Integrating Social Accountability Approaches into Extractive Industries Projects:

A Guidance Note

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WORLD BANK GROUP

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ACKNOWLEDGMENTS

LIST OF ACRONYMS

ACIDH	Action against Impunity for Human Rights
ALAC	Asociación Los Andes de Cajamarca
ANSA-EAP	Affiliated Network on Social Accountability—East Asia and Pacific Region
ASM	artisanal and small miners
AusAID	Australian Agency for International Development
BTC	Baku-Tbilisi-Ceyhan
CBO	community-based organization
CDA	community development agreement
CDF	community development fund
CMU	Country Management Unit
COICA	Coordinadora Indígena de la Cuenca Amazónica
CSA	country social analysis
CSO	civil society organization
CTPD	Center for Trade, Policy and Development
DACDF	Diamond Area Community Development Fund
DRC	Democratic Republic of the Congo
ECZ	Environmental Council of Zambia
EI	extractive industry
EIA	environmental impact assessment
EITI	Extractive Industries Transparency Initiative
ESIA	environmental and social impact assessment
GIS	geographic information system
IAG	international advisory group
IAP	international advisory panel
IFC	International Finance Corporation
IMF	International Monetary Fund
IPF	investment project financing

IT	information technology
J4P	Justice for the Poor
M&E	monitoring and evaluation
MDTF	multi-donor trust fund
MIM	independent monitoring mechanism
NGO	nongovernmental organizations
NRGI	National Resource Governance Institute (formerly RWI)
OGP	Open Government Partnership
OPSPQ	Operational Policy and Quality Department
ORAF	operational risk assessment framework
ORCADE	Organisation pour le Renforcement des Capacités de Développement (French)
PDO	project development objective
PDR	People's Democratic Republic
PEA	political and economic analysis
PLNG	Peru Liquefied Natural Gas
POM	Platform of Civil Society Organizations Working in the Mining Sector
PSIA	poverty and social impact analysis
PWYP	Publish What You Pay
RAJIT	le Réseau Africain de Journalistes pour l'Intégrité et la Transparence (French)
RTI	right to information
RWI	Revenue Watch Institute
SA	social accountability
SESA	strategic environmental and social assessment
SORT	Systematic Operations Risk-Rating Tool
TAP	transparency, accountability, and participation
TTL	task team leader
USAID	United States Agency for International Development
WBG	World Bank Group
WBI	World Bank Institute

INTRODUCTION

This note provides guidance on how to use social accountability (SA) approaches in oil, gas, and mining projects, with particular emphasis on World Bank projects in the extractive industry (EI) sectors. It highlights some consequences of poor transparency and accountability in EI sectors and identifies opportunities for addressing these issues. It demonstrates how the use of SA approaches and tools can improve the implementation and outcomes of EI projects. Although the note is written primarily for a World Bank/International Finance Corporation (IFC) audience and project cycle, it is hoped that it will be a resource for government, industry, and civil society partners as well.[1]

Social accountability has gained increasing importance in the World Bank's work over the past two decades. Development partners—including governments, industry, and citizens—recognize the critical role of citizen voice and participation in improving governance. In turn, this can reduce project risk and create more sustainable development outcomes. Particularly in countries with developed or potential mineral wealth, transparency, accountability, and citizen participation are key factors in how those resources contribute to growth and poverty reduction. The increasing use of information technology (IT) has accelerated and broadened the range of stakeholders, especially civil society organizations (CSOs), which are adopting SA approaches to improve transparency, accountability, and participation in EI sectors.

Section 2 provides definitions of social accountability and citizen engagement, and the relationship between the two. It lists some common tools and approaches to SA. Section 3 explains how SA can both improve the implementation and outcomes of EI projects as well as reduce problems and negative outcomes. Section 4 outlines step-by-step guidance on the design, implementation, monitoring and evaluation, and sustaining of SA activities. It also provides suggestions on how to incorporate gender into SA activities. Section 5 describes how the Extractive Industries Transparency Initiative (EITI) can serve as a platform for SA approaches. Section 6 discusses the opportunities and challenges for SA for all five links of the EI value chain, identifies entry points for SA, and provides suggestions and examples of how SA approaches and tools can be used to address specific challenges in EI projects. The annexes list additional sources of information on using SA approaches in EI projects, including a checklist and suggested SA indicators.

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[1]Generally, the note is most applicable to investment lending projects in the oil, gas, and mining sector, but different elements of the note are relevant to different types of projects. At least parts of the note are applicable to a wide range of projects and stakeholders, not just World Bank task teams.

What Is Social Accountability, and How Does It Relate to the Extractive Industries?

Social accountability substantially overlaps with citizen engagement. This note first defines citizen engagement and then social accountability.

- *Citizen engagement* is defined by the World Bank (2014a) as the two-way interaction between citizens and governments or the private sector within the scope of World Bank Group interventions—policy dialogue, programs, projects, and advisory services and analytics—that gives citizens a stake in decision making with the objective of improving the intermediate and final development outcomes of the intervention.[2] The spectrum of citizen engagement includes consultation, collaboration, and empowerment. Four aspects of civil society engagement, moving from the weakest to the strongest level of participation, are as follows:

  a. Inform—providing citizens with objective information to assist them in understanding the problem, alternatives, opportunities, and solutions
  b. Consult—obtaining citizen feedback on analysis, alternatives, and decisions
  c. Collaborate—partnering with citizens in parts or all of decision making
  d. Empower—final decision making is in the hands of citizens

  Although many forms of outreach and transparency are important elements of citizen engagement, it's worth noting that access to information, for example, typically implies a one-way interaction only. Information-sharing and awareness-raising activities alone, therefore, do not meet the World Bank's definition of citizen engagement. Closing the feedback loop (i.e., a two-way interaction providing a tangible response to citizen feedback) is required to effectively use their input to facilitate improved development outcomes, to meet citizens' expectations for change triggered by their engagement, and to justify the cost of engaging with them.

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[2]This definition is from the World Bank's *Strategic Framework for Mainstreaming Citizen Engagement in World Bank Group Operations: Engaging with Citizens for Improved Results* (2014a, p. 8). This is the main document outlining the World Bank's approach to citizen engagement. Citizens are all the people in a country or society, and the term *citizens* does not refer to their legal status.

- *Beneficiary feedback* is a subset of citizen engagement that is applicable to World Bank investment project financing. It refers to citizen engagement with those citizens who are clearly identifiable (direct) project beneficiaries during investment project financing (IPF) preparation, implementation, and evaluation. Securing beneficiary feedback is a critical component of citizen engagement and a key aspect of ensuring that projects understand, respect, and respond to the needs and views of the people they impact.

A number of mechanisms exist for engaging with citizens. They broadly include (a) consultation and feedback mechanisms, such as focus groups and satisfaction surveys; (b) collaborative mechanisms, such as participatory planning and budgeting; and (c) citizen-led mechanisms, such as community management or user management committees. In addition, third-party monitoring mechanisms include social audits, citizen report cards, community scorecards, and public expenditure tracking surveys.

Social accountability refers to the broad range of actions and mechanisms beyond voting that citizens can use to hold the state accountable, as well as actions on the part of government, civil society, media, and other societal actors that promote or facilitate these efforts.[3] Social accountability approaches are based on three key principles: transparency, accountability, and participation (the TAP principles).

- *Transparency* refers to the availability and accessibility of information to the general public, along with clarity about government rules, regulations, and decisions. Information must be understandable and communicated to the general public so that it can be acted upon. This is the foundation upon which the other two TAP principles, accountability and participation, are built. Transparency, therefore, is a necessary, but not sufficient, condition for social accountability.

- *Accountability* can be defined as the obligations of individual or institutional power-holders, at national and local levels, to take responsibility and account for their actions. Two main components of accountability are *answerability* and *power to sanction*.

- *Participation* is the critical link between transparency and accountability. Whereas transparency refers to information being made available and accessible, accountability refers to the fact that people can practically and legitimately be held responsible for that information; neither the information nor that accountability are meaningful unless citizens can participate and effectively use this information to hold governments, service providers, companies, and CSOs representing citizen interests accountable.

Participation can take many forms and ranges from simple consultations to giving citizens the authority to influence budgetary or service-delivery decisions. Participation should be rigorous, high quality, and gender sensitive and have a demonstrable

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[3]See Malena and McNeil (2010).

impact on outcomes. Some SA interventions focus only on transparency, that is, working to make information available and accessible. Others focus on ensuring that there are forums and mechanisms to facilitate demands for accountability. But without encouragement and protection for participation, the effectiveness of transparency and accountability to lead to changes in governance will be limited. All three principles are critical to improve governance and development outcomes. **Table 1** lists several examples of typical activities for achieving each of the three SA principles.[4] **Box 1** describes the Social Accountability E-Guide, which provides several pages of information on many SA tools, how to integrate them into projects, and much more.

Table 1: Tools Supporting Each of the Key Pillars of Social Accountability (TAP)

TRANSPARENCY	ACCOUNTABILITY	PARTICIPATION
Information Dissemination and Demystification • Public disclosure of information • Information-sharing and awareness-raising campaigns • Access-to-information laws • Open-data activities	**Monitoring** • Third-party monitoring • Participatory monitoring • Community scorecard • Independent oversight • Public expenditure tracking • Input tracking **Complaint Handling** • Grievance redress mechanism	**Participatory Decision Making** • Participatory policy making • Participatory planning • Participatory budgeting • Consultations with feedback • Citizen/user membership in decision-making bodies • Community management

Box 1: Online Tool to Assist Task Teams: Social Accountability E-Guide

This is an online resource that aims at increasing knowledge and understanding of key SA approaches and tools and helps task teams make informed decisions in selecting appropriate SA mechanisms to strengthen the results of their project and programs. It provides step-by-step guidance to task teams, from the scoping and identification of entry points, to sequencing, implementation, and monitoring and evaluation of SA activities. It also provides case examples. It is publicly available at https://saeguide.worldbank.org/.

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[4]For a glossary of these SA tools and approaches, see World Bank (2011d, pp. 20–21). For a more detailed description, see the Social Accountability E-Guide (described in Box 1) at https://saeguide.worldbank.org/.

Although there is no formal World Bank definition of the relationship between social accountability and citizen engagement, for the purposes of this note, SA is primarily activities whose objectives are to hold the state accountable. The set of SA tools in Table 1 is almost identical to the list of citizen engagement mechanisms previously described: both use the same tools. However, because the World Bank definition of citizen engagement does not include information-sharing and awareness-raising activities, the transparency set of SA activities is not considered citizen engagement by the World Bank. Therefore, SA is more accurately seen as overlapping with citizen engagement, but not entirely a subset of citizen engagement. Furthermore, in the EI context, another important distinction is that many SA activities are aimed at the private-sector companies that undertake most EI exploration and production activities. This often requires a tripartite approach between governments, the private sector, and citizens.

Why Social Accountability Matters to Extractive Industry Operations

Social accountability in the EI sectors entails providing citizens the opportunity to be engaged at the various stages of the EI value chain. This includes establishing transparent contracting processes that allow for the public to monitor and challenge the contracts, the payment of royalties and taxes, revenue allocation, and management processes, as well as participating in monitoring of environmental and social impacts and helping to make EI project development impacts more sustainable.

Social accountability relates not only to how government services are administered and delivered, but also to how revenue generated from natural resources by extractive industries are contributing to national, regional, and local development. Social accountability empowers and facilitates citizens to ask such questions as "How much government revenue is generated by the oil, gas, and mining sectors?" and "What is it being spent on?" Although governance mechanisms in the extractive industries, such as the EITI, work to make information available, SA goes beyond this to create meaningful opportunities for people to use information to hold government and service providers accountable.

Furthermore, governments are not the only main actors. Although governments regulate the industry, the private companies conducting EI operations also have social or legal contracts, bound by local laws or their own codes of conduct. Civil society's ability to hold companies responsible for these obligations and to ensure that government is doing its part to require adherence is vital to independent accountability and good governance.

Although SA can provide many benefits, the costs, risks, and difficulty of SA should not be underestimated. The time and human and financial resources required for SA activities can be significant. The costs tend to be up front, whereas the benefits usually take much longer to materialize. Despite the upfront costs, SA can be cost-effective over the long run because it helps the project achieve sustainable development outcomes.

SA has risks. Because it is political, it can create tensions between citizens and officials. SA can increase expectations that cannot be met. It can have unintended impacts if

it unfairly gives greater voice to stakeholders better able to participate than to those who represent the interests of the majority. Elite capture, nepotism, patronage, and other abuses have plagued SA where more powerful and better connected stakeholders use it to promote their private interests.

SA may have limited impact if governments or companies are not interested in—or actively opposed to—increased transparency, accountability, and participation. There is a risk that projects will apply SA superficially, without sufficient due diligence and rigor for ensuring accountability. There is a need to go beyond "checking the box" toward a longer-term focus on bottom-up citizen participation and engagement as an intrinsic, not just an instrumental, development goal. People need incentives to participate, and if they think the impact of their participation is not worth the effort, they are unlikely to participate.

Even when SA is not risky, costly, or poor quality, there are limits to what it can achieve or where it can be effective. It may not be as effective when governments lack the capacity or financial means to sustain improvements, even if they are responsive. Observers may conclude that SA does not work, and this may undermine its principles even when the problem is ineffective application.

Even when SA is effective, its approach may not be sustained, especially if supported by external funding. The three- to five-year project approach is not well suited for SA, which can require longer gestation periods for visible results. Institutionalizing and sustaining SA may turn out to be difficult and complex. Despite these costs and risks, SA can be important in EI operations.

STEPS IN INTEGRATING SOCIAL ACCOUNTABILITY INTO PROJECT DESIGN AND IMPLEMENTATION

This section explores the key considerations for design and implementation of SA approaches in World Bank projects, including EI projects. There are five key steps for integrating SA into project design and implementation:

Step 1: Identify and prioritize social accountability concerns and opportunities.

