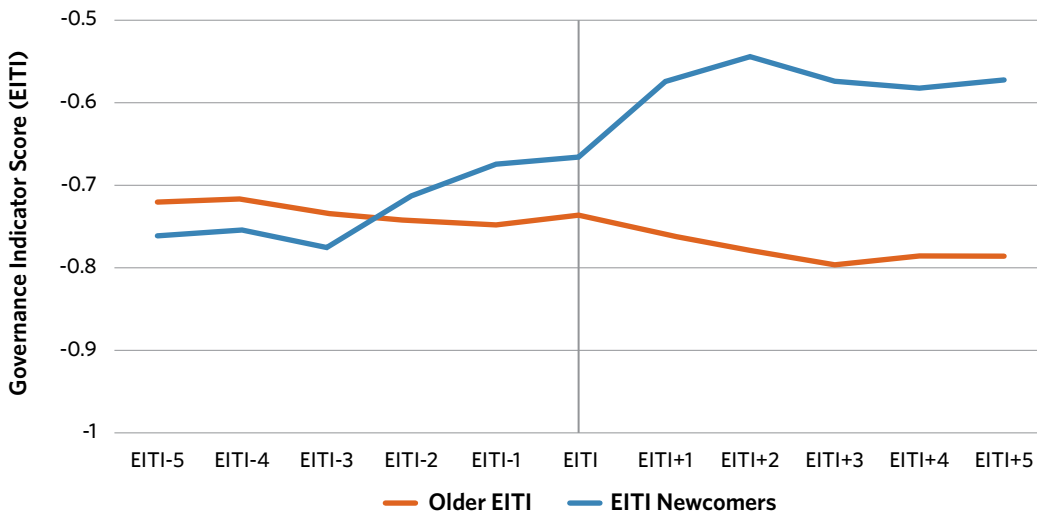
Source: Kaufmann, Kraay, and Mastruzzi 2010 and Kaufmann 2019.

50 Older EITI sample covers the 28 emerging EITI countries that were members as of 2011. EITI Newcomers sample covers the 19 emerging EITI countries who joined between 2009 and 2017. A conservative assumption is used for countries missing data in EITI+2 (11 countries) by using the data from the last year with available data. Number of countries with actual data per period are as follows: EITI (47 countries), EITI+1 (47 countries), EITI+2 (43 countries), EITI+3 (42 countries), EITI+4 (41 countries), and EITI+5 (36 countries).

51 In this analysis, the older EITI sample covers 28 emerging EITI countries that were members as of 2011. The EITI Newcomers sample covers 19 emerging EITI countries that joined between 2009 and 2017.

More generally, the adoption of the EITI at the national level appears to have spearheaded broader dynamics, often including an empowerment of civil society and the fueling of public debates that have led to reforms in areas beyond the formal EITI requirements. Since EITI multi-stakeholder groups are responsible for investigating whether or not "the government systems in place for recording payments and auditing are clear, effective, and meet international standards," activists can gain an understanding of government processes (Aaronson 2011, 55). This understanding can then be translated into "the polity as a whole" (Aaronson 2011, 55; Iwerks and Venugopal 2016; Aaronson 2009).

The EITI's evolution has been rapid, and its goals are high. Nevertheless, Kolstad and Wiig's (2009) warning regarding the EITI's need to attach accountability and participation mechanisms to its existing transparency requirements to produce results still resonates:

> In the absence of accountability, whereby other groups can hold a government to account and sanction misbehavior, it is unclear that the EITI will have much of an effect. It is, for instance, unclear that failing to meet EITI criteria will necessarily have any repercussions on a government, in countries where accountability mechanisms are weak. Moreover, in addition to accountability, the effect of the initiative will depend on the degree to which other groups are able to process the information made available ... . In addition, a number of EITI countries have seen a reduction in transparency in other areas, such as press freedom, notably Gabon, Madagascar, São Tomé, and Timor-Leste ... . It is likely, therefore, that the EITI needs to be coupled with other types of reforms to have an effect on corruption in oil-rich countries ... . While [the multi-stakeholder groups requirement] has the potential of improving accountability and participation in revenue management, there is also a risk that the group can become another arena for rent-seeking and patronage. Though civil society is to be represented in the multi-stakeholder group, civil society is not one thing nor necessarily representative of the population. Civil society in many resource-rich developing countries is also weak. Since the multi-stakeholder group is to be appointed by the government, there is a chance that it will be peopled with government supporters. Or along the lines of rentier state arguments, a government may use its power of appointment to undermine the existence of social groups independent of the government (529).

Generally, given the evolving nature of initiatives such as EITI, where lessons are drawn and further buy-in are secured over time, leading to improvements and further implementation, caution is warranted regarding premature conclusions. This is particularly the case given the time period often well in the past—early years of EITI—utilized in research studies, many of which are included here. Future quantitative analyses, informed by a longer period of observation, will be better suited to assess whether the updated, broader EITI framework is concretely delivering in addressing corruption in the countries and globally, and if so, through which particular dimensions and mechanisms.

2.5 Conclusion

From this analysis of the literature and practice (and also that to come in Chapters Three and Four), the LTRC project considers it clear that TAP interventions need to be bundled, requiring hybrid interventions that include multiple TAP elements to enhance chances of successfully reducing corruption and improving sustainable development, as compared with focusing on transparency measures on their own. As one World Bank guidance note echoes, "all three principles are critical to improve governance and development outcomes" (Heller et al. 2016, 4). We argue that operationalizing accountability into concrete interventions can lead to a higher probability of success in achieving the desired outcomes when combined with transparency and participatory approaches (Dewachter et al. 2018). By contrast, isolated approaches (those that fail to combine multiple TAP elements) can lead to serious shortcomings, weakening their effect and their credibility among the same actors whose concourse is needed (citizens) or whose behavior is intended to be changed or incentivized (service providers, public officials). As shown in Section 2.4, the history of the EITI is a case in point.

However, even the best bundling of a TAP intervention is only part of the equation, because the context in which that intervention takes place is relevant. Equally important is to consider the integration of complementary reforms in the legal, administrative, and public finance and institutional realms beyond TAP. The next chapter takes on the question of why and how context matters.

CHAPTER THREE:
The Role of Context

We have traced the evolution of proposed TAP-based solutions to reducing corruption and improving sustainable development outcomes along the natural resource value chain (NRVC). We have explained that an initial burst of energy around transparency-based solutions gradually met disappointment when they were evaluated, and it was shown that transparency alone often was not enough to achieve the desired objectives. Combining transparency with accountability and participation measures has also been attempted and evaluated. Those combinations indeed showed some positive results in corruption reduction, but additional and substantial work was left to be done to more dramatically impact corruption.

Research points to designing a next wave of interventions that are carefully tailored to take account of contextual factors if we want to build momentum on the progress to date. This approach heads a general thread in the literature that recommends a close consideration of context when designing and implementing transparency, accountability, and participation interventions and the strategies around those interventions. The first section in this chapter details that thread. LTRC's goal when analyzing context is not just to account for it when designing a strategy, but to guide the identification of contextual factors that are key to consider for the success of a TAP intervention, and out of those, determine which can be operationalized and used for strategy design purposes.

Context, of course, can be elusive, given its many dimensions. LTRC focuses on five dimensions of context, or as we term them "contextual factors": capture; social trust, political trust, and conflict; civic space and media freedom; rule of law, justice, and impunity; and government effectiveness. We do not mean to imply that these are the only dimensions of context that matter when addressing corruption in the natural resource realm. Rather, we pinpoint how different versions of these five are regularly present in the literature and the work of practitioners as having helped to magnify a TAP intervention's impact or, conversely, to understand how and why a TAP program was derailed in its causal pathway.

In this chapter, we define each contextual factor for the purposes of our project and explain why we chose it. We then turn to a discussion of examples of TAP interventions that have sought to incorporate context considerations into either their design or to explicitly alter key contexts.

TABLE 3.1: **LTRC's Five Contextual Factors of Interest**

CONTEXTUAL FACTOR	LTRC WORKING DEFINITION
Capture	"The efforts of firms to shape and influence the underlying rules of the game (i.e., legislation, laws, rules, and decrees) through private payments to public officials" (Hellman et al. 1999, 4).
Social Trust, Political Trust, and Conflict	Social Trust: The degree to which individuals in a society share and believe others share mutually beneficial goals, regardless of ethnic, racial, or religious categories (Rothstein and Uslaner 2005; Rothstein 2011, 2013).
	Political Trust: "Trust between citizens and political elites, or citizen confidence in political institutions" (Newton 2005).
	Conflict: Contexts of ongoing war or history of war, confrontations between communities and companies, or the presence of armed insurgencies.
Civic Space and Media Freedom	The basic democratic rights of citizens and journalists to freely associate, assemble, share information, and express opinions without fear of reprisal or censorship.
Rule of Law	The presence of an institutionalized, understood, trusted, shared, and enforced system of rights and rules that applies to everyone equally; protects all members of a society from harm; provides means of redress, resolution, and relief when harmed; and fairly determines and metes out punishment for those who break laws or violate rights.
Government Effectiveness and Capacity	The financial and/or technical capacity to carry out the functions necessary to properly manage natural resources and support anti-corruption efforts.

3.1 The Importance of Context

Like "transparency is not enough," "context matters" is a widely accepted axiom in governance studies. Arguably the most comprehensive treatment of context in the social accountability space is O'Meally (2013, ix–xiv). He explains the importance of context for social accountability, something easily translatable to TAP approaches:

> Context is critical in shaping, making, and breaking [TAP] interventions … . Some contexts are more enabling of [TAP] and the context will influence—although not necessarily determine—the form [TAP] is likely to take and how likely it is to achieve its objectives … . Yet there are no clear "recipes-for-success" as [TAP] shapes—and is shaped by—the context in often complex and unpredictable ways. For example, there does not appear to be a linear relationship between broad levels of democracy and the potential effectiveness of [TAP]. What seems to be more important are the actual forms of politics and power in a specific context that present constraints and opportunities.[52]

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52 The bracketed insertions of "TAP" are not in the original text. They are replacing the acronym "SAcc," or social accountability approaches. O'Meally (2013) defines SAcc as a "range of actions and strategies, beyond voting, that societal actors—namely citizens—employ to hold the state to account" (ix).

Other analyses similarly focus on the importance of context. Gaventa and Barrett (2010) and Mansuri and Rao (2013) both call for contextually sensitive diagnoses of the relationship among civil society, government, and markets so that the participation strategy can be adapted accordingly and can ideally build upon organic, existing modes of participation. Malena, Forster, and Singh (2004) highlights context and several of the contextual factors defined in this chapter as "critical factors of success" for an intervention (12–13); Gaventa and McGee (2010) does the same. Dewachter et al. (2018) argues that a "short route" and "long route" of accountability must be considered within a wider context. Other research demonstrates that a contextual focus, if not outright prioritization, is necessary (Barma et al. 2012; Joshi 2014; Astuti and McGregor 2015; Siregar et al. 2017; Wetterberg, Hertz, and Brinkerhoff 2018; Levy et al. 2018).

The importance of context has also become a point of emphasis for practitioners, with a recent evaluation for the World Bank's citizen engagement framework emphasizing both the importance of contextually sensitive program designs and the political challenges that the organization faces when it seeks to act according to this citizen engagement commitment (IEG/World Bank 2018). The report cautions that context-sensitive processes and designs are crucial to citizen engagement, yet the World Bank's mainstreaming approach does not always adequately account for country-specific factors, such as addressing power imbalances. It urges: "engaging citizens is about understanding societal complexity, avoiding elite capture, and changing power balance, habits, and norms, which are context-specific processes … ."

Although it is outside the scope of this paper to analyze the role of the major international financial institutions and donors in driving TAP programs, we note that early transparency-only and TAP efforts may have failed to fully account for context because of a top down approach. Many early context-detached programs, driven by Western aid programs,

were constructed as part of the "common swirl of politically related 'good things,'" rather than being well tailored to on-the-ground, complex environments (Carothers and de Gramont 2013).

More specifically within natural resource governance, Basedau (2005) makes the case for context mattering in the most direct of terms:

> in the strict sense, there is no such thing as a "resource curse" … it is not sufficient to theoretically acknowledge the general relevance of surrounding conditions. A careful conceptualization and empirical analysis of different—positive or negative—scenarios in different countries, their exact causal mechanisms and interplays as well as the relative weight of natural resources vis á vis the context … is needed. (22–23)

We aim to follow these careful conceptualizations and empirical analyses. As we describe in Chapter Four, the foregoing considerations must be built into a research design for a more thorough understanding of the relationship between TAP reforms and targeted outcomes.

3.2 Contextual Factors

Before we define the specific contextual factors of most interest to LTRC, we want to offer a quick cautionary note about the multi-disciplinary nature of contextual analyses. The contextual factors we have honed in on cover a wide variety of fields, for example law, journalism, and public management. Numerous efforts have been made to assess these dimensions of context and their role in our outcomes of interest. Many of the analyses we use are by practitioners in a wide array of academic fields from economists, to legal scholars, to sociologists and ethnographers, to historians. Each has its own standards and methodologies, and an economist's assessment of a contextual factor may not be persuasive to a sociologist and vice versa. We do not attempt to impose a

hierarchy of methodology or field of inquiry. Instead, we have attempted to find some consensus among the fields studying contextual factors for this paper. Annex 3 provides examples of the different methodologies and topics of interest covered by some of the key studies we have relied upon in crafting our approach to context.

We have developed our list of five priority contextual factors through our review of the TAP and extractives fields. As described in Annex 1, we assessed more than 650 works on natural resources and TAP, including both academic works and "gray literature" from respected advocacy and practitioner organizations. Our specification of contextual factors based upon that material was heavily influenced by the six components of the Worldwide Governance Indicators (WGIs), "a research dataset summarizing the views on the quality of governance provided by a large number of enterprise, citizen, and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms" (World Bank Group n.d.). Utilization of the WGIs helps ensure a degree of measurability, as further discussed in the methodological notes in Annex 1. We validated the prioritization of our factors by interviewing more than 20 experts working in this area in spring 2018.

Beyond the sourcing of the data used to measure these contextual factors, they comprise elements of institutional design, function, and legitimacy that are deeply associated with democratic governance. The literature devotes significant attention to the ways in which each of these factors has significant effects on democratic legitimacy and influences corruption and social development. Although other factors fit within this framework, scholars widely view these five as the most important and effectual, specifically for the purposes of the central research questions in this project. Thus, as we explain throughout, these five factors are the most clearly implicated (in one way or another) in a TAP theory of change and the analysis of the resource curse that we have examined.

Box 3.1: The Natural Resource Charter's Domestic Foundations for Resource Governance

PRECEPT ONE: Resource management should secure the greatest benefit for citizens through an inclusive and comprehensive national strategy, clear legal framework, and competent institutions.

PRECEPT TWO: Resource governance requires decisionmakers to be accountable to an informed public.

Source: NRGI 2014.

3.2.a State Capture

The concept of capture encompasses "the efforts of firms to shape and influence the underlying rules of the game (i.e., legislation, laws, rules, and decrees) through private payments to public officials" (Hellman et al. 1999). In other words, "capture" refers to a situation in which non-state entities inappropriately influence or control the activities, decisionmaking, or outcomes of one or more governing institutions to create results that diverge from the public interest, the mission of an agency, or the general welfare of the public. It is important to distinguish state capture, prevalent in transitional democracies and which takes place due to the inordinate influence of economic elites, from kleptocratic capture. The latter involves venal, non-democratic autocracies where the power of the state is bent to the benefit of the political leadership and its cronies or families. Elements of state capture are incorporated in the "Regulatory Quality" Worldwide Governance Indicator.

As the resource curse literature shows, competent governance institutions are necessary for productively governing, regulating, and overseeing the NRVC. But those institutions can themselves be corrupted or captured, especially when their leaders have broad, explicit de jure discretion, or de facto discretion due to a lack of institutional or legal transparency. Indeed, this is the logic behind the first two precepts in the Natural Resource Charter—what it calls the "domestic foundations for resource governance." See Box 3.1.

The importance of state capture in natural resource governance is apparent. In captured institutions, the special interests that should be independently overseen by an agency unduly influence its decisions and pervert the rules to the interests' own benefit. A host of methods may be employed to capture an agency or public institution including illicit political contributions, lobbying with personal gifts, and appointing family members and leveraging familial ties (Martini 2014). State capture frequently results in the regulatory agencies overseeing natural resources granting tax breaks, applying special accounting procedures, or offering other incentives to the company in exchange for direct bribes and payoffs (McPherson and MacSearraigh 2007). Sometimes, officials just "look the other way," especially in cases where a behavior is not explicitly and obviously illegal (McPherson and MacSearraigh 2007). In other cases, the institutional failure may be unintentional:

> Host governments' anti-corruption legal, judicial, and regulatory system may suffer from shortcomings and inadequacies due to lack of state institutional capacity, lax, ambiguous, incomplete, or outdated legislation, or lack of effective enforcement of existing laws and regulations, including prosecution and sanctioning. More specifically, for host governments, legislative gaps may include failure to define corruption in all its forms as a criminal offence, including cross-border bribery, which is a major risk in the extractives sector, or lack of or insufficient coverage of specific anti-corruption measures such as guaranteeing the reporting by and protection of whistle-blowers or making bribe payment expressly non-tax deductible. (OECD 2016, 15–16)

Box 3.2 offers a real-world example of state capture from the Democratic Republic of the Congo. Importantly, corruption via institutional capture is a risk even for the most developed countries (Martini 2014; Monks 2012), so Box 3.2 also includes two representative examples from the United States. Furthermore, the economic impacts of state capture are profound. Chart 3.1 shows that in high-capture countries, the private sector grows and invests less.

Box 3.2: Capture of Licensing and Environmental Protection Agencies

In many contracting regimes, rules governing the evaluation of contract bids and proposals are often nonexistent, unclear, or unenforced. This opacity and discretion is the main driver of corruption at this stage of the NRVC (see Chapter One), which creates state capture through special kickbacks and enabling the approval of deals not in the public's best interest (Rosenblum and Maples 2009). In Congo Kinshasa, the government secretly assigned rights to oil blocks that overlap with legally protected rainforests to an extremely opaque company, COMICO. Global Witness recently unmasked some of the hidden owners and holding companies, which include "a former Congolese politician and businessman, who was a cabinet member of Jean-Pierre Bemba's Congolese political party[,] … [a] Portuguese businessman linked to the Brazilian Car Wash scandal[,] … [and] a former business associate … who was previously convicted of playing a part in a fraudulent investment scheme" (Global Witness 2018b, 4, 7). Similarly, an anonymous participant in an OECD roundtable reported that "in an iron ore producing country, the government granted mining rights over one of the largest untapped deposits in the world … . The company paid nothing up front to obtain the rights … [and] the mining rights were later terminated … [amid] allegations that the company obtained its rights only after gifts and cash [were] given to members of the then-president's family" (OECD 2016, 39).

State capture can also occur around regulating the environmental impacts of the third stage of the NRVC: production. The Sabin Center for Climate Change Law analyzed the 88 political appointees to environmental, energy, and natural resource management agencies in the Trump administration's first year, finding that 50 lacked "expertise and/or experience that would be directly relevant to the core missions of the departments and agencies that they have joined" and 25 had "close ties to the fossil fuel industry" (Wentz 2017). In the U.S. state of Alabama in 2018, a local coal company vice president was convicted on bribery and fraud as part of a sprawling conspiracy to avoid paying to clean up nearby soil his company had helped toxify. The conspiracy enmeshed multiple public officials and environmental agencies, and although ultimately convicted, the executive was successful in avoiding responsibility for the pollution (Whitmire 2018).

CHART 3.1: Costs of State Capture

Firm Performance, 1997–1999

High-Capture Countries   **Low-Capture Countries**
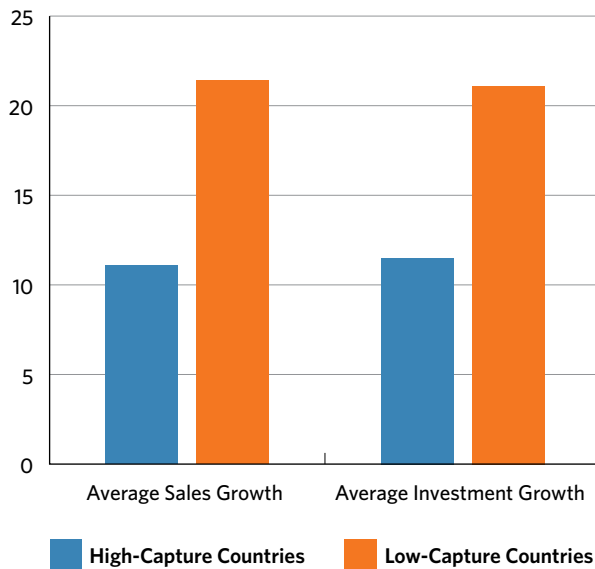
Source: NRGI, derived from Hellman, Jones, and Kaufmann 2003.

The LTRC project will focus on corruption as a primary, targeted outcome. Over the past few decades, however, and due in no small part to widespread failures of some anti-corruption interventions during that time, the field has increasingly recognized the importance of considering corruption as a key contextual factor as well. Box 3.3 describes this complexity in more detail. In sum, because TAP interventions rely on mobilizing citizens to some degree and the experience of corruption makes key actors either more tolerant or more skeptical of interventions to curb it, it is important (at least theoretically) to consider the baseline level of state capture when designing a TAP intervention. The likelihood of success may very well be higher if starting levels of state capture are lower. This dual concept underlies part of the LTRC framework described in the next chapter.

3.2.b Social Trust, Political Trust, and Conflict

As explained in Chapter One, natural resources and the rents (as opposed to production) they generate have a significant causal effect on the likelihood of conflict (e.g., Basedau and Lay 2009; Gilberthorpe and Papyrakis 2015; Van der Ploeg 2011).

Conflict, then, is an obvious contextual factor for governance research. Indeed, the Worldwide Governance Indicators feature Political Stability and Absence of Violence as one of the six most important dimensions of governance. For the purposes of the LTRC research agenda, we are most interested in how conflict affects the likelihood of an intervention's success. Stated frankly, locations experiencing large, ongoing, armed conflicts are not good candidates for a TAP-Plus (as described below) intervention. We take for granted that a focused, intense, long-term, expert intervention aimed at peace-building and conflict resolution would be a more appropriate, moral, and necessary choice in such cases.[53] To reflect that, we focus on two particular dimensions of conflict: social trust and political trust. We consider social and political trust to be distinct concepts (Newton 2007, 342–361; Hetherington 2007, 9), though the nature of the relationship between these forms of trust is debated within the literature (Levi and Stoker 2000). We consider social trust to constitute what is sometimes described as interpersonal trust among individuals in society, while political trust is trust in political leaders or institutions (Newton 2005).

Without attempting to parse the many diverse strands of social capital and social trust literature, we define social trust as the degree to which individuals in a society share, and believe others share, mutually beneficial goals, regardless of ethnic, racial, or religious categories (Rothstein and Uslaner 2005; Rothstein 2011, 2013).

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53 That is not to say that we will not consider troubled jurisdictions, such as those that are recovering immediately post-conflict, for our work. Rather, it is to recognize that there are threshold requirements for our endeavor.

Box 3.3: Corruption as Context

Ignoring the contextual implications of corruption is a "theoretical mischaracterization of the problem," because systemic corruption "much more closely resembles a collective action problem" (Persson et al. 2013, 450). Rocha Menocal et al.'s extensive 2015 evidence review identifies a variety of contextual effects of corruption that will complicate an intervention's chances of success. They demonstrate "a large and statistically significant negative correlation between corruption and levels of confidence in public institutions," including both public services and the institutions of the political system itself (50). When corruption is the norm, actors will tend to be less willing to enforce reform or try to act righteously. The short-term rewards to behaving corruptly outweigh the costs if one expects that others will engage in corruption or that one's potentially risky efforts to resist a corrupt system will be insufficient.

Directly, patronage—where the corrupt "winners" share their spoils with supporters—could reduce the sting of perceived corruption and reduce demand for anti-corruption reforms (Manzetti and Wilson 2007; Dunning 2008; Morrison 2009; Ross 2012; Wiens 2015). But more indirectly, if citizens encounter corruption when trying to access public services, they are more likely to participate in corruption in the future: "lack of trust in institutions actually favors corruption insofar as it transforms citizens into clients and bribers who use patronage networks to gain access to rent-seeking decision-makers" (Cho and Kirwin 2007, iii). That is, the citizens eventually become part of the corrupt system, such that "perceptions that officials are corrupt decreases citizen satisfaction [with public services]; but the act of paying a bribe increases it" (Bratton 2007, ii). Businesses act similarly. If firms perceive a corrupt system in which their competitors have stronger political connections, they are more likely to bypass courts, pursue extra-legal benefits, and pay bribes (Hellman, Jones, and Kaufmann 2003).

Beyond public services, citizens in corrupt countries unsurprisingly exhibit far less trust in government institutions and the civil servants who fill those institutions' halls (Anderson and Tverdova 2003). This is quite a rational conclusion, as an experiment by Brollo et al. (2013) shows that if politicians see more opportunity for personal enrichment, relatively fewer "civic-minded" candidates will run and relatively more individualistic candidates will take office. Furthermore, "individuals with low confidence in institutions exhibit low levels of political participation, [and] show increased tolerance for violent means to achieve political ends" (Clausen et al. 2011, 212). Once their trust in government has been undermined by corruption, citizens are less likely to actively cooperate or even passively support efforts to clean up the system. According to Morris and Klesner (2010), they "see no way out" of a "low-level equilibrium," which "helps justify [citizens'] own participation in corruption and spawns apathy towards doing anything about it":

> This mutual causality wherein corruption erodes trust in public institutions which in turn creates the conditions favorable to corrupt behavior—compounded by the fact that the perceptions of corruption are far more generalized than actual levels of corruption—creates a vicious circle that perpetuates corruption, the perception of corruption, and low levels of trust (1275–1278).

