



Transparency International Mining Awards Corruption Risk Assessment (MACRA)

M4SD

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Combatting corruption

Transparent and accountable mining can contribute to sustainable development.





Combatting corruption

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





Combatting corruption

2017 reality: corruption in mining approvals prevents many communities in resource-rich countries from maximising the social and economic benefits of mining.





What is corruption?

Abuse of entrusted power for private gain



Goals

- **Changes in policy and behaviour** of government and industry stakeholders;
- **Practical solutions** that reduce corruption risks;
- **Stronger monitoring and enforcement** of transparency and accountability standards; and
- **Greater contribution** from mining to sustainable economic and human development



Countries implemented the MACRA

National Chapters from 20 resource-rich countries assess the risks of corruption in mining approval processes.





Phase I (2016 – 2017)

- Armenia
- Australia
- Cambodia
- Canada
- Chile
- Colombia
- Democratic Republic of Congo
- Guatemala
- Indonesia
- Kenya
- Liberia
- Mongolia
- Peru
- Papua New Guinea
- Sierra Leone
- South Africa
- Zambia
- Zimbabwe



Phase I (2016 – 2017)

Researchers use the Mining Awards Corruption Risk Assessment (MACRA) Tool developed specifically for M4SD to conduct assessments.



What is the MACRA & How it works

MACRA is corruption diagnostic assessment- identifying vulnerabilities of corruption in a system

1. Identify vulnerabilities in the process design, practice, and context;
2. Identify and assess the likelihood and impact of risks created by these vulnerabilities; and
3. Validate findings, prioritise risks, and produce a risk assessment report





MACRA

The MACRA process:

1. Collect information about the mining process in theory, practice, and context;
2. Identify vulnerabilities in the process design, practice, and context;
3. Identify and assess the likelihood and impact of risks created by these vulnerabilities; and





Where does M4SD fit in?

M4SD is unique with its focus on improving transparency and accountability in *mining approval processes*.





What types of mining approval processes?

National Chapters are assessing the corruption risks in:

- Exploration licences;
- Production licences;
- Environmental approvals;
- Land permits;
- Requirements to consult; and
- Negotiations and agreements with affected communities.



Phase I (2016 – 2017)

Assessing corruption risks

Part 1: Map the
process and
context



Part 2: Identify
and assess the
corruption risks



Part 3: Validate
and
communicate
our findings



We were looking for *vulnerabilities* to corruption -

weaknesses in the different stages of the awards process – both on paper and in practice – that could provide opportunities for corruption to occur or to pass undetected.



We have assessed the corruption risks from these vulnerabilities:

The likelihood that the vulnerabilities could have a corrupt effect and the impact this would have on the lawful, compliant and ethical awarding of licences, permits and contracts.



Phase II (2018 – 2020)

Addressing corruption risks





Phase II (2018 – 2020)

National Chapters will develop and implement action plans to prevent the specific corruption risks identified in **Phase I**.
Working with:

