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Governance and Regulation

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Research aims:
This research sought to develop:

- a template for the consideration of the specific corruption risks in the licencing and contracting areas of mining
- some general principles that should be at the forefront of future discussions in this area

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Constructing a Diagnostic Framework on Corruption Risks in Mining Sector Licencing

For hundreds of millions of people living in resource-rich countries, mining has not delivered the widespread development benefits it could. The ultimate causes of this are many and varied; however, there is little doubt that corrupt practices have often played a part in these benefits not flowing through to the broader society. The awarding of mining licences at the beginning of the value chain is arguably the foundation for success or failure in whether mining delivers development; however, experience has shown that with huge sums involved and complex administration, mining sector licencing is particularly at risk of corruption.

Properly understanding where these risks lie is the crucial first step towards being able to minimise corruption in mining sector licencing. This discussion paper seeks to boost this understanding by bringing together several threads of analysis on corruption studies and mining sector governance and administration. The paper will form the basis of a planned expert multi-stakeholder workshop to construct a diagnostic framework for use by civil society to firstly understand corruption risks in a wide variety of jurisdictions and then advocate for solutions.

Breaking down mining sector licencing into its key components, each section of the paper contains two sets of suggested questions and an explanatory narrative. These contextual and indicator questions are treated as a starting point for how researchers might best utilise this information and how a diagnostic framework could be constructed. Specifically, a 'traffic light' approach is advocated, whereby questions on a specific issue be collated into a format that highlights where corruption risks may be at their greatest (red lights), through to areas that demonstrate very low corruption risks (green lights). This strikes a balance between being overly prescriptive and being overly descriptive.

As the focus of the paper is on corruption risks (as opposed to attempting to uncover actual corruption), the underlying principles for the questions are transparency, accountability and discretion. Asking these questions at each stage of the licencing process should ultimately allow relevant stakeholders to identify and target those areas that currently require the most attention. Making changes to improve the degree of transparency and accountability at any of these stages would improve the likelihood of mining contributing to development.

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