Step 2: Assess the political, legal, and social context for social accountability.

Step 3: Select social accountability activities according to the context.

Step 4: Decide on implementation modalities for social accountability activities.

Step 5: Monitor and evaluate social accountability activities.

The World Bank has developed several resources that summarize key actions for each of these steps. Each of the five steps is presented in much more detail in the World Bank Social Accountability E-Guide. **Annex 1** contains a checklist summarizing the key actions under each of these five steps. More information can also be found in World Bank's How-To Note "How, When, and Why to Use Demand-Side Governance Approaches in Projects," which provides steps for integrating SA into World Bank projects.[5]

To support integration of these activities into the World Bank project cycle, **Table 2** overlays these steps onto the World Bank project cycle to provide an overview of the key tasks for integrating SA at each stage of project design and implementation.

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[5]For a detailed discussion of these steps, see World Bank (2011d, pp. 5–18), and World Bank (2013, pp. 7–19).

Table 2: Integrating Social Accountability into the Project Cycle

PROJECT STAGE	TASKS
Project Concept Note	• Diagnose the context for social accountability. • Explore the relevance of social accountability approaches to address governance issues and risks. • Develop government, company, and other stakeholder buy-in.
Design and Preparation	• Design project and select social accountability strategy and methods. • Identify and engage the key stakeholders who will lead social accountability initiatives. • Analyze proposed social accountability activities: risks, impacts, costs, and benefits.
Quality Enhancement Review	• Prepare social accountability initiatives, including the project's disclosure strategy. • Estimate costs and resources needed to prepare and supervise social accountability measures.
Appraisal	• Appoint focal points for managing social accountability activities. • Integrate social accountability mechanisms into the operations manual, results framework, etc. • Initiate planning and mobilization for rollout of social accountability activities.
Implementation Support	• Ensure that implementation of social accountability activities follows the design. • Ensure that findings from SA activities are being followed up and inform project management. • Record social accountability-related indicators in Implementation Status and Results Report.
Evaluation	• Assess the impact of social accountability initiatives. • Report on specific intermediate and outcome SA indicators in the assessment.

STEP 1: IDENTIFYING AND PRIORITIZING SOCIAL ACCOUNTABILITY CONCERNS AND OPPORTUNITIES

The first step in any SA approach is to identify governance opportunities and concerns, then prioritize potential issues and activities. It is important to be strategic and problem-driven in identifying the measures that will be supported. To identify opportunities for potential social accountability activities, task team leaders (TTLs) should (i) map key project activities and objectives, and (ii) identify governance concerns and opportunities associated with the project. This can identify potential accountability entry points. Although SA is more about improving project outcomes than about avoiding or mitigating risks, identifying entry points through the

Systematic Operations Risk-Rating Tool (SORT) or other risk assessment methods can be useful.[6]

STEP 2: UNDERSTANDING CONTEXT AND THE ENABLING ENVIRONMENT

The sociopolitical context influences both the potential for SA activities to effect change and the type of SA approach that may be most effective, depending on the capacity, trust, and strength of the legal and regulatory framework. Key factors in assessing the social, political, and legal contexts for SA include the following:

- **Incentives**: What incentives do government, industry, and civil society have to use SA approaches?

- **Accountability mechanisms**: What are the mechanisms by which civil society can hold government accountable? Do these already exist, or will these need to be developed?

- **Level of institutional capacity**: To what extent do institutions exist through which civil society can demand accountability? Are they sufficiently specialized and decentralized?

- **Inclusiveness**: How are women, ethnic minorities, the poor, and other vulnerable or marginalized groups able to influence decisions?

- **Access to information**: Does an access-to-information (ATI) law exist? To what extent are citizens able to access information on government and companies' operations?

- **Media and journalist capacity**: How effective is the media in interpreting, analyzing, and disseminating information?

- **Relationship between state, civil society, and industry**: The history of this relationship can be a major constraint to, or foundation for, SA activities.

One important indicator of the context for SA in the EI sector is its status on compliance with the EITI Standard. That provides valuable information on who is engaged on EI issues, the state of relationships between various stakeholders, key issues, and so on. For other issues—such as consultation, compensation, land rights, and other community concerns—other tools are necessary. The World Bank offers various tools that can be used to understand the context for transparency and accountability while planning a project. These include:

- Poverty and social impact analysis (PSIA)

- Environmental and social impact assessment (ESIA)

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[6]For how to identify entry points for SA using the operational risk assessment framework (ORAF), see World Bank (2012d). Although the ORAF has been replaced by the SORT within the World Bank, most of the social accountability approaches to risk management are still relevant.

- Strategic environmental and social assessments (SESA)

- Country social analysis (CSA) or political and economic analysis (PEA)

These analyses should be conducted prior to project implementation, but also at relevant moments in each country's political context, for example, in the consideration of a new mining law or regulation.[7] Upfront analysis of these contextual issues will help improve project design. **Box 2** describes two examples of strategic assessments that recommended SA activities to address governance issues in EI sectors.

Box 2: Examples of Strategic Assessments of the Extractive Industries Recommending Social Accountability Activities

Angola—Oil, Broad-Based Growth, and Equity (January 2007): Addressing governance and transparency issues was one of the four main reform areas of this country social analysis. Its recommendations included: (i) engage civil society in revenue management and a transparency process; (ii) organize workshops to include civil society; (iii) establish an independent public information center; (iv) develop a time-bound, funded action plan for implementation of transparency agenda; (v) achieve formal endorsement of the EITI and agreement on an action plan for its implementation; (vi) develop a more accessible, user-friendly website for oil data; and (vii) develop a clearer strategy to manage the country's growing oil and diamond wealth based on sound governance and transparency principles.

Sierra Leone Mining Sector Reform: A Strategic Environmental and Social Assessment (SESA) (June 2007): This SESA was undertaken to assist the government in developing its minerals policy. Stakeholder and political economy analysis of mining-sector reform led to stakeholder prioritization workshops. These generated recommendations, including: (i) establish a monitoring framework that provides clear roles for participation by local governments, civil society, and nongovernmental organizations (NGOs); (ii) require ESIAs to be presented in a manner that is understandable to local community representatives, mediators, and the judiciary and that clearly identifies the legal obligations and commitments of mining companies; (iii) develop an easily accessible system of dispute resolution in the mining sector; (iv) include in the mining law a framework for consultation and negotiations on local development for mining operations; and (v) establish mechanisms to enhance women's access to mineral resources and their involvement in discussions and negotiations with mining companies, including the promotion of greater participation in local government.

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[7]When such changes in law and regulations are supported by the World Bank's operation and likely to have significant poverty and social consequences, analysis of poverty and social implications are required by OP 8.60.

STEP 3: SELECT SOCIAL ACCOUNTABILITY TOOLS AND METHODS

The third step in integrating SA approaches into projects is selecting the tools and methods. **Figure 1** (on page 25) categorizes some of the most prominent SA tools in terms of their principal objective: enhancing transparency, accountability, or participation. Other major considerations in the selection process include (a) the extent to which a given initiative is dependent on government cooperation, (b) the complexity or difficulty of implementing the SA activity, (c) stakeholder capacity and experience with the tool or method, and (d) cost and time considerations. **Table 3** (on page 13) shows four categories of citizens' concerns and how SA approaches and tools can help address these concerns.

Based on the considerations in Table 3, the next steps are to: (a) identify a SA strategy or approach that might be a good fit for the context and governance challenge, (b) conduct a brief diagnostic, (c) review some of the main characteristics of the SA approach being considered to see how they fit with the diagnostic, (d) select the best SA approach and who will implement it through a consultative process, and (e) develop a first-cut strategy. Selecting the strategy is not a one-time task, but an ongoing, iterative process with learning and adaptation along the way. Key stages of designing and implementing SA activities include the following:

- Begin preparation and early risk assessment.

- Validate initial design.

- Pilot field methods, monitor and adjust methods.

- Expand after pilot testing.

- Implement and document SA initiative.

- Validate findings with stakeholders.

STEP 4: DECIDE ON IMPLEMENTATION MODALITIES

The fourth step is to decide the details for implementing selected SA activities. Although it may be evident in most projects where they need to be introduced, in some cases, project teams may need to rely on SA specialists to identify synergies with existing project components for optimal cost-effectiveness and impact. Specialists are especially useful in understanding the implications of the context for the choice and integration of tools and conceptualizing the big picture, such as selecting and sequencing tools, linking them to project activities, and planning for institutionalizing and scaling up SA.

Selecting partners: Social accountability activities are dependent on selecting capable partners for implementation. Citizens often lack the skills to undertake many of the challenging tasks in EI; they need training, organizing, and support. Possible partners for the implementation of SA tools include CSOs (international, national, or local organizations and coalitions), private firms (especially consulting firms), universities,

Table 3: Sample Social Accountability Tools to Address Different Citizen Concerns

CITIZEN CONCERN	HOW SOCIAL ACCOUNTABILITY CAN HELP	SAMPLE TOOLS
• Lack of information about EI projects and impacts • Lack of information about EI contracts, license procedures, collection of royalties and taxes, and revenues and how they are allocated • Lack of information about local procurement, local sourcing opportunities, or hiring by extractives operators	• Increase transparency and access to information • Make information more understandable to people	• Public disclosure of information • Public displays of information • Information campaigns • Budget literacy campaigns
• Complaints about EI operations, especially their negative impacts	• Provide people assistance in seeking redress	• Grievance redress mechanism • Public hearings • Citizens' juries
• Weak monitoring of EI operations • Limited oversight of how EI revenues are collected and allocated	• Establish independent, civil society, or community monitoring	• Third-party monitoring • Participatory monitoring • Community scorecard
• Weak legal framework for collection of taxes and royalties • Weak regulation of EI operations	• Integrate citizen concerns into EI regulations and policies • Develop legal frameworks to regulate EI operations	• Consultation with civil society and communities • Citizen participation in decision-making bodies
• EI regulations do not sufficiently protect impacted communities and their interests • People are not sufficiently involved in decisions on EI revenue allocation, community development agreements, etc. • Skepticism that benefits of EI operations are adequately shared with impacted communities • Lack of EI company accountability to citizens and communities	• Organize people to protect their interests through committees, CSOs, and community-based organizations (CBOs) • Invite citizen and community participation in EI decision making and policy setting	• Citizen participation in decision-making bodies • Participatory planning • Participatory budgeting

and other research institutions. Partners need to have experience in working with communities and groups that often are marginalized, such as women. The skills required for specific activities are likely to be a primary criteria in selecting partners. The selection of capable partners is critical not only for the effective implementation of the project, but also for the credibility of fairness toward the project itself. The partner institutions that hold government and service providers accountable should also be held accountable to beneficiaries they are representing.

Generating Buy-In: Social accountability activities are often seen by governments as an unwelcome degree of oversight, or as limiting their discretion. Greater transparency and accountability regarding how licenses and contracts are awarded, royalties and taxes are calculated, and EI revenues are allocated and managed can often be perceived as an unwelcome intrusion. Therefore, it can be useful to address government concerns and highlight how SA tools make certain aspects of government responsibility easier and less contentious and can result in improved outcomes. For example, transparency about EI licenses, contracts, regulations, royalties, taxes, and revenue allocation can provide public officials the opportunity to demonstrate responsiveness and improved outcomes. In this way, SA can improve government–citizen relationships. SA tools that are used to monitor environmental impacts, the delivery of benefits to local communities, adherence to regulations, and so on can appeal to higher-level officials. Communities can provide more detailed and accurate information, and can create a shared sense of ownership and responsibility. The caveat is that responsibility is often transferred to local communities without resources and support commensurate to the tasks communities are expected to carry out.

Capacity: Social accountability activities usually require some initial investment for training and technical support. It is important to find means to support such activities in the future without external funding. For example, although an initial participatory monitoring activity may require training, the objective would be to create a mechanism that is appealing and easy enough to manage that communities can maintain SA without external funding.

STEP 5: MONITORING AND EVALUATION

Monitoring and evaluation (M&E) of SA interventions is essential for understanding and evaluating their impacts, and adjusting the design of programs for maximum benefit. Project design can better integrate M&E by defining a theory of change to understand the logic of the SA intervention, setting up systems to capture information during implementation, establishing an M&E unit to coordinate all M&E activities, and agreeing on the M&E plan and indicators with all the relevant stakeholders. This can be supported by including an M&E specialist from the beginning of the project. Typical key questions include:

- Are people acting on information made available?

- Which information do they use, and how do they use it?

- What channels are they using to make their voices heard?

- Is the company/government responding to citizen concerns?

It is necessary to establish the main objectives of the SA activity to identify the types of change required to achieve project objectives. This may be conducted as part of a needs assessment or a political economy or contextual analysis. Such objectives can include project development objectives (PDOs) that explicitly support transparency (e.g., publication of revenues) and monitoring mechanisms that go beyond transparency to capture improved participation in decision making around mining, or that

include SA-related indicators as part of M&E systems. Two examples from EI projects are described in **Box 3**.

Box 3: Examples of Extractive Industry Project PDOs That Incorporate Social Accountability

- **Ghana Gas and Oil Capacity Building Project:** To improve public management and regulatory capacity while enhancing transparency. Four sets of activities focused on increasing transparency and accountability in the oil and gas sector were instituted: (a) strengthening the capacity of public agencies involved governance in the oil and gas sector, for communication, outreach, and dissemination of information; (b) strengthening sector governance by establishing an independent information resource center on oil and gas; (c) building the capacity of the secretariat supporting the EITI in the oil and gas sector; and (d) strengthening information and accountability mechanisms at the local level and anticorruption functions at the national level.