In other words, the "demand" of corruption in some ways creates its own "supply" (Dixit 2016).

Grievance and greed mechanisms explain the relationship between conflict and social trust. Grievance mechanisms are those in which high levels of real or perceived inequalities or corruption of resource income and benefits—or localized negative externalities from resource extraction—interact with an affected group's ethnic, religious, or other identity. Greed mechanisms are those in which opportunistic groups use violence to capture natural resource booty, either through political territorial control or leverage over producers (Olsson and Fors 2004; Van der Ploeg 2011; Murshed and Tadjoeddin 2009; Le Billon 2012).

Why are conflict and social trust important for TAP? Baez Camargo and Stahl's (2016) social accountability handbook explains:

> Shared social norms, the patterns and intensity of social interactions, availability of social networks, and trust in institutions matter for the development of social accountability strategies as they are attributes that shape the expectations of individuals on the likely outcomes from participating in anti-corruption activities. (15–16).

Moreover, conflicts further weaken state institutions and socioeconomic linkages (Le Billon 2012), incentivize insularity (Uslaner 2008), and cause a "degradation of the social contract" such that ongoing conflicts last longer and new conflicts are more likely to arise (Murshed and Tadjoeddin 2009, 1). These further entrench perceptions of "the corrupt other" and add new grievances from that corruption, such that "mistrust and lack of state legitimacy are often both a cause and a consequence of violent conflict" (Lindberg and Orjuela 2014, 729; Biddulph 2014; Heilbrunn 2011; Lindberg and Herath 2014; Orjuela 2014). In other words, the greed and grievance nexus destroys social trust, and, once social trust is undermined, it becomes much harder to prevent future conflict and create institutional structures that de-incentivize corruption, such as the rule of law (discussed in Subsection 3.2.d. below). Rothstein and Uslaner (2005) calls this the "low-trust—corruption—inequality trap."

Specific research into natural resource conflicts underscores the significance of this contextual factor to the field and to our work. In Angola, the Republic of Congo, Colombia, Indonesia, Nigeria, and Sierra Leone, conflict over diamonds, gold, and oil has induced both grievance and greed. In some cases, disenfranchised minorities have begun separatist wars in resource-rich regions, while in others, rapacious rebels have enriched themselves by extorting money from legitimate industry. Such cases have shown that conflict is most likely to occur if the resource-rich region is different from the rest of country in terms of ethnicity, culture, or religion (Caselli and Coleman 2013). Van der Ploeg's (2011) economic model, built from Hodler (2006) and Van der Ploeg and Poelkhekke (2009), shows that "if the country is homogenous ... there is no fighting ... the resource curse is more severe in countries that have many ethnic or religious fractions" (392). Beyond theoretical models, Nillesen and Bulte (2014)'s systematic review also finds some grievance mechanism like poverty or ethnicity to be necessary, without which "there is no unconditional relation between resource wealth and conflict" (81). Box 3.4 dives deeper into the ethnic grievances behind Nigeria's fractious oil producing regions.

Because of their different political economies, different natural resources types are more or less likely to set off a low-trust–corruption–inequality trap (Le Billon 2014). Relatedly, it is important to note variations in the types of conflict that may emerge in relation to resource wealth. Box 3.5 summarizes these points.

As with social trust, political trust has linkages with conflict and state legitimacy. For LTRC's purposes, we define political trust as "trust between citizens and political elites, or citizen confidence in political institutions" (Newton 2005). Political trust is widely considered an important indicator of political legitimacy and sustainability in democratic regimes (Levi and Stoker 2000; OECD 2013), and institutional confidence as a measure of support for political regimes can inform our understanding of the stability of political systems (Easton 1975).

**Box 3.4: Conflict, Grievances, and Oil in the Niger Delta
(excerpted from Obi and Rustad 2011)**

"[Home to] over 75 percent of Nigeria's petroleum production and exports … [the Niger Delta is] the region with the highest rates of youth unemployment and income inequality. Violent conflicts in the region are thus driven by perceptions of alienation and exclusion … the integration of the Niger Delta into the international political economy of oil [has] simultaneously enriched international oil companies and … national and local elites—and contributed to the disempowerment and impoverishment of local peoples … [leading to] a vicious cycle of exploitation, protest, repression, resistance, militarization and the descent into a volatile mix of insurgent violence and criminality … ."

… "Feelings of marginalization gained ground even after independence in 1960, particularly after political elites became locked in a bitter struggle for power and resources … . In 1966 there was an abortive attempt at secession aimed at forcibly asserting ethnic minority regional autonomy by a group of ethnic Ijaw youth … . [Later,] feelings of exclusion, dispossession, and disappointment were further reinforced by the progressive downward revision of the derivation principle of revenue allocation, which effectively reduced the 'share' of federal allocations to oil-producing ethnic minority states from 50 percent in 1966 to 3 percent in the mid-1990s. In 1999, partly in response to the protests from the region [like the Movement for the Survival of Ogoni People (MOSOP)], and to lend legitimacy to the new democratic government, the allocation was raised to 13 percent. In spite of this, the agitation for self-determination has continued, driven by the demand by Niger Delta ethnic minorities to control the oil from their states … ."

… "Nigeria's return to democratic rule in 1999 raised expectations … that the elected leaders would better address the grievances of the people … [but] politicians of the Niger Delta tapped into the groundswell of popular anger … feeding into a spiral of local violence in the 1999 and 2003 elections, which connected with communal conflicts, politics of local resistance and the struggle for resource control, and evolved into a full insurgency by 2006 … . The complex conflict involved broad militant alliances like MEND [the Movement for the Emancipation of the Niger Delta] … which combined lethal attacks and sabotage of oil installations with the effective use of global media to publicize its campaign of 'fighting for the control of oil revenues by indigenes of the Niger Delta.'"

"[The] presidential amnesty to Niger Delta militants in 2009 … has been followed by a marked reduction in the level of conflict in the region, but it is not clear that the conditions for a permanent peace are yet prevalent" (2–9, 24).

See also Smith (2014), who "explores the dynamics between Igbo ethnic nationalism, aspirations for democracy and development, and the way that discourses about corruption figure prominently in popular imagination … suggesting that corruption was a mechanism to marginalize Igbos, but also that corruption among Igbos themselves was both a survival strategy in the face of marginalization and an obstacle to overcoming it" (69).

Trust is associated with peaceful conflict resolution (Hoffman 2002), and political trust may help mitigate the reemergence of conflict in post-civil war societies (Hutchison and Johnson 2011; see also Walter, 2002; Hartzell & Hoddie, 2001, 2003; Hoddie & Hartzell, 2005). However, political trust must often be rebuilt in these contexts, as "individuals are less likely to place trust in government if their country has recently experienced an outbreak in internal violence." (Hutchison and Johnson 2011, 749).

Government performance is an important consideration in building and maintaining political trust (Hetherington, 1998; Levi, Sacks & Tyler 2009; Rothstein 2009). Hutchison and Johnson (2011) find that poor institutional performance decreases the degree to which individuals trust their government. The authors note this finding is consistent with Bratton, Mattes, and Gyimah-Boadi's (2005) empirical study that finds African political attitudes are "primarily influenced by observations of government performance rather than commitment to abstract ideals or concerns over group attachment" (Hutchison and Johnson 2011, 738).

For an example of political trust as a relevant contextual factor, please see the description of a prospective small-scale study opportunity in Nigeria featured in Chapter Four.

3.2.c Civic Space and Media Freedom

Greater media reach magnifies the benefits of press freedom. Evidence from the Natural Resource Governance Index even suggests that stronger civic space is linked to better management of natural resource revenue particularly in national budgeting processes, subnational resource-revenue sharing, and sovereign wealth funds. Moreover it is linked to value realization which is a gauge for the non-corrupt allocation of extraction rights, exploration, production, environmental protection, revenue collection, and state-owned enterprises, as shown in Chart 3.2.

CHART 3.2: Civic Space, Value Realization, and Revenue Management

Voice and accountability and average extractive sector component score
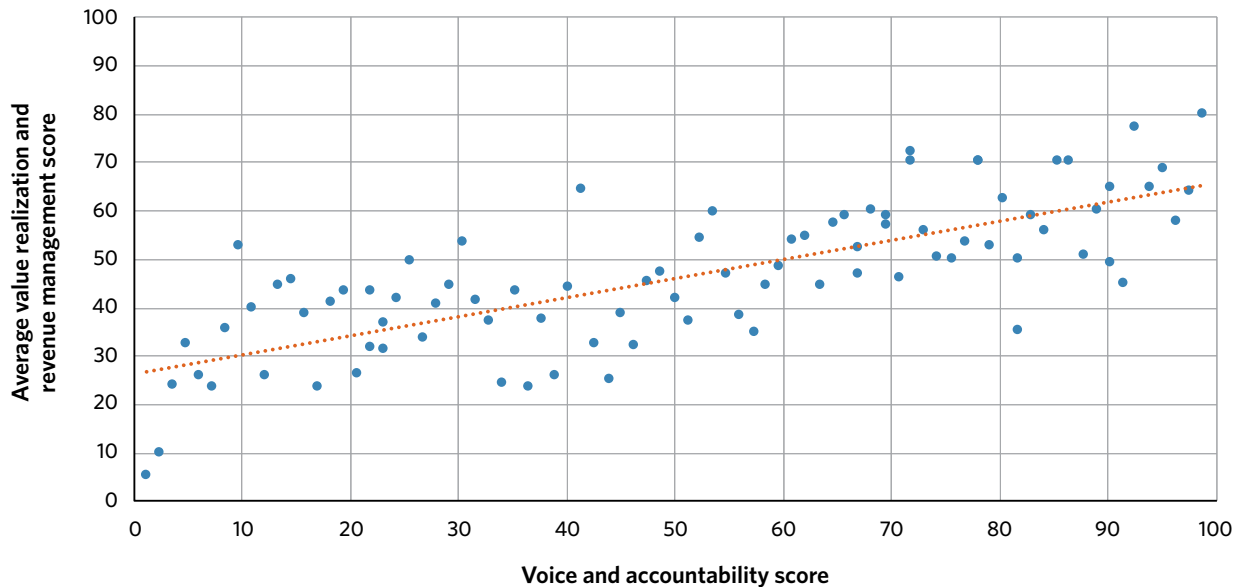
Source: NRGI, derived from the Resource Governance Index and Worldwide Governance Indicators.

Box 3.5: Types of Resource, Types of Conflict

Oil and alluvial gemstones seem especially tied to conflict (Isham et al. 2005; Lujala 2010; Ross 2004). Some types of gemstones tend to be easily lootable and therefore easily targeted by "conflict entrepreneurs" (Korf 2005, 201). For oil, the massive upfront investment required makes companies more willing to be extorted or engage in other behaviors that support local conflicts (Ross 2012). Rigterink (2010) and Nillesen and Bulte (2014) find the resource-conflict relationship reliant on the type of resource.

Le Billon (2012) argues that the political economy of the resource in question determines the type of conflict that may arise, and offers a four-part typology:

- *Coups* are most likely when a resource is controlled by the central state, as winning control of the state is required to profit from the resource.

- *Secessionist movements* are, by contrast, most likely when a peripheral region hosts a point resource, as that region will profit more from its exploitation by cutting ties with the central government.

- For diffuse resources, more labor is required, so:
  - If a resource is far from a center of power, *warlords* can emerge to control wide swaths of the resource-rich countryside, whereas
  - Broader, *participatory rebellions* are more likely if a central power holds authority over the resource.

While this typology does not address the overall likelihood of conflict, it is useful for predicting the form that conflict is likely to take should it emerge—and so for context-specific design of our theory of change and field experiments.

Civic space is key for the infomediaries identified in Chapter Two to be able to play their powerful role supporting accountability and participation from transparency improvements (Carter 2016; Gaventa and McGee 2010; Stringer 2014). Similarly, it aids enforcement of global norms and commitments, like the EITI. Using the Worldwide Governance Indicator (WGI) for Voice and Accountability (a rough statistical proxy of many of the components in this contextual factor), Magno and Gatmaytan's (2017) regression analysis demonstrates a robust, positive relationship between civic space and the likelihood of compliance with EITI requirements. Table 3.2 shares these statistically significant results.

Conversely, when civic space is limited, corruption abounds. Various rigorous evaluations have demonstrated that countries with fewer civil society organizations, more fragile civic space, or lower degrees of press freedom have significantly more corruption (Islam et al. 2002; Brunetti and Weder 2003; Mungiu-Pippidi 2013). "Countries that repress journalists, restrict civil liberties and seek to stifle civil society organizations typically score lower" on Transparency International's Corruption Perceptions Index (Pring, Vrushi, and Kukutschka 2018).

By analyzing the WGI indicators, we can also see that the importance of civic space for better corruption control applies to Resource-Rich Countries (RRCs) as well. We note that the magnitude of the challenge in both Voice and Accountability and Control of Corruption dimension for RRCs is dire in general, and more significant than for the rest. Yet there is still variance within RRCs—with some countries showing that there is no predetermined resource curse.

TABLE 3.2: Magno and Gatmaytan's Correlation of Civic Space with EITI Compliance

INDEPENDENT VARIABLE	EFFECT ON EITI COMPLIANCE, Z SCORE	AVERAGE MARGINAL EFFECT[54]
Voice and Accountability (lagged), controlling for Regulatory Quality and Control of Corruption [55]	2.51**	+126.7%
Voice and Accountability (lagged), controlling for Regulatory Quality and Rule of Law	2.75***	+145.8%
Voice and Accountability (lagged), controlling for Government Effectiveness and Rule of Law	2.29**	+89.4%

Superscripts *** and ** indicate a one and five percent level of significance, respectively.

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54 "The average marginal effect shows the average amount of change in the probability of countries meeting the EITI safeguards with a unit increase in the value of indicators" (812). In other words, this number is the percentage-point increase in likelihood of complying with EITI safeguard requirements from a unit increase in the lagged Voice and Accountability indicator.

55 The authors ran their regression multiple times to control for a high correlation between different components of the Worldwide Governance Indicators. A fourth model, controlling for government effectiveness and control of corruption, is not included here.

CHART 3.3: **Corruption Perception and Participation (Pring, Vrushi, and Kukutschka 2018)**

Relationship Between Perceived Levels of Corruption and Civil Society Participation in Each Country

Source: Pring, Vrushi, and Kukutschka 2018. The authors note that the Civil Society Participation Score was taken from the Varieties of Democracy Project, and a higher score represents more active participation of civil society in the policy process.

Furthermore, any intervention (TAP-Plus or otherwise) intended to curb corruption that relies on media freedom or civic engagement will obviously face greater challenges in contexts where civic space and media freedom are under attack. Various quantitative studies have borne out this commonsense intuition (Pellegrini 2011). A 2010 cross-country study illustrates that fiscal decentralization only lowers corruption if there is a supervisory body like a free press to monitor bureaucrats' behavior (Lessmann and Markwardt 2010)—a result Kalenborn and Lessmann (2013) echoes. Similarly, Themudo (2013) finds that "civil society strength is inversely associated with the level of corruption, but the impact is highly dependent on press freedom" (63). A similar study demonstrated that transparency improvements require a free and active media to publicize the malfeasance evidenced in released information, and that otherwise corruption continues unabated. As one study puts it, "a vibrant civil society mitigates

corruption but only provided that conditions such as political competition, press freedom, and government transparency exist in the country" (Grimes 2013, 380).

Unfortunately, in many places, these rights are under attack. While in some cases civic space is weak for benign reasons, such as a lack of financial resources or expertise, often state and corporate powers undertake efforts to purposefully restrict civic space. These specific efforts may include legal obstructions to civil society organization (CSO) creation or funding, censoring speech, or wielding the judicial system as a weapon of intimidation (Dupuy 2017). They may also include extra-legal repression, through public vilification and smear campaigns, unwarranted surveillance, or threats of and actual forced disappearances and murder (Pousadela and Klein 2016). For the press in particular, the government may try to censor or buy up outlets, or privilege friendly outlets,

**CHART 3.4: The Worldwide Governance Indicators' Voice and Accountability &
Control of Corruption Scores**
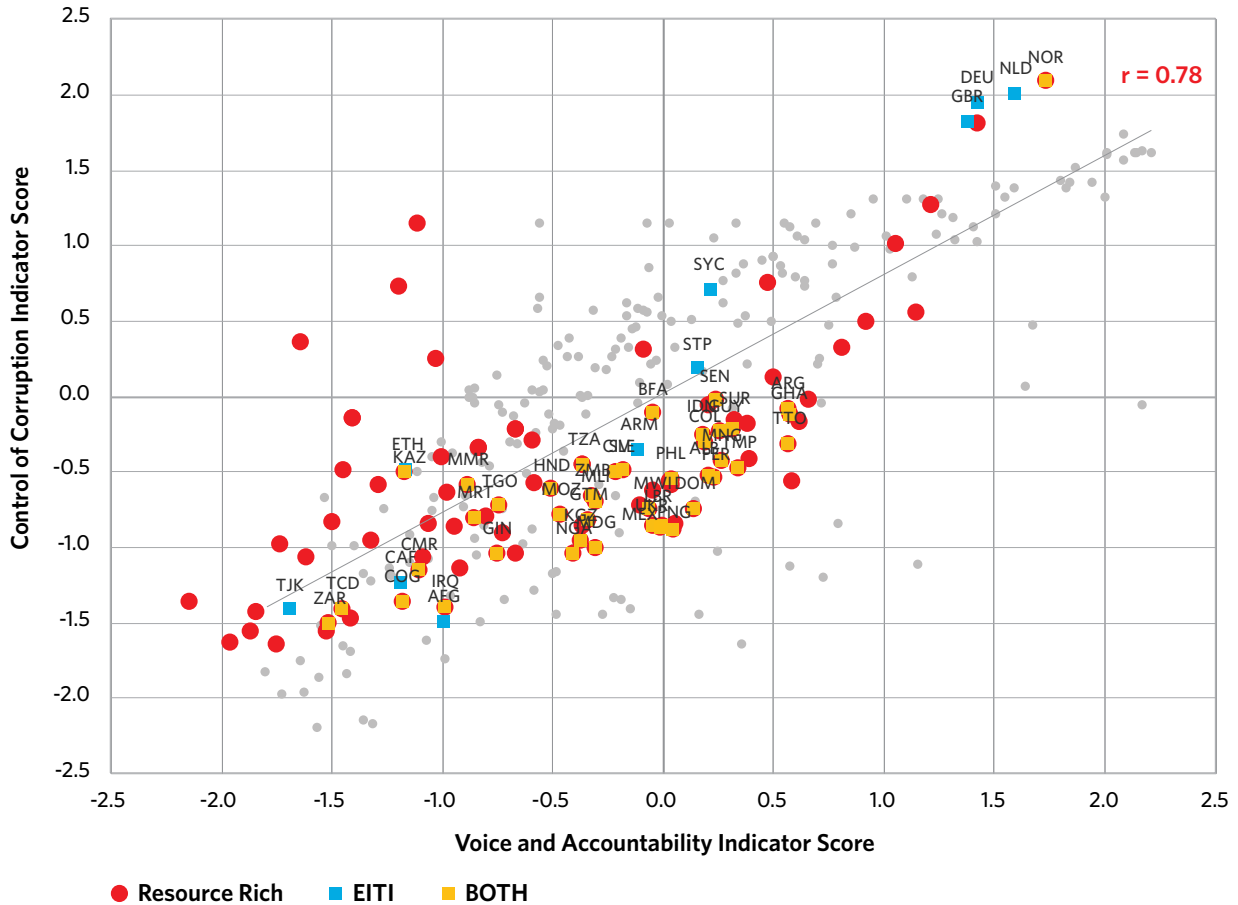
Squares represent countries that have joined EITI. Dots represent all remaining countries, including those who are resource-rich colored in red.

Source: D. Kaufmann (2019), ibid Kaufmann, Kraay, and Mastruzzi (2010).

when allocating public advertising funds (Besley and Prat 2006; Di Tella and Franceschelli 2011). Terwindt and Schliemann (2017), detailed in Box 3.6, examines how pressure on civic space manifests at the first two steps of the NRVC using cases from India, Mexico, the Philippines, and South Africa. Additional examples can be found in the following contextual factors as well.

An emerging frontier of the civic space discourse pertains to the gendered dimensions of shrinking civic space as well as the reality that marginalized

and/or disempowered communities and individuals are likely to suffer most from the effects of shrinking space (Bishop 2017). In many contexts, women and girls face structural barriers vis-à-vis equal access to government services, employment, and/or mechanisms to protect their rights. The Carter Center has carried out extensive research in multiple countries laying bare the major barriers facing women who try to make use of Right to Information modalities for holding service providers and governments to account (Carter Center n.d.). In parallel, research has demonstrated that women are more likely to be

negatively affected by natural resource extraction relative to their male counterparts (Sweetman and Ezpeleta 2017; Heller and Cane 2015; Eftimie, Heller, and Strongman 2009). As LTRC tackles civic space as a key variable of interest in our forthcoming field-work, we will not treat civic space as a monolithic block; rather, we will take a nuanced approach to unpacking and operationalizing civic space that brings gender and inclusion lenses to bear.

As a concrete example of how strong civil society organizations can advance accountability and devel-opment, consider Björkman and Svensson's (2009) randomized experiment in Uganda's health sector. Local CSOs facilitated meetings in which commu-nity members identified key problems in health service delivery and steps for improvement, initiating community-based monitoring processes that held health providers accountable to their communities. The treatment led to significantly improved health services and outcomes. A contrary example from Banerjee, Glennerster, and Duflo (2008), however, shows how stakeholders can block accountability movements that are not backed by a strong civil soci-ety. Banerjee et al. studied incentives for public-sector nurses in India. In an effort to curb absenteeism, the health administration partnered with an NGO to create a monitoring system for nurses, complete with sanctions for excessive absenteeism. Despite initial success, the program was rendered ineffective within eighteen months; while the NGO continued to monitor the nurses, the health administration undermined its own system by ceasing to enforce sanctions. Citizens were unable to hold the admin-istration accountable; the NGO had no power over enforcement; local governments had only limited authority in the health sector; and villages faced a collective-action problem that prevented successful intervention (499). These opposing examples from the health sector demonstrate the importance of civil society strength as a contextual factor bearing on the success of TAP interventions.

Finally, as with all of these factors, civic space and media freedom have high levels of mutual causality and feedback with corruption. Weaker civic space makes corruption easier, which can provide the power or resources to subsequently weaken civic space further. A panel study of post-communist states finds that "corruption is likely to degrade the legal environment and fiscal viability of the NGO sector" (Epperly and Lee 2013, 171). One regression analysis of data from 47 countries finds that not only do "countries with a higher degree of media perfor-mance show higher levels of political participation and less corruption," but "they also tend to have a more lively civil society" (Müller 2014).

Box 3.6: Terwindt and Schliemann (2017) Examples of Civic Space Pressures

During consultations for consent, local authorities or companies may intentionally withhold information from communities, organizations, or local media, or threaten those groups for reporting on potential risks, until the decision to extract has been made and a project has begun. Power holders may seek to discredit or stigmatize anyone who questions or opposes a proposed project. During the licensing and contracting processes, conflicts often escalate with communities undertaking direct actions of resistance. Power holders often respond by criminalizing protest and physically harassing, even killing, group leaders or journalists who cover the struggles.

3.2.d Rule of Law

For the purposes of LTRC, we define the contextual factor of rule of law as the presence of an institutionalized, understood, trusted, shared, and enforced system of rights and rules that applies to everyone equally; protects all members of a society from harm; provides means of redress, resolution, and relief to those harmed; and fairly determines and metes out punishment for those who break laws or violate rights. We build this factor's definition with sources from a wide variety of fields, from legal theory and politics (e.g., Raz 1979; UN 2004; Worldwide Governance Indicators), to advocacy and practice (Petkova et al. 2002; Foti and de Silva 2010; Worker and De Silva 2015). Combining and considering these concepts as a group is an attempt to broaden our understanding of potential enabling elements of corruption and follows work such as the Worldwide Governance Indicators that consider these elements through a broad lens.

Like civic space, the rule of law contextual factor is fundamental to natural resource governance work and every individual element of TAP. Freedom of information laws, a common channel of transparency reform, are only impactful insofar as they are enforced and respected (Hazell and Worthy 2010; Roberts 2010; see also discussion in Chapter Two). Communities affected by natural resource extraction are unlikely to access government-held information, be consulted, or have their priorities weighed equally in decisionmaking without legally enforceable rights to access information and participation (Petkova et al. 2002). From the econometric side, De Mendonça and Da Fonseca (2012) demonstrates a strong and significant anti-corruption effect with resource-rich countries, as described in Chapter One. Mehlum et al. (2006) tests the relationship between rule of law, resource abundance, and economic growth and finds that weak institutions that allow rent-seeking and corruption lower growth from resource abundance. Conversely, institutions that more effectively carry out justice and secure and enforce the rule of law combat that effect. Kolstad and Wiig (2009) further empirically tests that claim, adding a transparency component to the specification to evaluate if Mehlum et al.'s (2006) results are robust and whether transparency alone can mitigate the resource curse. They find that rule of law remains the most important factor in shielding against the curse. Table 3.3 summarizes the latter two natural resource-specific results.

