BRIEF

PLUS POLITICS

KEY POINTS

- Unlocking the potential of extractive industry (EI) transparency to contribute to better governance and development outcomes requires taking a closer and more systematic look at politics than most global actors have done to date.

- This brief illustrates how political realities can shape the nature, trajectories and ultimate impact of EI transparency efforts across the "transparency lifecycle."

- It offers some initial thoughts on how practitioners working in the extractives governance field might begin to account for and address political opportunities and obstacles more effectively in their work on extractives transparency.

- It lays the groundwork for future discussions among practitioners to elaborate on and refine the above, including through a forthcoming blog series.

Transparency in the Extractive Industries:
Getting serious about politics to get serious about impact

For the last 20 years, fostering greater transparency in the historically opaque extractive industries has been a governance priority in the sector. It is now time to build on progress made and unlock greater gains from it. Achieving this requires getting serious about politics.

The extractive industries (EI) are at a critical juncture, confronted with major contextual upheaval. A period of significant commodity price volatility is intersecting with the global energy transition and, more recently, the major social, political and economic repercussions of the COVID-19 pandemic–a combination of forces creating both uncertainty and potentially major shifts in how EI are developed and governed. As EI governance practitioners grapple with these shifts, and the challenges and opportunities they bring, transparency will be an essential tool. However, practitioners need to think–and work– more politically as they develop and deploy this tool moving forward to make the most of its potential.

Work on EI transparency has achieved important successes over the last two decades. For example, significant commitments to disclosure have been secured, the volume of publicly available information about critical activities has increased considerably, and norms around certain information being in the public domain have been established. There is also a growing library of use cases for this information. However, technical and political factors have–and continue to–limit the full range of benefits that can flow from data disclosures. Unlocking the potential of this critical work will require identifying and reckoning with these factors head-on.

As attention has turned to increasing impact, practitioners working on EI governance have largely focused on addressing the technical barriers to more effective transparency, and paid far less systematic attention to the political factors that can affect their programming. The latter are typically discussed within the narrow framing of a lack of "political will"–a vague, monolithic and immovable problem that is too broad and exogenous to tackle. Yet, political context is crucial in determining the fate of transparency efforts–there are many ways in which a commitment can be undermined. While there has been a recent increase in attention to the political economy of the sector, efforts to systematize and operationalize these considerations in programming around specific issues, including EI transparency, remain underdeveloped. Accordingly, EI transparency is unlikely to deliver on its potential impact.

The time is ripe for a focus on political context for two reasons. First, work on transparency has matured and there is an opportunity to reflect on its track record to date. Second, the added pressures on government, industry, civil society, and funders to adjust their priorities in the wake of the energy transition, commodity price spikes and collapses, and the COVID-19 pandemic raise the question: can EI transparency processes retain attention and resourcing at a moment when they are arguably more necessary than ever, but competing with other demands? Focusing on political dynamics will be essential to make sure they do.

Thinking and working politically across the transparency lifecycle

For better or for worse, the value of EI transparency has been often tied to its ability to improve governance of the sector and to contribute to broader development outcomes. However, despite important process victories and expansive data production, there is considerable room to improve EI transparency's contributions to advancing these ambitious goals.

The first steps include being more explicit about what the goals are for a given organization or initiative with regard to EI transparency, and then specifying the mechanisms or pathways through which transparency is intended to contribute to achieving them. We can then consider more systematically whether and how political realities shape how these unfold. While some of these points may seem intuitive or obvious, the intent is to make explicit what might be otherwise implicitly assumed and provide a methodical treatment of the topic.

There are typically five stages in the "transparency lifecycle," which comprise the theory of change on which much transparency programming in the sector is implicitly based.