- **Democratic Republic of the Congo (DRC) Growth with Governance in the Mineral Sector Technical Assistance Project:** To strengthen institutional capacity to manage the sector in an efficient, accountable, and transparent manner. The project will support activities intended to: (i) develop, improve, and support transparency and monitoring mechanisms regarding trade, sector management, and revenues (e.g., the ongoing EITI process); (ii) promote awareness regarding the fiscal regime and tax collection mechanisms; and (iii) set up a broad multiple-stakeholder accountability and dialogue platform for mining.

Increasingly, projects are explicitly including SA approaches in their project outcomes and indicators, in turn encouraging task teams to ensure that SA activities are part of project implementation. Indicators are concrete, specific descriptions of what TTLs will measure. Overall, indicators should be specific, measurable, achievable, relevant, time-bound (SMART). Both quantitative and qualitative indicators are important to capture the critical behavioral changes. Three examples from EI projects are described in **Box 4**. Annex 2 contains examples of process and outcome indicators for information dissemination, grievance redress, consultation, empowerment, beneficiary feedback, and M&E activities—the main types of SA activities.[8]

When designing a SA component or activity, TTLs can use logical frameworks (logframes) to articulate the logic of the intervention and the expected results from a particular intervention. Logframes typically include five elements: inputs, processes, outputs, outcomes, and impacts. They are established via four key steps: (i) identify the expected change and outcomes, (ii) develop indicators, (iii) identify data sources and collection methods, and (iv) analyze data.

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[8]The social accountability e-guide (https://saeguide.worldbank.org/) contains numerous examples and advice on SA indicators under Step 5, monitoring and evaluation.

Social accountability indicators have become more important since the World Bank launched its citizen engagement initiative in 2014. The World Bank's Operational Policy and Quality Department (OPSPQ) has developed guidance on investment project financing preparation, including the results framework and M&E.[9] This guidance encourages citizen engagement in project preparation where relevant. The World Bank has set a goal to include beneficiary feedback in all projects where beneficiaries are clearly identified by FY18—defined as citizen engagement in all IPFs. Practically all SA activities and indicators, except for most transparency and information dissemination activities, qualify as citizen engagement according to the OPSPQ definition. Task teams should work with borrowers to:

- include at least one citizen engagement indicator in the results framework of the PAD; and

- begin reporting on at least one citizen engagement indicator (or demonstrate that credible progress has been made toward reporting on the indicator) in ISRs and aide memoires as soon as practicable and relevant after project effectiveness.

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[9]World Bank (2014b, 2014c).

SUSTAINING AND SCALING UP SOCIAL ACCOUNTABILITY ACTIVITIES

Sustaining and scaling up of SA efforts are complex and difficult. These activities generally should be designed to institutionalize relationships between government, industry, and citizens over the long term, rather than just the project. Too many initiatives are one-off exercises, especially at the project level, and have little lasting impact. Even while designing the SA initiative, it is important to develop a strategy for institutionalizing it over the longer term.

SA requires time to implement and be accepted. Institutionalization requires long-term funding and commitment to SA and the availability of quality facilitators. Therefore it is important to focus on technical assistance and to provide training during early SA activities to develop the cadre of practitioners and facilitators that can carry the work forward. This means investing more up front, especially because SA tends to have a long gestation period. The objective is to achieve a critical mass so that SA moves from pilots toward mainstreaming.

Task teams should consider the challenges to sustaining SA and scaling it up. Officials may fear that grievances or negative feedback will be poorly perceived by their management. Task teams may try to address this concern through engaging regularly with high-level officials throughout the project cycle, promoting policy dialogue activities around issues of transparency, accountability, and participation. Consider incentives and rewards (e.g., performance-based disbursement, best practice awards) for implementing or responding to SA activities. This can be done in the context of learning events to share experiences and to motivate stakeholders. Sharing findings with a broader audience—for example, through a dissemination workshop and a website to make reports accessible online—can increase SA impact and build support for sustaining it. Consider the following measures that can facilitate institutionalization and sustainability:

- Support networking, experience sharing, and support among SA practitioners.

- Promote close links between government officials, media, CSOs, and communities.

- Support ways of increasing the comfort level and recognition of monitoring done by NSAs in ministries and the project management units.

- Share results with the public in a way that is meaningful to their everyday realities and that engages them in their own spaces.

- Develop tailored capacity-building activities, manuals, and other materials that government officials, CSOs, and communities can use beyond the project life cycle.

If the SA activities are successful enough and there are sufficient reasons for expanding it, then the team may consider the following questions: Is the existing initiative appropriate for scaling up? Are any changes necessary for scaling up? That is why documentation of SA activities is useful, to understand what is working and why, so

any shortcomings can be corrected before scaling up. What works in one location might not work in other locations with different stakeholders. The original initiative may need adaptation and other adjustments. What additional burdens will scaling up place on SA actors? They may need capacity building. New actors may also be needed.

INCORPORATING GENDER INTO SOCIAL ACCOUNTABILITY ACTIVITIES

Gender considerations are an important dimension of incorporating SA into EI projects. Where EI projects work on the assumption that men and women are similarly impacted by EI, the implications of EI can isolate and overburden women, with repercussions for families and communities. Benefits and risks are often evaluated and measured at the community level, with little examination of the different impacts on men and women. EI can change the gender dynamics of a community—where men have increasing access to formal employment and decision-making spheres, women can be marginalized, with little say in how EI resources should be used. In fact, evidence suggests that a gender bias exists in the distribution of risks and benefits in EI projects: benefits accrue to men, whereas the costs, such as family and social disruption and environmental degradation, fall most heavily on women. SA approaches and activities should take into account the constraints faced by women, such as:

- Lack of women's awareness about legal rights

- Family-care responsibilities, and time and mobility constraints, that prevent women from meaningful engagement in politics and community affairs

- Gender norms that pose obstacles to women's political participation and collective action

- Underrepresentation of women in decision making

- Power imbalances that affect who participates and whose voice is heard

Both the gendered impacts of EI projects and appropriate measures for gender responsiveness need to be factored into SA activities and strategies. **Table 4** suggests a number of measures to improve gender responsiveness of SA in EI projects.

Table 4: Measures to Build Gender-Responsiveness into SA Strategies and Activities

PROJECT ACTIVITY	MEASURES
Planning and Analysis	• Identify gender issues that will be most crucial for the sustainability and effectiveness of the EI project. Gender should be an important element of any upstream macro-social analysis. • Integrate gender-specific needs, demands, and considerations into project preparation through gender-disaggregated surveys, consultations, focus groups, and social assessments.
Risk Management	• Spell out risks for women and a risk-management strategy.
Budgets	• Develop gender-responsive budgets that aim to reflect women's demands throughout the budget process policy-making stages, with a view to support increased allocation for gender equality. • Support inclusive financial literacy.
Information Dissemination	• Use gender-sensitive appropriate approaches for information dissemination, outreach, and consultation. • Use social media for communications and transparency with local communities.
Consultation	• Ensure that men and women are included in all stakeholder consultations. • Offer men and women separate consultations. • Identify appropriate roles of women and men and constraints to participation in consultations.
Decision Making	• Mandate a quota (or percentage) of women among nominated representatives from the community. • Create conditions that enable women to participate in decision-making committees such as scheduling meetings at times that are convenient for women. • Include women in decision making regarding community projects or programs.
Hiring	• Adopt legislation that requires companies to commit to gender-smart local recruitment. • Employ female fieldworkers and give them sufficient discretion to address the needs of female clients. • Ensure gender-fair hiring and workplace policies. • Implement local content policies that are gender-smart.
Monitoring and Evaluation	• Ensure that all gender-specific activities are closely monitored. • Ensure that gender-disaggregated data are collected. • Use gender-sensitive and gender-disaggregated monitoring indicators and outcomes. • Use gender-responsive monitoring and evaluation mechanisms to ensure that outputs benefit women. • Analyze data to demonstrate gender-specific impacts and aspects of EI. • Engage women directly in oversight functions.
Grievance Redress	• Establish gender-sensitive project grievance mechanisms (i.e., require culturally sensitive gender-awareness training for grievance mechanism staff). • Require the presence of women in project grievance mechanism staff. • Provide multiple avenues for grievances, especially confidential and secure channels. • Provide an independent mediator and clear grievance processes.

Sources: Eftimie, Heller, and Strongman (2009b); and Scott, Dakin, Heller, and Eftimie (2013).

THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

Before proceeding to the main section of this note on the EI value chain, it is worth discussing the Extractive Industries Transparency Initiative (EITI) because it is often used as a platform for incorporating SA into EI operations. The EITI was launched in 2002 as a global initiative in which signatory companies and compliant countries publish accounts of funds paid and received in extractive industries, with civil society playing the role of third-party monitor. In mid-2015, there were 48 countries implementing the EITI, of which 31 were EITI-compliant and the other 17 countries were candidates for EITI compliance. The seven requirements for achieving the EITI Standard are:

1. Effective oversight by the multiple-stakeholder group

2. Production of comprehensive EITI Reports that include full government disclosure of EI revenues and disclosure of all material payments to government by oil, gas, and mining companies

3. EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate

4. EITI Reports that include contextual information about the EI sector

5. Timely publication of EITI Reports

6. A credible assurance process applying international standards

7. Multiple-stakeholder group that takes steps to act on lessons learned and review the outcomes and impact of EITI implementation

The EITI is a global standard that promotes revenue transparency and has a robust yet flexible methodology for monitoring and reconciling company payments and government revenues at the country level. The "reconciliation" process consists of an independent auditor collecting government data on payments from EI companies and company data on payments to government. These data should match. Where they do not, the discrepancy has to be explained. Where there is no convincing explanation, civil society should demand answers as to what happened to the relevant funds.

In its early days, the EITI focused on transparency in payments of taxes and royalties. This is a necessary, but not sufficient, step toward promoting SA. For example, at the national level, EITI supported publication of payment information but did not monitor how funds were used. In recent years, however, EITI's focus has broadened to include other links of the EI value chain, including information on how EI revenues are used.

The EITI is supported by a multi-donor trust fund (MDTF) managed by the World Bank. It funds technical assistance for countries that wish to become EITI candidates and, ultimately, EITI compliant. The World Bank provides technical assistance for establishing the required institutional structures, gathering and reconciling data, and publishing EITI reports.

The World Bank implements several programs dedicated to supporting civil society engagement in the EITI. These programs strengthen civil society's ability to hold governments and companies accountable to commitments made under the EITI, and they aim to increase civil society's voice, creating a more receptive environment for civil society participation and improving civil society's ability to communicate information disseminated through the EITI.

In recent years, the World Bank's extractives team has contracted the National Resource Governance Institute (NRGI, formerly Revenue Watch International, RWI), in 2010–2011, in 2013–2014, and with a third contract under implementation. The NRGI program was funded by the EITI MDTF. The 2013–2014 NRGI program focused on two main objectives: (i) supporting civil society in pursuing EITI implementation, organizing a broad constituency, participating effectively in the earliest stages of the process, and initiating EITI processes that are progressive and likely to deliver accountability gains from the start; and (ii) empowering civil society to demand an EITI process that is relevant to broader local priorities on EI sector governance, public accountability, and development.

NRGI worked to strengthen CSO engagement in EITI-implementing countries where the NRGI has local partners. The NRGI developed learning tools and helped its local partners to conduct in-depth training for civil society with guidance for effective participation by domestic civil society groups. The World Bank also provided a grant to the Publish What You Pay (PWYP) International Secretariat to support advocacy efforts by its country-based local coalitions. The World Bank has also provided direct support to civil society in EITI-candidate and EITI-compliant countries, to support CSOs to define activities to be funded by the MDTF grants based on national priorities for effective EITI participation. These activities include information dissemination, capacity building, mobilization, advocacy, networking, and coordination (see **Box 5** for examples from Mongolia and the Kyrgyz Republic).

The 2013–2014 program improved the effectiveness of EITI reporting and processes, stimulated important policy debates, and advanced cross-stakeholder solutions to governance challenges. The NRGI developed a guide to the EITI standard. In the Philippines, a CSO coalition (Bantay Kita) organized the first civil society national conference on EITI. In Burkina Faso, RAJIT (le Réseau Africain de Journalistes pour

Box 5: Creating Capacity and Demand for Transparency and Accountability through Civil Society Capacity Building

The EITI MDTF recognized that without robust engagement of civil society in the EITI, the process could become externally driven and unsustainable. To increase local understanding of and demand for transparency, the EITI MDTF funded a series of programs to support civil society capacity for increased engagement in the EITI. The most recent program provides support for intra-civil society consultation on key issues limiting civil society engagement in the EITI, such as lack of capacity or understanding, weak civil society networks, and so forth. This program has been launched in 19 countries and provides over US $1 million directly to civil society groups in support of their demands for transparency and accountability.

In Mongolia, the EITI CSO Direct Support Program funded activities to increase CSO engagement in the EITI. The Publish What You Pay (PWYP) Coalition was hired to conduct data analysis to create a multiyear database of payments disaggregated by soum (district) and mine operator. This data analysis provides new ways to present data to civil society, to increase awareness around the EITI, and to highlight key issues in data-collection methodology. The PWYP coalition is now able to present these findings to the EITI secretariat. Civil society members have used this opportunity to increase the availability of EITI data, as well as to strengthen their own advocacy skills. Based on data made available through the PWYP analysis, capacity building was conducted at both the local and national levels, introducing civil society to the EITI process and data, to empower them to be more engaged in the EITI process nationally as well as in debates on revenue transparency. In October 2012, an intensive two-week boot camp was held for TV journalists to improve their investigative reporting skills on mining. Training enhanced local and national TV reporters' knowledge of conflict issues surrounding the mining industry and ability to produce in-depth reports. Finally, a comprehensive local CSO training program was developed and implemented by the NRGI on EITI in mining communities.

