

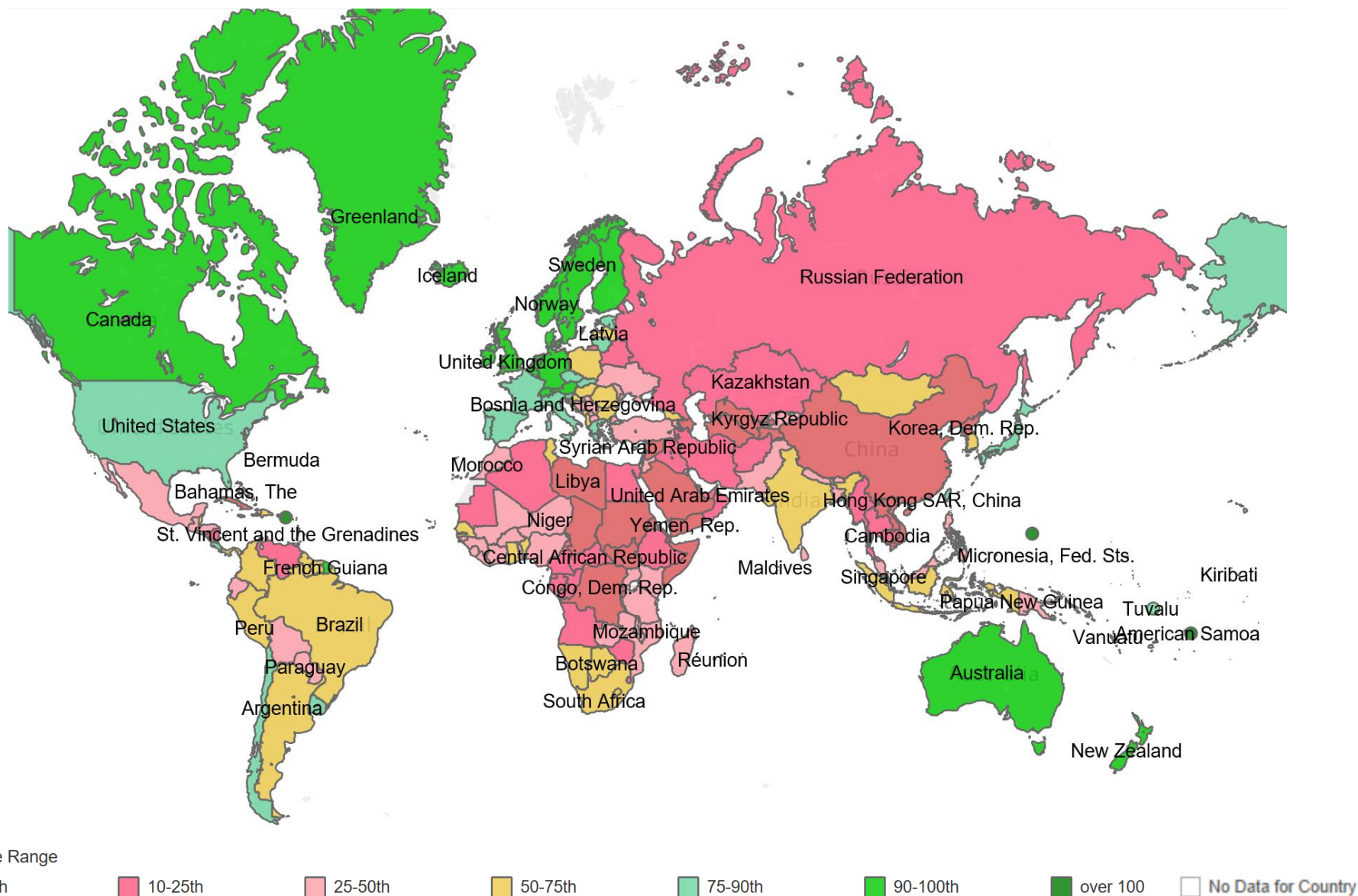
# **Evidence-based reflections on Corruption & Natural Resource Governance**

**Daniel Kaufmann  
President & CEO, NRG**

**At the Norad Policy Forum on Natural resource  
management and corruption – the role of  
transparency**

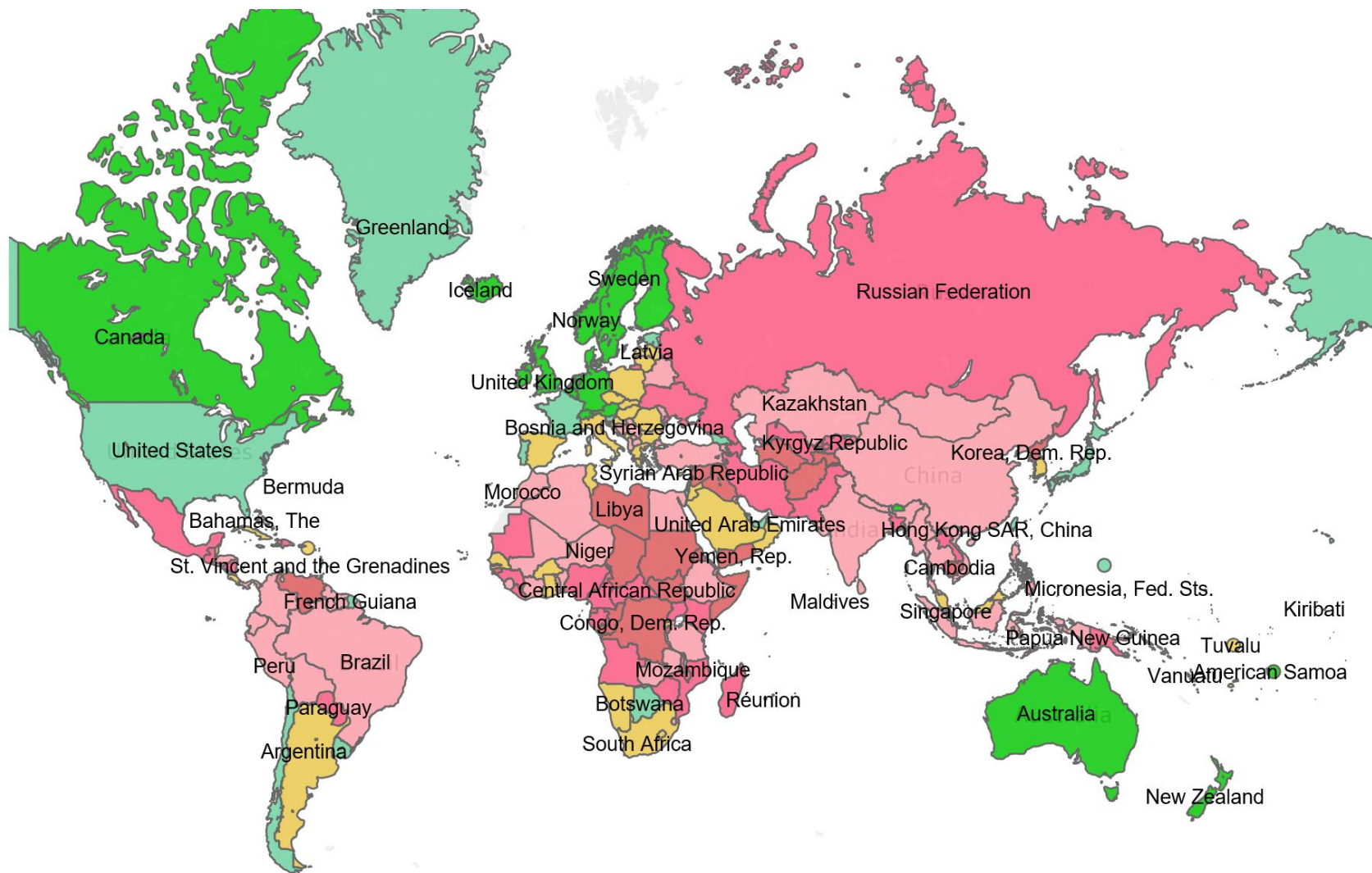
**Oslo, October 8, 2019**

# Voice & Accountability 2018 (WGI)



Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org)). Kaufmann, D., A. Kraay, & M. Mastruzzi (2010), [The Worldwide Governance Indicators: Methodology and Analytical Issues](#), World Bank Policy Research Working Paper No. 5430.