The Transparency Lifecycle: Ideal Scenarios		
Stage 1	**Commitment**	Governments and companies make strong commitments to disclosure.
Stage 2	**Coverage of disclosure**	Governments and companies disclose high priority and relevant information. The information disclosed is tailored to address a specific need, for example to assure the implementation of a policy.
Stage 3	**Implementation**	Disclosure is enacted in order to assume some meaning in practice and operationalization.
Stage 4	**Data production and dissemination**	The data produced is accurate, credible, released in formats that are accessible to intended audiences and in a timely manner.
Stage 5	**Data use**	Intended audiences (and other serendipitous users) are able to utilize the information to perform a specific task or role(s) in service of improving outcomes from EI investment for the populations of host countries.

Theory rarely matches practice and, too often, these pieces do not fall into place as intended. Political realities can go a long way in explaining this. The following tables look at each stage of the transparency lifecycle, presenting an overview of the key governance challenges, the areas where politics can come in, and some suggestions for beginning to address the political context.

1. Commitment: Getting Meaningful Commitments from a Wider Range of Actors

Governance challenges	Governments and companies are making a range of commitments to transparency, but these are often voluntary and lack enforceability. Some powerful actors in the sector, for example from China, Russia and the Middle East and North Africa region, are foregoing such commitments altogether.
Where politics can come in	Governments and companies tend to have the most power to determine whether commitments to disclose are undertaken and what shape these will take. They will do so in ways that advance their own interests. For some, this will mean not making any commitments to transparency at all, and for others, this might mean making commitments but in the least constraining or binding ways.
Addressing political context in practice	It is important to understand how and why actors undertake commitments in order to determine how the case for transparency can best be framed, and where genuine support for and resistance to commitments may come from. There may also be ways to identify and capitalize on moments of political opportunity to convince governments or companies to commit to disclosures–or deepen their commitments–so long as these are accompanied by measures to buttress the durability of these commitments when the moment has passed. Actively seeking to understand the various interests and incentives driving ultimate decisions with regards to transparency may yield more strategic approaches to secure meaningful commitments.

2. Coverage: Expanding Coverage and Responding to Demand

Governance challenges	EI transparency efforts have expanded from an initial narrow focus on revenues to cover a broader range of issues along the EI value chain. Nonetheless, significant gaps in coverage remain. For example, meaningful and systematic information about social and environmental impacts and about state-owned enterprises (SOEs) have long been elusive. Both are, however, highly valued: communities in resource rich countries prioritize access to social and environmental information, and many SOEs are extremely important players in shaping national level EI outcomes and as such require scrutiny. Moreover, even around existing commitments, coverage can be limited by how a particular disclosure requirement or commitment is framed, for example, what is and is not covered by specific revenue reporting requirements.

Where politics can come in	Transparency standards, laws, and policies tend to reflect the relative distribution of power and interests among the actors and entities that play a role in setting them but not necessarily the intended beneficiaries. Governments and companies, whose activities are often the subject of EI transparency requirements, wield considerable power in defining the scope of disclosure standards. This enables them to shape coverage in a way that may prioritize their own interests, and not necessarily the empowerment of citizens or the attainment of societal benefits when these are at odds. In addition, transparency efforts tend to reflect the advocacy agendas of international civil society organizations (CSOs), typically from the Global North, and less so those of national organizations. Similarly, the priorities of CSOs in capital cities tend to be more influential (and better resourced) than those of communities directly affected by the extractive industries.
Addressing political context in practice	Transparency proponents should pay close attention to the incentives of those who decide what is and is not made transparent, and to the data demands of different stakeholders and potential users. This understanding should be used to negotiate what is disclosed, to whom and for what purpose. The needs of intended users need to be better identified and integrated into negotiations shaping the scope of disclosures.