TABLE 3.3: Rule of Law or Transparency to Prevent the Resource Curse?

INDEPENDENT VARIABLE	MEHLUM ET AL. (2006) RESULTS ON GROWTH	KOLSTAD AND WIIG (2009) RESULTS ON GROWTH
Resource Abundance	-16.36*** (3.23)	-18.36*** (3.45)
Rule of Law / Resource Abundance	1.96** (0.97)	1.83* (1.02)
Transparency / Resource Abundance	N/A	2.42 (2.28)

Standard errors in parentheses. Superscripts ***, **, * indicate a one, five, and ten percent level of significance, respectively.

Source: Mehlum et al. 2006 and Kolstad and Wiig 2009.

From the intervention side, Excell and Moses (2017) reports on the Strengthening the Right to Information for People and the Environment (STRIPE) project to measure implementation of three governments' freedom of information (FOI) laws. They find that "local communities still face significant barriers ... even though the governments of Indonesia, Thailand, and Mongolia have comprehensive laws requiring the disclosure of [environmental] information ... . Ultimately poor implementation of transparency [sic] laws impeded public access to vital sources of environmental pollution information" (7). Table 3.4 illustrates their results.

TABLE 3.4: Summary of STRIPE Tests of Three FOI Laws

INFORMATION DESIRED BY THE COMMUNITY	LAW REQUIRES PROACTIVE RELEASE OF INFORMATION	INFORMATION IS PROACTIVELY AVAILABLE IN PRACTICE	INFORMATION IS ACCESSIBLE THROUGH RIGHT TO INFORMATION LAW
Indonesia			
General company information	yes	limited	limited
Pollutant information including specific types and discharge quantity amounts	no	n/a	limited
Permitting documents	yes	limited	limited
General water quality of local water bodies	yes	limited	limited
Migration or cleanup efforts or requirements	yes	limited	limited
Potential short-term and long-term health impacts of pollution being released	yes	no	limited
Potential impact of using contaminated water	yes	no	limited
Biological monitoring	yes	limited	limited

INFORMATION DESIRED BY THE COMMUNITY	LAW REQUIRES PROACTIVE RELEASE OF INFORMATION	INFORMATION IS PROACTIVELY AVAILABLE IN PRACTICE	INFORMATION IS ACCESSIBLE THROUGH RIGHT TO INFORMATION LAW
Thailand			
General company information	no	n/a	yes
Pollutant information including specific types and discharge quantity amounts	yes	limited	limited
Permitting documents	yes	limited	limited
General water quality of local water bodies	yes	yes	yes
Migration or cleanup efforts or requirements	yes	limited	limited
Potential short-term and long-term health impacts of pollution being released	yes	limited	limited
Potential impact of using contaminated water	yes	no	limited
Biological monitoring	no	n/a	limited
Mongolia			
General company information	no	n/a	limited
Pollutant information including specific types and discharge quantity amounts	yes	limited	limited
Permitting documents	no	n/a	no
General water quality of local water bodies	yes	no	limited
Migration or cleanup efforts or requirements	yes	no	no
Potential short-term and long-term health impacts of pollution being released	no	n/a	no
Potential impact of using contaminated water	yes	no	no
Biological monitoring	no	n/a	no

Source: Excell and Moses 2017.

The UN's definition of rule of law (2004) explicitly mentions transparency, accountability, and participation: "the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness, and procedural and legal transparency" (4). While justice does not necessarily imply a litigation-focused system relying on Western-style courts of law, TAP requires some institutional power structure to "make binding decisions and enforce possible sanctions" (Ebbesson 2010, 415). If there are no rules against corrupt behavior, or if breaking rules does not carry a high likelihood of serious punishment, then what are an individual's incentives for good behavior, and where can there be accountability (Persson, Rothstein, and Teorell 2013)? A corrupt judiciary is more likely to collude with embezzling civil servants or polluting companies, for example, than to provide any "teeth" to match citizen "voice" raised in complaint (Fox 2015; Foti and de Silva 2010). As a U4 Anti-Corruption Resource Centre Expert Answer explains:

> Effective law enforcement is essential to deter grand corruption and break the cycle of impunity. High profile corruption cases have to be successfully investigated and prosecuted to ensure the credibility of anti-corruption efforts and restore the public confidence in certain levels of internal security and rule of law ... it is not possible to achieve high standards of accountability without a well functioning judicial system of courts, law, police, and prosecutors ... Most developing countries have weak accountability, oversight, and monitoring arrangements which hinder effective law enforcement. In some cases, anti-corruption laws are inadequate, ineffective, and unenforceable. The general failures of governance institutions, weak and corrupt judiciaries, and uncooperative police forces further undermine the effectiveness of law enforcement approaches (Chêne 2009, 2, 5).

Similarly, Precept Two of the Natural Resource Charter (2014) underscores these factors as part of the "Domestic Foundations for Resource Governance":

> Roles and standards of behavior should be clearly defined and understood by all so that the public can monitor government action. A set of values and ethical standards, reflective of society's expectations for those in positions of authority and codified in laws and regulations, ought to guide decision-making. The government functions better if clear lines of responsibility are drawn, and the executive and bodies such as an independent auditor can monitor and bring to account those institutions that fail in their duties ... Along with the means to monitor actions, the government must commit to enforcing penalties, which requires political will and capacity to punish offenders. A credible and independent judiciary is paramount in this regard. Without a strong possibility of judicial action there is increased potential for corrupt or criminal activity (11).

As rule of law underpins TAP, it also underpins the other contextual factors. One of the most dire manifestations of a weak rule of law is when impunity intersects with violence as a means to close civic space. Especially in environmental rights conflicts, a "lack of effective police or judicial response to killings and death threats creates a climate of impunity that encourages and perpetuates these violations" (UNOHCHR n.d., 11). As Pousadela and Klein (2016) explains, often the worst violations "of civic space come from both state and non-state actors that are tolerated by or act in collusion with governments and security forces" who refuse to pursue justice for violations to preserve their own power (21). Much of the danger "results from ... webs of corruption that bring together politicians, public officials, security forces, private corporations, and ... organised crime" (Pousadela and Klein 2016, 21). Global Witness's recent report (2018a) on environmental defenders identified the highest total of deaths since

Box 3.7: Impunity and Violence against Liberian Communities with Palm Oil

To bully communities into accepting extractive projects that may be against their interests, some companies fund groups to threaten or even kill resisters, and a perverted legal system can accommodate or encourage such violence (López Rodríguez and Excell 2017). In 2010, the Liberian government gave global palm oil company Golden Veroleum (GVL) a large concession of land at the time occupied by more than 40,000 Liberians. Investigations by Global Witness (2015b) find that communities were harassed and threatened to try and force them to give up their claims on the land. Residents faced a dilemma between the "perverse incentives … to sell their land and work the plantations as a GVL employee, or receive nothing and risk losing their land anyway" (6). Local chiefs who opposed the company were removed from office, and community members who tried to protest or even just document land grabs were arrested and violently attacked by security forces. According to Global Witness, the highest levels of government, including the Ministry of Justice, have consistently sided with the company over community grievances, fostering a "legal vacuum" of impunity (12).

they began publishing. They find that governments' "willingness to turn a blind eye has permitted the systemic impunity that lets perpetrators know they will almost certainly never be brought to justice. In fact, governments are often complicit in the attacks. One of the most shocking facts … is the number of killings committed by government security forces at the behest of their political bosses and in league with industry" (7). Box 3.7 recounts one case of impunity issues with the Liberian palm oil industry.

Gaventa and Barrett (2010), for example, reveals that the cases of participation successfully leading to improved development relied on "the support of key government officials as allies" or achieved sustainability through "legal reforms for accountability … [or] the creation of new institutional mechanisms whereby citizen voice can be expressed to government institutions" (42–43). Thus, as with our conflict and civic space contextual factors, it is clear that a baseline level of rule of law must be in place for any TAP program to be successful. Chapter Four

discusses how we propose to shed some light on that minimum viable baseline.

3.2.e Government Effectiveness and Capacity

As shown in Chapter Two, the most promising TAP interventions rely on a supportive government champion to enforce or support the citizen or CSO-led, grassroots demands for reducing corruption. Indeed, the Natural Resource Charter itself integrates governance and accountability dimensions with "technocratic economic decisionmaking" and recognizes that "there is no guarantee that rules will be followed or capable institutions will work for the country's benefit" (Kaufmann 2015, 11; NRGI 2014, 4). For the purposes of our small-scale studies, we therefore define government effectiveness as the financial and/or technical capacity to carry out the necessary functions to properly manage natural resources and support anti-corruption efforts. In many ways, government effectiveness is a much more straightforward contextual factor than the

others. That does not mean it is less important. Effectiveness underpins the role government should play in each of the other contextual factors, to the point that the conceptual line between them is often blurred. Partly due to this underpinning and overlapping role, measuring government effectiveness remains challenging despite the existence of a Worldwide Governance Indicator.[56]

In some cases, a lack of enforcement may have more to do with policymaker incentives to maintain profitable discretion, and a lack of capacity is falsely used as an excuse (Smith and Rosenblum 2011). Anti-corruption commissions and other enforcers of the rule of law cannot be successful without "a strong government commitment against corruption, a supportive legal and institutional framework, and sufficient state capacity and stability" (Chêne 2009, 2; De Sousa 2010). According to the Swedish Environmental Protection Agency, "although there is scope for improvement, the basic legal and policy framework are often in place in developing and transitional countries. The major challenges are related to effective implementation" (Wingqvist et al. 2012, 11–12).

Some research, such as Kapoor and Ravi's (2009) study, suggests that an implementation gap and lack of government effectiveness are important facilitators of corrupt behavior. The implementation gap discussion was addressed in Section 2.3.

Already limited amounts of bureaucratic capacity are stressed in countries with extractive industries. Many extractive industries, such as oil and gas, require highly technical processes and advanced technologies to identify, extract, and process the natural resource. Private companies, and especially multinational corporations, are expert at such technologies. However, governments—even advanced, developed governments—often fall behind the level of expertise and technological know-how of private industry. In countries with weaker institutions, the ability to recruit, maintain, and compensate a staff with sufficient technical expertise can be limited, further undermining institutional capacity and creating additional opportunities for corruption.

As discussed in Chapter One in the context of corruption risks along the natural resource value chain, a lack of legal and technical expertise can put the government at a relative disadvantage in contract negotiations, when monitoring adherence to regulations (especially when extraction occurs in remote locations), when auditing financial information, and in other areas. The capacity gap between governments and the companies with which they negotiate is particularly acute in natural resource governance because of the highly technical nature of extractives.

Even when government capacity is less limited, countries with natural resources do not necessarily foster open, democratic institutions, at least in the short term. Hickey et al. (2015) compares oil governance in "democratic" Ghana and "semi-authoritarian" Uganda (2). They find "little evidence that undertaking good governance reforms around transparency and accountability is either realistic or has had much positive impact … where the more immediate policy challenge concerns how to sustain the levels of capacity required to protect the national interest" (29). Instead, the authors suggest that "a stronger focus on pockets of effectiveness might help suggest a more realistic agenda … than efforts to move 'straight to Norway'" (29). See Box 3.8 for more on this concept of "pockets of effectiveness," which ties closely to the need for bundled TAP identified in Chapter Two.

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56 This challenge is discussed in more detail in the methodological notes in Annex 1.

Box 3.8: Roll's (2011) Pockets of Effectiveness

"A Pocket of Effectiveness (PoE) is defined as a public organisation which provides public services relatively effectively despite operating in an environment in which public service delivery is the exception rather than the norm. Most public organisations are ineffective, weak, and involved in or affected by patronage and endemic corruption in this environment. Effectiveness refers to the provision of public services by the respective public organization …" (2).

"Our explanation for why PoE emerge is as follows: In a given political context a decisive political actor (or a group of actors) has an interest that a particular public service is being delivered effectively. The respective public organisation is then provided with a high degree of autonomy, focussed powers, and political protection. Moreover, a qualified and motivated pioneer leader with outstanding inclusive leadership and management skills is appointed. This explanation highlights that the key political mechanism for the emergence of PoE is the interaction of political interest and function. While the leadership and management factors are vital, they can only produce PoE if these political conditions are in place" (7).

Hout (2013), in Roll's (2013) edited volume on the topic, applies PoE analysis to the state oil company of Suriname, Staatsolie. He finds that, contrary to expectations from the resource curse literature and "to the experience of other state-owned enterprises in the country, the revenues earned by Staatsolie's oil sales have not been siphoned off and used as rents by the political elites. Threats that could have led to such misuse of funds were countered successfully. The company's financial transfers to the state have taken place on the basis of generally accepted norms … Staatsolie's achievements are remarkable because Suriname's political system has traditionally had important characteristics of a patrimonial state … . The internal characteristics [for this success] relate, in particular, to its effective leadership and management, coupled with a clear vision on the strengthening of home-grown technological and managerial skills, while the most notable external variables are the company's strategy to steer clear of political influences and play out the formal-legal position of the firm in the petroleum sector" (4–5).

3.3 Recent Interventions Reflecting TAP with Contextual Considerations

Based on the literature review process detailed in Annex 1 and in cooperation with NRGI, we identified a small number of studies focused on natural resources that integrated contextual considerations. As LTRC's literature review has shown, programs using principles similar to the ones we propose are far from common. That is even more true in the natural resource governance field.[57] LTRC will monitor closely several ongoing initiatives and their research findings.[58]

Table 3.5 summarizes these, including whether or not they successfully achieved their outcomes. In many of these cases, additional non-TAP contextual measures were introduced only as a response to context as it manifested during implementation. Others are more loosely related to TAP but still provide valuable feedback for LTRC. Only a few offer more formal examination of causal linkages between TAP and our key outcomes of interest: corruption and sustainable development.

These interventions offer an idea of how diverse the options may be when considering relevant context. Sometimes, the TAP elements themselves can be designed in a way as to address context, as in Jungbluth (2012), where the multi-stakeholder forums (a participation intervention) were chosen precisely because of the fractious context; or in Cauchi and Iwerks (2016), where the organizers

of the multi-stakeholder forums took on additional responsibilities and "made it a priority to help the stakeholders work together" (12).[59] Government capacity can be considered contextual, and in Nisperos and Muhi (2016) building the capacity of civil society to take the expected action was key. Finally, in Sexton (2017) context was specifically considered as a factor in the intervention aimed at a common local culture of demonstration and protest.

While not all studies reviewed in Table 3.5 are unequivocal successes, even partial realization of a goal can be informative. Boampong (2012) analyzes a 2009 Revenue Watch Institute (RWI, the predecessor to NRGI) initiative in Astutifi, Ghana, to improve governance of that district's newly discovered gold endowment. RWI partnered with two civil society organizations—the Integrated Social Development Centre and the Institute of Local Government Studies—and focused on directing the revenue reaped by gold mining to achieve broad-based, local-level benefits. Civil society participation and access to information were targeted for improvement. Spending process transparency and accountability of government actors to the people were central parts of the intervention's design. Several critical contextual factors were also considered, particularly the fact that "lack of trust and acrimony among civil society, the district assembly and [the gold mining company] hampered dialogue and access to information" (Boampong 2012, 4). RWI further evaluated local government financial management capacity.

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57 See Mejía Acosta (2013). Also, note the example of the Natural Resource Governance Institute which explicitly prefers to "engage with diverse change agents across the decision chain in fewer countries, rather than with limited interventions across many countries" as described on their website.

58 Namely, the Project on Resources and Governance (https://projectrg.org), two ongoing studies funded by the International Initiative for Impact Evaluation led by Pellegrini (2011) and Vicente (2010), and the third Metaketa initiative led by Evidence in Governance and Politics (http://egap.org/metaketa/metaketa-iii-natural-resource-governance).

59   Although not included in the table because it was not natural resource-specific, Fearon et al. (2015) brought together community leaders and members to undertake community development and social inclusion projects. These initiatives were designed to increase leader-community accountability and public participation in decisionmaking in post-conflict contexts where trust in local leaders and fellow community members was low. The authors find that for villages that received the community-driven development program stimulus, "changes in community capacity for collective action can take place over a short period of time; can be the product of outside intervention; and can develop without fundamental changes either to the structure of economic relations or to more macro-level political processes" (466).

Boampong (2012) concludes that the effort "succeeded in building awareness, enhancing trust among stakeholders and ensuring meaningful participation from citizens and community-based organizations in preparing the district's development plan" (1). And yet there were setbacks: "the project's focus on technical solutions was unsuccessful in light of traditional non-accountability and [district] chiefs' fears about how disclosure might impact their privileges" (Pellegrini and Venugopal 2013).

To take another example, Gainer (2015) profiles a transparency and accountability initiative involving forestry management in Brazilian municipalities. The initiative blacklisted municipalities from access to markets and credit and targeted them for increased law enforcement until they came into compliance with a federal Action Plan that registered land in a computer system. The goal was to create a licensing system that would allow the government to monitor and enforce a requirement that all rural landholders in the Amazon preserve 80 percent of their property as native forest—all part of a broader effort to limit illegal deforestation and limit the destruction of the Amazon rain forest. To leave the blacklist, municipalities had to register at least 80 percent of privately owned land, reduce annual deforestation within their borders, and meet certain deforestation benchmarks.

A TAP intervention in one municipality, Dom Eliseu, was undertaken with support from nongovernmental organizations (NGOs) and the national government and had to address several contextual factors. First, the landowners were deeply skeptical and low-level conflict permeated the space: "Resentment ran especially high" (Gainer 2015, 3). In addition, municipal governmental capacity was poor. A partnership between a local NGO, Imazon, and the state government aimed to improve governmental capacity (Gainer 2015, 7).

After four years' effort, Dom Eliseu left the blacklist. Gainer (2015) explains that the results of the policy changes were mixed. The data supporting their effect on deforestation trends was unclear. Ongoing compliance with the project was an open question. Still, there was significant support for the claim that blacklisting municipalities combined with the TAP intervention led to reductions in deforestation.

Our goal with this discussion goes beyond stressing the importance of context. The key question is if this understanding of context dimensions can lead to the identification of key T, A, and P interventions that can strengthen existing or past efforts, as well as identifying complementary measures from other fields beyond TAP that should be considered or introduced in order to close the implementation gap and enhance the effectiveness of the proposed TAP strategy.

3.4 Conclusion

Following Chapter Two's explanation of the importance of bundled TAP, this chapter added a necessary additional element—the focus on context. Specifically, we showed through both cross-country empirical and in-depth case studies that recognizing contextual factors—capture; social trust, political trust, and conflict; civic space and media freedom; rule of law; and government effectiveness and capacity—will affect any TAP intervention's likelihood of success. Further, and still grounded in recent, rigorous developments in the field, we explored how context is likely to differ in its manifestations at different scales (and what this means for scaling TAP interventions). This chapter also reviewed in detail the EITI.

We now turn to the application of these lessons, and those of the prior chapters, to our research design.

TABLE 3.5: Context-Informed, Bundled TAP Interventions in Natural Resources

STUDY	AUTHORS	RESOURCE	T/P ELEMENTS	A ELEMENTS	
Subnational Revenue Windfalls in Ghana	Boampong 2012	Gold	Consultative forums and participatory development planning using royalty transfers.	Inclusion of district officials and local chiefs in fora; Memorandum of Understanding between district assembly and primary local mining company.	
Spending Wisely in Peru	Jungbluth 2012	Oil and mining	Multi-stakeholder forums to prepare participatory budgets, consensus-based development plans; Technical and financial support to existing civil society.	Capacity building and technical support for local and regional governments who wanted to strengthen their negotiating position vis-à-vis the central government.	
Indonesia: Fueling the Future	Prijosusilo 2012	Oil	Information about oil revenues incorporated into participatory planning of midterm development plans; Public fora.	Memoranda of Understanding to secure local government ownership, backed up by decrees from district governments.	
Blacklisting Municipalities in Brazil	Gainer 2015	Forests	CSO-supported environmental licensing; Civic pact between local officials, civil society, businesses, and state officials.	Cooperative agreements between the municipal government and the federal prosecution service, and between the municipal government and community leaders and local organizations.	
Multi-Stakeholder Groups in the Philippines	Cauchi and Iwerks 2016	Gold	Multi-stakeholder forums with miners, government, indigenous groups, and CSOs; Logistical support, technical trainings, and peer exchange as incentives.	Good environmental management regulations already in place in one site; Executive orders to form the MSGs in both sites.	
Vertically Integrated Anti-Mining Campaigns in the Philippines	Nisperos and Muhi 2016	Mining	CSO-led protests and media campaigns.	Injunctions and legal cases filed with the Supreme Court; Consultations with the Executive branch.	
Bottom-Up Accountability in Peru	Sexton 2017	Mining	Information about participatory budgeting, including comparing how local government used resource revenue.	Electoral accountability via training on the processes for recalling a mayor.	

	CONTEXTUAL FACTORS	CONTEXT-INFORMED ADAPTATIONS	SUCCESS?
	Lack of trust among civil society, the district assembly, and the mining company; Tensions between traditional leaders and the company; Limited local government financial management systems.	Some attempt at trust-building.	The funder and the implementing CSO had different perspectives, with the former wanting to focus on TAP and technocratic financial management and the latter wanting to spend more time building trust and participation. Neither was fully prioritized, and the program failed to improve long-run transparency and participatory budgeting.
	Conflict and insecurity for environmental rights defenders; Limited government effectiveness.	Major focus on technical capacity building.	Multi-stakeholder groups were strengthened and participated in budgeting, and performed public monitoring that translated commitment into action; One extraction project that had not adequately disclosed possible environmental impacts was postponed due to resistance from civil society.
	Limited government effectiveness.	Major focus on technical capacity building.	Transparency mechanisms were institutionalized; Committed to implementing a sustainable development plan.
	History of mistrust between landholders and environmental agencies; Limited local government technical capacity.	Interface meetings to soothe disgruntled land owners; Investments in technical capacity.	Partial success. Environmental licenses were limited in rollout, but social trust improved and deforestation was slowed by the credible threats of enforcement and efforts at community interface.
	Lack of social trust and presence of conflict and insecurity for environmental rights defenders.	Focus in multi-stakeholder groups was on building trust and cooperation.	Guidelines and tax revisions were approved and indigenous communities in the province increased their royalty share; Reports on environmental impact, payments, and revenues were made transparent.
	Local limitations with enforcing national laws.	Building linkages and CSO capacity to use legal system and media.	The initial projects the community opposed were halted, and a broader mining moratorium was granted until the rules could be streamlined.
	Frequent social protest of pollution from mining projects; Conflict and insecurity for environmental rights defenders.	Specifically problematized protest culture.	Negative outcomes. Participants in PB training workshops less likely to attend actual PB meetings; In districts with low-performing mayors, recalls and civil unrest increased. Mayors responded by reducing effort and spending less of discretionary budget.

CHAPTER FOUR:
Actioning the TAP-Plus Approach

Chapter One assessed corruption along the NRVC. Chapter Two argued that a well-designed TAP intervention that includes two or all three elements of transparency, accountability, and/or participation has a higher probability of success in preventing or reducing corruption in natural resource governance, as well as improving sustainable development outcomes. Chapter Three highlighted the importance of context as a mediating factor on even a well-designed intervention.

In this chapter, we further elaborate our "TAP-Plus" approach. TAP entails the combination of transparency, accountability, and participatory components. At the end of Chapter Two and in Chapter Three, we addressed issues that require further attention for a TAP intervention to be successful, including the implementation gap within TAP interventions and attention to the contextual factors, some of which traverse beyond TAP.

In order to build a country-adapted and evidence-informed strategy to address corruption and capture, and to achieve other development goals, TAP-Plus also considers concrete natural resource specific complementary institutions, structures, and programs which are likely to significantly interact with TAP interventions and account for contextual factors.

This approach reflects our hypothesis that three particular areas of emphasis are needed for Tap to have a greater chance of success, namely addressing the implementation gap within TAP, accounting for

the contextual factors within and outside TAP, and integrating into program design key complementary considerations (beyond TAP and contextual factors). LTRC's second phase (now underway simultaneously with the completion of this paper) is to pilot TAP-Plus natural resource governance strategies that respond to key challenges and priorities identified by local stakeholders.

We recognize that our TAP-Plus approach encompasses a complex "response surface," and as such we are unlikely to be able to investigate fully any element of the approach to a complete resolution (Pritchett 2018; Andrews et al. 2017), and, further, the treatment of these issues is far from exhaustive here.

Yet the hypothesis is that significant value added impact in programs to improve natural resource governance and corruption is likely to emerge from well-identified, context-specific sets of program interventions which incorporate measures that address the implementation gap, and which are also complementary to TAP. By scaling up impact through realistic integrated interventions, progress in making programs scalable is also likely.

These efforts will inform the third phase of the project, in which results widely disseminated in-country and abroad will lead to the identification of the most promising TAP-Plus strategies to address concrete natural resource governance challenges and to scaled-up adapted versions of one or more of the phase two small-scale pilots. Such a scaled-up

approach will also allow for a more comprehensive evaluation framework, such as impact evaluation techniques when appropriate.