# Control of Corruption 2018 (WGI)

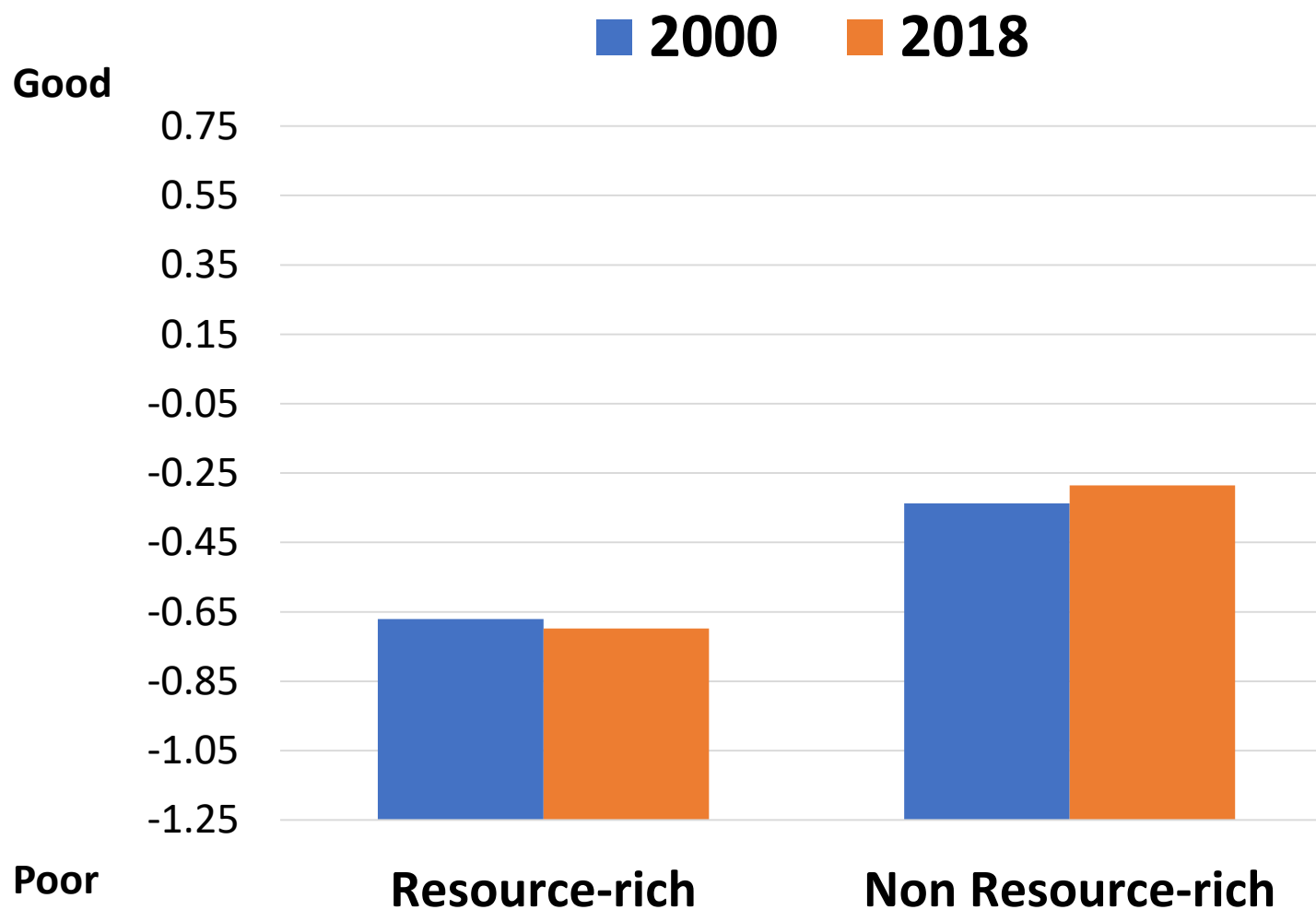


### Percentile Range

0-10th 10-25th 25-50th 50-75th 75-90th 90-100th over 100 No Data for Country

Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org)). Kaufmann, D., A. Kraay, & M. Mastruzzi (2010), [The Worldwide Governance Indicators: Methodology and Analytical Issues](#), World Bank Policy Research Working Paper No. 5430.

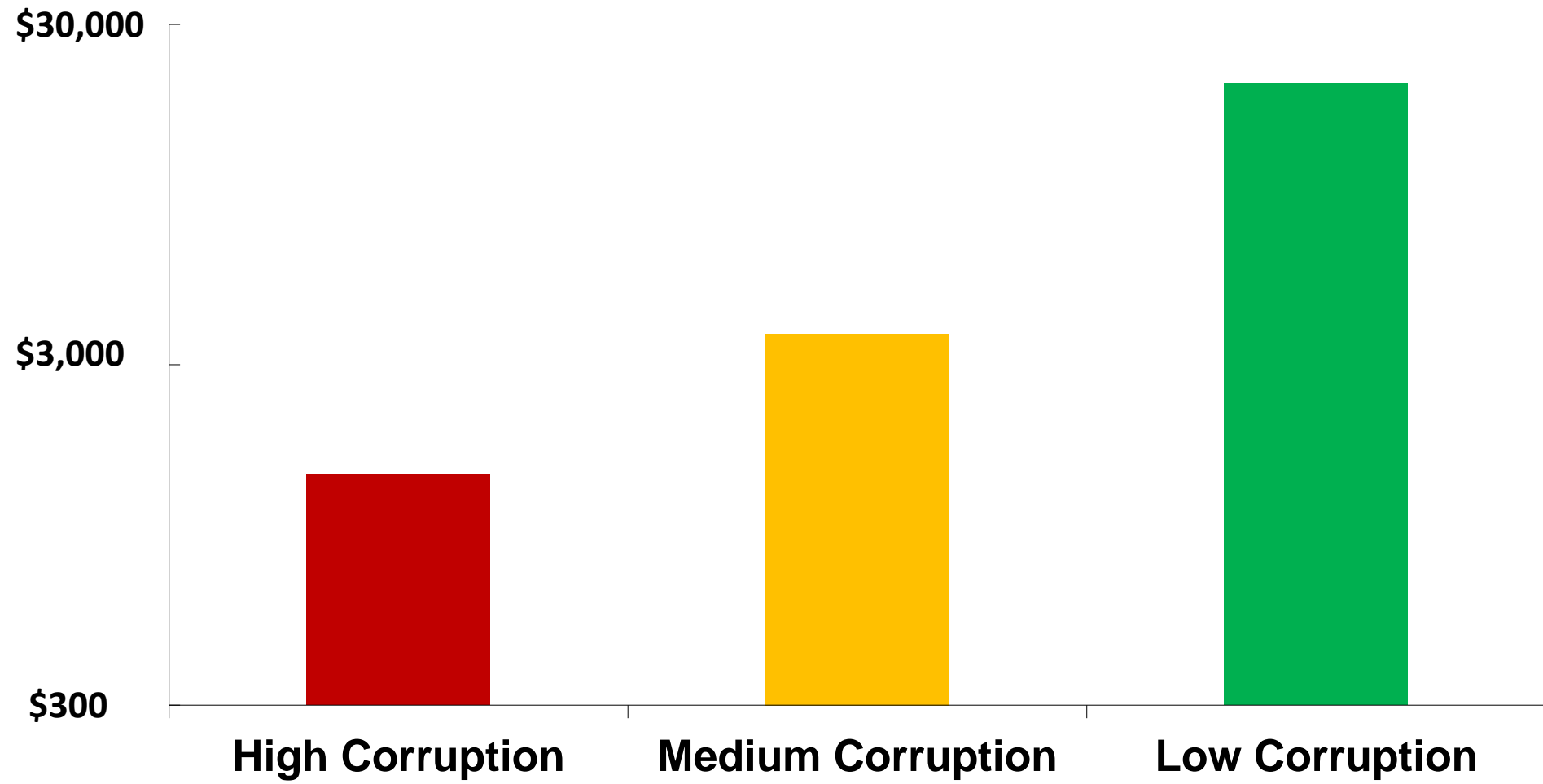
# Control of Corruption 2000 & 2018 (WGI): Resource Rich vs. Non-Resource Rich Developing Countries



Base sample has 137 developing countries, of which country groupings include Resource-rich (79), Non Resource-rich (58).