3. Implementation: Putting Commitments into Practice through Regulation, Policymaking and Institutionalization

Governance challenges	Despite the recent expansion of voluntary transparency commitments and mandatory disclosure requirements, the implementation of these commitments, laws, and policies has been very uneven. This includes countries that are in formal compliance with EITI requirements or the terms of other transparency commitments. Implementation problems range from wholesale non-implementation, to partial or incomplete implementation, to implementation undertaken in such a way as to render a country's commitment to transparency "merely notional."[1]
Where politics can come in	Effective implementation depends not only on technical and financial capabilities–themselves influenced by political priorities–but also on the desire of relevant actors to deliver on promises. Commitments are unlikely to be implemented effectively where the beneficiaries of opacity have more power and interest in maintaining the status quo than others have in opposing it. Incentives matter: where the chief motivation behind a transparency commitment is securing reputational gains or responding to domestic political pressure, implementation is likely to be weak or fleeting; where powerful policymakers have an incentive to protect themselves or their allies from scrutiny, implementation may be partial or ineffective. Implementation problems may also arise as a result of competing incentives within governments and companies, particularly where there is a mismatch between the priorities of those making transparency commitments and those charged with enacting them.

1   See Chapter 2 of Eisen, N., Kaufmann, D, Heller, N., Preston Whitt, J., Picon, M., Bassetti, V. and Hudak, J (2020). The TAP Plus Approach to Anti-Corruption in the Natural Resource Value Chain. Leveraging Transparency to Reduce Corruption, at 69. Brookings Institution. https://www.brookings.edu/wp-content/uploads/2020/06/LTRC_Corruption_vfinal_x2screenreader4.pdf.

Addressing political context in practice	Any effort to improve governance in the sector must identify and tackle the sources of implementation gaps that prevent reforms on paper from becoming changes in practice, some of which are certainly political. In order to secure effective implementation, those seeking to support good governance should more clearly identify who is responsible for implementation, what/who influences them, and the likelihood of their implementing a particular commitment as intended by advocates and supporters. Project design should then account for the interests and incentives of these and other relevant actors with an explicit eye to inducing greater implementation.

4. Data Production and Dissemination: Ensuring the Accuracy, Credibility, and Accessibility of the Data that is Produced

Governance challenges	The quantity of data that has become available–particularly data on revenues, production, licensing, and contracts–has increased dramatically, which is a significant achievement. However, the accuracy and credibility of that information, particularly in an age of active disinformation campaigns and declining trust in institutions, is not guaranteed or assumed.
Where politics can come in	When those who potentially would be the most impacted by different forms of transparency, companies and some government actors, are in a position to oversee or undertake data production (be it an environmental impact assessment or EITI report), its quality and potential utility can be compromised. Even the perception of these potential conflicts of interest can compromise trust in the data that is produced, thereby decreasing the likelihood that action will be taken on the basis of this data.
Addressing political context in practice	To ensure the production of good data, conflicts of interest which compromise data quality, comprehensiveness, accessibility, publication formats, timeliness, and credibility must be actively identified and addressed. Ultimately, practitioners should identify the interests of people in a position to influence data production, determine whether they align with the ultimate goals of that initiative, and, if they do not, find ways to decouple powerful interests from data production, or consider how to shift the balance of incentives or disincentives they face. For example, third parties could perform verification or publication functions. Multi-stakeholder data-monitoring mechanisms could be created or expanded. Incentives for accurate and comprehensive reporting could be offered, e.g. by factoring into job performance ratings within a relevant agency or, for consultants, linking to prospects of future work or remuneration levels. Proactive engagement with data holders in conversations about what to disclose could also help.

5. Data Use: Empowering Various Actors to be able to Use Data Effectively

Governance challenges	For many, whether the EI data being produced is used in specific ways to improve governance and development outcomes is the crux of impact. In some instances, this potential has been realized. Information has revealed issues e.g. missing funds, and sparked attention and responses. Yet, as many global experts attest, the potential for significant data use remains largely unrealized, particularly for improving accountability and reducing corruption.