Dealing with contextual factors in a TAP-Plus intervention is complex. As we noted in Chapter Three, research indicates that those five context dimensions are closely linked to TAP theory, function, and successful implementation. Thus context needs to be fully considered in program design. Further, addressing and implementing actionable measures dealing with natural resource specific complementary to TAP institutions, structures, and programs is not without challenges. But there are case studies, such as at NRGI, indicating that they can be done. As LTRC considers its research plan and pilot studies, to deal with contextual factors operationally, it will endeavor to understand in a country-specific way which given contextual factors are key (and relatively unchangeable in at least the shorter-term by ecosystem actors), and which (actionable) complementary efforts are priority and could be integrated. The distinction between the traditional considerations of context, on the one hand, and pro-active consideration of a limited set of well-selected complementary interventions beyond the TAP field is critical to the LTRC approach.[60] It is largely unrealistic to alter context in the short to medium term, and particularly so via specific programs or projects.

What is possible, however, via lessons from research, and in situ evidence-based diagnostics, is to identify the priority set of complementary measures to TAP that are potentially actionable in a medium-term reform plan, program, or project. Such a limited, and country-specific, set of "other-than-TAP" complementary measures could then be integrated into studies and programs. Hence, they would be expected to move away from the traditional transparency and accountability (often single-intervention) approach, including actions in the legal, administrative, institutional, and/or public finance areas.

We initially discuss two examples of prospective small-scale studies in the second half of this chapter, as a starting point toward such integration, which is central to the TAP-Plus approach. The selection of the LTRC's future larger-scale TAP-Plus initiative would be expected to be informed and framed by the results of small-scale studies, or variants thereof, like these.

As mentioned, as part of the TAP-Plus approach, we also have identified a set of complementary institutions, structures, and programs that are deeply interwoven into the natural resource value chain (NRVC), interrelated with the contextual factors, and that go beyond TAP interventions that focus on classic governmental institutions. Specifically, state-owned enterprises (SOEs), sovereign wealth funds (SWFs) and beneficial ownership (BO)-related programs may have an outsized impact on the success or failure of a TAP intervention and thus merit recognition since they have not been given enough emphasis before. Therefore, in the first half of this chapter we discuss SOEs, SWFs, and BOs relevance to the anti-corruption landscape in this chapter.

Then we offer two hypothetical examples of how the TAP-Plus approach could look in a given country. In the Mongolia example, we explore the issue of beneficial ownership transparency efforts and how they could be improved with a TAP-Plus approach that prioritizes one particular contextual factor closely linked to TAP: media freedom. In Nigeria, we discuss initiatives relating to budget transparency that would include improved citizen engagement and bottom up accountability efforts. Here the contextual factors are political trust and conflict. Acknowledging the efforts of other programs working toward similar goals, our study selection and design will be realistic, taking into account what is feasible, yet consistent with the main tenets proposed in our framework.

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60 Likewise is the importance of addressing the implementation gap within TAP, and the particular focus on the interface between industry and governments, inter alia via state capture (or undue elite influence in shaping the rules of the game in extractives). Details on these in Kaufmann, Eisen, and Heller, forthcoming.

4.1 Key Institutions, Structures, and Programs Affecting TAP-Plus Strategies: Three Examples

Three institutional or programmatic settings are important to any effort to understand the natural resource curse and to address corruption and development outcomes in RRCs: state owned enterprises, sovereign wealth funds, and beneficial ownership programs.

4.1.a State-Owned Enterprise Reforms

In many resource-rich countries, natural resource exploitation is undertaken by SOEs. Since they are state-owned and therefore exercise some public power, they may be viewed in some regards as agents within democratic governance principal-agent theory and therefore amenable to TAP initiatives. However, as NRGI notes, SOEs' incentive structures, behavior patterns, and power relationships with government actors and citizens typically are complicated. SOEs

have a central role in many NRVCs so they cannot be ignored in our TAP-Plus approach.

Of 224 bribery cases studied by the OECD, 27 percent involved SOEs, and 80 percent of the total bribe amounts went to them (OECD 2014, 23). Moreover, as Chart 4.1 shows, the recent OECD Survey of anti-corruption and integrity in SOEs (2017) suggests how the materialized risk of corruption and similar malpractice is higher in the mining and oil industry than in any other economic sectors. SOE corruption and diversion of funds from the public can do real harm: In South Sudan, the SOE diverted funds to a militia group, and in Nigeria, SOE money went to rig elections.

One SOE, the Nigerian National Petroleum Corporation (NNPC), has been at the center of a number of well-publicized corruption scandals and "is a well-established venue for the broader patronage and corruption patterns that weakens accountability and good governance in Nigeria" (Sayne, Gillies, and Katsouris 2015, 25). It "suffers from high corruption

CHART 4.1: **Corruption and Other Irregular Practices by State-Owned Enterprise Sector**

Sectors of respondents that said "yes" "in your assessment, did any of the [listed] risks materialise into activities/actions in the last three years in (or involving) your company?
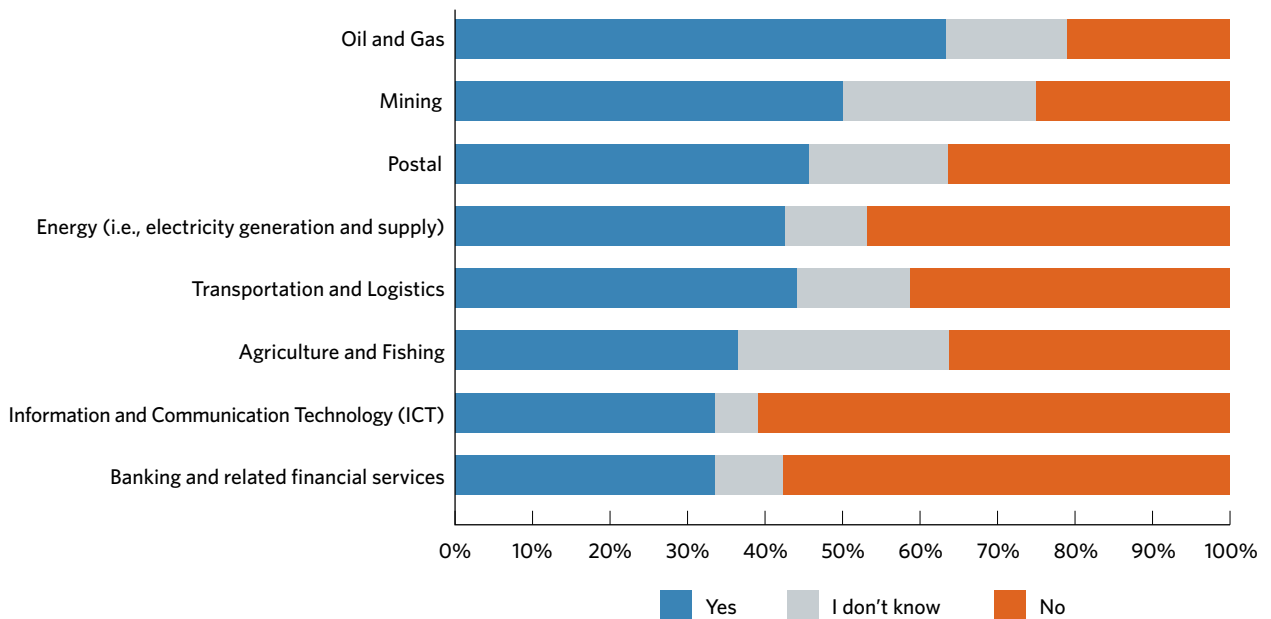
Source: OECD (2018), further detail Kaufmann 2019.

risks," with a tendency to concentrate its operations on "the best opportunities for private benefit"—a problem compounded by captured governmental actors that block efforts at reform (ibid, 2, 24–6).

Three aspects of SOEs have received study in the last decade—corporate governance reform, corporate accountability benchmarks, and improved government effectiveness in overseeing SOEs—and may merit further analysis by LTRC in the future in considering TAP-Plus approaches.

First, corporate governance of SOEs has been analyzed for its link to corruption. When NRGI evaluated 81 SOEs operating in the natural resource value chain in 2017, it found that only nine of them "achieved a good standard of transparency and accountable governance" (NRGI 2018b, 2). A number of reform measures for improved corporate governance in oil-oriented SOEs have been proposed to address the poor management that may allow them to be sources of corruption. These reforms include, for instance, defining clear structures and roles for state shareholders as well as defining their commercial mandate (Heller, Mahdavi, and Schreuder 2014).

The corporate governance changes proposed by NRGI to NNPC illustrate the magnitude of the changes that may need to be undertaken: "at a minimum, the corporation needs a new ownership structure, stronger operating mandate, clarified commercial and non-commercial roles, limits on quasi-fiscal and other questionable spending, and a corporate governance framework that allows for accountable, productive decision-making, starting at the board level" (Sayne, Gillies, and Katsouris 2015, 69).

Second, in addition to formal corporate governance practices, fully assessing the results that SOEs deliver to citizens is a rich field of study. NRGI's experiences point to the need for a performance benchmarking, anti-capture framework against which the SOE can be gauged on whether it has achieved the goals laid out by the government and the company's own leadership.

Third, an SOE is theoretically at least an institution owned and controlled by the state. However, in practice many of them have come to operate quasi-independent of public oversight. In some instances, the lack of public supervision is due to poor government capacity. As one study noted, "to ensure that companies are held to high performance and ethical standards, those actors charged with watching over them—often ministries, tax authorities, auditors-general, parliament, and civil society—must have the political space, financial means, and knowledge necessary to scrutinize, pose tough questions, and demand results" (Gillies, Heller, and Kaufmann 2018). In the case of the NNPC, for example, Nigeria's tangled legal relationship with it facilitates corruption. Nigerian public officials from other government bodies "say they cannot independently verify or challenge the oil sale figures provided by NNPC … . For example, one government task force found two separate sets of oil sale books that diverged at times by more than $100 million per year" (Sayne, Gillies, and Katsouris 2015, 10).

A key step in proposing a TAP-Plus approach in Nigeria or another country with SOE challenges would be to understand the precise nature of those challenges and how they intersect with or affect the effort.

4.1.b Sovereign Wealth Funds

Additionally, it is important to look at the structure and accountability mechanism of sovereign wealth funds (SWFs) in the countries that have established them to manage extractive sector revenue. In 2019, SWFs held more than $8 trillion in assets globally, much of it derived from oil, gas, and mineral wealth. Many of the natural resource wealth-driven SWFs are of recent vintage. One 2015 analysis found that half of the 53 extractives SWFs in existence that year had been created between 2005 and 2012 (Stevens, Lahn, and Kooroshy 2015).

Many of the SWFs have been created to counter the resource curse. As Stevens et al. explain: "The motivation for having such funds varies from country to

country but is often one or more of the following: stabilizing revenue streams to counter the effects of commodity-price volatility; providing an intergenerational saving mechanism; avoiding Dutch disease by sterilizing foreign-exchange inflows; moderating capital spending in an attempt to ensure that the domestic revenues directed into the economy do not exceed domestic absorption capacity; and, finally, ensuring arm's-length management of revenues that is both transparent and insulated from day-to-day politics" (Stevens, Lahn, and Kooroshy 2015, 20).

Despite the intention to use SWFs as anti-corruption, pro-development institutions, they have not necessarily succeeded. Drezner has suggested that SWFs may increase the chance of corruption and may crowd out private business initiatives (Drezner 2008). The NRGI's 2017 evaluation of 33 SWFs gave 11 of them failing marks. "The funds with the weakest scores have suffered the most from excessive risk-taking, high management fees, and politically motivated investments." It cautioned that more SWFs may be mismanaged since they are "so opaque that there is no way to know how much may be lost to mismanagement—or who benefits from these funds' investments" (NRGI 2017a, 17).

SWFs can only serve a purpose and fulfill macroeconomic objectives if there are appropriate rules in place (Bauer 2014a). Not only should rules gain broad-based consensus before they are implemented, but there must also be effective and independent oversight with teeth to ensure compliance once the rule is enacted (ibid). Rules that regulate deposit and withdrawal and lay out clear investment guidelines can ensure that funds function as planned (ibid). Additionally, there should be rules that clearly delineate responsibilities between institutions and detail disclosure requirements to prevent corruption and ensure transparency (ibid).

As with SOEs, a TAP-Plus undertaking by LTRC (and by others) must understand the interaction of its efforts with an SWF operating in its space.

4.1.c Beneficial Ownership Screening and Verification Programs

Hidden beneficial owners of natural resource-related companies have been linked to significant levels of tax evasion, corruption, and international financial fraud. For example, Indonesia's anti-corruption commission found that "24% of all contracts in the mining sector do not have taxpayer identification numbers." More broadly, 40 percent of the mining and coal licenses were opaque, making it impossible to determine if they met the nation's environmental, technical, and financial criteria for licenses. Under the circumstances, tax revenue collection was inhibited, so much so that in 2014, license-holders were $300 million in arrears to the government (EITI Indonesia 2017).

Corruption risks are particularly linked to politically exposed persons (PEPs), or high-level public officials or politicians (or their family members) who have managed to acquire a stake in a natural resource company or an investment project. Often, but not always, the stake is acquired in exchange for a favorable regulatory or licensing decision. A review of 100 real-world cases of license or contract awards in the oil, gas, and mining sectors in which accusations of corruption arose found that over half involved a PEP as a hidden beneficial owner (Sayne, Gillies, Watkins 2017).

Beneficial ownership transparency is a relatively recent, rapidly growing reform in the natural resource space. As such, rigorous research around it is only beginning. Yet, it offers an opportunity complementing legal changes "to address underlying anti-corruption policy gaps in these host countries at the same time" (Westenberg 2018, 52).

Of concern, however, is that the massive efforts going toward simply achieving beneficial ownership transparency risk replicating the limitations of other transparency-focused interventions; beneficial ownership transparency alone is insufficient to prevent corruption (Kolstad and Søreide 2009; Kolstad and Wiig 2009; Ölcer 2009; MSI Integrity

2015; Sovacool and Andrews 2015; Sovacool et al. 2016; Corrigan 2017; Dupuy 2017; Rustad et al. 2017). Westenberg and Sayne (2018) reviews more than 50 mining and oil laws, finding that while half of those laws[61] prohibit PEPs from "holding interests in companies applying for extractives licenses," not a single one "required regulators to check whether or not such PEP interests existed as part of screening license applications" (1). Even the public beneficial ownership register of the United Kingdom—a widely praised BO transparency pioneer—faces criticism for containing no mechanism for verifying the beneficial ownership information submitted by companies (OpenOwnership and Global Witness 2017).

Therefore, critical potential approaches complementary to Beneficiary Ownership reforms would need to include accountability rules for PEPs, individuals, and organizations that present conflict-of-interest or corruption risks. The mere adoption of generalized beneficial ownership disclosure standards and registries in a country—part of the new wave of transparency reforms in the natural resource governance space—is insufficient in this scenario. It will have little impact if the review and vetting process at the licensing award stage does not mandate that beneficial ownership needs to be fully disclosed as a qualification criteria and/or if such participation by politicians and high-level officials is still deemed lawful. Other mechanisms, such as mandatory procedures for recusal and open contracting writ large (e.g., government disclosures of decisionmakers) are further needed to reduce corruption risk (Westenberg 2018; OCP and NRGI 2018). Furthermore, beneficial ownership registries must be actively updated and verified to maximize their impact over time. Where problematic beneficial ownership is revealed, existing laws must be enforced.

In order to maximize effectiveness, approaches to increasing beneficial ownership transparency should be global in nature, and, to reduce the implementation gap surrounding the potential impact of beneficial ownership transparency reforms, complementary cross-sectoral, interagency, and cross-jurisdictional coordination is needed. Even in countries where companies are required to report, update, and publish beneficial ownership information, beneficial ownership disclosure can be evaded through creating shell companies in countries without disclosure requirements. As a result, beneficial ownership transparency initiatives will be most effective in the context of a holistic global approach to releasing public and cross-verifiable data for use by both governments and civil society actors. Complementary administrative and legal actions, then, would be required for beneficial ownership disclosure to have impact. The enforcement of the law (i.e., government effectiveness) is clearly a challenge. Screening and verification of beneficial ownership information alone is "insufficient" (Westenberg 2018).

These initiatives to create a unified approach might also spur various stakeholders (such as companies, CSOs, and info-infomediaries) to embrace further TAP initiatives: "Coordinated efforts could demand more proactive industry leadership from publicly listed companies" (Westenberg 2018, 51). This work would also set the stage for the formalization of a stronger global anti-corruption legal framework. The latter is crucial, as "the screening procedures used to identify the ultimate beneficial owners will

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61 Another concern in the design of these public registers involves the definition of a beneficial owner. A comprehensive definition is used by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), whose "Final Rule" on the subject employs a two-prong test of ownership and control (31 CFR § 1010.230). Under this standard, a beneficial owner is both someone who directly or indirectly owns 25 percent or more of a legal entity customer, and also a "single individual with significant responsibility to control, manage, or direct a legal entity customer" (31 CFR § 1010.230(d)(2)). The first prong is not a perfect measure, with some experts calling for the threshold to be closer to five percent (Westenberg and Sayne 2018), but the second prong of control is both key and less prevalent in public registers (including that of the United Kingdom). The missing second prong poses particular risks for disclosure of PEP beneficial owners, whose informal control of a company would therefore go unexposed, and ought to be designed for in beneficial ownership transparency initiatives, as indeed is called for under the EITI's beneficial ownership disclosure roadmap (EITI 2016). Thus, though the expansion of beneficial ownership transparency initiatives in recent years marks unmistakable progress, these and other mechanisms are needed to take the field beyond transparency and more fully mitigate conflicts of interest in extractives licensing.

require the appropriate mechanisms for requesting information formally and informally from officials in other countries" (Votava, Hauch, and Clementucci 2018, 33).

Box 4.1 examines the role of TAP actions (via civil society engagement) to overcome challenges in BO verification processes

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Box 4.1: Verification of Beneficial Ownership Information (excerpted from Sztykowski and Taggart 2017 and Sztykowski 2018)

"'Verification' is frequently said to be a critical step in generating high-quality beneficial ownership information … [yet it] is not one step, but three:

1. Ensuring that the person making a statement about beneficial ownership is who they say they are, and that they have the right to make the claim (**authentication** and **authorization**);

2. Ensuring that the data submitted is a legitimate possible value (**validation**);

3. Verifying that the statement made is actually true (which we will call **truth verification**) … .

[L]et's be blunt: we should expect people who are hiding from accountability to lie about their ownership of a company … " (Sztykowski and Taggart 2017). This is why civil society participation is needed. "As an example, Slovakian civil society investigated the beneficial owners of a medical supplies company after finding that the company had participated in multiple public tenders as a sole bidder. They found that the company had not reported a beneficial owner to the public Slovakian beneficial ownership register, raising a clear red flag that the true owner was hiding their identity" (Sztykowski and Taggart 2017).

"After some further digging, civil society was able to trace ownership of the company back to nominees based in Cyprus. The company was sanctioned with a €50,000 fine for disclosing incorrect information to the register, cited as the first such fine in history" (Szytkowski and Taggart 2017). "Our partners at Global Witness know first hand what it takes to uncover the true owners of a company or resource when they are determined to hide. To take just one example, their 2013 investigation into land sales in Sarawak, Malaysia showed how the country's company ownership laws could be circumvented using offshoring to allow foreign 'investors', lawyers and public officials to make huge profits on land gifted by the state. Uncovering the truth required the Global Witness team to pose as investors and take hidden cameras into secret meetings to obtain evidence that would never show up in a paper trail. … It is because of the resource-intensive nature of these investigations that civil society has called most vocally for public, open data on beneficial ownership. Because although no one can guarantee the truth of what's reported to a register, this data provides crucial leads and red flags" (Sztykowski 2018).

4.2 Considering Pilot Opportunities

LTRC is aiming at a country portfolio of pilot projects that is geographically diverse, features locations with high and medium corruption risks, and deals with a wide variety of challenges. In each country where scoping takes place, the LTRC team and partners will identify through consultations and interviews the key challenges and priorities the country faces in terms of corruption across extractive industries and across the natural resource value chain. Once a key challenge has been selected for a possible LTRC pilot, a co-creation process with key stakeholders aims at identifying the most appropriate TAP-Plus strategy based on the existing context, as well as the precise selection of jurisdictional units where the strategy will be piloted.

The examples below are opportunities based on preliminary research in the identified countries. They may or may not be implemented after the scoping process is completed. Most importantly, the specific ways in which we might intervene as discussed below are representative only, as any actual intervention will be co-designed with stakeholders and change agents on the ground.

4.2.a Investigative Journalism of Beneficial Ownership Data in Mongolia

Background

The Mongolian mining sector plays an outsized role in the economy of that nation, in recent years earning the nation the nickname "Minegolia" (Langfitt 2012). In 2016, it contributed 20 percent of the nation's Gross Domestic Product (EITI 2019). One year earlier, in 2015, more than 1,170 different mining sites were extracting 80 different types of minerals from copper to tungsten and gold to fluorspar. All told, mining constituted 64.7 percent of total industrial production (UNDP 2016, 15). As a result, Mongolia has undergone unprecedented economic growth. In 2011, the three million person nation had a 17 percent GDP growth rate, the highest in the world. Since then, the rate has declined, and in 2017, as a result of a commodity price bust, the nation received a $5.5 billion IMF bailout (Edwards 2017).

LTRC has identified the ongoing process towards beneficial ownership as a key vehicle for an anti-corruption approach that could be strengthened in coordination with other TAP efforts across the natural resource value chain. This potential LTRC pilot program would attempt to address an implementation gap with respect to beneficial ownership or help improve use of beneficial ownership information by a wider set of civil society organizations. As part of our approach, LTRC would explicitly and strategically adapt the pilot to a challenging though not insurmountable contextual factor: media freedom.

Beneficial Ownership and Corruption Risks

Murky ownership arrangements of natural resource companies are a source of large corruption risks, according to UNDP's and Transparency International's corruption risk assessments (UNDP 2016; Biastoch 2017). In LTRC's expert consultations, one interviewee reported that "basically all" politicians in Mongolia hold direct or indirect stakes in natural resource companies. This results in major risks of conflicts of interest and opacity in the evaluation and issuance of tenders, mineral value assessments, work permissions, contradictory laws on local consultation requirements, and bribery and low accountability in operations reporting of production quantities and mine retirement (UNDP 2016).

While Mongolian law does not mandate beneficial ownership disclosure, the government has started to make progress. Early voluntary beneficial ownership disclosure efforts for EITI yielded some results. In 2013, for example 215 of 230 companies voluntarily disclosed their ownership structures for the Mongolia annual EITI report, and EITI Mongolia has published a visualization tool for the data, available at http://www.eitimongolia.mn/en/beneficial-owners. Moving beyond voluntary efforts, the national EITI Working Group helped to amend legislation to create a legal mandate for disclosing beneficial ownership of mining licenses. That legislation is still pending. Natural resource beneficial ownership features prominently in the National 2017-2023 Program to Combat Corruption, the State Policy on the

Mineral Resources Sector 2014-2025 (EITI 2017), and Mongolia's Second National OGP Action Plan.

Ongoing TAP Efforts Not Related to Beneficial Ownership

NRGI and the Open Society Forum have assembled and trained a number of Mongolian CSOs on contract transparency and natural resource oversight. Despite high turnover and sustainability issues, the network that those partners have established includes local organizations from across the country engaged in transparency and accountability activities most relevant to their local situation. For example, one was campaigning to demand access to contracts; others were successfully monitoring existing contracts; and still others were participating in negotiations of new agreements. The Open Society Forum also participates on Mongolia's EITI board alongside a variety of additional civil society partners. One, Transparency Foundation, is the Publish What You Pay member in Mongolia. The projects being undertaken by Open Society Forum, Transparency Foundation, and NRGI span access to information in various sectors and try to facilitate access by the public to information in agencies and lower levels of government. In the spring of 2019, the government of Mongolia launched an online contracts portal making more than 150 of them available for public inspection, though questions still remain whether the disclosures are broad enough.

NRGI's Country Strategy Note includes beneficial ownership and CSO capacity-building as key strategic responses needed in Mongolia. And as the brief descriptions above show, there have been positive developments regarding both. Voluntary beneficial ownership disclosure has occurred, and legal codification is underway, although at a slower pace than anticipated. In addition, a number of bundled transparency, accountability, and participation-oriented initiatives already in place have strengthened CSOs in Mongolia, even if they have not focused on beneficial ownership per se.

Assessing Contextual Factors

One significant contextual factor that may be inhibiting these efforts, however, is media freedom. As we have noted, TAP initiatives that involve complex information flows often require infomediaries if they are to succeed. According to Freedom House, Mongolia has a "vibrant media sector" (Freedom House 2016b). It features hundreds of newspapers and about two dozen television stations (ibid). Indeed, one Mongolian journalist was a member of the International Consortium of Investigative Journalists which won a Pulitzer Prize in 2017 for reporting on the Panama Papers, which unveiled a global web of hidden shell companies used by the wealthy and powerful. But strong undercurrents limit the ability of infomediaries to tackle corruption. Many media outlets are affiliated with political parties or partisan interests. Reporters Without Borders and Press Institute of Mongolia reported in the 2016 Media Ownership Monitor that 29 of the 39 investigated media outlets in Mongolia had political affiliations through their founders or owners. In general, media outlets are not transparent about their ownership structure. Only one in 10 is proactive and open about its ownership (RSF 2018b). In addition, self-censorship for fear of punitive defamation lawsuits has been a problem for the media sector. Civil or criminal cases against reporters for defamation are not uncommon. In 2016, the Mongolian CSO Globe International Center reported 12 instances of journalists or news outlets being sued for defamation. From 1999–2016, more than half of all civil and criminal defamation cases, for a total of 414 cases, were filed against media and journalists. Freedom House rates the Mongolian press freedom status as "partly free" (Freedom House 2016b).