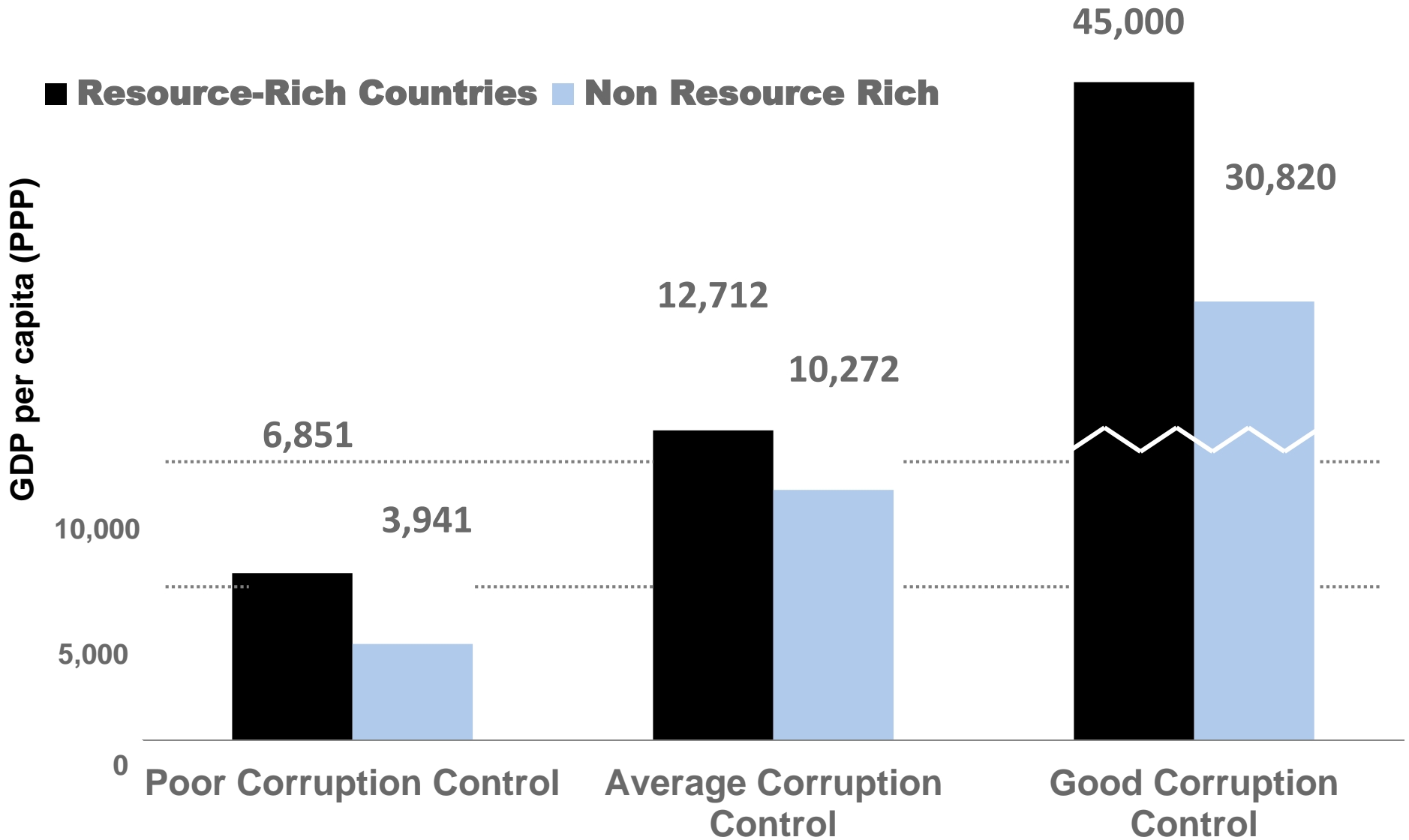
Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org)). Kaufmann, D., A. Kraay, & M. Mastruzzi (2010), [The Worldwide Governance Indicators: Methodology and Analytical Issues](#), World Bank Policy Research Working Paper No. 5430. IMF: Resource Rich.

# The 3-to-1 Development Dividend From Improving Governance & Controlling Corruption



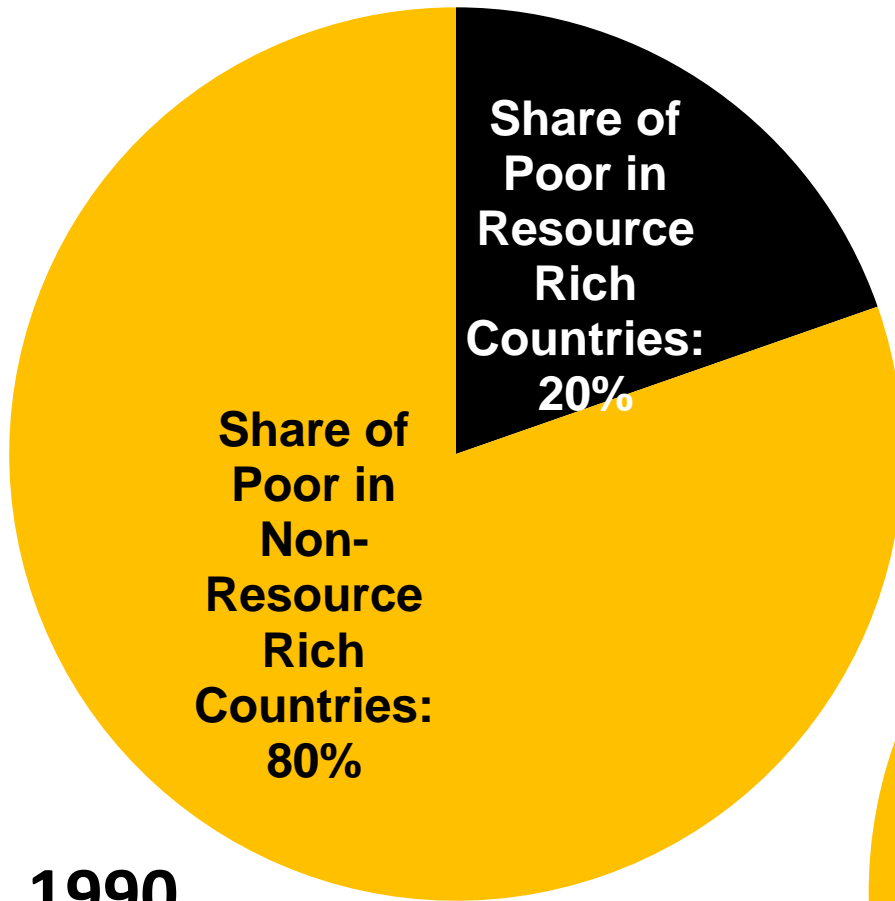
Data Source for calculations: KK 2004. Y-axis measures predicted GDP per capita on the basis of Instrumental Variable (IV) results for each of the 3 categories. Estimations based on various authors' studies, including Kaufmann and Kraay.

# The large development dividend of controlling corruption: *Resource Rich countries vs. Others*

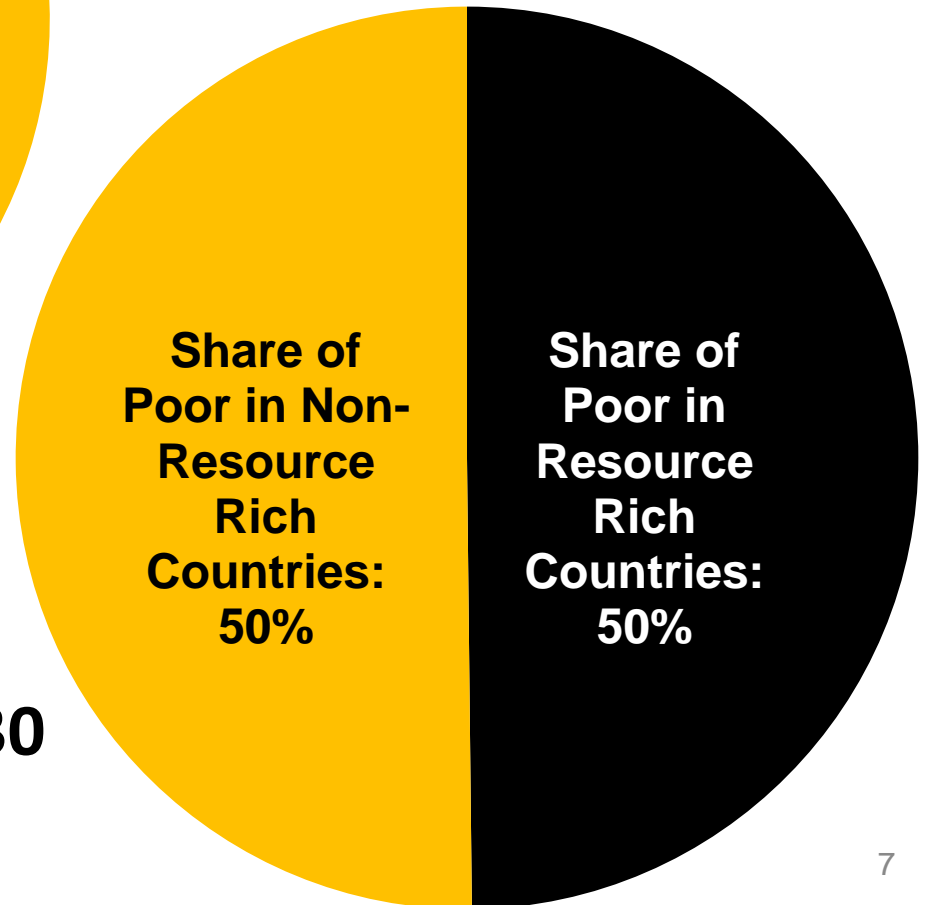


Sources: GDP per capita (atop each column) from World Bank World Development Indicators, 2012.  
Corruption Control data from Worldwide Governance Indicators (WGI, 2012) Countries grouped into terciles based on WGI Control of Corruption scores. Resource Rich country classification according to IMF (2010).