Government - Civil society - Local communities - Industry





Implementation

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

Social &
Environmental
Impact Assessment

Open land to
mining

Context

Community
consultation &
negotiation

Mining licence
application &
approval

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Context

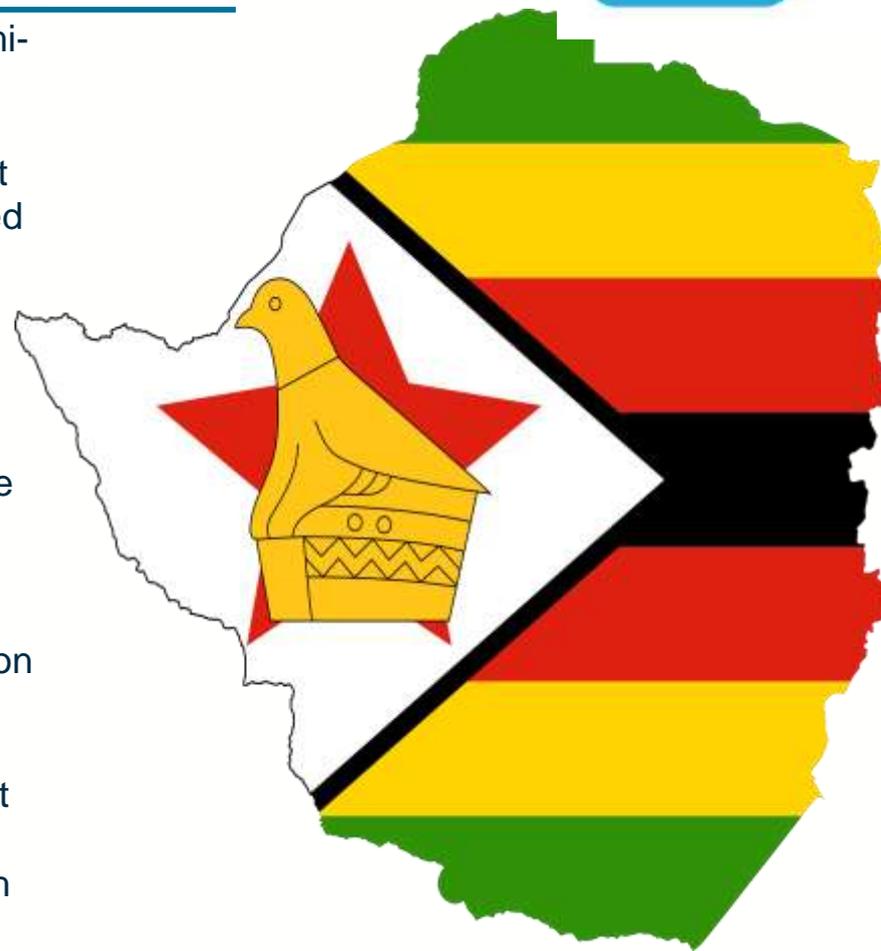
Community
consultation &
negotiation

Mining licence
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Implementation of MACRA tool in Zimbabwe

1. Engaged a local Consultant- Norman Mukwakwami- seasoned expert in Mining- WB Consultant and working with PACT Zimbabwe on ASM project.
2. Hosted 1 Consultative workshop on 23rd of August 2016- attended by MPs- Hon Dr Shumba presented together with other mining experts
3. Focused on Block of Claims
4. Collected data through the MACRA tool
5. Data collected from CSOs organization, Artisanal Miners, Mining officials,
6. Data collected from stakeholders in Mutare, Harare and Bulawayo
7. Conducted 2 Regional Feedback workshop to validate and rank risks and vulnerabilities
8. Peer review and validation of the MACRA by Dr Hon Shumba, Mukasiri Sibanda and Wellington Takavarasha
9. Peer review of findings by other external experts at NRGi
10. Presented findings at the Australia Africa Research Forum
11. Today's workshop to share findings with Hon Members of Parliament