Pulling the Pieces Together with a TAP-Plus Approach

An LTRC TAP-Plus program (if undertaken) would engage key national and international stakeholders working in anti-corruption efforts in Mongolia's extractive sector. LTRC and relevant stakeholders would identify the current gaps in the underlying theory of change for beneficial ownership reforms to curb or prevent corruption and beyond.

The first step in an LTRC TAP-Plus program in Mongolia would be to seek an integrated understanding of the current TAP landscape around the natural resource value chain in general and the existing beneficial ownership system specifically—from the implementation and update of the registry itself, to the communication and engagement of citizenry and civil society, as well as existing accountability measures (if any).

It would then assess the contextual factors in which the beneficial ownership system is operating and determine if any are actionable. For instance, LTRC would explicitly explore with the key players pursuing anti-corruption in extractives and focusing on beneficial ownership, as well as other diagnostic efforts, to identify the key challenges they face in this area, and particularly what complementary adaptations and interventions in the regulatory and institutional space would be needed to increase the impact of the ongoing disclosure-related initiatives (such as on beneficiary ownership disclosure) they are engaged in.[62]

Potential Ideas for Beneficial Ownership TAP-Plus

For those actions that could be undertaken in the short term, a TAP-Plus strategy to be piloted by LTRC itself might engage with interventions that either address an implementation gap or help strengthen better use of beneficial ownership information by a wider set of civil society organizations, including media organizations. However, we caution that LTRC's analysis of Mongolia is preliminary and subject to further modification.

On the TAP side of TAP-Plus, this could mean several things. For example, customization of beneficial ownership information responding to interest of specific actors or communities or linking it to ongoing contract disclosure efforts, increasing access to information by a wider array of stakeholders (strengthening transparency and participation in the process), or testing a new tool that improves transparency-participation-accountability interactivity. On the Plus side of TAP-Plus, one option for prioritizing the contextual factor of media freedom would be to strengthen through experimentation the existing efforts from Reporters Without Borders and the Press Institute of Mongolia to increase media coverage of natural resource beneficial ownership while carefully navigating defamation concerns and media ownership difficulties.[63] This might include evaluating such measures as providing legal support to media houses to empower them to push back on specious legal accusations; facilitating collaboration between data scientists and reporters to enable better analysis of and reporting around existing beneficial ownership data; or supporting countervailing pro-reform coalitions to leverage the reporting around beneficial ownership data to put pressure on lawmakers and sitting officials.

A second group of critical institutional/regulatory challenges likely cannot be tackled on a rapid enough timeline to intersect with a small-scale LTRC study due to their unpredictable political or societal nature. These include passage of a mandatory beneficial ownership disclosure law, improved PEP accountability rules and structures in the beneficial ownership space as detailed earlier in this Chapter (Westenberg 2018), or changes to defamation laws. A TAP-Plus effort would assess which ones could still be part of an initiative to promote their discussion and importance among wide audiences within Mongolia. For example, if key legislation were needed to facilitate the update of audit information that can supplement the beneficial ownership registry, LTRC could work with local partners in building a case for it based on

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62   This process would allow LTRC to inform the proposal and co-design with local partners the different components of a TAP-Plus program in the country. Some of the gaps in current TAP initiatives such as the beneficial ownership strategy could be translated into interventions or actions as part of a TAP-Plus pilot in the country in the coming months; understandably, others cannot. By creating a TAP and Plus-informed strategy, LTRC would able to test an effort to supplement current TAP-only efforts with context-informed interventions in order to improve their likelihood of success.

63   Mongolia's EITI roadmap for beneficial ownership does include potentially innovative initiatives that could be ripe for LTRC's involvement. For example, in 2018, the multi-stakeholder group committed to establish and train a network of investigative journalists to enforce beneficial ownership accountability.

existing evidence and its potential to increase the impact of ongoing initiatives, including those not funded through LTRC. Formative research, knowledge products, and events would be designed to support an initial pilot with an eye to strengthening citizen engagement, transparency, and accountability in the sector beyond the pilot. These institutional/regulatory challenges could be further examined in a larger phase three study following, and building upon, the phase two small scale effort.

4.2.b Citizen Engagement and Bottom-Up Accountability in Nigerian Budget Tracking

Background

Nigeria is the largest oil-producing country in Africa. After the discovery of oil in 1956, Nigeria's energy industry struggled with corruption and capture—a devastating situation for a sector that could be used to fuel development and alleviate poverty (Auty 1993; Sala-i-Martin and Subramanian 2013; Ross 2015). Like other resource-rich countries, Nigeria suffers from Dutch disease: The Niger Delta, the key oil producing region of Nigeria, is one of the more impoverished regions in Nigeria.

Nigeria employs an oil revenue-sharing model, in which three percent of all oil revenue is distributed between national, state, and local governments. This revenue is distributed according to an allocation formula (52.68 percent to the central government, 26.72 percent to regional governments, and 20.60 percent to local governments). According to the Nigeria EITI, revenue from oil and gas is normally allocated to the state budget from joint venture operations. Oil- and gas- producing regions receive an additional 13 percent of the government revenue from production in their territory. This additional allocation is meant to facilitate service delivery and infrastructure provision. State allocations are then remitted to local government areas (LGAs), which are administrated by a local council.

In addition to increased government efforts, the last few years have shown great development in the role of civil society with the rise of citizen engagement groups, budget tracking initiatives such as BudgIT, and advocacy organizations. With the rise of social media and increased capacity and coverage of oil by traditional media, citizens are aware of corruption and are more vocal in demanding change. This confluence of conditions offers an interesting entry point for robust research and experimentation that builds on existing initiatives to better respond to the challenges of the Nigerian landscape in the path towards curbing and preventing corruption in natural resources, and through this, to improve sustainable development outcomes.

The Implementation Gap in Budget Tracking

A major issue with this revenue distribution model is a lack of transparency in both total revenue and budgets derived from oil revenues and in how these funds are allocated across budgets of national agencies and across states. Tracking the flow of these funds from national to state to local levels is difficult; uncovering how funds are spent even more so. Investigative journalists and civil society organizations working to uncover how money is spent via budget tracking face three major challenges: a lack of information regarding the amount of money that should be distributed and how it is being distributed; a lack of mechanisms for journalists' reports to trigger action; and, finally, a normalization of corruption that has led to a lack of citizen engagement and of bottom-up accountability.

The Nigerian CSO BudgIT and other expenditure tracking initiatives are working to make the budgets and flows of funds more transparent through publications of national and state budgets on online platforms. Identifying areas of over- or under- budgeting can also indicate a need to shift resource allocation. Additionally, identifying where these systems break down can be used to find areas of mismanagement or corruption. CSOs and citizens can then use this information to identify services intended to be provided and hold officials accountable for spending resources for earmarked services. Though BudgIT and other CSOs have conducted work in pairing budget transparency programs with citizen engagement and bottom-up accountability,

they have implemented citizen engagement through differing models, which makes it ripe for a pilot opportunity adapting the tools to the challenges of community-level budget tracking.

The TAP-Plus Opportunity

LTRC has identified bolstering citizen engagement to improve bottom-up accountability in Nigerian budget tracking initiatives as a potential pilot opportunity. Evidence on budget tracking for effective account-ability to date, though promising (e.g., de Renzio, Azeem, and Ramkumar 2006; Robinson and Vyasulu 2006; Sirker and Cosic 2007), has largely focused on transparency as an outcome in and of itself. Bun-dled approaches are under-researched (Fox 2019), and the inclusion of context as an explicit part of the program design of budget tracking initiatives is sim-ilarly under-studied. In Nigeria as elsewhere, budget tracking faces a knowledge gap regarding methods that create real accountability vis-a-vis budget leak-age and corruption. The TAP-Plus framework has the potential to fill this knowledge gap through the cre-ation of evidence regarding how citizen engagement can be bolstered in a context of low political trust and low government effectiveness to improve gov-ernance outcomes, and specifically anti-corruption outcomes, in Nigeria.

The first step of the TAP-Plus process will be to engage with civil society, public sector, and private sector representatives where appropriate to enhance our understanding of the TAP landscape in Nigeria. This will enable LTRC and local partners to identify challenges, look at both the system as a whole and particular challenges, and understand the context under which programs operate and what the con-textual challenges are. We will then work to identify which of those gaps can be filled with transparency, accountability, and participation interventions that do take into account context, and aim at singling which factors complementary to TAP need to be integrated into the project, consistent with a TAP plus approach. As co-creation with local partners is a fundamental part of LTRC's pilot process, the ideas outlined below are preliminary and are intended to be indicative only of how the TAP-Plus framework

could be applied; they are not intended to be repre-sentative of LTRC's specific pilot work and project design, which will be co-developed at a later date.

We begin with the core TAP elements. Transparency elements of the intervention that LTRC could be inter-ested in testing include "storytelling" methodologies, by which we mean communications mechanisms to synthesize data and transmit key takeaways, mindful of the specific context in which information is shared (e.g., the audience, purpose, and location) (Moezzi, Janda, and Rotmann 2017). Though a transparency initiative, storytelling can help shed light on what is effective in mobilizing citizen engagement (Ibid). In the context of budget tracking, where data is already publicly available but is not necessarily making its way to the community level, storytelling could seek to inform citizens of such details as: the amount of money that is supposed to be used for community services, how that money is currently being used, what projects are supposed to be funded in the next year, and what redress mechanisms are available for perceived misuse of funds. We will learn from what modes of storytelling have previously worked in different contexts in Nigeria and testing how story-telling works in combination with other approaches to promote bottom-up accountability. Storytelling inherently relies on engagement with citizens and is anchored in two of the transparency field's sem-inal success stories: publicly disseminated budget information at the grassroots level in India leading to improved fiscal flows and reduced corruption (Bhatnagar 2003), and fiscal tracking of education expenditures in Uganda leading to reduced leakage of funds (Reinikka 2001).

Participation is, of course, the core component of any citizen engagement initiative, including one focused on budget tracking issues (Marín 2017; Derbyshire and Mwamba 2013; Shah 2007). By iter-ating and rapidly testing levels and modes of citizen engagement, LTRC can help inform best practices for continued engagement. These modes will be further developed through co-creation with Nigerian part-ner organizations, but possibilities include public forums that bring together representatives from the

community, local government, and industry, and/or community forums led by citizens from other villages that have seen success in bottom-up accountability. Community forums are of particular interest as a possible mechanism for exploring ways to overcome normalization of corruption, where citizens in corrupt societies can come to believe that action will not serve to effect change. Normalization of corruption poses a significant obstacle to citizen engagement (Hoffmann and Patel 2017).

Accountability elements of a pilot focused on citizen engagement in budget tracking could take multiple forms (Sharma 2009), with LTRC possibly working to rapid-test different modes of bottom-up accountability to identify which has the greatest ability to drive engagement and the greatest potential for success. Specifically, LTRC could aim to vary targets for accountability (e.g., local representatives versus state-level representatives, following the sandwich strategy developed in Fox 2015) and the call to action for citizens (e.g., phone calls versus petitions). These will be further developed in the co-creation workshop with local partners, particularly those in investigative journalism.

Assessing Contextual Factors

Political trust—defined by Newton (2005) as trust "between citizens and political elites, or citizen confidence in political institutions"—has emerged from our preliminary research as a salient contextual factor in Nigeria. It is clear through LTRC's review of the literature (e.g., Derbyshire and Mwamba 2013) and meetings with community members in Nigeria that little political trust exists between the community and the local government. While numerous (and sometimes conflicting) hypotheses exist regarding the nature of the relationship between political trust and engagement (Levi and Stoker 2000), we recognize that failures of political trust can contribute to reduced levels of at least some forms of participation. In Nigeria, our initial consultations suggested that this dynamic is present at the community level even when relevant budget information does make its way to communities. LTRC will therefore consider mechanisms for improving the contextual factor of political

trust in its study design. One possible vehicle for doing so is through relaying success stories of citizen engagement as discussed above. Another possible avenue for addressing political trust is experimenting with programs to reinvest the recovered proceeds of stolen oil funds in affected communities.

Finally, we would be remiss if we did not consider another, related contextual factor in Nigeria: conflict. Contestation of the wealth from oil production has been at the center of many conflicts in that nation. That includes the Biafran civil war in 1967 and the emergence of the movement for the emancipation of the Niger Delta in 1995. As Obi and Rustad notes, "Violent conflicts in the region are ... driven by perceptions of alienation and exclusion ... the integration of the Niger Delta into the international political economy of oil [has] simultaneously enriched international oil companies and ... national and local elites—and contributed to the disempowerment and impoverishment of local peoples ... [leading to] a vicious cycle of exploitation, protest, repression, resistance, militarization and the descent into a volatile mix of insurgent violence and criminality" (2011, 24).

While the linkages and direction of causality between conflict, political trust, and corruption are complex, perceptions of corruption can contribute to the emergence or intensification of conflict, exacerbate grievances, and undermine public confidence in governing institutions (O'Donnell 2004). In certain of the local jurisdictions where we may work, conflict or its aftermath is prevalent. We are attempting to assess how that may affect the likelihood of success of the TAP-Plus strategy and to account for it. For example, if we determine that conflict will affect the capacity of individuals to participate in a small-scale study, we may utilize additional tools to allow for remote or anonymized participation. Alternatively, we may test interventions comparatively in two jurisdictions, one suffering from higher levels of conflict and one lesser, perhaps incorporating the additional tools described above. While we are still formulating how we will take account of conflict, including through consultations with potential local partners, our point is that when it comes to TAP, one size does not fit all. Attention will

need to be paid to contextual factors such as conflict (as well as complementary measures, as per below), consistent with the TAP-Plus model.

Assessing Complementary Measures

Integrating transparency, accountability and participation is necessary in program design, as well as accounting, is necessary for enhanced impact compared with single focus on transparency measures alone. Yet it is not sufficient. Consistent with the TAP plus framework advanced in the LTRC, complementary measures to TAP are also warranted. Hence the pilot studies aim to consider and integrate selected such complementary measures as well. Such complementary measures could focus on selected and priority institutional, regulatory, public financial, and/or legal reforms.

In this regard, and accounting for the Nigeria case, the role of the Nigerian National Petroleum Corporation (NNPC) looms large for any program that addresses resource governance and integrity challenges, and thus specifically in any assessment of potential TAP-Plus interventions in that nation. The petroleum industry is solely operated and regulated by the state-owned oil company, the NNPC (SDN, 2015). NNPC and its agencies, including the Petroleum Products Pricing and Regulatory Agency (PPPRA), estimate fuel prices, issue licenses, own fuel stations, administer subsidies, and act as their own marketers and competitors (SDN, 2015). As its own claimant, NNPC pays itself out of the domestic crude earnings but is effectively exempt from the inter-agency process and is constitutionally exempt from the auditing process (Sayne, Gillies, and Katsouris 2015).

It is unlikely, given the short time scale of the LTRC pilots, that a program to address the NNPC could be fully undertaken during the same time frame as such pilot, although the importance of ongoing complementary (to traditional TAP) reforms ought not be underestimated. Further, measurable impacts of selected reforms in the earlier stages may be feasible.

Yet, while scandals and governance challenges in the Nigerian oil sector continue to exist, it is worth noting that some efforts have been adopted over the past few years to try and curb corruption in the NNPC and in some other agencies, and programs. In 2018, the Petroleum Industry Governance bill was passed by the Senate. It called for the establishment of a Nigerian Petroleum Regulatory Commission and the unbundling of the NNPC to limit its power and increase its oversight. In 2015, Nigeria joined the Open Government Partnership and committed to both developing a beneficial ownership platform and implementing open contracting. And at the state level, OGP found traction with the Nigeria Governors' Forum to push forward transparency and accountability at the state level. The assessment of the actual implementation so far of the measures already adopted, as well as the extent of progression of such implementation during the period of implementation of a possible pilot study in Nigeria, could be part of the pilot study, complementing the TAP intervention.

Similarly, in the forthcoming small scale study in Nigeria, LTRC could also explore a particular complementary challenge, critical to the governance and corruption in the oil sector, and related to both the integrity and transparency of the budget, and to NNPC, namely fuel subsidies. Fuel subsidies pose a significant financial burden on the Nigerian economy and government. Although Nigeria leads Africa in oil production, it has limited oil refinery infrastructure, and the majority of its fuel is imported (Sakanko, Obi-likwu, & David, 2019). To offset the cost of petroleum to consumers, the government funds a fuel subsidy policy through two mechanisms. Currently known as "under-recovery," the Nigerian government provides a Petrol Import Subsidy, which pays marketers the difference between the imported price of petrol and the Expected Open Market Price (EOMP) (Okeowo, 2019). The second form of subsidy is known as the Petrol Price Equalization Subsidy, which allocates money to oil marketers to offset the cost of transportation to more inland states (Okeowo, 2019). With population growth, rising oil prices, economic growth, increased demand for oil, and geographic variation in oil pricing, the government has been forced to

invest more funds into upkeeping the subsidy policy (Songwe & Moyo, 2012) . The fuel subsidy program cost the government an estimated $8 billion in 2011, an unsustainable cost with the population's increasing fuel consumption (Songwe & Moyo, 2012).

As the country's sole oil proprietor, NNPC operates with minimal transparency on the availability and distribution of subsidy funds, with the bill growing rapidly. The total amount allocated to fuel subsidies through NNPC increased by 400% between 2007 and 2014 (SDN, 2015). NNPC has often been associated with payment anomalies on unavailable petroleum products, lacked the adequate documentation to support payment claims, and sets aside funding to be used outside of PPPRA approval chains (Gillies et al., 2015). An external review by KPMG found that NNPC paid itself approximately $6.5 billion in subsidies on 15.6 billion liters of petroleum derivatives that were not available to the market, displaying the misappropriation in subsidy payments and issues in its service-delivery (Gillies et al., 2015).

With its high cost, the fuel subsidy policy is unsustainable and allows for high rates of corruption, government mismanagement, and procurement fraud (Wapner, 2017). The subsidy has increased the domestic demand for petrol, yet the demand has not been met by Nigeria's unreliable and inadequate refinery infrastructure (Wapner, 2017). The IMF, World Bank, UN, and a number of leading CSOs and researchers have called for the removal of fuel subsidies, with the critique that they place burdens on government budgets through the loss of goods from smuggling, create an unequal and inefficient distribution of resources, and divert funds from needed social programs and infrastructure (Flochel & Gooptu, 2017; International Monetary Fund 2013; Beedell, 2017).

There is a substantial literature on potential mechanisms for subsidy reforms. It is clear that all would require a program of effective communications, managing expectations, compensation for the most vulnerable, and, importantly significant citizen buy-in (International Monetary Fund 2013; Anand et al.,

2013; Atansah, 2017). Despite broad evidence on potential mechanisms to be included in a subsidy reform, there is minimal social and political environment research on how to these reforms might be implemented. And to date, citizen support for reform has been limited. Nigerian citizens perceive the subsidy as one of the few tangible benefits provided by the government, although it disproportionately benefits the top income quartile (Beedell, 2017; Umar & Musa, 2013). The continued debate around fuel subsidies provides an opportunity for LTRC to contribute evidence to shape the dialogue on fuel subsidies reform.

In sum, by advancing transparency, accountability, and civic participation initiatives at the local level in Nigeria, the LTRC team aims to enhance citizen engagement and bottom-up accountability. In so doing we hope to contribute to both the mitigation of corruption risks in budget allocation and revenue flows and resulting development goals (including enhanced public services and infrastructure) through improved governance of oil revenues.

4.3 Conclusion

The idea of combining elements of transparency, accountability, and participation is not new. These three elements, together with a generic treatment of context, have been considered in the past when designing and evaluating governance interventions. This paper has summarized the extant literature on each of these topics and identified best practices, successful intervention types, and the conditions under which TAP-Plus improvements in natural resource governance can translate into corruption reduction and downstream sustainable development outcomes. These lessons and insights allow us to posit an overall approach for the research program LTRC will implement over the coming years. Based on this framework, the LTRC project's next phase will involve partnering with local stakeholders to design and test a new generation of natural resource governance strategies that, if successful, will be scaled in the third phase of research.

Conclusion

LTRC seeks to build upon decades of work by scholars and practitioners to enhance stakeholder knowledge and understanding of evidence-informed policies and programs to mitigate corruption risks along the NRVC and advance sustainable development outcomes. As part of this effort, in this paper we have surveyed the theoretical and practical debates surrounding efforts to reduce corruption along the NRVC; identified corruption risks at each step of the NRVC; outlined decades' worth of interventions to reduce corruption in the natural resource space, including those related to transparency, accountability, and participation; and traced the evolution of TAP in the extractives space.

Our analysis of the literature and practice at the intersection of TAP and natural resource governance suggests that TAP interventions have shown progress, and well designed TAP interventions can successfully contribute to reducing corruption in natural resource governance and improving sustainable development goals. However, substantial work remains. A key limitation of many TAP approaches is that they do not consider or sufficiently account for contextual factors and complementary institutions, structures, or programs when designing an intervention. Based upon our analysis, we identified five key contextual factors we will consider when designing a TAP strategy: capture; social trust, political trust, and conflict; civic space and media freedom; rule of law; and government effectiveness and capacity. These contextual factors, which manifest differently at micro (i.e., typically, subnational) and macro (i.e., typically national) levels, can constrain or enable the likelihood of success with respect to TAP reforms.

To account for these contextual factors, as well as the role played by key institutions and programs, we developed a framework called "TAP-Plus." TAP-Plus constitutes an approach that combines transparency, accountability, and participatory-focused approaches that, informed by careful consideration of contextual factors and additional structures and programs, can overcome unfavorable context, take advantage of opportunities presented by a given context, and/or mitigate implementation gaps. During the next phase of LTRC, we will pilot TAP-Plus strategies through a series of small-scale studies before scaling a promising study or studies and forming conclusions regarding leading practices. To that end, in this paper we have initially suggested a few illustrative, prospective small-scale study opportunities that LTRC may consider in the areas of citizen engagement and bottom-up accountability and beneficial ownership transparency. Following further and concrete work regarding the issues brought up here and in the design of the upcoming set of studies, complemented with a focus on the methodological and data needs for these initiatives ahead, our expectation is that LTRC's research and practice with respect to TAP-Plus will help establish and advance evidence-informed leading practices in resource-rich countries and across the natural resource value chain.

ANNEX 1:

Description and Limitations of the LTRC Literature Review Process

The literature review that informed this paper took place in 2017 and 2018. We began the literature collection and selection process by scraping citations from several seed papers identified by the LTRC principal investigators as key resources in the natural resource governance and/or TAP spaces.[64] We also added citations for "gray literature" focused on natural resource governance and field studies of TAP interventions, based upon a web review of relevant interventions and more than 20 interviews with key experts in the natural resource governance and TAP spaces. In particular, we exhaustively reviewed the past two to three years of publications for several flagship organizations, including the Extractive Industries Transparency Initiative, Natural Resource Governance Institute, Open Government Partnership, Oxfam, Publish What You Pay, and the U4 Anti-Corruption Resource Centre. We further reviewed natural resource-specific publications and research windows for the International Initiative for Impact Evaluation (3ie), Evidence in Governance and Politics, Abdul Latif Jameel Poverty Action Lab, and the Transparency and Accountability Initiative. The vast majority of the reviewed literature was English-language, with a minute subset in Spanish.

We then categorized each of the resources identified in this first phase of the literature review according to whether they related to natural resources and

assigned a priority level to provide a rough measure of salience to the project's research questions. Newer, heavily cited, and more extensive papers were more likely to receive a higher prioritization, as were reports and articles describing discrete interventions. As a result of this first phase, we compiled around 280 high-priority resources.

We sorted these resources into general, non-exclusive categories, distributed the categories among the team, and then lightly coded each resource based on certain broad variables of interest. Such variables included the step in the natural resource value chain (where applicable), natural resource sector, geography, social accountability actor, and type of intervention. The reader also included a short summary of the main finding or utility of the resource. Importantly, these variables were considered tags to identify resource relevance to certain topics that would be covered in this paper. They were not intended to be rigorous codes for any type of analysis. As such, we mapped the distributions of our resources across the variables of interest *only* to evaluate coverage and identify certain themes and categorical intersections that might have been underrepresented.

In a second phase of the literature review, we aimed to intentionally (non-randomly) supplement any

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64 These initial papers included the LTRC proposal (2017), itself already the product of in-depth research, as well as: Mildner and Lauster (2011), Brockmyer and Fox (2015), Rocha Menocal et al. (2015), and Williamson and Eisen (2016).

potential underrepresentations of our first dataset. To that end, we took a subset of highly cited and relevant works from our initial dataset and scraped the more recent papers that cited those works. We then filtered that list to identify highly cited works and manually identified high-priority new resources. We also performed manual online keyword searches to even out underrepresented thematic categories. The resulting subset of highly cited and recent priority resources was then added to our pool of literature, for a total of roughly 650 journal articles, books, websites, and blog posts. A slightly updated coding and skimming process similar to that described above was applied to the new resources.

This working bibliography was made available to more than 60 experts in the natural resource governance and TAP spaces during a project launch event at Brookings in September 2017, and again at a natural resource governance workshop at Brookings in April 2018 that featured about 30 participants representing civil society organizations, industry, academia, multilateral organizations, and other key stakeholder groups. These experts were encouraged to point out any missing cornerstone publications, critique our categories for representativeness and exhaustiveness, and share any new articles that might have escaped our earlier scrapes.