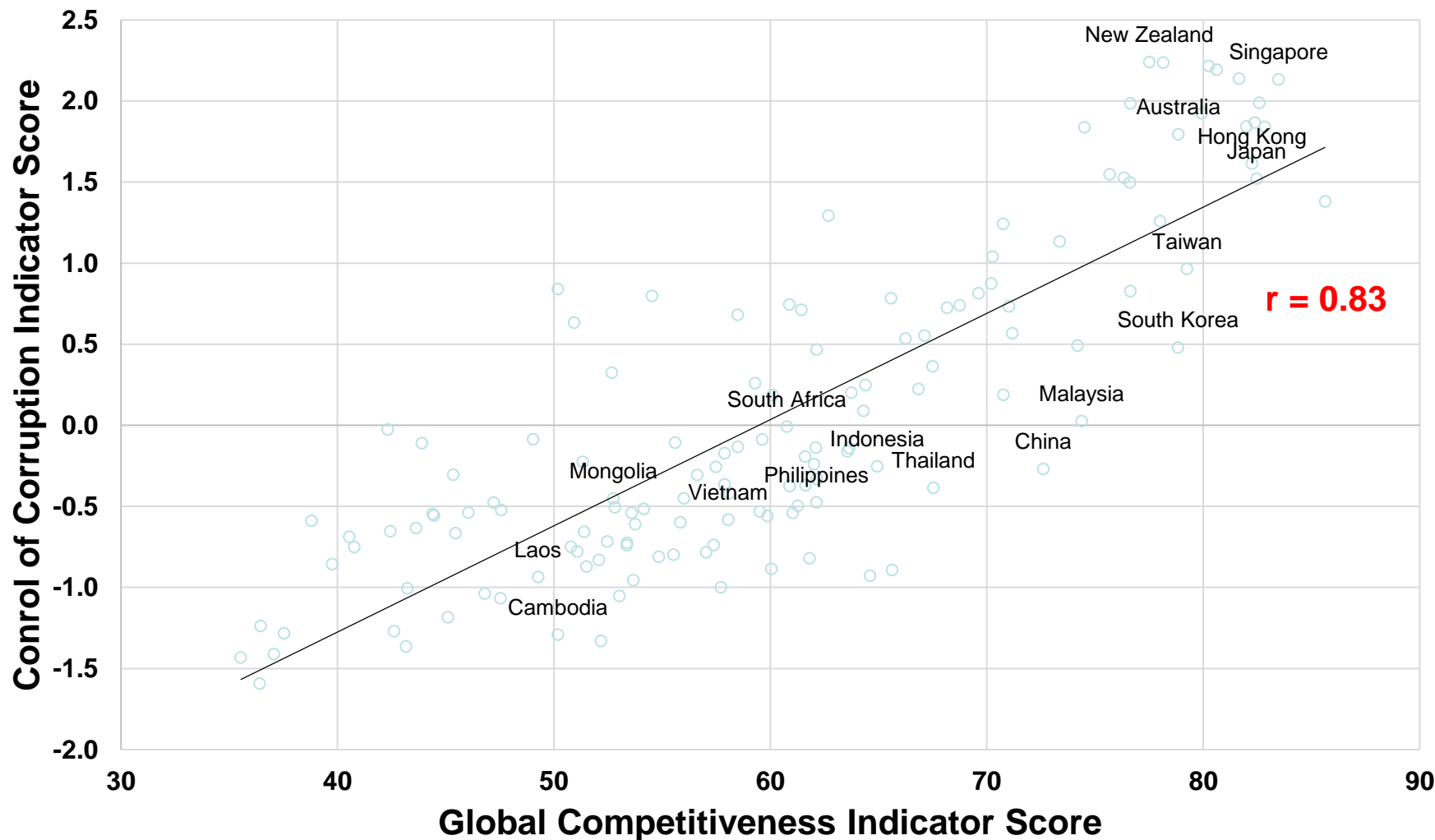
**Share of the # of Poor living under \$2.00 a day in Non-Resource Rich Countries vs. Resource Rich Countries, 1990 & 2030**