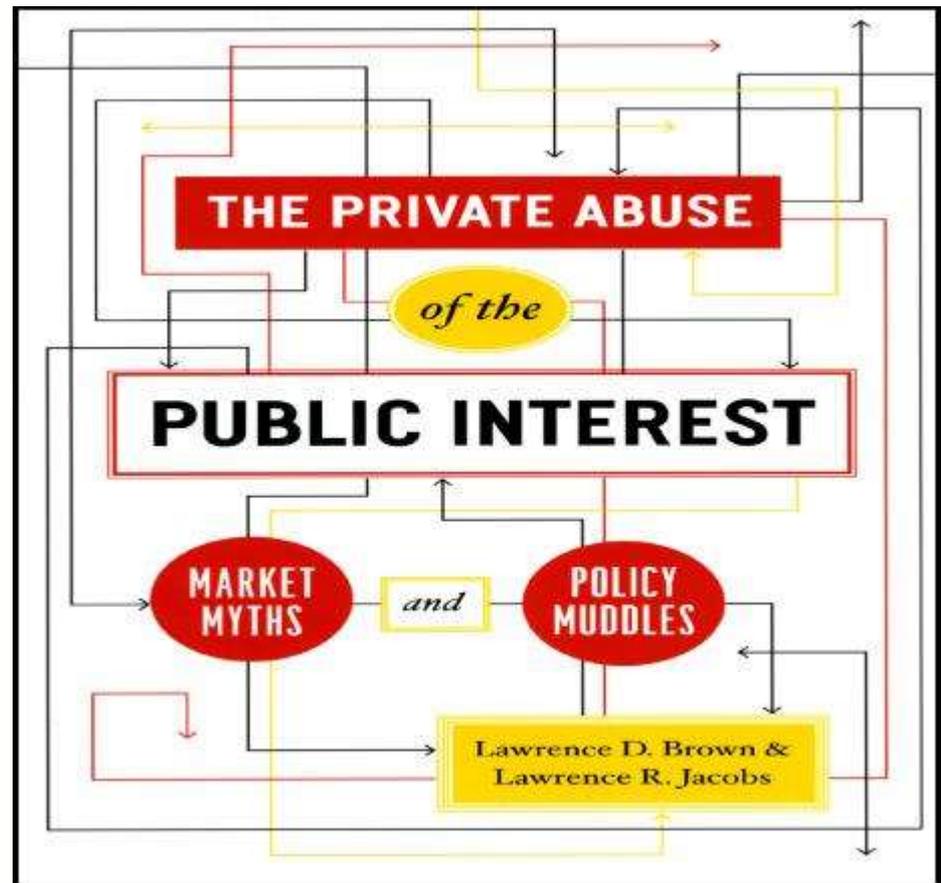
Policy capture

Vulnerability: The Mines and Minerals Act is the process of being amended.

Risks:

Laws may be written to favor **private interests** before the public interest

The award process will not be designed to an acceptable technical standard / good practice





Lack of standard timelines

Vulnerability: There are no standard timelines for the different steps of the award process giving wide discretion to officials.

Risks:

Duration and timing of each step of the awards process can be **manipulated**
Though a 'first come, first served' system is in place, the first applicant may not be awarded the license
Confidential information in applications for licenses can be leaked.

#Information Asymmetry is a condition for corruption

Those with information will take advantage of the information they have access to

Corruption thrives when there is high level of information asymmetry





Centralised role of PS

Vulnerability: Permanent Secretary has centralized control: chairs MAB, chairs Boards of SOEs, supervises PMDs and has assumed the powers of the Mining Commissioners.

Risks:

Interference in subordinate official's decisions

Interference in the appeals process.

Theft of application fees and other payment money.

Conflict of Interest-





Land use conflicts

Vulnerability: Process to determine whether farm land should be closed to prospecting or not is not standardized.

Risk:

- Process is not known to the public
- Result in land grabbing and dispossession

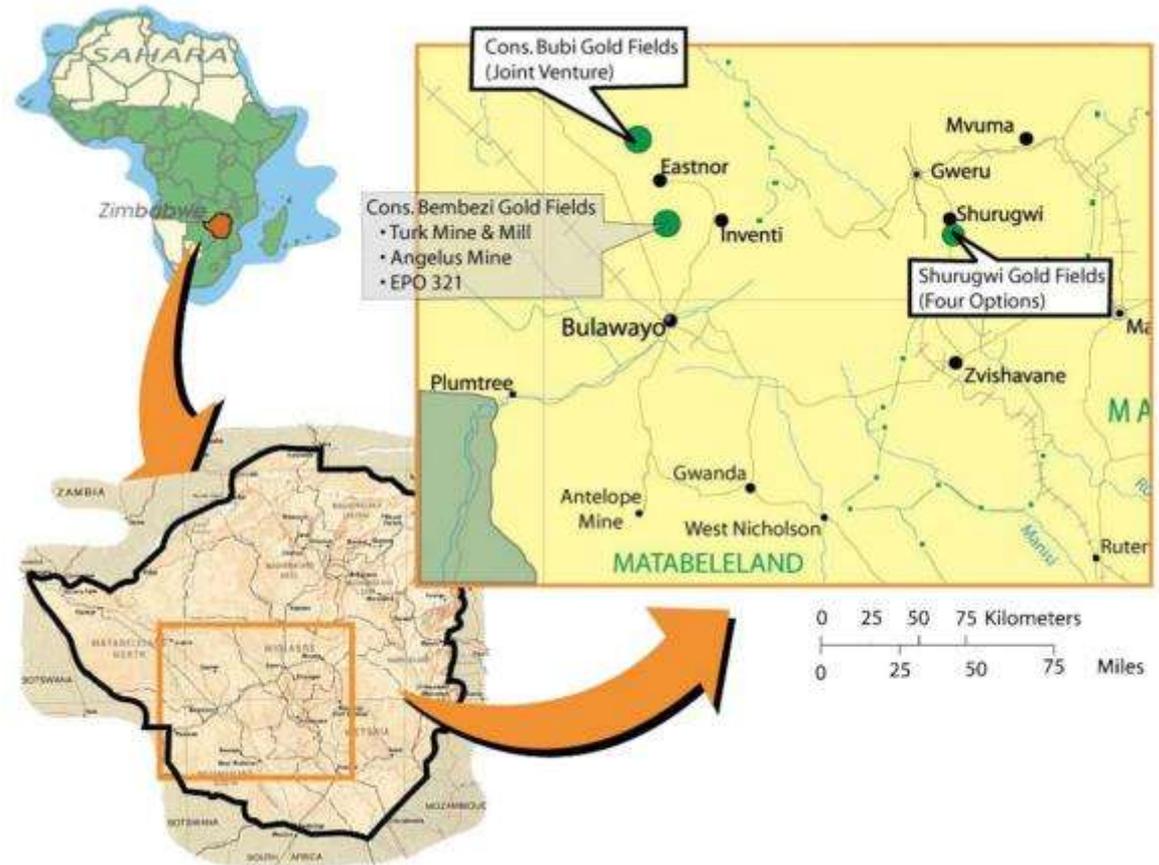




Mining Cadastre

Vulnerability: The Ministry of Mines and Mining Development is digitizing the cadastre in a non-transparent manner

Risks: Mining rights can be expropriated.





No Whistleblowing mechanism

Vulnerability: No whistleblower protection mechanism and supporting legal framework

Risks:

. Whistle blowing is an essential strategy in the fight against corruption and in mitigation of corruption risks in various sectors. The committee on Mines and Energy together with other respective actors have a moral obligation to see to it that effective anti-corruption mechanisms are put in place and implemented. A whistleblowing mechanism will not only allow for the reporting of corruption but in the long term it will also contribute to the development of institutional integrity





Preferential treatment of SOEs

Vulnerability: State owned mining entities receive preferential regulatory treatment.

Risks:
SOEs feeding trough for politicians

Loss making

Diversion of resources for party business





Community Consultation

Vulnerability: Community consultation is not a requirement in obtaining claims and mining companies often use their discretion in consulting the local leadership.

Risks: Community leaders negotiating with a mining company may not represent community members' interests.





Authenticity of EIAs

Vulnerability: An environmental impact assessment (EIA) is not required in obtaining a block of claims

Risks: There is no verification of the accuracy or truthfulness of environmental impact assessment (EIA) reports before a license is issued