This database was synthesized into thematic write-ups, which were themselves further synthesized to provide part of the general framework of this paper. In parallel, we refined the extensive set of resources using a series of substantive criteria to yield a subset of 157 resources focused on the intersection of TAP and natural resource governance. These resources were analyzed in much further depth and coded with much more rigor than others in the literature database, providing the foundation for an annotated bibliography that additionally informed the findings in this paper.[65] Further sources were referenced throughout the development of this paper.

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65 Additional process details and the annotated bibliography itself can be found at www.brookings.edu/ltrc.

ANNEX 2:
Unpacking the Resource Curse by Type of Resource

There are of course salient differences between two major extractive sectors, oil/gas and mining. As outlined in Chapter Two, there are three closely related factors that capture important distinctions in a resource's political economy. These include its lootability, its relative location, and the level of the country's economic dependence on that resource. These characteristics influence the overarching patterns of corruption risk for oil and for minerals that will emerge in context. Of course, both are typically associated with very high upfront investments and have the potential to generate extraordinary profits (Ross 2012).

Hydrocarbons, particularly oil, are the resources most prone to corruption and conflict, and as such, have been the most studied (Ross 2012, 2015). Oil typically has a higher rent share by gross value and is easier to tax. Thus, oil-rich countries tend to exhibit a higher fiscal dependence. But because oil prices are so volatile and because "the oil industry is usually governed at the highest political levels," politicians are more likely to discount their future, electing to steal in the short term (while there is something worth stealing) despite the risk of long-term consequences (Al-Kasim et al. 2008, 14). Similarly, oil and gas production facilities often require large upfront investments, which increases oil companies' susceptibility to extortion. Finally, oil production is relatively easily shrouded in secrecy since it typically has a smaller physical footprint and often occurs wholly offshore (where it is less visible to monitors). Perhaps most importantly for our study of transparency-based remedies:

> Governments often collude with international oil companies to conceal their transactions, and use their own national oil companies to hide both revenues and expenditures … . Secrecy is a key reason why oil revenues are so commonly squandered, why oil-fueled dictators can remain in power, since they can conceal evidence of their greed and incompetence; and why insurgents are generally reluctant to lay down their arms, because they distrust offers by the government to share their country's oil revenues more equitably (Ross 2015, 6).

Mining of high-value minerals like gold, platinum, and diamonds still poses significant, if somewhat different, corruption risks. Those resources are of a highly concentrated value compared to minerals like coal and are relatively easy to hide, transport, and smuggle compared to large barrels of oil or other minerals like coltan (Petermann et al. 2007; Sanchez da la Sierra 2014). Mining is more likely to physically affect local communities through local pollution or overexploitation of arable land and water sources, which creates incentives for actors engaging in transactional corruption to bribe or capture local political

or consultative processes (Dougherty 2015; Knutsen et al. 2017). In their review of 496 mines across Africa, Knutsen et al. (2017) finds that "mine openings clearly increase bribe payments" (332). Finally, it is even more challenging to accurately measure the quantity and quality of mineral ore extracted and exported compared to petroleum, incentivizing efforts to underreport or bribe to avoid due taxation (Readhead 2018).

Of course, these are just trends, not universal rules. Oil companies sometimes capture local consultative processes and high-level politicians sometimes expect mineral companies to bribe. At the risk of oversimplifying a rich literature about a complicated natural resource governance issue, the above could be summarized as: Oil tends to facilitate the demand for high-level, grand corruption, whereas mining tends to facilitate the supply of local corruption.

ANNEX 3:

Different Micro/Macro-Level Relationships for Different Contextual Factors

Our TAP-Plus framework to identify key contextual factors and natural resource-specific complementary structures, programs, and measures in an effort to enhance the design of TAP strategies starts by acknowledging that context manifests differently at different levels or units and that it can change over time at a different pace and even in different directions across them. For example, at a national level, some elements of context are endogenous to a place's political history and geography and therefore a project like LTRC is highly unlikely to operationalize interventions able to change such context. LTRC activities may, however, seize windows of opportunity opened by recent events and trends in a given country in order to introduce and test solutions to key governance challenges in the extractives space. At a local level, context affects the incentives and behavior of individuals and actors in ways that can, and perhaps must be addressed, improved, or defended in order for a TAP intervention to effectively prevent or curb corruption.

For LTRC's purposes, we will talk of macro- and micro-level factors as a shorthand with the understanding that we do not mean to impose a rigid, binary framework, especially given the extraordinary diversity of governmental levels and the different ways power can be structured and spread amongst those levels. The distinction between micro and macro level is almost never static across geographical space, through time, or even within formal legal frameworks. For example, a "regional" contextual factor might be macro level with respect to one

intervention design but micro level with respect to another. Rather, micro/macro levels should be understood in relative terms, and in light of power, authority, or collectivization to a specific jurisdiction. O'Meally (2013) explains that "contextual variables can be separated into distinct domains" only "with the understanding that the domains inevitably overlap and interlock" (7). Additionally, the "polycentric" branch of the environmental governance literature conceives of a particular governance system as comprised of multiple, overlapping levels of decision-makers with some equilibrium of autonomy from and authority over each other (Carlisle and Gruby 2017; Ostrom 2010).

At the risk of oversimplifying, the examples in the following table use a standard, national versus local shorthand to clarify the functional distinction between micro and macro levels of the five contextual factors we consider in the paper. Often that distinction is applicable when demonstrating how an individual contextual factor can manifest. However, it is not inevitably so.

Table A3.1 places the LTRC contextual factors of interest into this micro-level/macro-level distinction and offers concrete examples to illustrate the difference. Later in this annex, we explain how we intend to use this analytical framework to help LTRC determine whether a contextual environment is enabling or prohibitive for successful TAP interventions and also whether additional, complementary engagements might be warranted.

TABLE A3.1: Examples of Micro- / Macro-Level Plus Distinctions

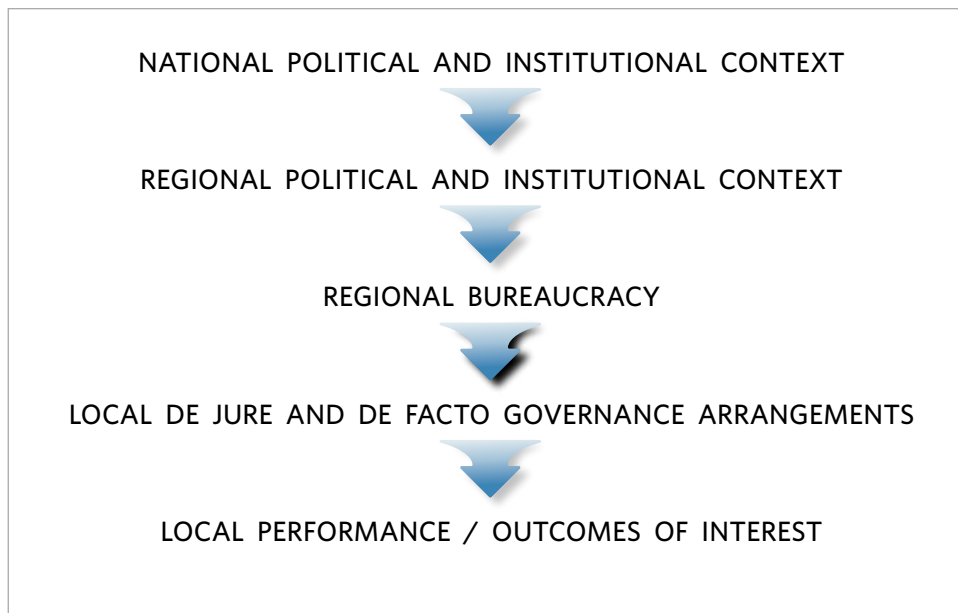| CONTEXTUAL FACTORS	MICRO LEVEL: MANIFESTATIONS OF CONTEXTUAL FACTORS THAT CAN, AND PERHAPS MUST, BE PROBLEMATIZED BY THE INTERVENTION	MACRO LEVEL: CONTEXT THAT WILL AFFECT AN INTERVENTION BUT IS BEYOND THE ABILITY OF THAT INTERVENTION TO AFFECT
Capture	Negative example[66]: The only road connecting a community to the highway is controlled by a group that expects bribes, so bribery is accepted behavior. Positive example[67]: A recent scandal with a local politician has energized the community to "sniff out" corruption.	Negative example: The majority of the members of the country's parliament have personal or familial stakes in mining projects, distorting their legislation. Positive example: Lobbying is carefully regulated, closely monitored, and transparent.
Rule of Law	Negative example: Local courts are bribed by landholders and companies to decide cases in their favor. Positive example: The Environmental Ministry uses technology to monitor land use and enforce contract terms.	Negative example: The country's executive wields discretion over the enforcement of laws and contracts to benefit his or her family and political allies. Positive example: A well-functioning system of checks and balances prevents or punishes corruption.
Civic Space and Media Freedom	Negative example: A company interested in developing a resource sends armed men to threaten a community against resisting. Positive example: Consultations with affected communities are actually required and their decisions are respected.	Negative example: The National Intelligence Agency illegally surveils civil society leaders. Positive example: A diverse array of media outlets exist, largely free to investigate and criticize elites.
Social Trust, Political Trust, and Conflict	Negative example: The resource-rich region contains an ethnic minority with historical grievances against the dominant group. Positive example: There is no history of organized violence or conflict in the region, and people generally trust one another and authority figures.	Negative example: The country is at war. Positive example: The country is highly tolerant of minorities in both law and practice.
Government Effectiveness / Capacity	Negative example: The local government lacks the experience necessary to effectively conduct oversight of natural resource extraction licensing and revenue collection. Positive example: The local government is sufficiently funded and staffed to carry out its responsibilities.	Negative example: A ministry with low capacity has centralized control of all natural resource governance functions. Positive example: National ministries are sufficiently funded and staffed to carry out their responsibilities.

66 By "negative example," we mean an instance in which the specific contextual factor interacts with a TAP program to derail its success.

67 By "favorable example," we mean an instance in which the specific contextual factor interacts with a TAP program to complement and magnify the program's efforts.

Our macro/micro discussion is supported by a number of analyses. Snyder (2001) explains, "focusing on the dynamic linkages among the levels and regions of a political system provides a new way of looking at the relationship between contrasting political phenomena observed at the 'center' (i.e., the national level) and at the 'periphery' (i.e., the subnational level)" (101). Parks and Cole (2010) distinguishes between a country's "primary" political settlement that "governs inter-elite competition for central authority and access to the central state" and its "secondary" political settlements "defined as the arrangements among powerful local elites to control political competition and governance below the national level" (18). O'Meally (2013) and Joshi (2014) develop checklists and guides for explicitly considering macro- and micro-level contextual factors affecting social accountability when designing an intervention. Fox, Aceron, and Guillán Montero (2016) and Read and Manuelyan Atinc (2017) build on O'Meally (2013) and Joshi (2014) to explore and successfully intervene within a "multi-level framework," adapted for visualization (see Figure A3.1):

Each level is nested within a set of incentives and constraints shaped in part by the higher level; in turn, each level shapes, in part, the incentives and constraints which prevail at lower levels. At the peak level is the country's national political context—the national political settlement, the national-level institutional arrangements for the … sector derived from that settlement, and national-level policies for the … sector. At the next level down is the subnational context, shaped partly by the national level, and partly by distinctive, provincial-level drivers. The provincial-level political context in turn affects the operation of provincial … bureaucracies. All of this cascades down to the *de jure* and *de facto* [local]-level governance arrangements, and thence to … outcomes (Levy et al. 2018, 14–15).

FIGURE A3.1: A Multi-Level Framework for Governance

NATIONAL POLITICAL AND INSTITUTIONAL CONTEXT

REGIONAL POLITICAL AND INSTITUTIONAL CONTEXT

REGIONAL BUREAUCRACY

LOCAL DE JURE AND DE FACTO GOVERNANCE ARRANGEMENTS

LOCAL PERFORMANCE / OUTCOMES OF INTEREST

Adapted from Levy et al. 2018.

We believe this separation to be the most function-
ally and practically useful for the purposes of LTRC.
Fox (2015) recognizes that only considering "local,
front-line service providers … leaves out the rest
of the 'supply chain' of governance" and that "pro-
gram monitoring that is partial or exclusively local
in scope may well manage to change the shape of

the 'corruption market,' but not necessarily its size"
(355). In a later work, Fox et al. (2016) therefore calls
for the "vertical integration" of civic engagement
efforts—that is to say, bundled TAP that is adapted,
as appropriate, to macro- and micro-level context.
Box A3.1 explains further.

Box A3.1: "Scaling" TAP (excerpted from Fox and Aceron 2016)

"One missing link involves the challenge of how to take scale into account. In international devel-
opment discussions, scale is usually understood as a reference to size: more or bigger. Here, scale
will be understood differently. 'Taking scale into account' will refer to articulating how differ-
ent levels of decisionmaking interact with each other (from the local level to district, provincial,
national, and transnational arenas)—both for the public sector and for civil society."

"Conventional approaches to [TAP] do not take this sense of scale into account. On the one
hand, most social accountability initiatives (such as community scorecards) are locally bounded,
while on the other hand, most open government initiatives rely on national agencies to disclose
official budget or activity data, which is rarely disaggregated in citizen-friendly or actionable
ways. These initiatives are often limited by their approach to scale: local interventions remain
localized, rarely spreading horizontally or extending their leverage vertically by influencing higher
level authorities, while national initiatives based in capital cities risk circulating primarily among
the already-convinced—or remaining limited to cyberspace, delinked from offline civic action. In
contrast, vertically integrated accountability initiatives take scale into account by linking citizen
action at the grassroots with action at the national level … . Multi-level citizen oversight initiatives
can gain additional traction if the evidence they produce manages to trigger public checks-and-
balances institutions of horizontal accountability."

"This reframed meaning of scale sets the stage for the proposition of 'vertical integration' of civil
society policy monitoring and advocacy. Vertical integration tries to address power imbalances
by emphasizing the coordinated independent oversight of public sector actors at local, subna-
tional, national, and transnational levels. The goal is for the whole to be greater than the sum of
the parts. The core rationale for monitoring each stage and level of public sector decisionmak-
ing, non-decisionmaking, and performance is to reveal more precisely not only where the main
causes of accountability failures are located, but also their interconnected nature. This focus on
understanding as many links in the chain of public sector decisions as possible is relevant both to
inform possible solutions and to empower the coalitions needed to promote them" (3–4).

It is important also to note that the space in which the LTRC project is focused has unique qualities. The NRVC, as a multi-stage governance process, creates a diverse space for contextual factors to manifest.

Because this project looks across the NRVC, different contextual factors must be considered and concretely treated with complementary steps depending on the governance environment within that individual stage. These efforts will reinforce one another and make "the whole greater than the sum of the parts."

Finally, in a political economy as globalized as the natural resource value chain, an understanding of transnational as well as macro and micro context must be undertaken. Haufler (2012) asserts that "the transnational governance of natural resources has some characteristics of a regime complex or organizational field, given the diverse collection of governance initiatives that has emerged ... . However, there has never been an effort to negotiate a single comprehensive regime, perhaps because it has never before been viewed as a single problem area. It is a loosely structured field, which may explain the divergence in institutional outcomes yet pressure towards similar norms" (9).

As noted in Chapter Two, EITI is the largest extractives international multi-stakeholder group setting governance standards that member nations attempt to achieve. There are, of course, other such groups, for example the Kimberley Process dealing with conflict diamonds or the OGP, which as noted in Chapter Two has a natural resources component. In addition, a number of other supply-chain "due diligence" or transparency initiatives have started in the last few years, such as the Global Sustainability Initiative, a multi-stakeholder group with a focus on mineral mining.

In addition, an extensive body of international treaties and laws address corruption. Table A3.2 lays out the most important ones. Other treaty regimes relevant to our contextual analysis include tax treaties and bilateral investment treaties. A country's ratification and implementation of such treaties are relevant contextual factors, as are international sanction mechanisms, bearing in mind that the enforcement mechanisms for transnational initiatives ranging from the EITI, to supply chain transparency standards, to UN treaties are as diverse as one might suspect.

Overall, various types of TAP-Plus interventions in extractives, particularly in settings where multinational corporations are involved, are likely to have a significantly higher impact in deterring corruption if there is a favorable international context favoring coordination, advocacy, and information sharing vis-à-vis legally binding mechanisms barring and sanctioning corruption abroad, such as the Foreign Corrupt Practices Act and the OECD Convention on Combating Bribery.

TABLE A3.2: International and Global-in-Scope Anti-Corruption Treaties and Laws

SPONSORING ORGANIZATION	TREATIES AND LAWS	OPENING OF TREATY	ENTRY INTO FORCE	DESCRIPTION	RATIFICATION STATUS
95th United States Congress	Foreign Corrupt Practices Act of 1977	N/A	Dec. 19, 1977	Amends the Securities Exchange Act of 1934 to make it unlawful for certain classes of persons to make payments to foreign officials	N/A
Organization of American States	Inter-American Convention Against Corruption	Mar. 29, 1996	Mar. 6, 1997	Promotes mechanisms to prevent and combat corruption and facilitates cooperation among parties	Ratified by 24 Countries
United Nations	United Nations Declaration Against Corruption and Bribery in International Commercial Transactions	N/A	Dec. 16, 1996	Condemns all corrupt practices, endorses work in international fora, and calls for actions by the U.N.	N/A
Organisation for Economic Co-operation and Development	Convention on Combating Bribery of Foreign Public Officials in International Business Transactions	Dec. 17, 1997	Feb. 15, 1999	Establishes legally binding standards to criminalize bribery of foreign public officials in international business transactions	Ratified by 44 Countries
Council of Europe	Criminal Law Convention on Corruption	Jan. 27, 1999	Jul. 1, 2002	Criminalizes a large number of corrupt practices among members and provides for complementary criminal law measures and for improved international co-operation in the prosecution of corruption offenses	Ratified by 48 Countries
Council of Europe	Agreement Establishing the Group of States against Corruption	N/A	May 1, 1999	Established GRECO, which aims to improve the capacity of its members to fight corruption by following up compliance with their undertakings	Currently has 49 Members
Council of Europe	Civil Law Convention on Corruption	Nov. 4, 1999	Nov. 1, 2003	Defines common international rules in the field of civil law and corruption and requires parties to provide for remedies for persons who have suffered damage as results of acts of corruption	Ratified by 35 Countries

SPONSORING ORGANIZATION	TREATIES AND LAWS	OPENING OF TREATY	ENTRY INTO FORCE	DESCRIPTION	RATIFICATION STATUS
United Nations	United Nations Convention against Transnational Organized Crime	Nov. 15, 2000	Sep. 29, 2003	Requires parties to criminalize certain conduct and to cooperate on extradition and mutual legal assistance in relation to these crimes	Ratified by 147 Countries
Council of Europe	Additional Protocol to the Criminal Law Convention on Corruption	May 15, 2003	Feb. 1, 2005	Extends the scope of the Convention to jurors and to arbitrators in commercial, civil, and other matters	Ratified by 45 Countries
African Union	African Union Convention on Preventing and Combating Corruption	Jul. 1, 2003	Aug. 5, 2006	Promotes mechanisms to prevent and combat corruption and facilitates cooperation among parties	Ratified by 40 Countries
United Nations	United Nations Convention against Corruption	Oct. 31, 2003	Dec. 14, 2005	Promotes measures to prevent and combat corruption and facilitates international cooperation in the fight against corruption	Ratified by 140 Countries
Parliament of the United Kingdom	Bribery Act 2010	N/A	Jul. 1, 2011	Makes provisions about offenses related to bribery; and for connected purposes	N/A

An Initial Framework for LTRC Site and Topic Selection Based on Macro and Micro Context

The framework below allows LTRC researchers considering TAP-Plus interventions to assess which contextual factors merit particular attention and, additionally, inform the identification of complementary approaches beyond TAP that enhance the TAP strategy.[68] The framework can also be used to decide on the site selection for pilot experiences.

When adapting TAP-Plus solutions, the initial small-scale studies in the LTRC research agenda will explicitly focus on what we have described as micro-level contextual factors. Partially, this focus is a practical decision. Compare, for example, the distant complexity of incentives within a massive central government to the relatively simple dynamic of a municipal office with four full-time employees whom most of their constituents know by name. As we commence LTRC's small-scale studies, the latter is more suitable to be problematized as an outcome of interest for this stage of research. In the later, larger-scale aspect of the research program (or even in the later stages of the small-scale studies), we will

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68 Given this framework's complex "response surface," we are unlikely to be able to fully investigate every element of this framework to a complete resolution (Pritchett 2018; Andrews et al. 2017).

reconsider our micro focus and other elements of this framework.[69]

Of course, macro-level context will matter greatly even in the small-scale pilot phase. In the above example, macro-level context might well affect the likelihood of changing the incentives of those four employees, because it affects individual incentive calculations. A national government largely perceived as corrupt may create an individual permission structure for local power-holders to engage in similar behavior (Lipman-Blumen 2004; Aguilera and Vadera 2008).

However, more fundamentally, a micro-level focus is appropriate to commence our work because "contextual variables, particularly at the micro level, are likely to be critical to understanding the series of events and interactions between local factors that led up to ... outcomes" (Wetterberg, Hertz, and Brinkerhoff 2015, 28). It is the micro-level factors that:
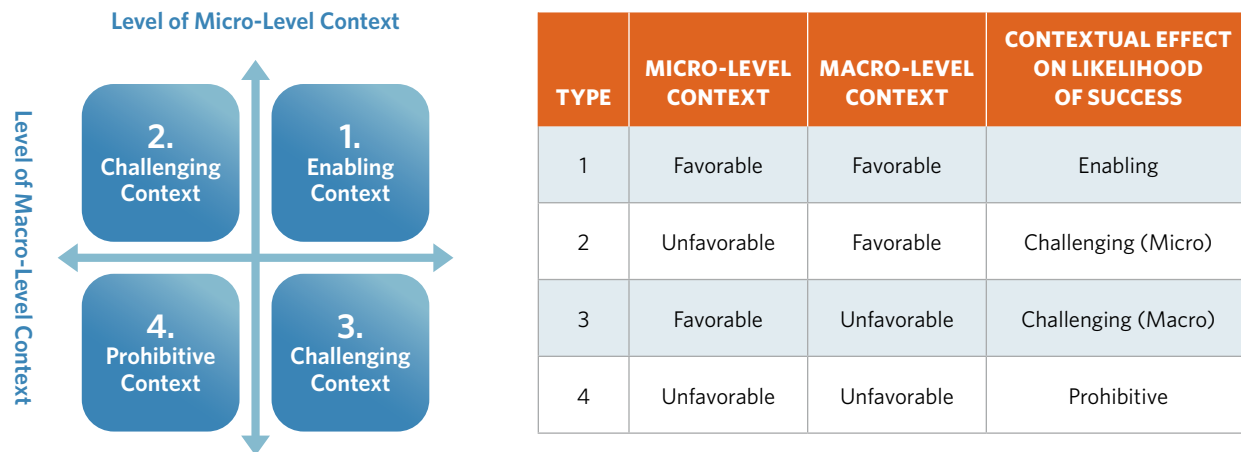
> underpin why some initiatives work, and may not be present in specific instances we are concerned with, and thus lead to intervention failure ... even if the overall climate in a country is favourable for S[ocial] A[ccountability] type action, at the local level it might not be. For example, while a country might have a free and fair media, at the local level, the newspapers might be controlled by particular groups opposed to greater accountability ... . Or particular groups / communities may not have access to newspapers, or radio, or TV, or might be illiterate (Joshi 2014, 27, 33–34).

Chart A3.1 illustrates how the consideration of macro- and micro-level context affects the way that LTRC decides on investing in a TAP-Plus small-scale study in a given place. We place micro-level context on the horizontal axis and macro-level context on the vertical axis, creating four quadrants of micro- and macro-level context combinations creating an assessment of whether the context explored is "favorable" or "unfavorable."

The table following the chart shows the same information in a more linear way. The framework can be applied to the discussion of any contextual factor being considered that is relevant to the challenge being explored in a given country.

One important consideration here is that context is not static. Parallel reforms in other fields, including those discussed in this paper and additional ones we identify in the next phases, for complementary strategies will be integrated with TAP. We keep in mind that the initiatives are all interlinked, but as a community of reformers we have historically treated them as separate silos. The proponents in one field often mistakenly dismiss other initiatives as non-actionable "context" or secondary considerations. Therefore, the LTRC assessment will carefully look at these and consider whether it is not restricting this framework to dismiss opportunities to strategically bundle TAP and other initiatives or complementary reforms that substantially enhance the effectiveness of the TAP strategy for sustained change.

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69 We note that contextual factors need not necessarily be regarded as given, particularly in the longer term, and due to broader factors and forces than program-level interventions. Of course, they generally are—or, at best, are seen—as changing slowly and responding to much larger nationwide dynamics. In this sense they are often regarded as "macro"-level factors, in contrast with governance, institutional, and regulatory factors within the natural resource space, which are more amenable to interventions. But that may not always be the case. For instance, the notion of political will is often emphasized as a given macro-level determinant of the success or failure of reforms. But political will can change as a result of particular TAP wins and related complementary developments. We have seen this in the wake of the major exposures of corruption in some Latin American countries, complemented by rule-of-law factors such as a strengthening of the judiciary and the increasing use of plea bargaining. Market incentives, including via international investors and risk rating agencies, can also significantly alter the political economy calculus. There may be multiplicative effects from the combination of selected interventions—a potential outsize impact of working across disciplines/fields, combining TAP and other interventions. See treatment of this issue in Kaufmann, Eisen, and Heller, forthcoming.