**2030**

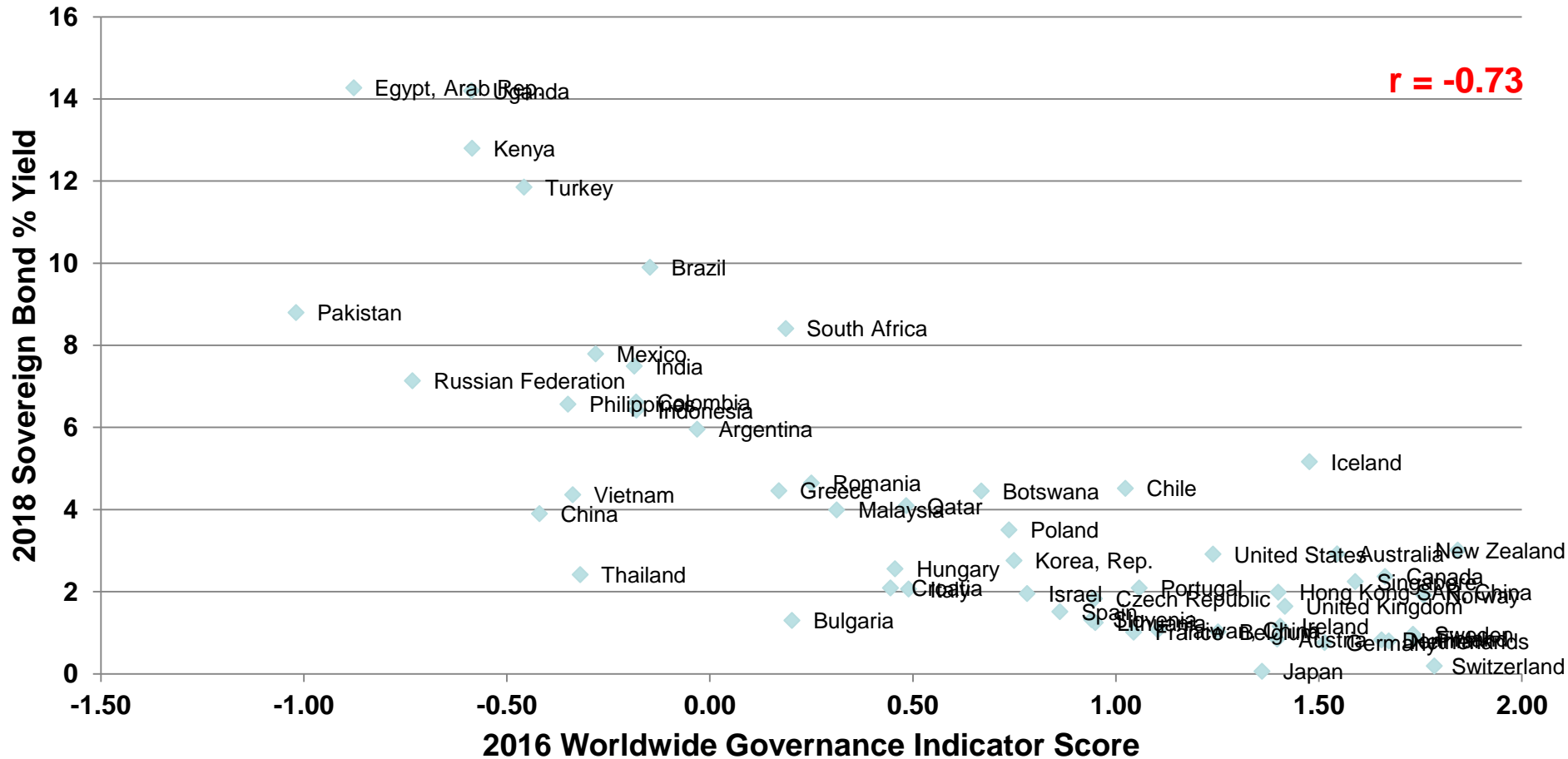


# Close link between WEF Global Competitiveness (2018) & WGI Control of Corruption (2017)





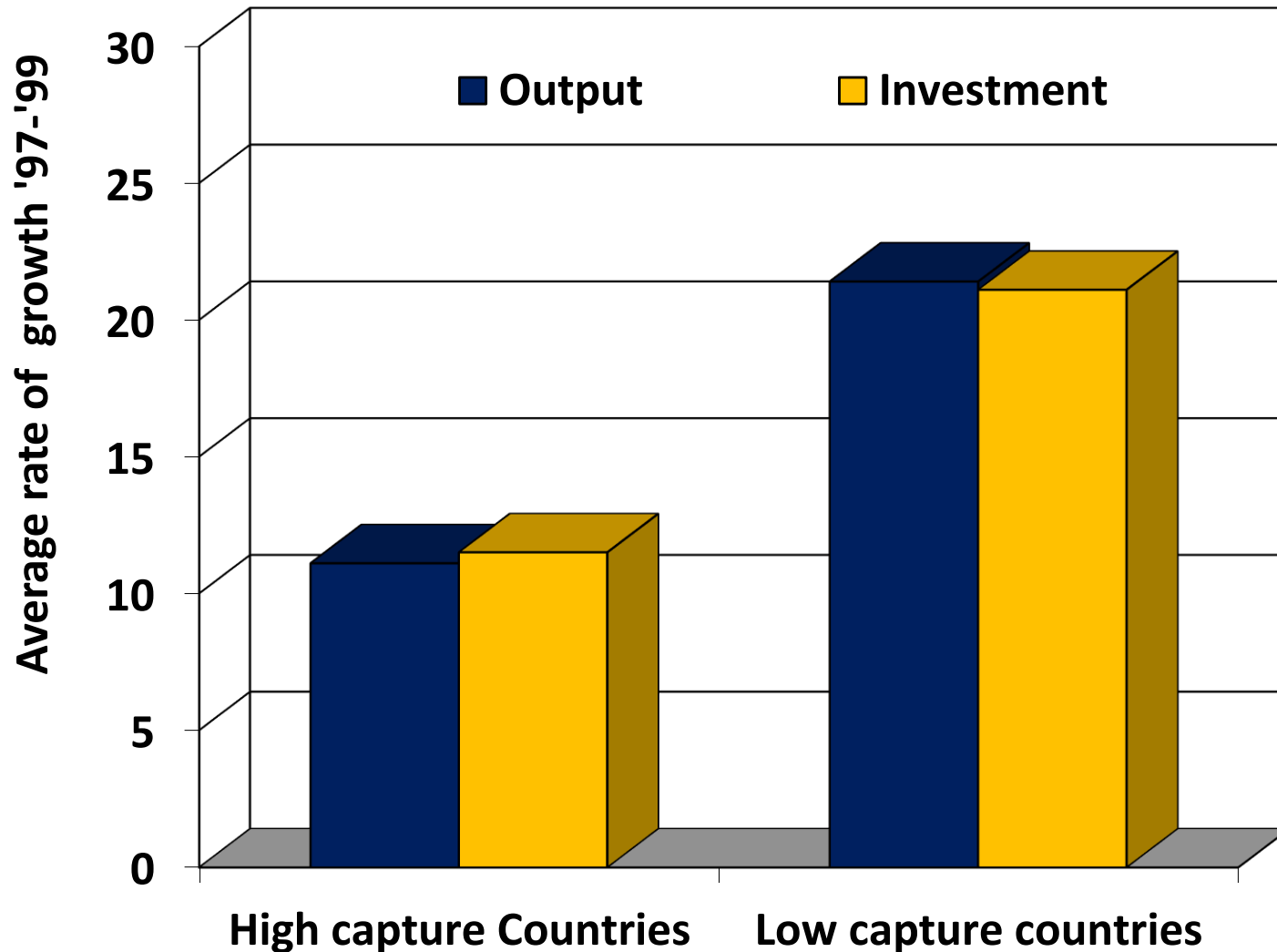
# Sovereign Bond % Yield vs WGI (Composite) Indicator: The '1,000 basis points dividend of good governance'



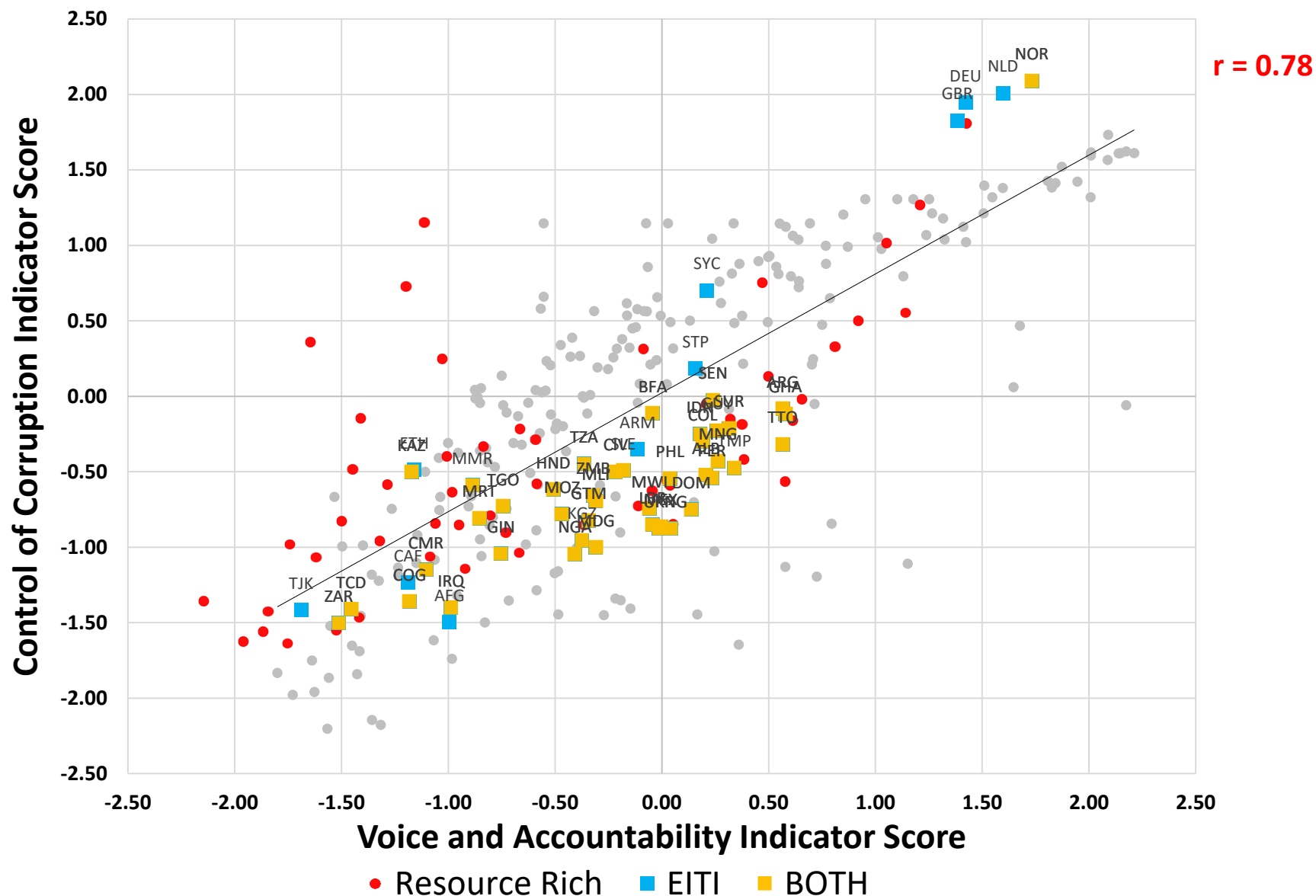
Sovereign Bond % Yield is obtained from countries' 10-year bonds as of February 14, 2018.

Source: Worldwide Governance Indicators, available at: [www.govindicators.org](http://www.govindicators.org) and 10-Year Government Bond Spreads, available at: [www.investing.com/rates-bonds/government-bond-spreads](http://www.investing.com/rates-bonds/government-bond-spreads).