Precedence- pollution of Odzi and Save river by diamond mining companies





Use it Lose it Policy

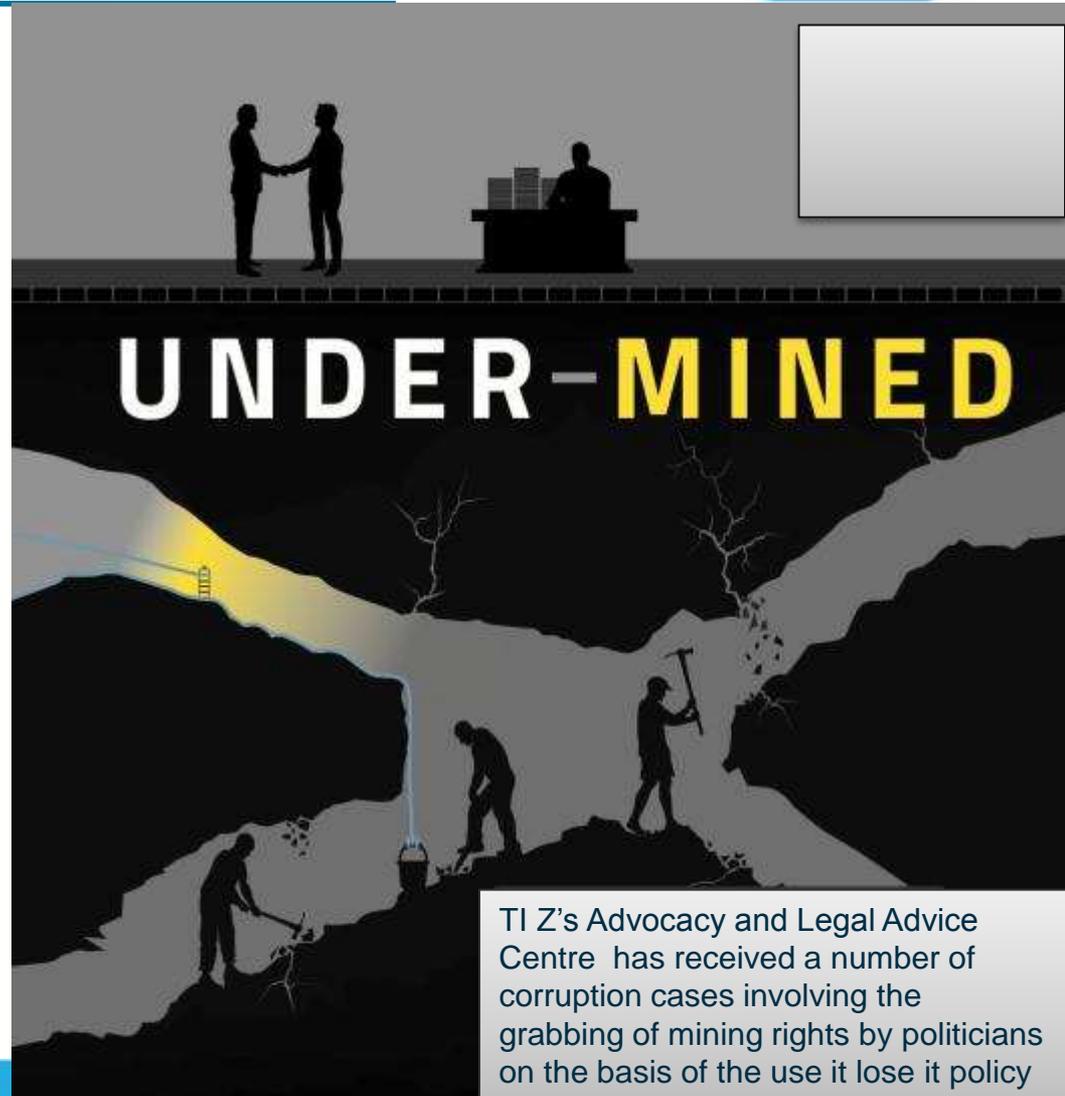
Vulnerability: The Ministry of Mines and Mining Development is implementing a ‘use it or lose it’ policy to forfeit claims from miners who are not currently extracting minerals from them in an opaque manner.

Risks:

Mining rights can be expropriated
Mining rights can be transferred from one owner to another without the public knowing about it

A license, permit or contract can be terminated without being publicly explained or justified

Mining companies can stockpile licenses or permits, without actually doing any work



TI Z's Advocacy and Legal Advice Centre has received a number of corruption cases involving the grabbing of mining rights by politicians on the basis of the use it lose it policy



Recommendations

- **Declaration of Assets**
- **Whistleblowing mechanisms (IPRI)**
- **Standardization to timelines**
- **Minerals Amendment Bill**
- **Community consultation**
- **EIA?**



Hope this was insightful
in some small way.
Thank you for tracking
with me.

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@SusDevMining
@shonefarayi