CHART A3.1: Context Assessment for LTRC Engagement

Level of Micro-Level Context

2. Challenging Context	1. Enabling Context
4. Prohibitive Context	3. Challenging Context

Level of Macro-Level Context

TYPE	MICRO-LEVEL CONTEXT	MACRO-LEVEL CONTEXT	CONTEXTUAL EFFECT ON LIKELIHOOD OF SUCCESS
1	Favorable	Favorable	Enabling
2	Unfavorable	Favorable	Challenging (Micro)
3	Favorable	Unfavorable	Challenging (Macro)
4	Unfavorable	Unfavorable	Prohibitive

Source: Authors.

Type 1: Enabling Context

A bundled, well-designed small scale TAP-Plus intervention with favorable macro- and micro-level contexts will be considered enabled for us in Phase Two. Note that "enabled" does not mean that the intervention will achieve success. Many project design and implementation decisions will ultimately affect the outcome. Rather, in a Type 1 example, context will not make the intervention any more difficult. What this means is that the context dimension being considered will not support or require adding plus elements to the TAP bundle, so we will not test it as part of LTRC.[70]

Type 2: Challenging Micro-Level Context

In these cases, there is an unfavorable micro-level context for the factor being considered, while the macro-level context is still favorable. This problem will affect the effectiveness of transparency, accountability, and participation approaches in reducing corruption. LTRC will promote, in these cases, co-design that is able to adapt the TAP bundle and may add a complementary intervention that focuses on this challenging contextual factor at the micro level. These are the cases on which we will focus.

Type 3: Challenging Macro-Level Context

In these cases, there is an unfavorable macro-level context, while the micro-level context looks favorable. Consideration of a TAP-Plus strategy under these circumstances will depend on the level of engagement and commitment of stakeholders involved. While experimentation is something we will explore, we will not prioritize work in these places, for the reasons described in this annex.[71]

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70   We acknowledge that this is a risk, since if this assumption is false none of the rest of our testing will produce positive results; however, based on the current state of literature in the field as summarized in Chapter Two, we feel comfortable with this foundation.

71   This annex describes a potential conceptualization of those different relationships. We include it here for two reasons. First, our review of the literature left us less confident in defending this conceptualization, because it is based on less substantial research. Second, it would only become relevant as a second-order question; the first research steps would be to prove the micro-level concepts, regardless of whether these macro- to micro-level relationships are correct.

Type 4: Prohibitive Context

In these cases, neither the micro- nor the macro-level contexts may be favorable enough to expect an intervention to effect the changes necessary to lower corruption or promote sustainable development goals. In those settings, lower priority would be given to trying and introducing a TAP-Plus strategy as part of LTRC, unless openings may exist ahead due to the recent trends at either level.

Still, with so much more to understand about the particular characteristics of potential intervention countries, we need a leap in mindset to explore the notion of a priori parity, or at least neutrality, between TAP on the one hand, and critical reforms in other fields—law, regulation, public finance, administration, competitiveness, and political institutions. As we learn from other phases of LTRC, we may be able to include what we initially thought to be highly challenging or prohibitive spaces in our interventions. We base this on the idea that other reforms overlooked by us can open a window of opportunity for us to intervene with a TAP-Plus strategy that benefits from the integration of diverse reforms for a long-term and sustained impact.

As noted above, the LTRC model for approaching natural resource governance in a given country depicts four quadrants with different combinations of favorable and unfavorable macro- and micro-level contexts, treating all contextual factors proposed for our analysis (see Chapter Three) as the same. This annex describes a possible conceptualization of the different relationships between macro- and micro-level contextual factors.

A **reliant** relationship is one where the micro-level contextual factor is necessarily dependent on the macro-level context, because the micro level either feeds from the macro level or is dependent on the macro level as a foundation. Note that the inverse is not necessarily true; unfavorable conditions of a particular reliant context can exist at the micro level even if there is a favorable macro-level context (Joshi 2014). The rule of law and civic space/media freedom contextual factors could conceivably fall into this category.

- *Rule of Law*: The rule of law relies on top-down government institutions and effective, fair judicial systems (O'Donnell 2004; Chêne 2009). Rule of law at the micro level is often only effective, and indeed relevant, if some action or injunction locally can be referred to or activate authority and enforcement from the larger state system of justice and accountability. See Selfa's (2004) case of a community land management project as an example.

- *Civic Space and Media Freedom*: Civic space is heavily reliant on macro-level laws ensuring, protecting, and reinforcing civic freedoms (Brechenmacher 2017; Dupuy 2017). For media to be an effective governance player at the micro level, for example, there must be adequate laws on the books that are enforced and followed at the macro level. Freedoms of speech, expression, and assembly are often first attacked by powerful, elite central forces at the macro level (e.g., Kaye 2016).

Again, for these two reliant contextual factors, unfavorable macro-level context does not imply unfavorable micro-level context, but favorable micro-level context relies on favorable macro-level context. As a concrete example, an outlying community *may* be vulnerable to rights violations by a large local company in a micro-level context where the national ombudsman has little insight, or where there is one radio station owned by a corrupt individual, regardless of how well the central justice system functions or how many media channels exist in more developed and populated zones. But if the national justice system itself is captured or ineffective, or if media is censored by law, peripheral communities will *certainly* be vulnerable to exploitation.

An **independent** contextual factor is the opposite; the existence of favorable micro-level context is not reliant on the situation at the macro level. The micro-level context could function relatively well even without a high level of the macro-level context. Furthermore, it is the micro level of these contextual factors that is primarily relevant to citizens because the more or only direct, relevant impacts on their

lives are from how that context manifests in their local communities. Government effectiveness and social trust, political trust, and conflict could fall in this category.

- *Government Effectiveness*: A local government could be effective at implementing local policies and programs even if the national government is not. Of the most relevant components of effectiveness, it is the local level that is most important and, often, problematic (Campos and Hellman 2005; Ponce and McClintock 2014).

- *Social Trust, Political Trust, and Conflict*: By our definition, social trust and the grievances that threaten it are most relevant at the micro level because it is this level at which people share or lose trust. Rothstein (2013) even holds that the actions of public officials whom citizens encounter, who are overwhelmingly likely to be local officials, are the primary driver of social trust.

For independent contextual factors, our framework does not suggest that the macro level does not matter. To say that a well-functioning national agency charged with protecting the environment is irrelevant, or that ongoing armed conflict outside of the location of interest will not affect social trust, would be farcical. Rather, we hold that micro-level context matters *more*. According to Campos and Hellman (2005), "Local officials—even more than their national counterparts—are subject to the risks of capture and clientelism. Countervailing institutions at the local level generally lack the independence and capacity to check these risks" (250). In a review of progress on environmental protection policies, the OECD found that "the implementation gap [is] particularly evident at the sub-national level" (OECD 2007, 12). Although that review is more than a decade old, more recent studies reveal the situation has not greatly advanced (Cust and Viale 2016). In Peru, the level of local bureaucratic capacity is a key determinant of whether mining production and local revenue from royalty payments leads to increases in social conflict (Ponce and McClintock 2014). Whether that violent protest is in response to mining runoff, regional ethnic partisanship (Murshed and Tadjoeddin 2009; Caselli and Coleman 2013), or local resistance to being "pillaged as 'national sacrifice zones'" (Le Billon 2012, 6), it is the immediate, micro-level impact that matters most to individuals and that will most directly affect an intervention's likelihood of success.

ANNEX 4:
Key Context Studies

TABLE A4.1: Key Context Studies

YEAR	AUTHOR(S)	METHODOLOGY	GENERAL TOPIC OF INQUIRY	THESIS STATEMENT
2004	Malena, Forster, and Singh	Literature Review	Social Accountability	"The parameters for social accountability are largely determined by the existing political context and culture … . The existence of these underlying factors, and the potential risks that their absence may pose, must be taken into account when planning social accountability initiatives … . An unfavorable context does not mean that social accountability activities should not be pursued. In such circumstances, however, an analysis of the key factors influencing the environment for social accountability (and the risks they entail) must be undertaken and appropriate strategies for addressing potential barriers developed" (12)
2005	Basedau	Literature Review; Theory-Building	Resource Curse	"Exceptions and variations [to the resource curse] require theoretical explanation which are most likely found in the country-specific context, i.e. adverse effects of resource abundance are most likely only, or particularly, under certain contextual conditions" (22)
2009	Chêne	Literature Review	Law Enforcement	"The success of such interventions is also influenced by how well integrated new anti-corruption norms and laws are in local societies. Many anti-corruption institutions are based on new institutions, often established by donors, which lack legitimacy and ownership or are ill fitted to the local context" (5)

YEAR	AUTHOR(S)	METHODOLOGY	GENERAL TOPIC OF INQUIRY	THESIS STATEMENT
2009	Kapoor and Ravi	Observational Data	Corruption	"Our results suggest that policy makers who are strengthening government institutions by improving the quality of education, pursuing reformist policies which encourages foreign investment and introduce measures which lead to better management of public offices, could have a direct impact on corruption" (3)
2010	Gaventa and Barrett	Meta-analysis	Citizen Engagement	"This study has argued that outcomes matter, but they can be understood through a variety of approaches … systematic reviews of qualitative data over multiple cases and contexts can be as important and insightful as quantitative and controlled evidence-building in a small number of settings" (60)
2010	Gaventa and McGee	Multiple Case Studies	Citizen Engagement	"States are not built through institutions alone. Organized citizens also play a critical role, through articulating their concerns, mobilizing pressure for change and monitoring government performance" (1)
2011	Pellegrini	Observational Data	Corruption	"We do not find support for the belief that certain national historical characteristics are a cause of corruption" (47)
2012	Barma et al.	Qualitative Analysis: Multiple Case Studies	Resource Curse	"This book provides a much-needed framework for approaching natural resource management more systematically, focusing attention on the governance and political economy dimensions of the quest to transform natural resource rents into sustainable development riches" (x)
2013	O'Meally	Literature Review	Social Accountability	"Context shapes the form and effectiveness of S[ocial] Acc[ountability], but often in unpredictable and complex ways" (xiv)
2013	Mansuri and Rao	Meta-analysis	Participatory Development	"The evidence suggests that community-based and -driven development projects are best undertaken in a context-specific manner, with a long time horizon and with careful and well-designed monitoring and evaluation systems" (abstract)

YEAR	AUTHOR(S)	METHODOLOGY	GENERAL TOPIC OF INQUIRY	THESIS STATEMENT
2014	Joshi	Theory-Building	Social Accountability	"A two-pronged approach to the study of context seems to be emerging. On the macro side ... is an approach that examines the existing literature to identify patterns of enabling and constraining contextual factors in broad domains (O'Meally 2013). On the other hand is an approach that attempts to unpack particular causal chains and the microcontextual conditions that seem to make them work" (33)
2015	Astuti and MacGregor	Case Study	Participatory Development	"We have identified a fertile politics underpinning the production of apparently non-political technical processes. Forest stakeholders are not responding to green economy initiatives in straightforward ways; instead they are exercising agency, strategically engaging in different initiatives to advance their interests. As such initiatives like REDD+ should be seen as sites of contestation, where global priorities encounter diverse political ecologies that shape how programmes unfold. This is shaking up forest governance, rearranging the roles and subjectivities of different actors" (2288)
2015	Rocha Menocal et al.	Meta-analysis	Corruption	"Anti-corruption measures are most effective when other contextual factors support them and when they are integrated into a broader package of institutional reforms" (7)
2016	Baez Camargo and Stahl	Theory-Building	Social Accountability	"The understanding of the local context (including attributes such as institutional trust, social capital, community values and norms) is the starting point to the development of effective social accountability strategies" (4)
2017	Siregar et al.	Case Study	Participatory Development	"The underlying assumption for the contextualisation of social accountability initiatives is that the relationship between citizens and service providers is largely determined by a society's social capital on the one hand, and service providers' incentives, on the other hand ... . The objective of any social accountability initiative is to contribute towards a more cooperative relationship between service providers and citizens where service providers have an incentive to deliver good services and be accountable towards citizens" (11–12)

YEAR	AUTHOR(S)	METHODOLOGY	GENERAL TOPIC OF INQUIRY	THESIS STATEMENT
2018	Wetterberg, Hertz, and Brinkerhoff	Case Study	Social Accountability	"Use contextual data as a guide, and be prepared to make 'small bets' on testing and adapting social accountability (SA) interventions. The apparent importance of micro-contexts leads us to re-examine the value of investing in collecting detailed macro-contextual information as input to programmatic decisions for SA interventions. Such investigations may not contribute much a priori understanding of the viability of SA. We suggest large investments in gathering additional information should be avoided up-front" (O580)
2018	Dewachter et al.	Statistical Analysis, Observational Data/Intra-Country Cross Sectional	Citizen Engagement	"Future accountability interventions should thus not fall into the trap of isolating interventions or actors, but rather study and then tap into the accountability ecosystem in place, in order to support and strengthen them. This is thus a call to bring complexity and context back in" (168)
2018	Levy et al.	Mixed-Methods: Case Study, Statistical Analysis (Observational Data)	Governance; Education Systems	"One task for 'good fit' analysis is to delineate a practical framework for distinguishing among different contexts … . A multi-level framework … provides a platform for giving practical content to the idea of 'good fit'" (14,15).

ANNEX 5:

Measures, Indices, and Other Methodological Considerations

As evidenced by the frequency of caveats through-out this paper, there are significant operational challenges we will have to consider when setting up our small-scale studies. Two such challenges are how to measure and identify favorable and unfavorable levels of context (and, of course, corruption) and how to deal with mutual causality. This annex describes those challenges, offers an example of how to mitigate them, and then highlights our case selection criteria.[72] We close this annex with a discussion of a sample of potential measures and indices that, among others, we may use.

Measurement and Specification Issues

Just like corruption, our contextual factors certainly meet the Overseas Development Institute's standard of "hard to measure" since they are "abstract, multi-dimensional concepts" and, by definition, manifest in "challenging settings" (Buffardi, Paseanen, and Hearn 2019, 31). Beyond the standard complexity of trying to measure concepts that "are not cardinal numbers and are not inherently orderable" (Pritchett 2018), we have the added complexity of micro and macro scales, as well as a very high degree of endogeneity and mutual causality.

Though by no means clear-cut, identifying contextual factors at the macro scale is perhaps the easiest of

these challenges. A variety of national indices, not without their often-valid criticisms, exist, as overviewed at the end of this annex. At the subnational level, however, such indices are far less common if not nonexistent in a vast majority of cases. Furthermore, as the resource curse literature in Chapter One explains, none of the contextual symptoms of the curse are unidirectional; multi-collinearity and mutual causality abound, both between natural resource wealth and symptoms like conflict and corruption, as well as between those very symptoms.

These challenges are certainly not unique to LTRC (e.g., Mejía Acosta 2013), and as mentioned before, decisions on particular TAP-intervention designs, indicators, and data collection strategies will necessarily depend on the final opportunities we identify during scoping. Still, we find two branches of the governance research and methodological literature encouraging and instructional: contribution and process tracing and the subnational comparative method. We provide a short overview of these approaches, using the example of social trust.

Subnational Comparative Method

Because our macro/micro-level framework theoretically recognizes the "inherent uneven-ness *within* states and societies," we can use the subnational

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72 Note that because we will only be able to test a subset of the universe of possible intersections of TAP design, geographic selection, and contextual factors, this section is still very much in the high-level "recognition" style of the rest of the paper. More granular design decisions will need to be postponed until actual opportunities have been identified, subject to the parameters of our criteria.

comparative method to practically leverage how a "change initiative is likely to unfold in diverse ways across districts, provinces, and sectors" to study the "patterns of variation that otherwise would be hidden by homogenizing national averages" (Fox 2015, 235). Snyder (2001), one of the leading proponents of this approach, explains:

> A focus on subnational units can make it easier to construct controlled comparisons that increase the probability of obtaining valid causal inferences ... . Two strategies of subnational analysis can be distinguished: (1) *within-nation* comparisons that focus on subnational cases within a single country; and (2) *between-nation* comparisons that focus on subnational cases across countries. Moreover, these two strategies can be fruitfully combined in a single study ... . Subnational units within a single country can often be more easily matched on cultural, historical, ecological, and socioeconomic dimensions than can national units ... [and] comparing similar subnational units across distinct national units may be a more powerful strategy for making valid causal inferences than comparing national units (94–96).

In other words, it is possible, but not automatic or easy, to combine within-nation and between-nation subnational comparisons to control for the different levels of context necessary to test different TAP-Plus approaches.

As previously mentioned, macro-level context and corruption data will not be overly difficult to acquire. To avoid the numerous critiques leveled at various indices in this space (e.g., Andersson and Heywood 2009), we will try to identify extreme or deviant cases rather than marginal, unclear situations (Seawright 2016), and we will supplement any index with on-the-ground, participatory verification with country change-agents.

At the micro level, however, we will largely have to identify the high and low levels of context and corruption as a key first step of intervening. While some barometers include some usable subnational questions—such as Afrobarometer's on participation in community groups and extensive questioning about bribery and impunity—at best these data are at the regional (state) level. Further specification will be necessary along key questions such as those for social trust suggested by Baez Camargo and Stahl's contextualization handbook (2016). Additionally, we will likely need to proxy for corruption in our research design to complement perceptions data per the guidance of Kaufmann, Kraay, and Mastruzzi (2007).

- The NRGI case studies in Boampong (2012) and Prijosusilo (2012), for example, used institutionalization of elements of transparency and civic monitoring as their proxy for reduced corruption.

- One of the leading anti-corruption impact evaluators, Olken, has proxied corruption as missing rice (2006) and discrepancies in reported construction costs and independent cost estimates (2007).

- Pre-analysis plans in the natural resource iteration of the innovative Metaketa research initiative included a variety of proxies, from comparing satellite data of actual deforestation against community-agreed logging levels (Christensen et al. 2019), to tracing the investigation and sanction of community complaints made to the national environmental prosecutor (Kopas et al. 2018).

While the most appropriate proxy or proxies will of course depend on the specific project, we are confident that such proxies are feasible for any small-scale studies we might consider.

For our practical purposes, we would follow the recommendation from Wetterberg, Hertz, and Brinkerhoff (2015) to

> Use contextual data as a guide, but be prepared for unexpected outcomes ... . We,

therefore, recommend that practitioners use available contextual data to guide decisions about where to introduce [TAP] interventions, but avoid large investments in time and resources to gather additional information on context. Data-gathering efforts should be focused on micro-contexts (Joshi 2014) as opposed to completing depictions of macro-contexts (O'Meally 2013), which have less direct effects on [the intervention] (Wetterberg, Hertz, and Brinkerhoff 2015, 28–29).

We therefore expect to employ a similar methodology to that employed in Phase Two of the Transparency for Development mixed methods evaluation (Kosack et al. 2017). That is, we could:

1. Use regional-level data, where available and useful, to delimit regions of relevance from which to sample. Note that extreme or deviant cases will be easier to identify and can be just as useful, if not more so, at examining causal pathways (Seawright 2016).

2. Randomly select communities within those specified regions of relevance and verify the resulting samples with key informant interviews and stakeholder focus groups to ensure representation of, and measure, the micro-level contextual factors and corruption.

3. Closely collaborate with a national CSO with extensive local linkages to validate, inform, and support each step.

As Mejía Acosta (2013) notes, "organising systematic questionnaires for key stakeholders or beneficiary populations is expensive, time-consuming and technically demanding" but is still "perhaps the most effective way to generate detailed and valid data on causal processes [and] document impacts

and areas for improvement" (S102). Methods of prioritizing evidence before collection, such as contribution tracing, can make this data collection more feasible (Befani and Stedman-Bryce 2017). More specifically, by "assessing the quality, strength, power, or probative value that select pieces of evidence hold in support of (or against)" a causal argument when planning for data collection, rather than collecting as much data as possible for post hoc prioritization, we can increase "the likelihood that the evaluator asks the 'right' questions of the 'right' people and looks in the 'right' places with the most appropriate tools" (Befani and Stedman-Bryce 2017, 45, 57).

On the mutual causality and interaction effects of the contextual factors, we actually expect this to be less of an issue in practice than might be expected, at least in the small-scale study phase of research.[73] First, when designing the LTRC pilots we are not building a randomized controlled trial or analyzing large statistical datasets, but rather applying nimbler qualitative approaches, so multi-collinearity in contextual components of our theory of change is acceptable. In fact, part of the analysis will be to understand the interrelation of contextual factors. Second, the close interrelationships of the contextual factors mean that many of the subnational cases we may select are likely to share similar combinations of contextual factors. A case where only one contextual factor was a challenge, such as a micro instance of very high social trust but very low civic space, would be theoretically and logically rare, not to mention less externally valid. Finally, we recognize that even the intentional, nimble, adaptive approaches we will employ may not be sufficient for us to shield against all the specific challenges during the pilot phase. Even so, evidence strongly suggests such approaches can help with successful implementation (e.g., Andrews et al. 2017) and even more strongly help identify implementation breakdowns (Aston 2018).

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73 We recognize it will be a challenge in the following phase of longer-form evaluation.

In sum, like the Transparency for Development (T4D) program and especially in this first phase,[74] we anticipate being limited to drawing evidence-informed, but not comprehensively definitive,

> conclusions about the plausibility and implausibility of various contextual and design differences in determining any differences we observe in the relationship of process and outcomes. To reiterate, the emphasis here is on plausibility. There is always a chance that even a contextual factor that is not correlated with any difference in the relationship of process and outcomes is still influencing that relationship indirectly, just as there is always a chance that a design difference that appears important is only spuriously related to the relationship between process and outcome. Such spurious correlations and interactive or mediating factors can be examined if the sample of examples is large enough. Given our small sample size, the goal of the evaluation is to make as much progress as possible on the research questions, as well as to set the stage for more targeted exploration of the most promising design factors and contextual differences our small sample reveals (Kosack et al. 2017, 34).

Case Criteria and Characteristics

In addition to these methodological considerations, we will evaluate each study opportunity through a set of criteria. We recognize that there may be trade-offs for each potential small-scale study. Therefore, the criteria below will not be used as a rubric, but rather as a set of questions to aid in study selection and design.

- **Ethics: Are we sufficiently confident that our intervention will improve the status quo and that no participants will be placed in harm's way?** As

the discussion of the contextual factors of interest made clear, we are interested in testing out TAP-Plus approaches in challenging contexts but do not directly aim to improve those contexts as a primary outcome. As a result, there will inevitably be some situations that are too fragile for us to ethically intervene, either because TAP would possibly endanger participants, or because an entirely different intervention than LTRC is needed.

- **Collaboration: Is there a capable partner organization or government partner with whom LTRC can co-design and/or co-implement the study?** LTRC will collaborate with global, multilateral, national, and especially local partners to both help with feasibility and ensure the study responds to local challengers and stakeholders.

- **Importance: Is this research question important to the most pressing natural resource governance problems facing citizens, policymakers, implementers, and advocates?** LTRC is a valuable platform to test new hypotheses and interventions. Before deciding which small-scale studies to implement, LTRC will try to assess the relative importance of interventions through interviews with key relevant stakeholders at all levels. We seek to avoid an extractive research process that privileges our parochial interests over those of local stakeholders.

In addition, there are key intrinsic characteristics to consider when designing potential small-scale studies. In designing them, we will seek to diversify the studies to include a variety of these characteristics in an effort to understand the replicability and applicability of the results to various conditions, thereby allowing LTRC to test a degree of external validity. Characteristics that will be considered and diversified include the following:

A. **Context:** As described in the LTRC research framework, small-scale studies will focus on micro-level contexts along government

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74 Also like the T4D program, we remind readers that the small-scale studies are the initial phase of research. These results will inform the next phase: scaled-up impact evaluations of promising approaches.

effectiveness; rule of law; media freedom and civic space; and social trust, political trust, and conflict. In all small-scale studies, LTRC will focus on contexts of high macro-level context, for the reasons detailed in Annex 3.

B. **Geography:** For the small-scale studies, geography refers to both global regions and countries as well as diverse areas within a given country. LTRC will seek to implement the small-scale studies in a variety of geographies as relevant. In identifying geographies, LTRC will research and include any relevant information about the country, region, and municipality, such as jurisdictional rankings from key indices.

C. **Scale:** For LTRC, the scale of the studies will depend on the type of study being conducted. For example, a participatory budgeting study would necessarily occur at the municipal level for reasons of feasibility, while a study on beneficial ownership would need to occur at a state or national level with authority over such matters. Here again, LTRC will seek to diversify the scale of the studies along the local, regional, or national scale, as relevant and feasible for the type of study and the specific questions being investigated about the macro/micro scale.

D. **Value Chain Link:** LTRC will identify the specific link along the natural resource value chain that the study will target. Here again, LTRC will try to diversify value chain focus most likely through diverse intervention types to generate information on the "interventionability" along the value chain.[75]

E. **Resource:** LTRC will focus specifically on non-renewable natural resources, namely mining, oil, and gas. Due to the different corruption issues that plague renewable and non-renewable resources, we recognized a need to limit the scope of work to create greater comparability between the various studies. With the similarly timed third Metaketa initiative specifically targeting renewable natural resource corruption, we see non-renewables as our greatest value add.[76]

F. **Private Sector:** LTRC will attempt to diversify study design to include interventions that have various degrees of interaction with the private sector. In some cases, the private sector may be joint partners, while in others private sector actions may be measures as an outcome of the intervention. This will naturally depend on the context and nature of the local corruption issue; private sector participation is not a necessary criterion.