Where politics can come in	There is now widespread recognition that the publication of data will not automatically lead to impactful data use. Political realities shape data use in a variety of ways, often by deterring or undermining the anticipated political mobilization or action that is expected to take place in response to data. For example: • When there are de jure and de facto constraints on civic space created by powerful actors with an interest in limiting the activities of communities and civil society mobilization; • When would-be users in society or government lack faith that their mobilization to use data would meet with a positive response from those in power and result in significant changes in outcomes; • When the data being supplied does not meet the priorities and interests of would-be users or uses; and • When bureaucrats or government officials fear their using data in ways that underscore government or corporate misdeeds or mismanagement could generate personal or professional repercussions.
Addressing political context in practice	Those designing and managing extractives data-related initiatives should more actively work to enable data use, anticipating and addressing impediments to impactful use. This involves thinking about who might be in a position to use different types of data in impactful and beneficial ways, anticipating where political obstacles might arise, and, if possible, how to mitigate them. It means interrogating whether anticipated users will be free and capacitated to work with information and advocate on the basis of what it tells them. It is hard to expect people to do so under threat of institutional shut down, imprisonment or violence. Where the problem is that data supply and demand are misaligned, we need to tackle the power asymmetries that prevent populations from getting the data that they would actually mobilize to use. When non-responsive government and company officials diminish trust in government and dampen political mobilization, efforts to incentivize greater responsiveness (punish non-responsiveness) and build trust in the possibility of change should be undertaken. Better strategies must be developed to support and insulate government officials who would seek to act productively on data if free from negative professional and personal repercussions of doing so.

Conclusion

Amid ongoing shifts exacerbated by the pandemic and its economic fallout, there is an opportunity, and some urgency, to revamp how EI transparency is put in service of the public good. While there is no doubt that EI transparency programs and initiatives have brought about societal benefits, it is also clear that these could be leveraged to achieve much more. A more explicit and systematic consideration of political factors is essential to realize the existing potential for even better results. As it is, political drivers have helped motivate steps toward transparency, but in many cases, these have led to countering responses that limit scope, weaken implementation, or deter the engagement of key stakeholders, which in turn have often undermined potential impacts.

Arguably, those involved in transparency efforts are aware of, and acknowledge, political factors in their own thinking. However, these political factors–the power, interests, incentives and political systemic dynamics underlying governance–are rarely discussed and need to be addressed more explicitly and systematically. While doing so may be at times normatively uncomfortable and practically inconvenient, if improving the impact of EI transparency is the goal, then confronting and addressing the ways in which political context can shape outcomes is imperative.

Everyone has a role to play. Government champions need to anticipate how a transparency reform may be undermined. Corporate leaders should be more proactive in anticipating and fostering the use of the information they share. Civil society leaders can game plan political dynamics and the potential impacts on their ability to take advantage of the information they demand. And, donors can ask and support those they fund to explain how they integrate political considerations into their program design. The sector is at a critical junction and ripe to acknowledge, unpack, and leverage politics in EI transparency work.

This brief is based on a discussion paper that aggregates perspectives, ideas and questions coming out of several years of expert consultations, meetings, and interviews undertaken as part of the Executive Session on the Politics of Extractive Industries convened by the Columbia Center on Sustainable Investment. The piece focuses on the ways in which political realities can shape the efficacy and impact of efforts to advance various goals through transparency of extractive industries (EI transparency). The authors suggest that more systematic integration of political considerations into the design and implementation of these efforts may minimize risks of "zombie transparency," and reinforce ultimate positive impacts. It should help those seeking to use EI data for specific purposes, such as to reduce corruption and enhance benefit sharing; unpack monolithic terms; account for incentives along the transparency lifecycle; and realize yet more of the potential of information disclosures. This is an introductory piece intended to catalyze and provoke critical thinking, debate, further investigation and, ultimately, practical experimentation. It will be accompanied by a series of blog posts authored by different members of the Executive Session and other EI experts to explore some of the themes touched on below in greater detail, e.g. through country- or sector-specific lenses.