The Kyrgyz Republic has substantial mineral deposits, but their development suffers from poor governance, lack of transparency, and low investor confidence. The Kyrgyz Republic was declared an EITI-compliant country in March 2011, and CSOs have been actively involved in EITI since 2004. A 2012 capacity-building workshop was designed to enable local CSOs to understand the EITI process and its relevance to national and local public budgeting and expenditure processes. The workshop was also designed to build knowledge and managerial capacity to initiate, implement, and sustain EITI activities, including small projects. A small grants program provided support to CSOs representing mining-affected communities in all seven provinces of the Kyrgyz Republic, aimed at strengthening CSO

contributions to the EITI implementation process at the subnational level. The selection panel identified and supported seven small projects that ranged from $3,900 to $6,500. These projects trained local residents, local authorities, and civil society representatives about EITI and engagement in its initiatives, as well as in community decision-making processes. The projects set up multiple-stakeholder groups consisting of stakeholders such as local community leaders, women and youth, local authorities, CSOs, and mining companies. This improved inclusiveness of local interests and priorities in decision making, engagement, and planning and implementation processes, building better conditions for the improved interaction, trust, and cooperation in the community.

l'Intégrité et la Transparence) completed the first research on the impact of tax incentives on EITI-reported revenues undertaken by local stakeholders. In Zambia, the Center for Trade, Policy and Development (CTPD) and ActionAid facilitated the first formal civil society engagement with the National Assembly on the EITI. Over 1,200 people have participated in activities under this program. These various activities have contributed to improved EITI data quality and better use of the EITI data. Box 4 provides two country examples of the EITI. **Box 6** provides a list of some of the types of SA activities that the EITI has been undertaking to increase its effectiveness.

Box 6: Examples of Social Accountability Activities Undertaken as Part of the EITI

Information and communication activities

- Encourage transparency on payments of taxes and royalties.
- Urge government to report on revenue utilization.
- Make EI data available through an open data initiative.
- Publish rules that determine allocation of EI revenues.
- Identify policy recommendations for improving subnational revenue management.
- Support engagement with civil society and other stakeholders for the dissemination of the EITI audit report.
- When distributing "easy-to-understand" versions of the EITI audit report, organize informational meetings at the community level so such reports can be clearly explained to citizens.
- Conduct local CSO training program on EITI in mining communities.

Capacity building of the EITI Secretariat, multiple-stakeholder groups, and civil society

- Build CSO capacity to understand and utilize information from the EITI.
- Increase CSO capacity to engage in the EITI.
- Strengthen CSO advocacy skills.
- Improve media skills for investigative reporting on EI issues.
- Create local civil society networks to empower local EITI monitoring.
- Incorporate SA principles into the training course of EITI staff, CSOs, local government officials, and EITI multiple-stakeholder groups.

Integrating Social Accountability Activities along the Extractive Industry Value Chain

This section summarizes possible social accountability entry points and activities in EI operations using the EI value chain (**Figure 1**). Suggested SA approaches correspond to challenges World Bank task teams may encounter at various links in the value chain and steps in the project cycle. The section explores the issues, opportunities, and challenges for integrating SA under each link. It also provides project and country examples using those SA approaches.

The EI value chain is a model for visualizing the various components of the EI sector. It is used here because it provides a useful framework for considering SA entry points and approaches and has wide familiarity within the World Bank and the EI sector more generally. Each of the five links along the value chain has significant implications for the development impact of the extractive industries—from how and to whom contracts are awarded, to how social environmental regulations are created and enforced, to who receives taxes and royalties, how these benefits are shared with citizens, and with what sort of accountability. SA interventions have the potential to improve how each link contributes to the development benefits of the sector.

Although the EI value chain provides a fairly comprehensive view of the extractives sector, it does not cover the full extent of issues and activities related to the extractive process. For example, it does not address overarching EI industry policy questions or that an EI project will be approved. Nonetheless, many of the entry points and suggested SA activities described for the five links of the EI value chain are also

Figure 1: Extractive Industry Value Chain

TRANSPARENCY, ACCOUNTABILITY, AND PARTICIPATION				
AWARD OF CONTRACT AND LICENSES	REGULATION AND MONITORING OF OPERATIONS	COLLECTION OF TAXES AND ROYALTIES	REVENUE MANAGEMENT AND ALLOCATION	IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT POLICIES AND PROJECTS

relevant at this stage. For example, impacted communities and civil society should be educated about policy issues and proposed projects, consulted, and provided channels for feedback and grievances. Civil society capacity to engage in discussions on EI policy and proposed projects can be strengthened. There should be oversight of policy formulation and EI project approval, such as by parliamentary committees, to help ensure that EI policies and proposed projects serve the public interest and are accountable to the general public. Generally, the TAP principles (transparency, accountability, and participation) should be applied using the same kinds of SA approaches and tools described in the rest of this section.

AWARD OF
CONTRACT
AND LICENSES

LINK 1: AWARD OF CONTRACTS AND LICENSES

The first link in the value chain concerns the award of contracts and licenses. Under this link "Governments grant hydrocarbon or mineral explorations, development, and production rights in particular areas or blocks by means of concessions, leases, licenses, or contracts depending on their legal systems."[10] Activities at this stage are critical to laying the foundation for SA in the EI operations because this stage outlines the mutual obligations between each company and the government.

Transparency around how agreements are reached, as well as of the conditions and value of extractive industries contracts and licenses, is critical to preventing or reducing conflict. For example, multiple claims on a mineral deposit are quite common. It is essential to ensure that the terms and obligations of any contract award are widely known and that community members, civil society, and their representatives are aware of what revenues, benefits, and impacts should be expected, especially at the local level.

Although common arguments against contract and license disclosure often include concerns about a country's competitiveness in attracting more investment, expert sources such as the *Guide on Resource Revenue Transparency* (2007) of the International Monetary Fund (IMF) point out that contract terms are often widely known within the industry, creating little strategic advantage in not publicizing contracts. In countries where contract disclosure does takes place (e.g., Peru), there is little evidence that contract transparency has affected the level of investment in countries where contracts have been disclosed. Given that the IMF has endorsed contract transparency since 2007, that in 2012 the IFC made contract transparency a requirement for extractives projects it finances, and that the EITI encourages contract transparency through the EITI Standard, contract transparency should be simply treated as a normal aspect of doing business.

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[10]Mayorga Alba (2009, p. 4).

Key issues

Poor civil society understanding of licensing, contracting, procurement, how companies are paid, and company and government obligations related to licenses and contracts can create perceptions of injustice among stakeholders. This can lead to tensions between companies, communities, and governments. Increased transparency, combined with civil society participation in contract monitoring, can reduce misperceptions and potentially build trust.

Contract transparency can be a contentious issue among governments and private-sector companies. For reasons of corporate security and competition, many companies are reluctant to make contract information public. To date, many countries have only limited transparency in EI licensing, procurement, and contracting. This reflects few precedents and/or incentives for transparency from the industry "supply" side. It may also reflect limited opportunity and capacity from the civil society "demand" side. However, contract and licensing transparency is essential for giving citizens information on local operators and their ability to hold companies accountable for meeting the terms of contracts. Enhanced civil society capacity and opportunity to monitor licensing, contracting, and procurement may promote transparency and help to curb corruption and fraud in EI contracts and operations. **Box 7** explains the meaning of disclosure of contracts and licenses.

Box 7: What Does "Disclosure" of Contracts and Licenses Mean?

The World Bank Group is emphasizing the importance of disclosing contract and licensing information, especially in the extractive industries. For example, since January 1, 2012, the IFC has made disclosure of contract information mandatory for IFC-financed private extractive companies. This increases opportunities for awareness, analysis, and monitoring of contracts between the government and the private sector. Considering the complex technical language of many legal documents, posting of legal texts or documents, whether online or on community message boards, is not sufficient. Impacted communities may not fully comprehend legal terminology. Therefore, information must be disclosed in a format that the general public can understand. Methods to increase transparency include simplification of legal texts, translation of simplified texts into local languages, and presentation through accessible means (e.g., through radio programs or pictures). Each country needs to determine, based on international agreements and best practices, how to address issues such as the length of time between contracting and licensing, public disclosure, the length of the reporting period, and the types of disclosure platforms that will enable governments to most effectively engage with civil society and affected communities.

Opportunities for accountability

Social accountability activities can strengthen legal frameworks for licenses and contracts, enhance government capacity to enforce them, make information more accessible on how licenses and contracts are awarded, give citizens a chance to monitor how contracts and licenses are awarded, and hold companies accountable for living up to the terms of contracts. **Box 8** lists some common entry points for promoting accountability in the award of contracts and licenses (Link 1).

World Bank support for transparency in contracts and licenses

To increase availability and access to information, some projects have established resource and information centers to provide communities with information on extractive industries. In Ghana, seven petroleum contracts were released to the public in 2011 (see **Box 9**). Having information accessible for the monitoring of these contracts allows for greater transparency and accountability. Civil society coalitions are responding by developing innovative monitoring techniques such as mobile phone apps. In Liberia, civil society is increasing its monitoring of the growing oil sector and is developing government recommendations for contract transparency and participation.

The World Bank Institute and the World Bank Africa Region launched a program in West and Central Africa (Ghana, Liberia, Nigeria, and Sierra Leone) on contract monitoring in 2010 that ended in 2014. A separate extractives-focused program was launched in 2012 in partnership with RWI (now NRGI) that specifically targeted Francophone African countries (pilots in Burkina Faso, Cameroon, DRC, Guinea, Niger; training in Central African Republic, Chad, Côte d'Ivoire, Mali, Mauritania, Republic of Congo, Togo). The program provided training and supported the creation of action plans to help stakeholders improve monitoring of extractives contracts.

The Extractives Governance Global Solutions Group/Governance for Extractive Industries team (part of the Governance Global Practice) is currently working with civil society, government, and industry on mapping extractives operations and a range of related contracting, licensing, and socioeconomic data. This enhanced transparency mechanism, which may also be used to enable citizens to begin providing data themselves, democratizes information on extractives operations by making it accessible. This empowers dialogue at a local level. This contract monitoring roadmap provides step-by-step guidance, case studies, and resources. **Box 10** reports on contract monitoring in East Asia.

Table 5 lists suggested SA activities to improve transparency, accountability, and citizen participation in the awarding and monitoring of EI contracts and licenses. These activities address five main challenges: (i) weak legal frameworks; (ii) weak government enforcement of legal frameworks; (iii) government lack of interest in transparency; (iv) lack of transparency in contracts, licenses, and laws; and (v) limited civil society and government capacity in contracts and licenses. All these can make it hard for civil society to ensure that mining licenses are issued responsibly, that mineral rights are respected, and that companies agree to contracts that respect impacted communities and the environment. Table 5 illustrates how SA approaches can address these challenges. It also contains examples of these approaches.

Box 10: Contract Monitoring Using Community Scorecards in East Asia

In a partnership between the Affiliated Network on Social Accountability—East Asia and Pacific Region (ANSA-EAP), the World Bank Institute, and the Revenue Watch Institute, CSOs were trained to use community score-cards as a tool for SA in the extractive industries. Training activities brought together community and corporate representatives to review, monitor, and discuss company commitments to social investments such as water, health, and local libraries around mines (Timor Leste); company implementation of commitments to communities on health and safety (Indonesia); and royalties, taxes, environmental rehabilitation programs, and information dissemination and transparency (Philippines). Each civil society group helped facilitate an iterative discussion process that helped bring communities and companies into dialogue and collaborative problem solving. Where central governments lack the resources to do comprehensive top-down monitoring, participatory local-level monitoring can provide a powerful monitoring and evaluation tool. For more information on the ANSA/RWI community scorecard activities, see the ANSA-EAP website: www.ansa-eap.net.

Table 5: Possible Social Accountability Activities for Contracts and Licenses

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Government not interested in transparency	• Adopt internationally recognized transparency standards (e.g., IFC's contract disclosure requirement, the *Natural Resource Charter,* or IMF's *Guide on Resource Revenue Transparency*). • Introduce ATI or RTI laws. Work with relevant parliamentary committees to raise awareness about transparency. Promote legal mandates for transparency in contracts and licenses. • Introduce open-data activities (e.g., joining the Open Government Partnership [OGP][11]). • Make transparency and disclosure of information part of World Bank lending conditions.	**Ghana:** The World Bank made disclosure of information, based on transparency principles, one of its lending conditions. For this reason, the government of Ghana committed itself to transparency in EI contracts.

continues

[11]Joining the OGP is not just for governments; CSOs are also welcome to join even if their country is not a member. By joining the OGP, CSOs can learn from other CSOs, identify priority areas for engaging their government, and move toward constructive engagement with their governments. Through the OGP, some countries, such as the United States, are pushing for EITI implementation through open-government data.