G. **Technology:** Similarly, we will attempt to diversify our study design to include interventions that use varying degrees of technology. We would like to expand the body of work on the potential role and effectiveness of technology on natural resource interventions, but we also recognize the challenges in prioritizing technology above "fit."[77]

Existing Measures and Indices

Finally, this appendix will review the relevant measures and indices for contextual factors of interest. The contextual factors discussed throughout this paper are critical to understanding the theory of change by which TAP reforms can influence social development outcomes and levels of corruption. This appendix will offer a general discussion of descriptions and the use of multiple measures and indices for each contextual factor of interest. It will review why the multiple-measure approach is effective for their primary use in this paper: case selection for

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75 Corruption risks by step in the value chain are detailed in the paper.

76 See http://egap.org/metaketa/metaketa-iii-natural-resource-governance for more information.

77 See the Making All Voices Count program, which generated many excellent works elaborating on this challenge.

future small-scale studies/interventions. Finally, it will review each measure for each of the contextual factors, describing some of the benefits and drawbacks of each.

For the purpose of this paper, we focus on five contextual factors of interest that will influence the effects of TAP reforms. They are (1) social trust, political trust, and conflict; (2) rule of law, (3) civic space and media freedom; (4) government effectiveness and capacity; and (5) capture. Full definitions of each of these variables and associated concepts can be found in Chapter Three.

Matching measures to concepts

Given the wide array of contextual factors under consideration, our ability to match them to specific existing measures is highly variable. For some contextual factors, there is a precise measure of the underlying, relevant concept reflected in a given variable. In other cases, we can rely on proxies that attempt to get at those critical underlying concepts but are not exact measures. In other situations, indices may include measures of key concepts that reflect the contextual factor of interest and so can break the index apart to capture the relevant metrics. Where that approach is not possible—namely where data are incomplete or unavailable—we will work to match categorical measures to our concepts of interest and data, while remaining sensitive to the dangers of conceptual stretching.

For example, the Democracy Index offers a broad assessment of a contextual factor of interest—regime type—but can also be used to measure disaggregated or topical concepts within a democratic (or non-democratic) system. Compiled by the Economist Intelligence Unit (EIU), the Democracy Index categorizes governments into four groups: "Full Democracies," "Flawed Democracies," "Hybrid Regimes," and "Authoritarian Regimes." To create those groupings based on the quality of democracy, the Democracy Index scores

countries in each of five categories: "Electoral Process and Pluralism," "Functioning of Government," "Political Participation," "Political Culture," and "Civil Liberties." EIU explains that across those five categories, it scores each country on a set of 60 indicators that are combined within and across categories to create an overall score and rank.[78]

The index provides an overarching typology for rough categorization, but if a project sought to evaluate minority participation rights, there is a corresponding sub-score for every country. Similarly, there is a separate sub-score on women's participation rights in each country, among other potentially useful sub-scores. We envision using these measures in a variety of ways to support project design, implementation, and evaluation. Primarily, they will be used to select places to conduct the next stage of this project, small-scale studies/interventions, and to design the interventions in ways that will reflect and accommodate the realities on the ground in the sites that we select. In future stages of the research, we will likely employ these measures to evaluate the success of our interventions and to evaluate findings in the context of broader theories in the discipline. At this stage of the project—the selection of sites for small-scale studies and the design of interventions—the more data, the better. Gathering as much relevant information and metrics about the underlying concepts behind the key contextual factor of interest as possible is essential to good, thoughtful design. Unlike an empirical analysis that requires a single, clean, and clear measure of a specific variable, this portion of the project requires comprehensive knowledge. As a result, we will often use multiple metrics for each contextual factor, even in cases where measures may deviate from each other or suggest different findings.

For the analysis stage, variable selection will be more tailored and reflective of the methodologies and analysis chosen. Exactly which measures to include is an ongoing discussion and will form part of the design work as well. To frame these discussions,

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78 A full description of the methodology used to calculate the Democracy Index can be found in Kekic (2007).

we now turn to a discussion of some of the benefits and drawbacks of certain measures for each contextual factor.

Measures of Conflict and Social Trust

Fragile States Index

There are three measures we may use to assess conflict within a country. They are presented in no specific order. First is the Fragile States Index (FSI) from the Fund for Peace. The Fragile States Index offers a dynamic, complex measure of "the normal pressures that all states experience [and identifies] when those pressures are outweighing a state's capacity to manage those pressures."[79] The FSI offers both an overall score that measures the fragility of a state and a subsequent ranking of 178 countries. In addition, because the FSI has been calculated over the course of several years, it also presents an opportunity to measure annual changes to demonstrate possible trends within countries. The overall score is a useful tool for assessing fragility, based largely on internal conflicts within a country. However, the overall score also factors in a series of individual measures (labeled "indicators" under FSI) that may demonstrate fragility, but not necessarily conflict, in and of themselves.[80] In some situations, it may be wise to use individual indicators or groups of indicators to address more clearly the concept of conflict.

The use of the FSI must be carefully considered. The FSI is intended not only to identify conflict but can be used to consider possible, future conflict. In that way, and for the purposes of this project, if we are seeking to evaluate current, active conflict, the overall FSI score may not be the most useful measure. It is

under that circumstance that the use of component indicators will be more accurate, or another measure may be more apt.

State Fragility Index

A similar score to measure conflict is the State Fragility Index from the Center for Systemic Peace. Like the FSI, the State Fragility Index is a composite measure of a country's fragility, based on a series of individual indicator values.[81] The Index allows for an individual assessment of a country's fragility as well as a ranking of countries throughout the world. This measure also offers a sub-focus on conflict. The conceptualization of conflict can be multifaceted. It can include armed internal conflict, international conflict with another country in which fighting happens within one's own country, and international conflict in which fighting happens entirely abroad. The Armed Conflict Indicator built into the State Fragility Index includes each. That indicator, for example, would equate the United States and Afghanistan being labeled "at war," despite the effect of conflict in each country being vastly different. This is not to undermine that determination, as there are aspects of conflict—cost, loss of life, political attention, etc.—that can affect both countries. However, for the purposes of this project, such a designation may be less useful, and in this case, the overall index score, the ranking, or other sub-scores/indicators may be more relevant.

Worldwide Governance Index

Finally, The Worldwide Governance Index by the World Bank is a measure that we will use throughout this project for multiple contextual factors. The repeated use of this Index (like the repeated use of other measures/indices which we will discuss

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79 A full description of the methodology can be found in The Fund for Peace (2017).

80 The FSI uses an index of 12 indicators to calculate the overall score. They are: (1) security apparatus, (2) factionalized elites, (3) group grievance, (4) economic decline, (5) uneven economic development, (6) human flight and brain drain, (7) state legitimacy, (8) public services, (9) human rights and rule of law, (10) demographic pressures, (11) refugees and internally displaced persons (IDPs), and (12) external intervention.

81 The State Fragility Index is based on sub-composites—an Effectiveness Score and a Legitimacy Score—composed of separate measures each for effectiveness and legitimacy for each of four categories: security, political, economic, and social. In addition, the Index is based on an Armed Conflict Indicator, Regime Type, Net Oil Production or Consumption, and Regional Effects. A full description of the methodology can be found in Marshall and Cole (2014).

below) occurs because of the comprehensiveness of the measure. In assessing "governance," any quality measure or index would need to factor in numerous concepts and variables in order to achieve the intended task. For the purpose of the Index, the World Bank seeks to measure "governance," defined as "the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them."[82]

While the World Bank's Governance Index is one of the most widely used metrics and datasets, for the purposes of this project, the aggregate Index score is not useful. Component parts of this Index, however, are highly important for assessing the contextual factors in this project. One category within the Governance Index measures "Political Stability and Absence of Violence/Terrorism." This category is calculated based on more than a dozen variables collected from a variety of sources that focus on inter- and intra-state war, intensity of conflicts, presence of terrorism, and rioting, among others.[83] This portion of the index and the underlying data offer significant insight into the presence, nature, and degree of conflict, which will be useful for this contextual factor.

Transformation Index

LTRC's primary measure of social trust derives from one component of the Bertelsman Stiftung's Transformation Index (BTI). The BTI includes two separate measures: the Status Index and the Management Index.[84] The Status Index assesses the state of a nation's democracy and market economy. The Management Index, which is less relevant for

our purposes here, assesses the management performance of national leadership. Both indices are calculated by selecting multiple experts per country—typically two—and surveying them on a host of criteria.

The Status Index's democracy assessment includes five sub-criteria. One, which measures political and social integration, is of particular interest because it disaggregates an assessment of social trust. The Political and Social Integration sub-criterion is based upon four sub-criteria of its own: party system; interest groups; approval of democracy; and, most importantly here, social capital. This social capital measure "aims to assess the level of trust between citizens, which fosters cooperation and mutual support for purposes of self-help, rather than primarily to further political objectives. Social capital may also be based on cultural patterns of interaction characterizing traditional societies" (BTI 2018a, 24). Nations are ranked on a scale from 1 to 10, where 1 indicates "a very low level of trust among the population" and rudimentary civic self-organization; 10 indicates "a very high level of trust among the population and a large number of autonomous, self-organized groups, associations and organizations" (24). LTRC's other utilizations of the BTI data are discussed further below.

Measures of Rule of Law

Worldwide Governance Index

Again, the Worldwide Governance Index is a critical tool for assessing rule of law. One subcategory of the Governance Index is simply labeled "Rule of Law." The measure is calculated using dozens of different variables that seek to measure the underlying concept and do so quite effectively. They include variables like property rights, personal experiences as victims of violence, confidence in the judicial system,

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82 A full description of the methodology can be found in World Bank Group (n.d.).

83 The complete list of variables used for this category can be found in World Bank (n.d.b) "Political Stability."

84 The Transformation Index data can be found in BTI (2018b).

speediness of trials, equal treatment, fairness of the judicial process, and measures of enforcement of the law, among others.[85] Both the category as a whole and many of the individual variables used to calculate the categorical measure will be helpful in fully assessing our contextual factor of interest.

However, the broader categorical measure may well be factoring in too many concepts that go beyond the purpose of this paper. Moreover, we may ultimately be more interested in how specific violations of justice or the rule of law or specific instances of impunity may manifest in a given country at a given time. The power of the comprehensiveness of this category (and the broader measure) is that it offers us the ability to drill down into very specific details of the contextual factor we seek to assess.

Human Freedom Index

In addition, the Cato Institute produces the Human Freedom Index (HFI), a comprehensive measure of freedom throughout the world. The aggregate measure—the Human Freedom score—combines "Personal Freedom" and "Economic Freedom," each of which is based on a significant number of subcategories and variables within each.[86] Like the Worldwide Governance Index, the comprehensive nature of the HFI lends itself to multiple uses for measuring the contextual factors of interest in this project. Also like the Worldwide Governance Index, the aggregate measure from this index is less useful for measuring individual contextual factors in this project, as the HFI includes such a broad array of sub-measures. Even the two component parts that make up the Human Freedom Score—Personal Freedom and Economic Freedom—are too broad for the purposes of this project.

Despite the breadth of the HFI, individual categories and variables are extremely informative to several parts of this project. For the purposes of Impunity, Justice, and the Rule of Law, the HFI offers five key categories that will provide relevant and useful data.

One of these categories under the Personal Freedom subindex is the Rule of Law, which is composed of three parts: procedural justice, civil justice, and criminal justice. In addition, Personal Freedom includes Women's Security and Safety, a category with a key set of variables that focus on women's equal treatment, access to justice, and possible impunity experience by their government on account of gender. Next, under Personal Freedom is a third category labeled Identity and Relationships which considers gender, marriage and parental rights, and freedoms to divorce. Finally, under Personal Freedom is a fourth category labeled Religion that focuses on equal treatment and protection as well as the types of impunity religious groups face from their government. A fifth category, under Economic Freedom and relevant to Rule of Law, is Legal System and Property Rights. This category includes measures of judicial independence, interference in the legal system, and the enforceability of contracts, among others. Combined, these data from the HFI provide significant insight for the purposes of this contextual factor.

Freedom in the World Score

Every two years, Freedom House issues its *Freedom in the World* report that assesses levels of freedom in countries across the world, assigns a score to each country, ranks each country, and attaches a label based on how democratic or free that country is. Freedom House explains that their measure "assesses the real-world rights and freedoms enjoyed by individuals, rather than governments or government performance per se. Political rights and civil liberties can be affected by both state and non-state actors, including insurgents and other armed groups."[87] The Freedom in the World score is an index composed of two broad ratings: one based on political rights and one based on civil liberties. For each, there are a series of indicators/variables on which a country is rated based on answers to dozens of specific, targeted questions, and those ratings are combined to produce an overall score.

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85 The complete list of variables used for this category can be found in World Bank (n.d.c) "Rule of Law."

86 The complete list of variables used in this Index can be found in Vásquez and Porčnik (2017).

87 A full description of the methodology can be found in Freedom House (2016a).

The broader score is too comprehensive to be useful for measuring individual, key, contextual factors of interest in this project, as are the two broader ratings. However, some of the individual indicators/variables that Freedom House employs are useful for multiple contextual factors used in this project.

For Rule of Law, there are multiple categories and questions that assess the level of justice and the stability of the rule of law in a country. They include protections for minority groups, the presence of oppression of specific groups, judicial independence, the presence of the rule of law in civil and criminal proceedings, due process rights, and equal treatment under the law, among others. The ratings for specific questions that fall into these categories will highlight the types of activities, freedoms, or violations of freedoms that are useful in assessing this contextual factor.

Measuring Civic Space and Media Freedom

Human Freedom Index

The Cato Institute's Human Freedom Index also provides important insight into both civic space and media freedom. This is unsurprising given the explicit focus on freedom that guides the broader index. Just like the HFI's applicability to our understanding of Rule of Law, its use here rests not with the broader Human Freedom score. Instead, component parts of this index are most useful. Two categories of data are most relevant for purposes of our project. First, reflecting civic space, the Personal Freedom component of the HFI includes a category measuring Association, Assembly and Civil Society. This includes measures of rights to associate and assemble peaceably, as well as the ability to organize political parties and other civil and cultural organizations. Second, reflecting media freedom, the Personal Freedom component of the HFI includes a category measuring Expression and Information. This category focuses largely on press rights, including

variables measuring press killed or jailed, laws or norms that influence or control media and its content, and other measures.

These data offer information on individuals' access to each other and to information within the country in which they live. They also highlight the efforts and successes that governments have in suppressing people and information within society.

Freedom in the World Score

One of the two main categories of ratings used in Freedom House's Freedom in the World score involves civil liberties. Several of the questions used to rate a country's civil liberties closely reflect important concepts underlying one of our contextual factors, Civic Space and Media Freedom. Freedom House queries a host of issues related to media freedom including a free and independent media, citizens' access to media, levels of censorship, and the safety of journalists. Beyond media freedom, Freedom House considers a broad definition of civic space, examining such items as freedom to form parties, freedom of cultural expression, religious freedom, academic freedom, free speech rights, freedom to assemble and demonstrate, and freedom to form organizations and unions.

Measures of each of these are critical to understanding the openness of a society and the possible challenges that exist society-wide, within specific groups in a society, or for individuals to gather and consider information in society. Each offers value to our understanding of Civic Space and Media Freedom at the national level and combined will provide more detailed knowledge of the environment within a country.

Civil Space Monitor

CIVICUS's Civic Space Monitor assesses civic space conditions, defined as "the respect in policy and practice for the freedoms of association, peaceful assembly and expression" (CIVICUS 2018, 1) of 196 nations in

real time.[88] Researchers aggregate a range of quali-tative and quantitative sources to derive a final civic space rating on a five-category scale: open, narrowed, obstructed, repressed, and closed. Data reviewed and coded includes reports regarding civil space pro-duced by civil society, international indices on civic space indicators generated by civil society organiza-tions and academic institutions, reports by CIVICUS's research partners and interviews with national-level civil society groups; and input from users of the CIVI-CUS website. CIVICUS places the greatest weight on sources produced at the national level and continu-ously updates each nation's base score based on new information. An independent panel of eleven experts reviews all changes in country ratings.

Freedom of the Press Score

Every two years, Freedom House produces its Freedom *of the Press* report. The report produces scores and rankings for each country based on levels of press freedom. The scores are calculated from a set of 23 broad questions and over 100 tar-geted questions that fall into three categories: Legal Environment, Political Environment, and Economic Environment.[89] Answers to those questions are scored, aggregated, and ultimately produce a three-part rating determining whether a country's press is free, partly free, or not free.

These measures provide a comprehensive evalu-ation of the freedom of the press in each country. The three-part rating system is a blunt instrument that can be used in many contexts, but the trichot-omy offers little granular understanding of the media freedom context within a country. However, values assigned for each question provide a bounty of knowledge useful for this project.

The Legal Environment category includes questions such as whether the law ensures freedom of press and of expression (and if such laws are enforced), press restrictions under the law, libel laws and pen-alties, whether the legal system fairly adjudicates press cases, and whether media regulatory bodies are independent, among others. The Political Envi-ronment category includes questions regarding whether government or a party determines media content, if there is (un)official censorship, if jour-nalists self-censor, if citizens have access to diverse media, and if journalists face violence or threats, among others. Finally, the Economic Environment category examines whether there is state ownership of media, whether media ownership is transpar-ent, whether media ownership is concentrated, and whether the creation of reporting outlets or plat-forms is cost-prohibitive, among others. The answers and scoring of these questions paint a comprehen-sive, day-to-day, on-the-ground picture of the media environment within a country and the specific types of threats or challenges (if any) that exist.

While the Freedom of the Press Survey offers critical and keen insights into media freedom, it has limita-tions. Some of the questions asked as part of the survey touch on civic space and civic freedoms, such as the rights of expression. However, in order to fully assess the contextual factor of interest—civic space and media freedom—these data will be best used in conjunction with other measures of Civic Space in order to gather a full understanding of this variable.

World Press Freedom Index

Reporters Without Borders (RSF) also compiles its own survey of press freedom: the World Press Freedom Index (WPFI). In some ways, the WPFI is similar to Freedom House's Press Freedom Survey, but it differs in a few key ways. First, RSF sends its questionnaire to "journalists, media lawyers, researchers, and other media specialists" in 180 countries, translating the text of the survey into 20

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88 A full description of the methodology can be found in CIVICUS (2018).

89 A complete list of the questions asked in this survey can be found in Freedom House (2017).

different languages.[90] Next, it combines the results of the survey with "quantitative data on abuses and acts of violence against journalists during the period evaluated" to produce an index.[91] The index both produces an absolute score for each of the 180 countries and allows for a ranking of countries from most to least free.

The WPFI offers a broad-based assessment of media freedom, largely gathering information from individuals on the ground who are doing the work of journalism every day. The 2016 survey included 70 questions that fell into seven categories: pluralism, media independence, environment and self-censorship, legislative framework, transparency, infrastructure, and abuses. There is significant overlap between some of the underlying concepts queried in the WPFI and Freedom House's Freedom of the Press Survey. However, differences exist between the two. The result is that both surveys are useful in revealing information about media freedom within countries across the world and should be used in concert with each other. The WPFI, like other indices, can offer some information through its aggregate score, but can provide a significant level of data based on survey results for each of the 70 questions. That flexibility allows us to focus on specific types of media restrictions, threats, and challenges in order to understand in detail what is happening within a given country.

It should be noted that, like the Freedom of the Press Survey, the WPFI touches on but does not thoroughly assess the issue of Civic Space, which is part of the contextual factor being assessed. That stands not as a criticism of the WPFI but instead reflects its important focus. Like the Freedom of the Press Survey, it should be used in concert with other measures of Civic Space to provide that necessary full evaluation of this contextual factor.

Measuring Government Effectiveness

Worldwide Governance Index

The Worldwide Governance Index also provides insight into the broad category of Government Effectiveness. In fact, the Index provides a category by that precise name and is one of the most widespread measures of governance used across social science disciplines. The World Bank describes this category as measuring "perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies."[92]

Specifically, the category captures the ability of government to provide basic services effectively and also includes measures of bureaucratic capacity and quality. While measures of government effectiveness could surely capture many more concepts than this, the Governance Index category does well to capture measures of bureaucracy. Other measures will be needed to highlight the effectiveness of other areas of government. At the same time, and as with criticisms of many other measures, this metric does not allow the capture of subnational variation. While that is true across contextual factors and the measures we employ to capture them, that is a particular challenge when discussing the quality of bureaucracy and the distribution of public goods and services, as in many countries this is done largely or in part by subnational governments or decentralized units of the national government.

The Democracy Index

The Economist's Economist Intelligence Unit produces its own index assessing the quality of democracy in countries across the world. The index is calculated, and countries are sorted, according to their index score into four regime types: Full Democracies,

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90 The English language text of the 2016 survey can be found in RSF (2016).

91 A full description of the methodology can be found in RSF (2018a).

92 The complete list of variables used for this category can be found in World Bank (n.d.a) "Government Effectiveness."

Flawed Democracies, Hybrid Regimes, and Authoritarian Regimes. The index is tabulated using 60 indicators divided into five categories: Electoral Process and Pluralism, Functioning of Government, Political Participation, Political Culture, and Civil Liberties. These indicators are effectively scaled and added to create the index.

Like the Worldwide Governance Index, this index is comprehensive, and its broad use will not necessarily be useful in assessing individual contextual factors. However, using individual indicators by category will be useful. This is particularly true for measuring Government Effectiveness. Under the category "Functioning of Government," there are a host of indicators that well-reflect the underlying concept of effectiveness. They include whether elected representatives determine policy, whether checks and balances are present, whether special domestic groups—such as economic or religious groups—exert non-democratic parallel power, whether the civil service is capable of implementing policy, and whether citizens have confidence in government and in parties. Data from these individual indicators and each country's measure in the Functioning of Government category will be an important means of assessing this contextual factor.

Transformation Index

As noted earlier, the Bertelsmann Stiftung produces the Transformation Index (BTI), which assesses the quality of governance in a country as well as changes (transformation) in the quality of that governance. The measure very broadly examines governance, but also includes a host of indicators (scored from survey questions) that granularly measure the effectiveness of government institutions. The index is calculated by selecting multiple experts per country—typically two—and surveying them on a host of concepts. The most recent survey is divided into three sections: Democracy, Market Economy, and Management. Those sections are divided into 17 categories and 49

questions.[93] Each question is answered with a value; values are aggregated to create scores and eventually an index.

There are a host of relevant questions to assess Government Effectiveness, particularly in the context of this project. These questions include (but are not limited to) whether a country has a basic administrative structure; whether democratically elected representatives have the effective power to govern; whether democratic institutions are capable of performing; whether there are constraints on political leadership's governance capacity; whether government sets and maintains strategic priorities; whether government is effective in implementing its own policies; whether government is innovative and flexible; and whether government efficiently uses human, financial, and organizational resources. These assessments of each country for the relevant questions related to Government Effectiveness will assist in our evaluation of the key contextual factors of interest.

The BTI covers a set of 129 countries that "have yet to achieve a fully consolidated democracy and market economy, have populations of more than two million (excepting seven states chosen as particularly interesting cases), and are recognized as sovereign states" (BTI 2016). Many of these countries will be relevant for the purposes of this project; however, countries not included under this measure will also be relevant. For developed democracies and advanced economies, the Bertelsmann Stiftung also issues Sustainable Governance Indicators for an additional 41 counties in the OECD, EU, and/or in the Eurozone. While the surveys are not identical, there is considerable overlap, particularly with regard to measures of government effectiveness.

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93 The full division of these concepts is available on p. 9 of the full report, available here: https://www.bti-project.org/fileadmin/files/BTI/ Downloads/Zusaetzliche_Downloads/Codebook_BTI_2016.pdf.

Measuring Capture

Corruption Perceptions Index

Transparency International produces a measure each year called the Corruption Perceptions Index (CPI). It is a complex index that aggregates measures from a group of 13 other indices, of which some data are applicable to some countries, while others are not. For example, some of those 13 measures look only at Africa or only at Asia. Indicator values are re-scaled and aggregated to produce a score for each country. That score provides a ranking for all countries in the world, and comparisons can be made across space and over time.

While the Corruption Perceptions Index offers insight into a variety of types of corruption that can manifest in a country (whether it is the type of corruption viewed as petty or that which is considered grand). However, within this index, there are values that assess state capture—one of the key contextual factors in this document. Two of the measures used to assess state capture ask directly about that concept and are drawn from the African Development Bank's (ADB) Country Policy and Institutional Assessment and the World Bank's Country Policy and Institutional Assessment.[94]

These are two of the most relevant measures of state capture among databases across the world. However, they come with limitations. The ADB's measure covers only 54 African countries. The World Bank's measure covers only 95 countries across the world. This project will look both within and outside of Africa, making the former applicable only in those cases on the continent. The latter will be more broadly applicable but will likely exclude certain countries we wish to examine. Still, the CPI provides the most applicable and accurate measure of state capture that is collected consistently over time and across space.

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94   A discussion of each of these sources and the location of relevant data can be found in Transparency International (2017).

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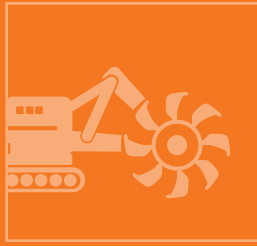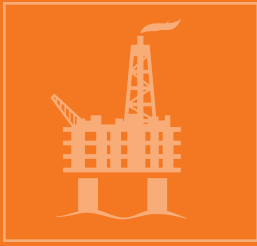
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Leveraging Transparency to Reduce Corruption

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