# Costs of State Capture – *Private Sector grows and invests less*



## Voice and Accountability & Control of Corruption 2018 (WGI)



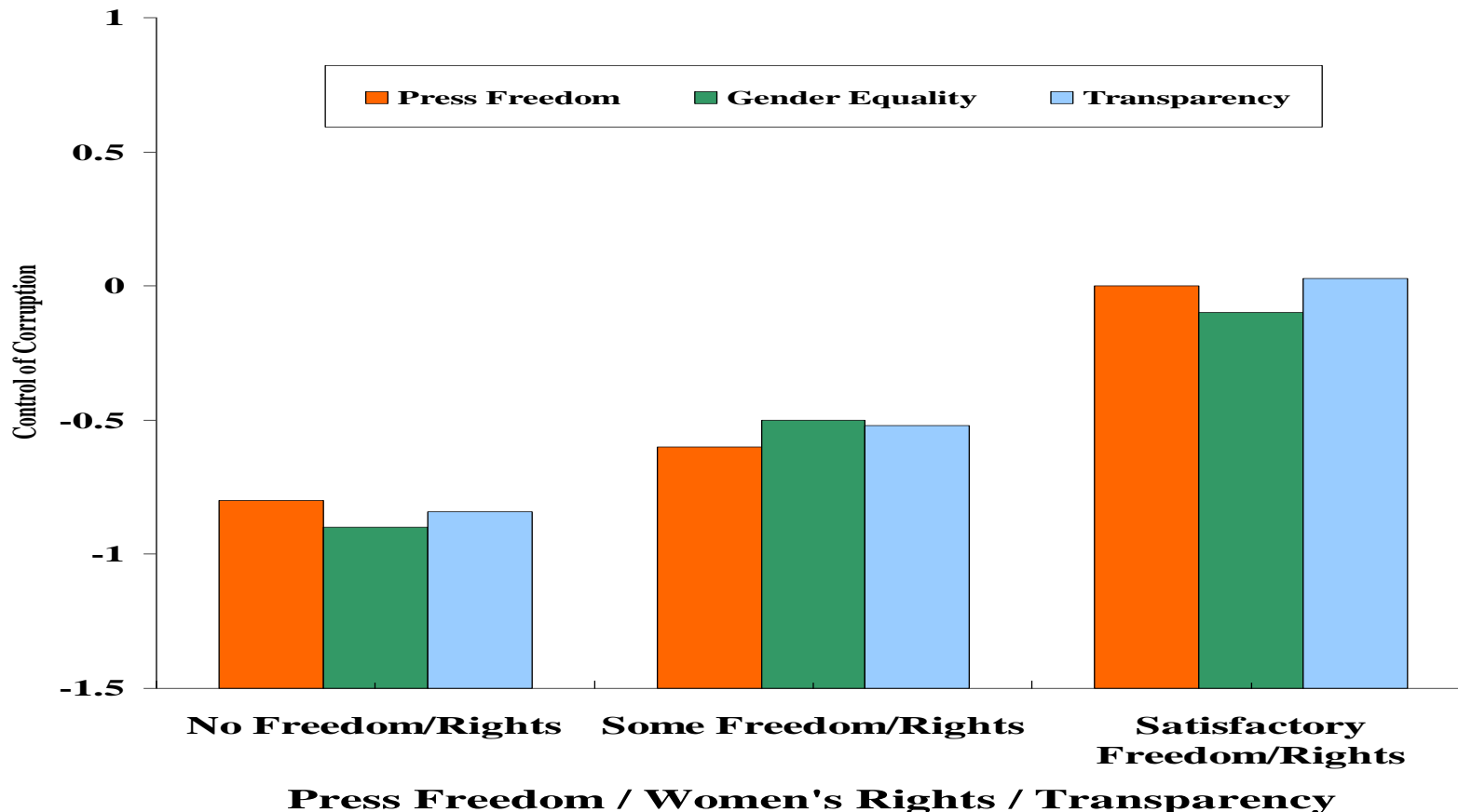
Squares represent countries that have joined EITI. Dots represent all remaining countries, including those who are resource-rich colored in red.

Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org)). Kaufmann, D., A. Kraay, & M. Mastruzzi (2010), [The Worldwide Governance Indicators: Methodology and Analytical Issues](#), World Bank Policy Research Working Paper No. 5430. IMF: Resource Rich. EITI:

# Freedom of the Press, Gender Rights & Transparency are Associated with Corruption Control

*(Emerging Economy sample-- 135 countries)*

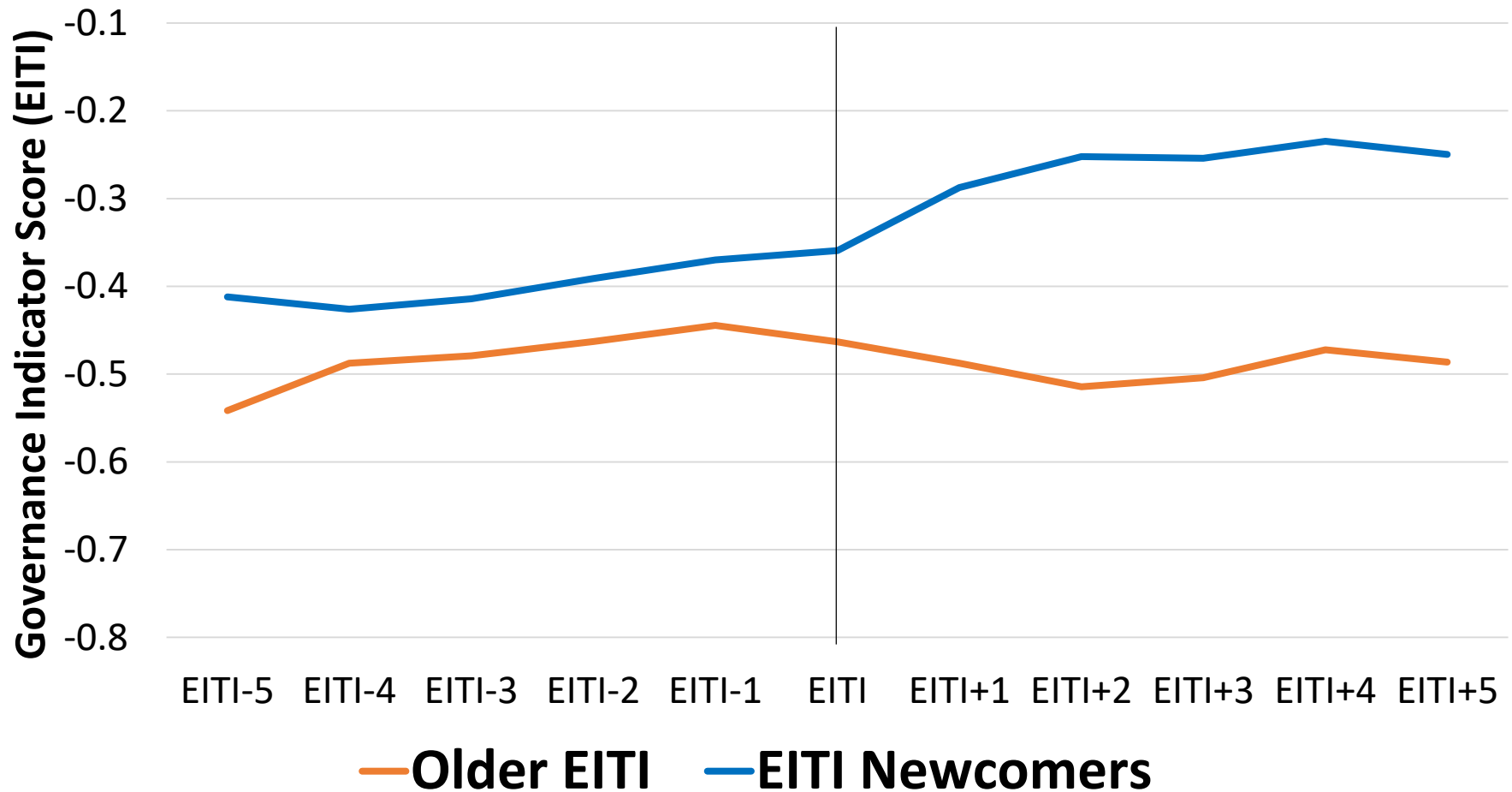
Good



Source for Control of Corruption: : 'Governance Matters IV: Governance Indicators for 1996-2004', Kaufmann, D., A. Kraay and M. Mastruzzi, (<http://www.worldbank.org/wbi/governance/govdata/>); Source for Press Freedom: Freedom House. Source for Gender Equality: CPIA 2004. Source for Transparency: 'Transparency International', A. Bellver and D. Kaufmann. Satisfactory Freedom/Rights reflect higher ratings from Press Freedom, women's rights, gender equality and transparency ratings.