Table 5: *Continued*

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Lack of transparency in contracts and licenses	• Promote publication of bidding criteria, bid evaluation processes, factors in winning a license, and how they are weighted so the public can obtain information on any concession. Publish all bids. • Introduce e-bidding and disclose information on contracts and licenses through the e-bidding platform. • Disclose lease, concession, license, and contract information to the public. • Work with open-government initiatives on legal, regulatory, and technical transparency initiatives to create opportunities for making contracts and licenses available. • Clearly state which government agencies have the responsibility to disclose information on legal frameworks used for contracts and licenses. • Ensure the cadaster system is transparent and accessible (including online) for miners and the public.	**Colombia, Liberia, Peru, Timor-Leste, and the United States:** The full text of minerals contracts and leases on public land are made public. **Egypt:** All contracts are made public (while licenses may be awarded through negotiated deals or bidding). **Afghanistan:** A new minerals policy calls for public tenders and publication of bids and contracts. **Nigeria:** The constitution mandates publication of all oil and mineral contracts in the country's official gazette. **Botswana:** The mining licensing system is fully automated and transparent. **Ghana:** Transparency and disclosure of bills (e.g., the Petroleum Revenue Management Act) is a lending condition of the World Bank.
Weak legal framework	• Promote government consultation with civil society when drafting legal frameworks. • Promote the inclusion of responsibilities for the social and environmental dimensions of EI laws and regulations (e.g., submission of plans, monitoring, and reporting). • Assist governments in standardizing procedures and criteria subject to law and regulations, including disclosure of information, grievance redress, and social and environmental plans. This minimizes room for "subject to negotiation" contracts.	**Ghana:** Broad consultation was a lending condition for the Petroleum Revenue Management Act. **Guinea:** The 2011 Mining Code was developed through extensive consultation with public, local, and international civil society members, international donors, and the private sector. **South Africa:** The Mineral and Petroleum Resources and Development Act requires mining companies to submit a Social and Labor Plan as part of any mining application.

continues

Table 5: *Continued*

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Weak government enforcement of legal frameworks	• Establish an independent oversight institution to monitor government's legal enforcement activities. This can be an existing government institution (e.g., an ombudsman office, anticorruption agency, or parliament) and/or a multiple-stakeholder oversight framework. (*Approaches: third-party monitoring*) • Support pilots to establish independent third-party monitoring. (*Tools: community monitoring, community scorecards, third-party monitoring*) • Support creation of complaint-handling mechanisms. (*Tools: grievance redress mechanism, public hearings*)	**Afghanistan:** An international advisory panel (IAP) was established at the Aynak mine and was staffed by international industry experts who were contracted by the government to provide third-party oversight on the tender process. The IAP aimed at enhancing sector governance by ensuring transparency, competition, and fairness in procedures and processing of contracts with mining companies. **Indonesia:** ANSA-EAP supported pilots of community scorecards that facilitated community monitoring of contracts.
Limited civil society capacity on monitoring contracts and licenses	• Support civil society capacity building and information campaigns to inform people of their rights. (*Tools: information campaign, such as roadshows/forums*) • Provide training for journalists and media practitioners on data and information analysis. • Provide training for civil society, members of parliament, and other institutions to monitor EI contracts and licenses. • Support joining WBI's Contract Watch activities and conferences. • Participate in the WBI's Contract Monitoring program. • Support joining the OGP as a CSO member.	**Ghana:** The World Bank, other donors, and a civil society network organized country-wide roadshows on the petroleum revenue management bill and supported creation of a network of oil- and gas-focused CSOs. The World Bank Country Management Unit (CMU) published the Petroleum Revenue Management Bill on the World Bank website to encourage public debate. Oxfam organized an SMS campaign to build awareness about the petroleum bill. The bill was revised with stronger provisions for transparency and accountability after thousands of people protested the former, weaker bill. **Kenya and Moldova:** The World Bank Institute (WBI)—in cooperation with other donors, agencies, and institutions—provided training to journalists on how to identify stories and conduct analysis on information received.

LINK 2: REGULATION AND MONITORING OF OPERATIONS

Link 2 in the EI value chain refers to the regulation of the sector as well as monitoring of operations to ensure that they meet regulatory standards. For a regulatory framework to have a strong impact, it needs to be complemented by a strong monitoring and enforcement mechanism. According to the World Bank, "Environmental [and social] regulations should be in place, as should a competent authority with the capacity to approve and monitor environmental impact assessments and management plans and enforce compliance. Environmental and social impact mitigation and monitoring [should] involve early consultation and participatory monitoring practices at the community level. Regular audits should be carried out to assess production and export volumes, valuation of minerals and hydrocarbons, and the cost of operations."

Opportunities for social accountability

Creating opportunities for civil society to monitor the implementation of contracts and operations can be beneficial in a number of ways. It can help decentralize monitoring so that accountability, monitoring, and enforcement are not solely dependent on government or private-sector personnel; it can increase transparency and reduce corruption at the local level; and it can improve relationships between communities, government, and companies.

SA mechanisms can provide bottom-up engagement of civil society and impacted communities to help monitor operations and advocate for adherence to regulations. This can reduce burdens on government monitors and reduce citizen and community perceptions of having no voice in how extractive industries operate. Dissemination of clear, straightforward information to the general public, and particularly to civil society and impacted communities, is necessary for participatory contract monitoring. Incorporating SA into regulations and monitoring creates feedback mechanisms through which people can get information about company and government obligations, have access to operational information to monitor the extent to which companies and governments are adhering to obligations, and then have forums in which to raise concerns and shed light on monitoring results. **Box 11** lists some common entry points for introducing SA approaches in the regulation and monitoring of EI operations. **Box 12** describes an example of participatory environmental monitoring in Peru. **Box 13** describes the use of an independent group for monitoring both environmental and poverty reduction impacts of the Chad–Cameroon Pipeline Project.

> **Box 11: Entry Points for Social Accountability in the Regulation and Monitoring of Operations (Link 2)**
>
> **Regulations on Operations**
> - Promote consultation and feedback in the design of regulations and in monitoring of regulatory compliance.

continues

Box 11: *Continued*

- Promote regulations that specify legal sanctions if regulations are violated.
- Disclose laws and regulations in ways that are easily understood by and accessible to the general public.
- Support regulations that require civil society capacity building for community monitoring.
- Create opportunities for public discussion on operator compliance with environmental and social regulations.
- Provide information on the government entities that are responsible for regulations.

Monitoring of Operations

- Introduce participatory monitoring to allow citizens and civil society to be part of monitoring and to complement government monitoring of operations, increasing government's ability to hold companies accountable for their impacts.
- Train CSOs to monitor company compliance with regulations.
- Create independent community-based monitoring structures.
- Establish grievance redress mechanisms and provide technical assistance for these mechanisms.
- Publicize the findings of monitoring activities.
- Build the capacity of relevant ministries, agencies, and local governments on SA mechanisms so they are able to be responsive to citizens and can better hold mining companies accountable for their commitments and impacts.
- Support initiatives that help citizens and civil society understand their rights and the relevant legal and regulatory protections for the sector, to hold governments accountable for enforcement of the law.

Table 6 suggests SA activities to improve transparency, accountability, and citizen participation in the regulation and monitoring of EI operations. These activities relate to four main challenges: (i) weak regulations, leading to limited potential for accountability; (ii) limited transparency and awareness of regulations; (iii) weak capacity of government agencies to monitor regulatory compliance; and (iv) weak civil society capacity to monitor regulatory compliance. Table 6 illustrates how SA approaches can address these challenges and provides examples of these approaches.

Box 12: Community Environmental Monitoring in the Peru Liquefied Natural Gas Project

The Peru Liquefied Natural Gas (PLNG) project ($4 billion) was launched in January 2007. The project involves the construction of a new 34-inch-diameter pipeline to transport natural gas along 408 kilometers from the Andes to the Pacific coast. The local community monitoring program was launched in 2008 and was implemented in 35 communities along the pipeline. The construction company selected a respected, independent local NGO, ProNaturaleza, to (i) act as an independent monitor; (ii) to design and implement the management and communication structures necessary for the monitoring mechanism; (iii) to develop a capacity-building program and relevant training materials, field manuals, and monitoring plans for local communities; and (iv) to develop an information database. To process monitoring results, a user-friendly database was developed to track actions.

The design phase comprised several stages: program validation, selection of monitors, and training of monitors. Regular meetings were held to ensure a clear understanding of the monitoring program and to respond to program expectations. The community selected a total of 84 monitors (including local authorities, governmental offices, and civil society) in a voluntary and participatory process. For the training of monitors, 57 workshops in 48 locations were organized, with approximately 2,000 people in attendance. Community monitors were in the field for 10 days every month with a Program Operator specialist. The participatory model has strengthened the community and monitors' capacity to understand the monitoring processes and to improve community-based environmental management practices. The community monitoring process has helped promote project transparency and accountability. A website was created to disclose the monitoring results to the general public and to validate it with communities. Because monitors have provided the project implementers with timely information regarding community concerns, they have gained the trust and respect of the larger community and also helped prevent potential conflict.

Source: World Bank Social Accountability E-Guide. *Peru: Community monitoring of Peru's Natural Gas Pipeline Project.*

Box 13: Independent Monitoring in the Chad–Cameroon Petroleum Pipeline Project

At the insistence of the NGOs that had closely followed the progress of the Petroleum Development and Pipeline Project, an international advisory group (IAG), consisting of six civil society representatives, was proposed, funded, and created by the World Bank Group (WBG). The qualifications of the IAG's members were specified in its TOR, which were developed

in consultation with NGOs. The IAG visited Chad and Cameroon at least twice a year and reported periodically to the president and Board of Executive Directors of the WBG. All IAG reports were made public the same day they were submitted to the WBG. To aid in the accuracy of their reports and also to demonstrate their openness, the IAG had adopted the practice of holding debriefing meetings with the major stakeholders, including NGOs, at the end of each mission. The IAG fostered continuous dialogue between the project sponsors, the governments, and the NGOs, ensuring that project information was regularly disseminated to civil society in a transparent way. The IAG's systematic inclusion of civil society in its monitoring of the project served to verify and dignify the expressed concerns of civil society and actively supported the participation of civil society.

Source: World Bank Social Accountability E-Guide. *Chad & Cameroon: Petroleum Development & Pipeline Construction: Independent monitoring through the Independent Advisory Group (IAG).*

Table 6: Possible Social Accountability Activities for Regulation and Monitoring of Operations

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Weak regulations, leading to limited potential for accountability	• Institutionalize consultation of civil society in the creation and amendment of legal frameworks. • Encourage EI companies to adopt internationally accepted standards on sector governance (e.g., the IFC's *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, the Natural Resource Charter's *Natural Resource Charter,* and the IMF's *Guide to Resource Revenue Transparency*). • Encourage mining companies to adopt Social Accountability 8000 (SA8000), the international standard for amelioration of working conditions.	**Industry Wide Audits** **South Africa** (2010) and the **Philippines** (2011): Both audits are government-led initiatives. In South Africa, companies that do not comply with their obligations are given 120 days to comply. In the Philippines, as a result of the audit and the policy of "use it or lose it," about 900 mining applications were rejected and 250 were approved.
Limited transparency and awareness of regulations	• Disclose information on who is responsible for what so citizens can hold central and local government authorities accountable. • Disclose monitoring results on inspection and regulatory enforcement, and the results of the PSIA, SESA, and other assessments, in a way the general public can easily access and understand. • Introduce open-data activities (e.g., join the OGP for governments and CSOs). • Provide a forum for validating and providing feedback on monitoring results, and promote discussion at the local level.	**Zambia:** The Environmental Council of Zambia (ECZ) posts new environmental impact assessments (EIAs) on its website for public comments. By law, the ECZ is required to provide copies of EIAs to local government units, parliamentarians, NGOs, CBOS, and interested and affected parties so they can post copies in public areas, near proposed mining sites, and in newspapers. However, in practice, copies are rarely distributed by the ECZ, and they do not receive public comments.

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CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
	• Enhance transparency by building capacity of journalists, bloggers, and others to make information public (e.g., through newspapers, television, community radio, etc.). (*Tool: information campaign*)	**Peru:** Informing citizens about ATI through various media sources empowered them to demand transparency on EI revenues and to hold local authorities accountable to local development commitments through dialogue with the mayor. **Turkey:** In the Baku-Tbilisi-Ceyhan (BTC) pipeline project, the company published simplified presentations on the ESIA and made them available at the community level. **Afghanistan:** The World Bank is working with the Ministry of Mines and the EITI to explore opportunities for making EI data available through an open-data initiative.
Weak capacity of government agencies to monitor regulatory compliance	• Support the development of capacity in key management and regulatory institutions, such as the ministry of mines and natural resources, for oversight and governance of extractive industries. • Establish an independent monitoring institution to conduct monitoring on behalf of the government. The process of the establishment of this institution should be transparent. • Invite civil society and community members to participate in, or monitor, the inspections along with the inspection panel, especially where government is responsible for monitoring. • Support community-based impact assessment, human rights impact assessment, and gender impact assessment.	**Monitoring by Parliament** **South Africa:** The Constitution gives the Parliament authority for overseeing the executive branch. Therefore, parliamentarians can use this oversight authority to monitor the executive branch's management of mining companies to ensure the enforcement of companies' obligations. Furthermore, citizens can ask their parliamentary representatives to use this oversight mechanism to obtain information on mining companies and their activities. **Multiple-Stakeholder Monitoring** **The Philippines:** Multiparty Monitoring Teams (MMTs) were formed to monitor the Deep Water Gas to Power Project. The MMTs are comprised of local government representatives, CSO representatives, community leaders, provincial and local environmental officers, and other stakeholders. MMTs monitor environmental and social impacts at the community level during the implementation of projects. **Peru:** Community Participatory Monitoring mechanisms have been developed for community members, regulatory agencies, and independent agencies to come together and monitor the environmental and social performance of extractive industry companies during the construction phase of mining projects.

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Weak civil society capacity to monitor regulatory compliance	• Build capacity of civil society to monitor EI operations at national, regional, and local levels. • Promote participatory monitoring of operations and compliance with regulations. (*Tools: community monitoring, community scorecards, grievance redress mechanism, public hearings*) • Create opportunities for civil society to review and comment on social and environmental impact assessments, etc. • Provide parallel, complementary training to civil society and local government officials to support EITI candidacy and transparency and accountability throughout the EI value chain.	**Ecuador:** Local communities are involved in the monitoring of environmental and social impacts of mining activities (particularly on small-scale mining) through the creation of environmental committees. **Peru:** Participatory monitoring in the form of a *mesa de dialogo* (platform for a dialogue) has been formed with civil society, industry, and other stakeholders (e.g., the Compliance Advisor/Ombudsman of IFC). **Nigeria:** In partnership with the Open Knowledge Foundation (an international CSO located in the UK), the Stakeholder Democracy Network (a CSO working to enhance social accountability in Nigeria) created interactive mapping that consolidates citizen feedback on oil spills and other reports on environmental and social impacts of the extractive industry. **DRC:** Mining companies initiate community engagement by disclosing information prior to the start of the project. Adastra Minerals, a mining company, utilized community radio and texting (SMS) to overcome language barriers to engage and consult with the community.

COLLECTION OF TAXES AND ROYALTIES

LINK 3: COLLECTION OF TAXES AND ROYALTIES

Taxes and royalties—and subsequently revenue management and allocation—are some of the most important issues that concern communities. They can lead to misunderstandings, misinformation, and tensions around extractive industries operations. How much companies pay, and how much governments receive, can affect how civil society views extractive industries operators—as partners in sustainable development, or profiting at the country's expense.

Transparency and accountability in extractive industry taxes and royalties contribute to perceptions of stability and good governance in the sector, and therefore to investments. They can increase awareness of companies' contributions to development, national stability and a good business environment. For example, ratings agencies like Standards and Poor's now include a "Political Score" measuring "transparency and accountability of institutions, data and processes . . . including [a country's] perceived level of corruption." SA can help with tracking funds, reducing waste and corruption, improving the use of extractive industry revenues for development, decreasing tensions between companies and civil society, and improving perceptions of benefits from extractive industries. Through initiatives like the EITI, revenue transparency has become a key element of a strong investment climate and donor support.

Opportunities for accountability

To take EITI beyond a transparency focus and create a sustainable accountability relationship between civil society and government, the focus has expanded to strengthening civil society's capacity to understand and use EI data. In order for civil society to be able to identify discrepancies in payments and revenues, tax and royalty codes and information on collection need to be understandable and easily accessible. It must be clear who is responsible for paying what to whom and when. The procedures for intergovernmental transfers must also be clear and accessible. Independent auditing bodies may be created to monitor taxes and royalties. Audit results should be published. **Box 14** lists some common entry points from introducing SA approaches in the collection of EI taxes and royalties.

Table 7 proposes SA activities to improve transparency, accountability and citizen participation in the collection of taxes and royalties. These activities concern three main challenges: (i) weak legal framework for enforcing collection of taxes and royalties, (ii) limited disclosure of information by government agencies on the collection of taxes and royalties, and (iii) limited capacity of civil society to demand for information and hold government accountable for the collection of taxes and royalties. Table 7 shows how SA approaches can address these challenges and provides examples of these approaches.

Box 14: Entry Points for Social Accountability in the Collection of Taxes and Royalties (Link 3)

- Incorporate transparency mechanisms into laws.
- Disclose taxes and royalties collected by the government
- Support CSO participation in the EITI and other transparency initiatives.
- Build civil society capacity to understand and monitor revenue collection.

Table 7: Possible Social Accountability Activities for the Collection of Taxes and Royalties

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Weak enforcement of tax and royalty collection	• Conduct EI production audits that are overseen by parliament and independent oversight bodies to ensure accuracy in the collection of revenues.	
Limited disclosure of information and data by government agencies on the collection of taxes and royalties	• Disseminate information on who must pay what. (*Tool: Information campaign*) • Support open data activities (e.g., encourage government and CSOs to join the Open Government Partnership or utilize BOOST). • Encourage mining companies to disclose information of taxes they pay and royalties they earn, and governments to disclose the taxes received and royalties paid. • Create forums for civil society to ask questions and to learn what mining revenues are received.	**Ghana:** The 2011 Petroleum Revenue Management Act mandates that the government publish information on receipts from petroleum companies, on a quarterly basis, online and in national newspapers. **Uganda, DRC, and some Sub-Saharan African countries:** Following the example of Uganda, which adopted BOOST for disclosure of public financial information, the World Bank has begun to work with the government of DRC and other Sub-Saharan African countries to introduce BOOST for disclosure of public financial information.
Limited capacity of civil society to demand for information and hold government accountable for the collection of taxes and royalties	• Build CSO capacity to request, analyze and understand EI tax and royalty data. • Train CSOs on how to access and use project payment data for companies covered by payment disclosure rules in the EU, US and Canada. • Build capacity and raise awareness in mining affected communities and civil society on their rights regarding tax information (including ATI and RTI). (*Tool: Information campaign*) • Join OGP as a CSO member to learn from other CSO members and begin to engage government on extractive industry-related social accountability activities. Engage in South-South and North-South exchanges among CSOs.	**EITI Civil Society Direct Support Program:** The EITI MDTF helped build civil society capacity to better understand and engage in the EITI process and to hold governments and companies accountable for proper reporting and transparency around EI revenues. Activities have included training journalists and media campaigns, creating local civil society networks to empower local EITI monitoring, and instituting widespread civil society capacity-building campaigns. **Peru:** A communication strategy was developed to raise citizen awareness of their rights, including ATI. The communication strategy was implemented through multiple channels, such as radio programs, TV shows, and community visits.

LINK 4: REVENUE MANAGEMENT AND ALLOCATION

Improved transparency and accountability on revenue management is critical to reducing corruption, ensuring good governance, and keeping civil society and citizens engaged and receptive to continuing EI operations in their countries and communities. When managed responsibly, revenues from EI operations have tremendous potential for poverty reduction.

Transparency around EI revenue management and allocation also has a critical social dimension. Where extraction takes place, there is potential for conflict with communities that bear the brunt of the social, economic, environmental, and health impacts of EI operations. When communities feel that EI benefits are not commensurate with the impacts they face, the results can be conflict and threats to EI operations.

Once money has been transferred from companies to government, the question of how these funds translate into development gains for the country and affected communities are some of the most critical for the EI sector. The same questions that communities often ask, and that can be key elements of how EI revenues contribute—or fail to contribute—to sustainable development, can serve as entry points for accountability mechanisms. These questions include:

- What happens to the revenues companies pay governments?

- Who has a say in how these funds are allocated?

- How are intergovernmental transfers determined?

- Who ensures that these funds are spent responsibly?

- Are there earmarks on revenue sharing?

- How can these funds be tracked through the national budget system?

Key issues

Countries typically have laws that determine how budget allocations from extractives revenues should be returned to impacted communities. Many countries require community development agreements (CDAs) as a mechanism to channel some revenues back to local communities. However, in many countries, such financial allocations fail to make it back to the impacted communities. Where local-level allocations are made, local capacity to manage or absorb large revenue flows, and civil society capacity to demand accountability, may be low.

Supportive legal frameworks are often useful to encourage the creation of funds and similar mechanisms for sustainable development, especially in EI-impacted communities. Ghana's Parliament approved the Petroleum Revenue Management Act, which created such funds. SA principles of transparency, accountability, and participation were embedded in the act (see **Box 15**). SA is a different way of doing things, so that citizens are more engaged in the entire process. Benefits are not just given to communities; communities are empowered to demand transparency, accountability, and participation. That helps make the benefits more sustainable.

Box 15: Establishment of Funds for Sustainable Development—Good Legal Practice from Ghana

Following unanimous approval by Parliament, Ghana's president ratified the Petroleum Revenue Management Act in April 2011 (Act 815, hereafter the Act). This Act represents Ghana's commitment to SA by making transparency a fundamental principle and by putting accountability structures in place through the establishment of the Public Interest and Accountability Committee. In addition to this legal framework, the Act establishes numerous trust funds to better manage the allocation of EI revenues.

The Act is significant for its establishment of the Petroleum Holding Fund, which pools EI revenues, including taxes and royalties, as well as the Ghana Stabilization Fund, which aims to lessen "the impact on or sustain public expenditure capacity during the periods of unanticipated petroleum revenue shortfalls." The Act also establishes the Ghana Heritage Fund, which aims to provide "an endowment to support the development for future generations when the petroleum reserves have been depleted." The establishment of this Act provided an opportunity for the government of Ghana to build numerous SA elements into the management of these funds.

First, the Act made **transparency** a fundamental principle. It included a provision that confidentiality agreements should not limit access of EI information by Parliament or the Public Interest and Accountability Committee. Furthermore, any information previously classified as confidential may become publicly available upon request three years after the date it was classified. The Act also states that Public Interest and Accountability Committee reports are to be published on the committee's website.

Second, the act promotes **accountability** by making the Investment Advisory Committee responsible for the oversight and reporting functions on the Ghana Petroleum Funds. This committee monitors and evaluates compliance of the government with the Act and provides platforms for discussion of development plans and independent assessments on the management and use of petroleum revenues.

Third, the Act emphasizes **participation** by mandating that the committee consist of 11 members from civil society who are nominated by their institutions. The Act states that public meetings shall be held twice a year to discuss the reports with the general public. The Act also creates a platform for constructive engagement between the government, Parliament, and civil society for monitoring of government activities in management and allocation of EI revenues.

A common challenge is when local governments with little experience and capacity to manage revenues begin receiving significant revenues from the central government. This often occurs when there is a combination of decentralization reforms and an influx of mining revenues. Local governments, often without any experience dealing with funds of this magnitude, become responsible for the effective and efficient use of these funds. For World Bank TTLs, the issue is finding a way to support national and local government efforts to manage such revenue flows. **Box 16** illustrates an example from Madagascar of how this challenge was met.

Box 16: Revenue Management and Allocation through Decentralization—Good Practice from Madagascar

Madagascar is rich in various natural resources, including ilmenite, nickel, cobalt, coal, uranium, bauxite, diamonds, oil, and gas. The democratic transition in the early 1990s provided the context for decentralization. Despite the decentralization reforms, implementation stagnated, and Madagascar continued to experience large fiscal imbalances between central and subnational governments. Madagascar also lacked capacity to implement decentralization reforms and had a weak legal system to support it.[12]

After the presidential election of December 2001, there was a renewed push for decentralization with support from the central government. Both poor mining-affected and nonaffected communities with weak local government institutions started to receive large fiscal transfers. These transfers included government revenue from mining-related taxes and royalties.

Under a pilot initiative on participatory budgeting, supported by the World Bank, three main activities supported local authorities in managing their budgets: (1) establishment of project monitoring committees for elected community members to closely monitor the timelines and quality of work undertaken by the local government; (2) disclosure of budget

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[12]Vaillancourt (2008).

information through information boards outside of city hall; and (3) hosting of Accountability Meetings, forums where community members could express grievances and the mayor could respond to them. Through this participatory budgeting pilot, citizens were able to see budget information for the first time and were able to hold the local government accountable.

The results from Madagascar indicate that revenue management and decision making on revenue allocation can be responsive and effectively executed with SA tools such as participatory budgeting. Although the initial achievements were promising, the 2009 coup d'état made continuation of this activity difficult. Madagascar's initial success encouraged other countries to incorporate SA. Tanzania, for example, is exploring a participatory budgeting pilot activity on payments from mining companies directly to the local government to raise community involvement in decisions regarding EI revenues.

Once funds to benefit local communities are created, the main SA challenges are to inform the public about the funds and their allocations and to monitor the use of funds to ensure that local people benefit from EI operations. Because there is a great deal of suspicion and misinformation about the use of funds to benefit local communities, using third parties to monitor the funds and publicize their findings helps allay these suspicions (see **Box 17** for an example from Peru).

Poor transparency and accountability of taxation and resource flows can frustrate both companies and civil society, with companies wanting to ensure that the public is aware of their payments to government, and civil society wanting proof of the benefits of extractive operations. There has been increasing emphasis on potential benefits that might accrue to the missing link in that equation—the government.

Increasing transparency and accountability at local and national levels can help improve development outcomes of extractives operations and provide a clearer picture of how EI revenues are spent. However, conflict with civil society—either by those who feel that the risks and vulnerabilities outweigh the benefits or those who feel they are getting an inadequate share of the benefits—are not eliminated by transparency and accountability.

There are many challenges to accountability for how money enters and flows through government. Resource flows can be complex, detailed, and challenging for civil society to understand. Government may have limited incentives and capacity to make resource flows public, and there may be limited opportunities for citizen feedback and participation. Conversely, civil society capacity to follow complex revenue allocations is often plagued by poor transparency and dissemination of information on revenue flows. Numerous challenges and opportunities exist for supporting transparency in revenue management and allocation at both the local and national levels. At the national level, capacity for revenue management may be low with high incentives

Box 17: Using the Media to Promote a Social Accountability Approach to Local EI Revenue Management

From 2006 to 2011, the mining industry in Peru transferred over $4,774 million in royalties to municipalities located in key mining regions, in compliance with a 2004 mining canon law, but local officials have not always put these funds to the best use. In an IFC-supported project in Peru, independent monitoring mechanism (MIMs) were created to enable the communities to engage the local government on EI revenue issues. Each MIM partnered with five to seven local CSOs. The media played a key role helping promote transparency and accountability by following what happened with municipal investment and disseminating information to the public. To engage the media, MIMs produced publications on municipal governance and the progress of the Participatory Budget Monitoring Reports. MIMs also trained journalists on royalties and municipal investment and conducted a media contest on municipal investment to motivate journalists to conduct their own research related to the good use of resources. During the life of the MIM Peru project, the media published over 13,000 media reports (257 media outlets) at no cost to the project. On average, the media published 172 articles (print, radio, or TV) based on information sent out by MIMs every month. This amounts to 21 articles per month per MIM, suggesting that the project was feeding the news practically every day. Most of the media mentions were focused on municipal investment, municipal management, citizen participation, and MIM activities. Responding to media requests and invitations, 22 representatives of MIM Boards of Directors participated in 183 media interviews as speakers for the project, helping put good use of resources in the local agenda.