# Voice & Accountability pre- & post-EITI candidacy

Older entrants (28) vs. Newcomers (19) – *Cutoff: 2011*

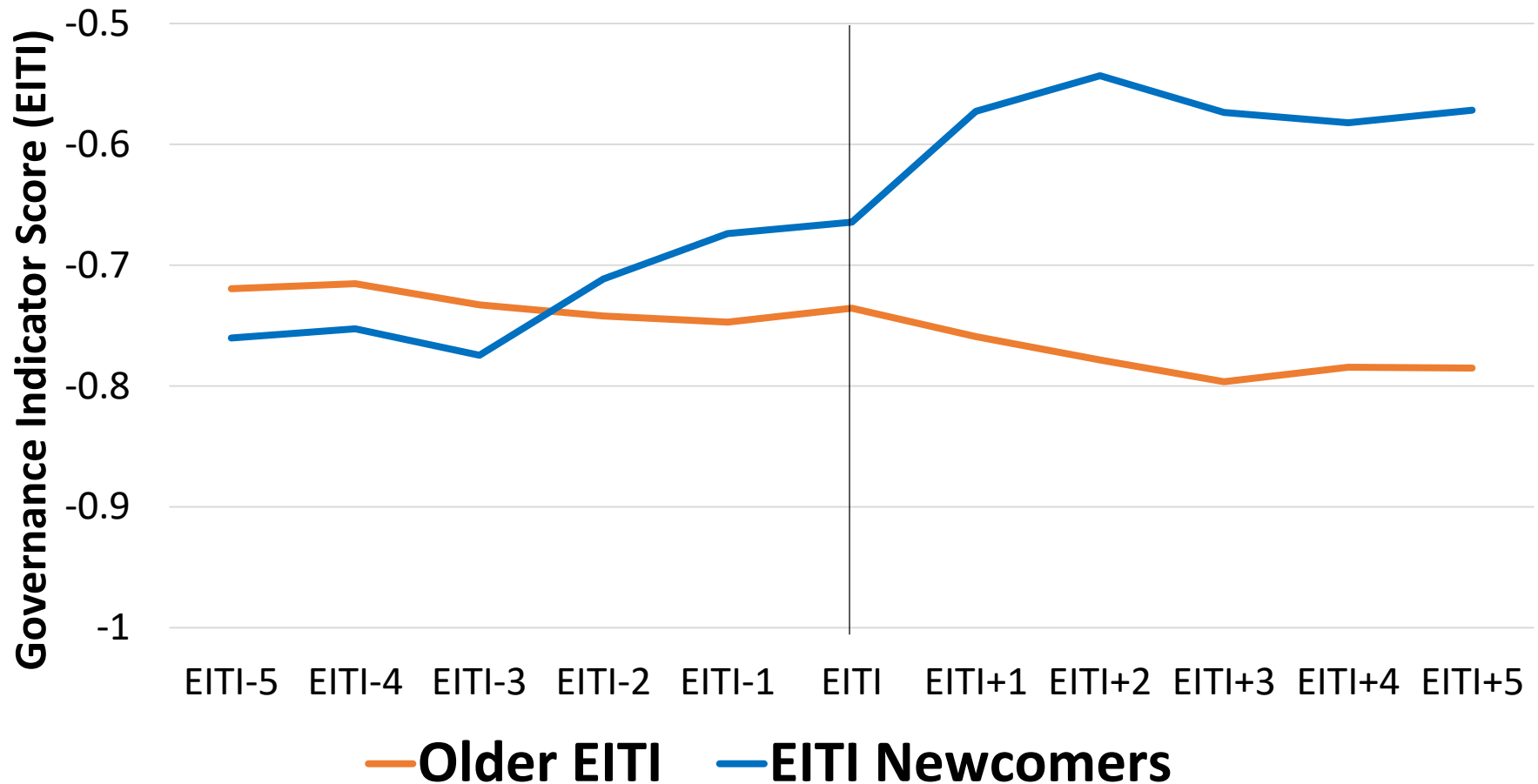


Older EITI sample covers the 28 emerging EITI countries that were members as of 2011. EITI Newcomers sample covers the 19 emerging EITI countries who joined between 2009 and 2017. A conservative assumption is used for countries missing data in EITI+2 (11 countries) by using the data from the last year 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), EITI+5 (36 countries).

Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org)). Kaufmann, D., A. Kraay, & M. Mastruzzi (2010), [The Worldwide Governance Indicators: Methodology and Analytical Issues](#), World Bank Policy Research Working Paper No. 5430. EITI: Countries and joining date on EITI.

# Control of Corruption pre- & post-EITI candidacy

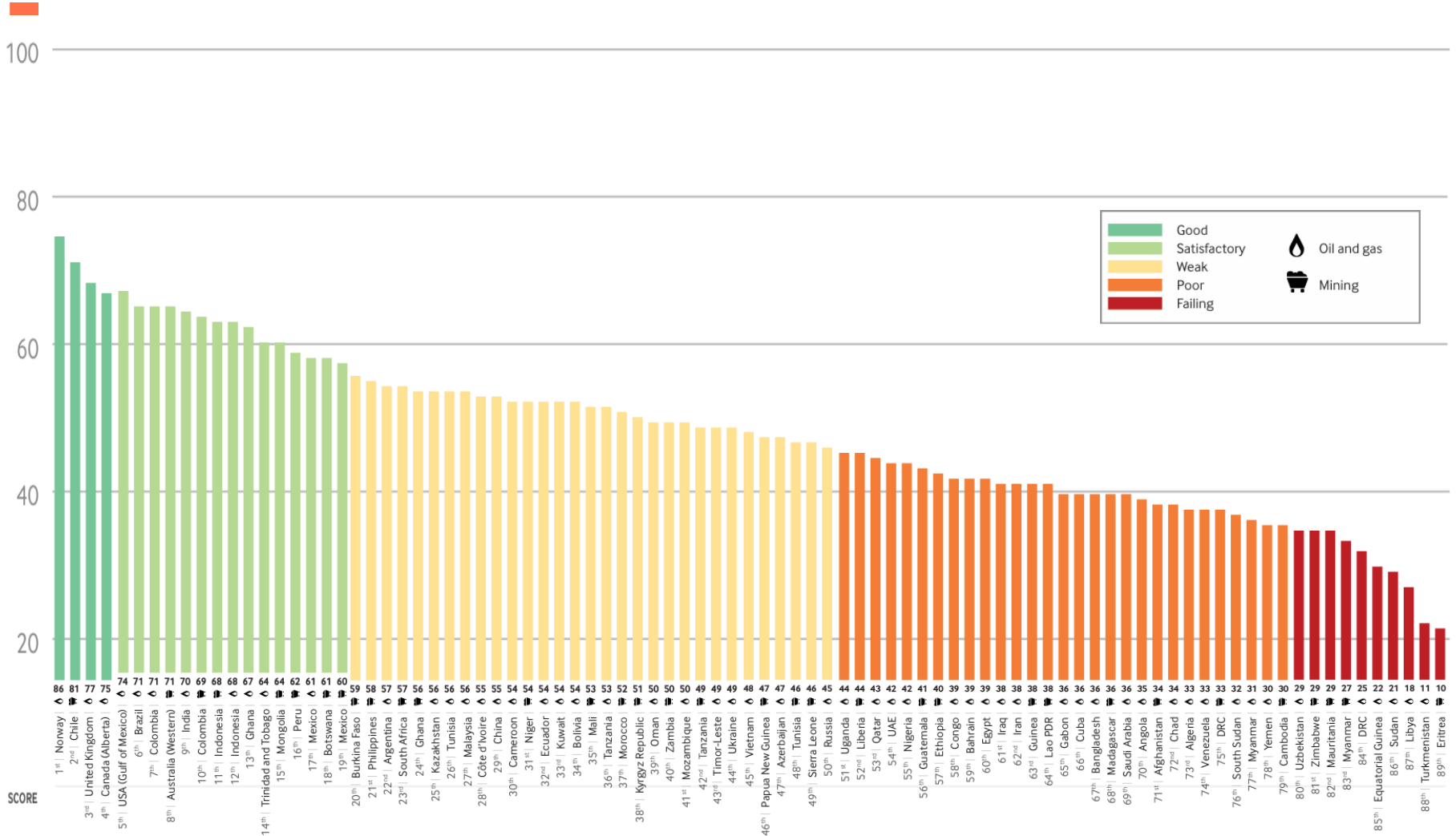
Older entrants (28) vs Newcomers (19) - *Cutoff: 2011*



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), EITI+5 (36 countries).

Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org)). Kaufmann, D., A. Kraay, & M. Mastruzzi (2010), [The Worldwide Governance Indicators: Methodology and Analytical Issues](#), World Bank Policy Research Working Paper No. 5430. EITI: Countries and joining date on EITI.

# 2017 Resource Governance Index country scores and rankings



# State-owned enterprises assessed in the RGI

Country	State-owned enterprise	Gross sales (USD millions, selected years)	Score [/100]
Chile	Codeco	11,693	90
India	Oil and Natural Gas Corporation of India	23,374	87
Argentina	Yacimientos Petrolíferos Fiscales	14,236	83
Norway	Statoil	45,873	80
Morocco	Office Chérifien des Phosphates	4,890	79
Indonesia (mining)	Antam	680	78
Ukraine	Naftogaz	6,596	76
Ghana (oil and gas)	Ghana National Petroleum Corporation	180	75
Trinidad and Tobago	Petroleum Company of Trinidad and Tobago Limited	3,047	75
Mexico (oil and gas)	Petróleos Mexicanos	\$2,241	74
Colombia (oil and gas)	Ecopetrol	18,998	73
Bolivia	Yacimientos Petrolíferos Fiscales Bolivianos	6,812	70
Azerbaijan	State Oil Company of the Azerbaijan Republic	32,309	70
Philippines	Philippine Mining Development Corporation	2	70
Zambia	Zambia Consolidated Copper Mines Investment Holdings	163	69
Indonesia (oil and gas)	Pertamina	41,763	66
Tunisia (oil and gas)	Entreprise Tunisienne des Activités Pétrolière	621	66
Iraq	South Oil Company	Not available	66
Kuwait	Kuwait Petroleum Company	106,002	65
Malaysia	Petronas	63,412	65
Brazil	Petrobras	97,314	65
South Africa	African Exploration Mining and Finance Corporation	18	65
Tanzania (oil and gas)	Tanzania Petroleum Development Corporation	35	64
Vietnam	PetroVietnam	7,232	64
Kazakhstan	Kazmunaigaz	492	63
Côte d'Ivoire	Société Nationale d'Opérations Pétrolière de Cote d'Ivoire	539	61
Venezuela	Petróleos de Venezuela	55,339	58
China	China National Petroleum Company	68,419	58
Angola	Sonangol	19,135	56
Russia	Gazprom	90,571	56
Ecuador	Petroecuador	8,174	56
Qatar	Qatar Petroleum	463,355	55
Bangladesh	Petrobangla	1,039	54
Mozambique	Empresa Nacional de Hidrocarbonetos	115	53
Cameroon	National Hydrocarbons Corporation	1,096	52
Timor-Leste	Timor Gas & Petróleo, Empresa Pública	10	50
Kyrgyz Republic	Kyrgyzalyn	485	50
Papua New Guinea	Petromin	76	49

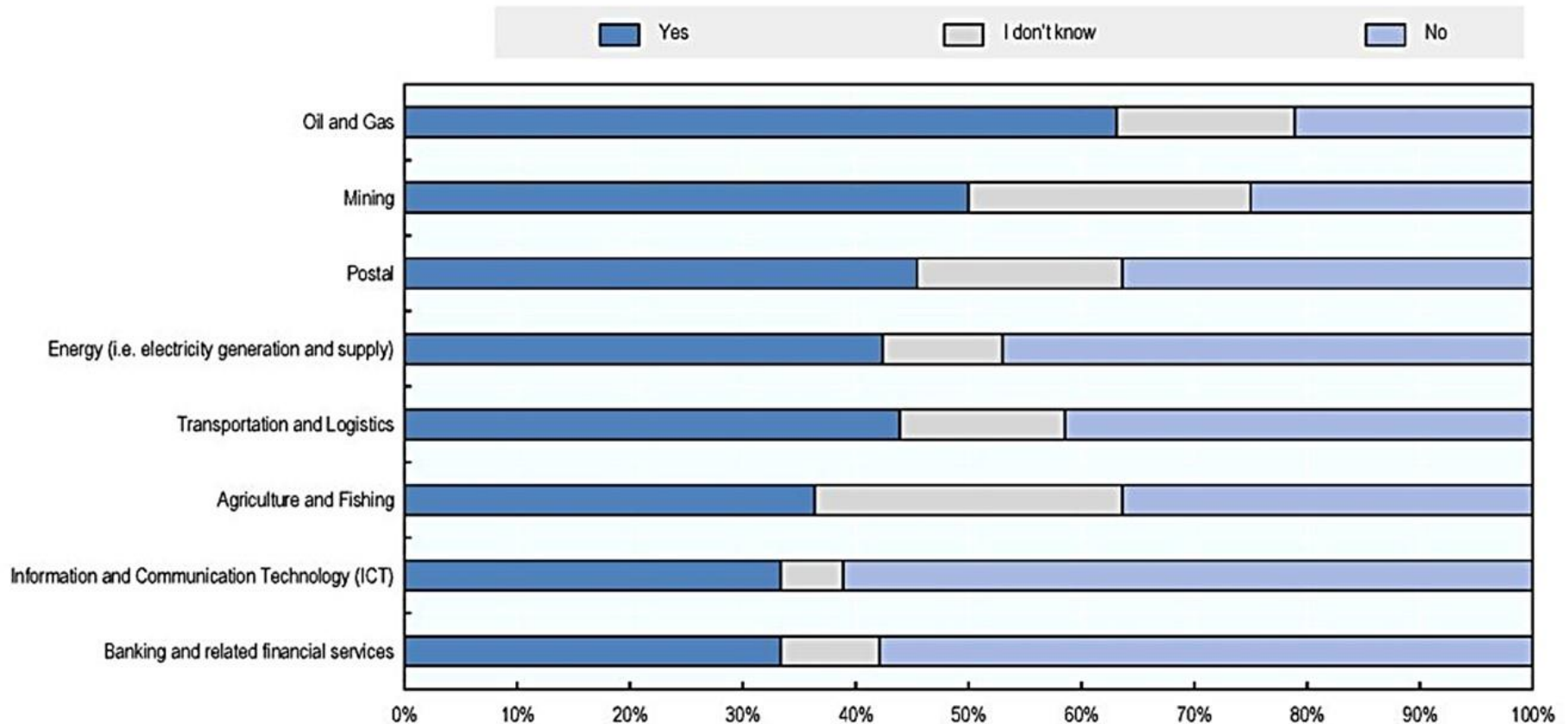
Country	State-owned enterprise	Gross sales (USD millions, selected years)	Score [/100]
Algeria	Sonatrach	70,366	47
Chad	Société des Hydrocarbures du Tchad	Not available	46
Zimbabwe	Zimbabwe Mining Development Corporation	307	45
Nigeria	Nigeria National Petroleum Corporation	6,992	44
Uzbekistan	Uzbekneftegaz National Holding Company	Not available	41
Ghana (mining)	Sankofa Prestea Limited	19	41
Congo	Société Nationale des Pétroles du Congo	Not available	40
Mongolia	Erdenes Mongol	1,246	40
Yemen	Yemen Oil and Gas Corporation	Not available	40
Cuba	Unión Cuba-Petroleo	Not available	39
Mauritania	Société Nationale Industrielle et Minière	1,117	38
Guinea	Société Guinéenne du Patrimoine Minier	1	38
Madagascar	Kraomita Malagasy	Not available	36
Egypt	Egyptian General Petroleum Corporation	Not available	36
Democratic Republic of Congo (mining)	Gécamines	Not available	35
Niger	Société de Patrimoine des Mines du Niger	127	35
Tunisia (mining)	Compagnie de Phosphate de Gafsa	260	35
Myanmar (oil and gas)	Myanmar Oil and Gas Enterprise	Not available	35
Tanzania (mining)	State Mining Corporation	Not available	33
Libya	National Oil Corporation	Not available	32
Oman	Oman Oil Company	724	32
Bahrain	Bahrain Petroleum Company	5,310	32
Botswana	Debswana	3,922	29
South Sudan	Nile Petroleum Corporation	Not available	28
Saudi Arabia	Saudi Aramco	Not available	27
United Arab Emirates	Abu Dhabi National Oil Company	Not available	27
Democratic Republic of Congo (oil and gas)	Société Nationale des Hydrocarbures (previously Cohydro)	Not available	25
Ethiopia	Adola Gold Mine	Not available	24
Iran	National Iranian Oil Company	Not available	22
Myanmar (mining)	Myanmar Gems Enterprise	Not available	16
Sudan	Sudanese Petroleum Corporation	Not available	13
Uganda*	Uganda National Oil Company	0	13
Gabon	Gabon Oil Company	Not available	11
Turkmenistan	Turkmengas State Concern	Not available	10
Equatorial Guinea	GEPetrol	Not available	7
Eritrea	Eritrean National Mining Corporation	Not available	4

\*The Uganda National Oil Company came into being in mid-2016. It has not commenced activities and therefore most of the indicators in the index's SOE subcomponent were deemed not applicable. Regulation concerning its governance is not fully completed and users of the index should note this when reviewing the company's performance.



# Corruption & related irregular practices in SOEs, by sector (Survey by OECD)

Sectors of respondents that said “yes” to “in your assessment, did any of the [listed] risks materialise into activities/actions in the last three years in (or involving) your company?”



# EITI & the Anti-Corruption Agenda

- **Achievements: Dialogue, Data, Civil Society Protections, some Accountability. Board focus now (with NRGI, Norway support)**
- **Ahead: For legitimacy of the initiative: Open & Concrete**
  1. **Diagnostics: Incentives for countries to assess and address corruption & capture risks -- at outreach/sign-up, MSG workplans; validation**
  2. **Safeguarding Civil Society Protections -- *fundamental***
  3. **Companies stepping up -- including MNC majors & SOEs**
  4. **Service Contracting (*following progress on traders*)**
  5. **Energy Transition – *corruption an obstacle***
  6. **Partnerships: EITI about transparency - hence partners: OECD, IMF, Norway/bilaterals; NRGI, CSOs, researchers -- *Political***

***Thank you***