Source: Clarke, Karla and Fernando Ruiz Mier. 2011. *Communications for the Ones Who Never Spoke: Running the MIM Marathon in the Peruvian Highlands.*

and low barriers to corruption. Transparency and accountability on national budgets may be weak. Without efforts to increase transparency, corruption or mismanagement may continue.

Opportunities for social accountability

SA tools such as public reporting of expenditures, public display of information, and public expenditure tracking can be used to promote transparency of financial transactions between the central government, local government, and private companies. Tools such as participatory monitoring and participatory budgeting can increase civil society engagement in revenue allocation. Participatory budgeting, such as by CBOs or in managing community development funds (CDFs), can be effective in incorporating local community voices into local development planning in decentralized settings. Public dissemination of information on revenue allocation and opportunities for holding governments accountable can be effectively disseminated through the

media. **Box 18** lists some common entry points for introducing SA approaches in revenue management and allocation.

Table 8 lists possible SA activities to improve transparency, accountability, and citizen participation in revenue management and allocation. These activities relate to four main challenges: (i) limited government capacity for public revenue management;

Box 18: Entry Points for Social Accountability in Revenue Management and Allocation (Link 4)

- Promote laws on revenue management that bring benefits to the public and embody SA.
- Disclose revenue management information to the public.
- Disclose relevant laws and regulations on revenue management and allocation to the public.
- Build government capacity to disseminate revenue management information.
- Consult or involve civil society on revenue management and allocation.
- Use civil society and independent organizations to monitor revenue transfers.

Table 8: Possible Social Accountability Activities for Revenue Management and Allocation

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
EI revenues do not benefit the general public	• Government adopts laws and other EI revenue management mechanisms that benefit the general public. • Empower parliament and civil society to ensure oversight and accountability of the government's EI revenue management decisions.	**Ghana:** The Petroleum Revenue Management Act of April 2011 put accountability structures in place through the establishment of the Public Interest and Accountability Committee, which monitors and evaluates compliance of the government with the Act and provides platforms for discussion of development plans and independent assessments on the management and use of petroleum revenues. **Peru:** An MIM built community and CSO capacity to demand accountability at the local level. Through this mechanism, channels were created for the local population to communicate with municipal authorities to discuss mining revenues, municipal investments, and general service provision by municipal government.

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CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Limited information on revenue management	• Build capacity of public agencies to publicize revenue management information. • Government actively disseminates and demystifies revenue information from EI operations, as well as expenditures and the streaming of revenues, to the local level. (*Tools: public reporting of expenditure, public display of information, information campaign, budget literacy campaigns*)	**Ghana:** The Public Interest and Accountability Committee, which consists of representatives of civil society, is responsible for monitoring and overseeing revenue management. This committee was established by the 2011 Petroleum Revenue Management Act. The committee's first annual report was issued in May 2012.
Weak system of decentralization: lack of clear lines of accountability between central, regional, and local governments	• Build capacity of local governments in revenue collection and management. • Disclose revenue management and allocation laws and regulations to clarify roles and responsibilities of each public agency. (*Tools: public display of information, information campaign*) • Support participatory decision making on revenue management and allocation at local and national levels, for example, through participatory budgeting. (*Tools: participatory planning, participatory budgeting*)	**Indonesia:** In 1998, Indonesia implemented decentralization reform, but this was not coordinated with the Mining Code. In 2009, Parliament finally passed a new mining law that clearly corresponded to the decentralized system on collection and allocation of mining revenues. **Afghanistan:** When it came to transactions for local community development (allocation of mining revenues), the Aynak mine did not have clear guidelines regarding institutions responsible for collection and disbursement of revenues. To resolve this issue, the Ministry of Mines prepared the Community Consultation Guidelines and Framework to support mining-sector policy and provide clarification of key roles and responsibilities. **Mali:** Tensions between mining companies and local communities were rising because the government lacked capacity to manage and transfer tax revenues from the mining companies for community development. To resolve this, with support from U.S. Agency for International Development (USAID), the Sanso Morila Mine Alliance was created to strengthen transparency, produce a model development action plan, and build capacity of local governments to manage revenues. CSOs were deeply involved in developing the action plan.

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Limited capacity of civil society to monitor and analyze revenue allocation and management from national to local levels	• Build CSO capacity on understanding revenue allocation formulas, monitoring capacity, and data and information analysis, including budget analysis and how to identify bottlenecks and/or corruption. (*Tools: budget literacy campaigns*) • Establish an independent monitoring institution on revenue management and allocation. (*Approach: third-party monitoring*) • Support citizen reporting and monitoring mechanisms on revenue management and allocation to start dialogue with citizens and civil society. (*Tools: community monitoring, community oversight, grievance redress mechanism, public hearings*) • Encourage CSOs to follow the financial flow from the extractive industries down to the local level, and publish the results in multiple forums (e.g., newspaper, website, radio shows, etc.) to reach the general public. (*Tools: public expenditure tracking survey, information campaigns*) • Encourage the disclosure of financial information in an editable format to enable civil society and citizens to use the data.	**Peru:** In 2005, the IFC began a pilot initiative to promote SA. It was launched to help ensure that payments made to the authorities by a client (a mine) could be used in a way that benefited the local population. The project focused on providing the information, tools, and training to facilitate a more open, informed discussion of how resources are invested. The project established operational units made up of representatives from 30 well-known local CSOs to ensure accountability and effective results. **Congo:** The PWYP coalition examined the country's health budgets and followed oil revenue money to see whether funds were being disbursed to the projects and whether projects were being executed. PWYP Congo revealed that in many cases, the money was not reaching its intended destination and that projects were not being properly executed. **Sierra Leone:** In May 2012, one of the CSO representatives contributed an article to a national newspaper on the 2012 Citizens Budget. It analyzed, interpreted, and posed questions on the national budget, which included EI revenues.
Limited uptake by local community voices in determining local budget allocations	• Build capacity of local governments to enhance their ability to effectively engage citizens in inclusive decision making. • Promote *participatory budgeting, participatory decision making,* and *community management* for citizen voices to be effectively incorporated into local development decision making. • Conduct awareness raising and community outreach activities for citizens to better understand their rights, legal frameworks, fiscal mechanisms, and development plans. (*Tools: information campaign, budget literacy campaigns*)	**Madagascar:** Participatory budgeting was introduced to allow citizens to participate in the decision-making process of budget allocation. Budgetary information was posted on the information board outside of city hall, providing citizens access to budget information. Additionally, citizens have regular opportunities to ask the mayor questions and for the mayor to respond through city-hall types of meetings. Similar activities have taken place in the DRC, Cameroon, the Dominican Republic, and Brazil.

(ii) limited government capacity to collect and publicize information on revenue management; (iii) weak system of decentralization and nonuniform legal systems and lack of clear lines of accountability between central, regional, and local governments; (iv) limited capacity of civil society to monitor and analyze revenue allocation and management from national to local levels; and (v) limited uptake by local community voices in determining local budget allocations. Table 8 illustrates how SA approaches can address these challenges. It also provides examples of these approaches.

IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT POLICIES AND PROJECTS

LINK 5: IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT POLICIES AND PROJECTS

The final link of the EI value chain relates to the social, environmental, and fiscal policies and investments that translate EI operations into sustainable development for the communities, countries, and companies involved. On the government side, this refers to decisions about how EI revenues are invested—for example, public financial management policies, environmental management and remediation, public investment decisions, and community development projects. For companies, this link may relate to the corporate social responsibility programs they support. The success of these policies and projects to contribute to long-term sustainable development depends on their ability to recognize and respond to the sustainable development challenges they face, obtain the participation and support of affected communities, and integrate with existing development plans. SA tools can play a large part in achieving this. For communities, this refers to having a voice in how funds from EI projects are used to support sustainable local development.

Challenges for accountability

The challenge is to reach a shared vision for "sustainable development" and opportunities at the national and local levels for people to participate in the formulation of these policies and projects. Even defining "impacted communities" can be a challenge. Many groups will have an incentive to claim impacts, but it is critical to ensure that those who are genuinely impacted have a say in sustainable development policies and projects. Communities may not know their rights, especially in terms of local development funds to which they are entitled, or be skeptical that EI will bring local benefits such as jobs and development funds. With jobs and other benefits at stake, there can be tension and even conflict.

Opportunities for accountability

SA can easily be integrated into this link because many activities deal directly with communities and thereby benefit from community participation. For example, participation can be integrated into budgeting processes, environmental management and remediation, public investment decisions, and especially community development programs. Participatory monitoring that gives communities access to information

and empowers them to monitor how policies and projects are being implemented can be particularly effective in activities under this link. **Box 19** lists some common entry points for introducing SA approaches in sustainable development projects for mining-affected communities.

Examples of social accountability in sustainable development policies and projects

There are many examples of World Bank–assisted projects using SA mechanisms to address the challenges of sustainable development policies and plans concerning mining-affected communities. For example, many stakeholders—national and local governments, civil society, and the private sector—have participated in the establishment of a CDF in the Lao People's Democratic Republic (see **Box 20**). The CDF is

the context of the CDF, is the creation of a multiple-stakeholder working group that includes several ministries, local authorities, and company representatives. Development partners serve as observers. The creation of this group allowed the Lao mining sector to respond cohesively to innovative activities, including the Gender Assessment of Artisanal and Small-Scale Mining in the Lao People's Democratic Republic (PDR), and evolving global standards for CDFs. As a result, the Lao PDR government has made gender inclusion in the mining sector a national strategic priority, and women's groups (e.g., unions) now have a platform to voice their concerns on gender-sensitive and socially inclusive development in the mining sector. The government has hosted a conference and a workshop to discuss formalizing the CDF procedure for the mining sector and to learn from international practices. In 2014, Implementing Rules and Regulations were drafted to define the overall objectives, modalities, and principles of accountability for two different types of mining CDFs.

attempting to achieve sustainable development through (1) encouraging community decision making and implementation of development projects, (2) improving community–government interaction by managing community development projects and activities, and (3) creating social capital and improving local livelihoods. Experience in establishing this CDF is expected to be applied to future CDFs.

SA approaches can also help monitor CDF implementation. In the DRC, CSOs monitor companies' compliance with their obligation to fund a social development fund. They also monitor how the fund is managed and how expenditure decisions are made (see **Box 21**). Monitoring is useful to the companies because it assures the companies that the revenues they provide local communities lead to the expected benefits.

Extractive industries provide many other benefits to local communities other than development funds. They generate economic opportunities. For many projects, one of the most highly valued benefits is jobs. SA approaches help inform local people about job opportunities, give them a voice in how jobs are allocated, and enable them to monitor EI company commitments regarding jobs for local people. **Box 22** provides an example from Burkina Faso, where a CSO helped monitor company compliance with targets for jobs for local people and informed local communities of job opportunities with the mining company.

Where there are mineral deposits for commercial mining, often there are artisanal and small miners (ASMs) as well. SA approaches can be useful in providing support to ASMs, another form of supporting employment of local people. An example from Uganda not only helped support ASMs, but greatly increased the number of licenses awarded to them. It also supported the piloting of safer, more environmental friendly, and more profitable income-generating activities through a small grants program (see **Box 23**).

Box 21: Monitoring Social Development Funds in the Democratic Republic of the Congo

In the DRC, the government has published dozens of mining contracts. CSOs are using this opportunity to monitor company compliance with social investment regulations, and to explore the implications of this increased transparency. Action against Impunity for Human Rights (ACIDH), working with the Platform of Civil Society Organizations Working in the Mining Sector (POM), is monitoring not only payment into social development funds at the Tenke Funkurume mine, but also how these funds are used. Mining company operators at the copper and cobalt mine (including Freeport McMoRan, Lundin Mining, and Gecamines) were found to be in compliance of paying 0.3 percent of net proceeds into a social development fund to benefit local communities. However, despite the fact that the requisite funds were paid, and further tracking of these payments revealed that they were spent on projects like schools, bridges, and wells, many citizens who were meant to be benefitting actually did not know about how the fund was managed and how decisions were made. By bringing this to light with the company, POM and ACIDH's monitoring enabled the company to identify a gap in information sharing, and to undertake to better engage with the community on their obligations and activities.

Source: Heller, Patrick. 2013. *Putting Contract Transparency to Work.* Open Contracting blog.

Box 22: Monitoring Local Content in Burkina Faso

Local content in the extractive industries refers to the degree to which investors use local labor and purchase goods and services from local firms. What companies pay for local procurement of goods and services can significantly outweigh what they pay to governments in taxes and fees, thus reflecting a critical aspect of how extractives industries contribute to local revenues and development. As such, companies, governments, and civil society have all paid increasing attention to this issue over the last decade, and many countries have adopted new policies and legislation and started targeted initiatives to promote local content. To ensure that the maximum benefit from these local procurement opportunities are reaching local communities, civil societies in many countries have started demanding increased transparency regarding procurement decisions by companies and the publishing of local procurement plans, and several countries have included aspects of local content in their EITI reports. In some countries, civil societies have launched initiatives to monitor hiring and procurement practices of mining companies.

In Burkina Faso, local contracts and national regulations require mining companies to hire 75% Burkinabe staff. Local CSOs are taking a proactive role in monitoring local hiring to ensure compliance with these regulations. Organisation pour le Renforcement des Capacités de Développement (ORCADE) found that the companies managing the Essakane and Kalsaka (including IAM Gold and Cluff Gold) have met this obligation, although skilled and managerial positions are still filled predominantly by expatriates. Thus, while monitoring and information dissemination around these obligations did help improve public awareness around the project, the gaps in senior management that ORCADE identified also led to recommendations to government for investments in long-term skills training. ORCADE's monitoring project also highlighted gaps within the government's own understanding of mining contracts, and government's own ability to enforce local procurement rules. So the project helped not only to shed light on procurement compliance, but to generate dialogue, create policy recommendations, and build accountability capacity.

Source: Heller, Patrick. 2013. *Putting Contract Transparency to Work.* Open Contracting blog.

Box 23: Support to Artisanal Miners in Uganda

Between 2003 and 2011, the Uganda Sustainable Management of Mineral Resources Project trained officials, miners, and communities to strengthen governance, transparency, and capacity in the management of mineral resources. Its particular emphasis on the improvement of ASMs and community development in mining areas transformed the lives of miners and their families by promoting socially and environmentally sound development. This helped lead to the creation of a government strategy to support the previously ignored ASM sector. An outreach and training program aimed to raise ASMs' awareness of regulatory provisions, mining rights, and environmental and technical issues and to encourage the creation of mining associations and cooperatives to formalize mining activities. Community members received small grants to pilot safer, environmentally friendly, and more lucrative small-scale income-generation practices in mining communities. The grants scheme laid the foundations for mainstreaming ASMs into national and local economic development. Local governments in mining areas began to collect revenue from ASM operations, which is expected to provide an incentive for mining to be integrated into district and subcounty development plans. Lost royalties from informal, unlicensed ASM operations had been estimated at up to US $3.6 million in 2011. The project resulted in a dramatic increase in the number of licenses issued. Against a baseline of 100 and a target of 300, more than 950 ASM licenses were issued from 2005 to 2011.

Table 9 suggests possible SA activities to improve transparency, accountability, and citizen participation in sustainable development projects for mining-affected communities. These activities address four main challenges: (i) lack of consensus on what "sustainable development," "impacted," or "affected" communities means, possibly leading to conflict; (ii) lack of understanding of rights at the local level; (iii) community skepticism that extractive industries will bring local benefits because of insufficient information; and (iv) tensions around jobs in EI operations reserved for local people. It also offers suggestions on how to support ASM components. Table 9 demonstrates how SA approaches can address these challenges. It also provides examples of these approaches.

Table 9: Possible Social Accountability Activities for Sustainable Development Projects

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Lack of consensus on what "sustainable development" means, leading to conflict	• Use open consultations, with efforts to ensure gender equity and include all community members, to set priorities for sustainable development. • Use participatory decision making with government (national to local), citizens, civil society, EI companies, and other stakeholders (e.g., donors) to reach consensus. • Conduct community outreach and advocacy activities on EI operations to ensure informed participatory decision making. • Promote a multiple-stakeholder approach (e.g., civil society, community members, private sector, and national and local governments) in establishing a CDF.	**Latin America (Bolivia, Colombia, Ecuador, Peru, and Venezuela):** Several countries in Latin America came together to form a multiple-stakeholder discussion forum, called COICA (Coordinadora Indígena de la Cuenca Amazónica), where activities related to the oil and gas industry and sustainable development were discussed. Priority areas were identified via consultations with indigenous peoples, including industry activities, participatory monitoring of social and environmental impacts of the industry, and sustainable development at the local level. Through consensus with multiple actors, COICA provides a platform to develop mutual understanding and trust-based relationships among stakeholders **Madagascar:** In the community of Anosy, Madagascar, CommDev is supporting a project to bring together government, communities, civil society, and private companies for the creation of a community development organization, thereby enabling local stakeholders to determine what sustainable development means for them.

continues

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Lack of consensus on which communities are "impacted" or "affected"	• Keep the process of determining "affected communities" transparent, using information and data disclosure and measures ensuring that consultations are inclusive. • Introduce participatory decision making to reach consensus on "affected communities."	**Lao PDR:** Determination of "mining affected communities" is under discussion using a participatory mechanism, with the multiple-stakeholder working group at its center. This is one of the processes created by the CDF.
Lack of understanding of rights at the local level	• Publicize local-level rights in a way that citizens can access and understand. • Conduct community outreach and advocacy activities to inform community members on their rights and resources available to them, including land and livelihood rights, development plans, and complaint-handling mechanisms. (*Tools: information campaign, citizen charter*) • Utilize information communications technology, including community radio and television shows, for community outreach and advocacy.	**Sierra Leone:** The Justice for the Poor (J4P) program, along with the government, developed a Diamond Area Community Development Fund (DACDF) handbook to raise awareness of the laws and entitlements of community members. Outreach also was conducted via community radio.
Community skepticism about the local benefits of EI operations	• Promote legal frameworks ensuring that funds intended for local communities benefit them. • Use participatory decision making in designing national and community development plans. (*Tools: participatory planning, participatory budgeting, community management*) • Use citizens, civil society, and independent organizations to monitor the management of development funds. (*Tools: community monitoring, community scorecards, third-party monitoring*) • Disclose reports to the public on the management of development funds.	**Lao PDR:** A CDF was created through a multiple-stakeholder working group that includes several ministries, local authorities, and company representatives. **DRC:** The ACIDH is collaborating with the POM to track the payment and use of social development funds at the Tenke Funkurume copper and cobalt mine. The POM and ACIDH found that the company complied with this obligation and that the funds had been spent on tangible projects—schools, bridges, wells—that have benefitted the mine's neighbors.

CHALLENGES	POSSIBLE ACTIVITIES (APPROACHES/TOOLS)	EXAMPLES
Tensions around jobs in EI operations reserved for local people	• Through laws and regulations, define what "local procurement" means and the responsibilities of the government, EI companies, and license holders on local hiring and procurement. • Disseminate and disclose laws and regulations concerning "local procurement and hiring." • Publish local procurement plans. • Ensure that jobs are posted in local languages, that procurement and hiring procedures are clear, and that there are mechanisms for communities to provide feedback and complaints. (*Tools: public display of information, complaint-handling mechanism*) • Government monitors the implementation of local procurement and hiring by EI companies and discloses reports to the public. • Encourage community participation in the selection process for unskilled workers for the EI project. • Provide vocational and skills training to the local population and to those who are displaced as a result of EI activities for both mining-related and nonmining-related activities to diversify their livelihoods.	**Ghana:** The 2006 Minerals and Mining Act states that the holder of a mineral right should give preference to materials, products, and service agencies of Ghana and employment preferences to citizens of Ghana. The scope of local products and service agencies is also provided. **Burkina Faso:** Three local CSOs monitor the hiring of national citizens by the Essakane and Kalsaka projects. The companies are required to have staffs that are 75 percent Burkinabe. CSOs reported that the companies have complied with this obligation. Quantifying and sharing this information is improving public understanding of the project. **Peru:** Under the entrepreneurial capacity-building program provided through the CDF (Asociación Los Andes de Cajamarca: ALAC), various trainings are provided (e.g., on jewelry, textile handcrafts, various food products, bio-commerce with medicinal plants). From the launch of the CDF in 2004 through 2008, the project succeeded in generating over 16,000 new jobs, in adopting best practices, and in creating new technologies by over 14,000 people, among which 2,000 people developed new productive activities. Vocational training provided a chance for the local communities to diversify livelihoods.
Support to ASMs	• Provide extension services that include training on accountability and transparency (of regulations, of licenses, of processes, etc.), combined with mechanisms so that ASMs can provide feedback on local services. • Establish small grants programs that build good governance and local-level accountability into their design.	**Uganda:** The Uganda Sustainable Management of Mineral Resources Project trained officials, miners, and communities to strengthen governance, transparency, and capacity in the management of mineral resources. It focused on the improvement of ASMs and community development in mining areas. This helped drive the creation of a government strategy to formalize and support the previously ignored ASM sector.

CONCLUSION

This note has provided many examples of how SA can improve the implementation and outcomes of EI projects. SA is a powerful instrument for development, more effective institutions, and better projects. SA can reduce project risk and create more sustainable development outcomes. Particularly in countries with developed or potential mineral wealth, transparency, accountability, and citizen participation are key factors in how those resources contribute to growth and poverty reduction. Although many examples have been provided, task teams and other stakeholders will need to seek out additional ways to integrate SA in their projects. The annexes provide additional resources and ideas for a deeper understanding of SA and how it can improve EI projects and their outcomes.

SA approaches are not a panacea. They need to be complemented with supply-side measures by government and EI companies. SA approaches have to be carefully tailored to the context because many methods will not work where there is insufficient capacity, political commitment, incentives to use SA approaches, and other dimensions of an enabling environment. SA approaches have costs and risks as well. SA can create tensions between communities and government. Care must be taken in providing necessary support before SA can be attempted. SA may not be as effective when governments lack the capacity or financial means to meet citizen and community demands, even if they want to be responsive. Despite the costs and risks, SA can be a valuable aspect of World Bank operations.

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Annex 1. Checklist for Designing and Implementing Social Accountability Activities

Step 1: Identify and prioritize social accountability issues, concerns, and opportunities

- Identify the governance concerns and opportunities associated with the project

- Identify project beneficiaries and affected communities

- Identify incentives and disincentives (sanctions/rewards) to achieving social accountability goals

- Identify potential entry points for social accountability activities (in conjunction with Step 2)

Step 2: Diagnose the political, legal, and social context for social accountability activities

- Conduct stakeholder mapping and analysis of their capacities

- Identify individuals and organizations within government, civil society, media, academia, and the private sector who can support, facilitate, or oppose social accountability activities

- Review legal framework (e.g., access to information, legal status of CSOs)

- Assess political, social, and cultural conditions for citizen engagement

- Review existing social accountability activities and their experience

Step 3: Select and sequence appropriate social accountability tools given the context

- Consult stakeholders on choice of social accountability activities and provide them feedback

- Determine extent of government cooperation and civil society involvement

- Assess attitudes and capacities of government and CSOs on social accountability activities

- Tailor social accountability activities to local context

- Assess technical and financial requirements of selected social accountability activities

- Validate initial design

Step 4: Decide on implementation modalities for social accountability activities (actors, budgets, timing)

- Identify funding—project funds, trust funds, or other sources

- Match the sequencing of social accountability activities with project implementation

- Develop communication strategy to support social accountability activities

- Pilot social accountability activities, monitor, and adjust

- Expand after pilot testing

- Implement and document social accountability activities

- Include capacity building for both government and civil society

Step 5: Decide on follow-up and institutionalization (M&E, sanctions, incentives)

- Integrate social accountability M&E with project M&E (including social accountability indicators)

- Monitor the implementation of social accountability activities

- Include citizen and CSO feedback mechanisms

- Assess impact of social accountability activities

- Disseminate and validate findings with stakeholders

- Organize networking, peer learning, and experience sharing of social accountability implementation experience

ANNEX 2: SAMPLE INDICATORS FOR SOCIAL ACCOUNTABILITY

TYPE OF SOCIAL ACCOUNTABILITY ACTIVITY	SAMPLE INDICATORS
Information dissemination (Mechanisms: public disclosure of information, information-distribution and awareness-raising campaigns, ATI laws, open-data activities, etc.)	• Contracts, licenses, leases, bidding criteria, bid evaluation processes, factors in winning a license, winning bids, laws, regulations, etc. are made public (yes/no) • Procurement plans, contracts, and tender documents are made public (yes/no) • Taxes, royalties, and allocation of EI revenues are made public (yes/no) • Transparency and disclosure of information part of World Bank lending conditions (yes/no) • Standards proscribed by ATI or RTI laws are applied to extractive industries (yes/no) • Inspection and regulatory enforcement monitoring results are disclosed (yes/no) • Local-level rights are publicized in a way that citizens can access and understand (yes/no) • Awareness-raising and community outreach activities for citizens (yes/no) • Citizens are aware of project activities and impacts (yes/no)
Grievance Redress	• Grievance redress system established to address citizen complaints (yes/no) • Citizens filed grievances/complaints (number) • Registered grievances that are addressed (percentage) • Grievances addressed within stipulated time period (percentage) • Average time required to resolve complaints (days) • Complainants satisfied with response and grievance redress process (percentage) • Periodic reports on grievance redress mechanism results published (yes/no)

TYPE OF SOCIAL ACCOUNTABILITY ACTIVITY	SAMPLE INDICATORS
Consultation (Mechanisms: focus groups, consultations, surveys, etc.)	• Civil society consulted when drafting EI legal frameworks and regulations (yes/no) • Citizens consulted during project implementation (number) • Citizens consulted reporting satisfaction with consultation process (percentage scoring satisfied or higher) • Participants in consultations who are from vulnerable and marginalized groups (e.g., women, poor, youth, disabled, indigenous peoples) (percentage) • Civil society is consulted on social and environmental impact assessments (yes/no)
Empowering Citizens and Communities (Mechanisms: participatory planning, citizen/user membership in decision-making bodies, etc.)	• Citizens that feel that EI operations address their concerns (percentage) • Representatives in community-based decision-making and management structures who are from the vulnerable or marginalized beneficiary population (percentage) • Participation rate of the poor, vulnerable, and women in planning and decision-making meetings (percentage) • Participatory decision making on revenue management and allocation (yes/no) • Community role in allocating community development funds (yes/no)
Beneficiary Feedback (Mechanisms: satisfaction surveys, citizen/community report cards, social audit, SMS/online feedback, etc.)	• Proportion of total beneficiaries who provided feedback (percentage) • Share of feedback providers who are from vulnerable and marginalized or other target groups (e.g., geographic group) (percentage) • Actions taken by program/project managers based on user/beneficiary feedback (yes/no) • Programs/institutions collecting feedback publish reports on feedback received and how this feedback has been used (yes/no)
Citizen and Third-Party Monitoring, Evaluation, and Oversight (Mechanisms: social audits, public expenditure tracking surveys, third-party monitoring, etc.)	• Independent oversight of EI operations and regulations (yes/no) • Citizens and/or CSO monitoring of EI contracts, revenue allocation, etc. (yes/no) • Civil society and community members participate in, or monitor, EI operations (yes/no) • Findings of citizen-led monitoring are made public (yes/no) • Forum for validating and providing feedback on monitoring results (yes/no) • Use of feedback provided by independent, citizen, and CSO monitoring (yes/no) • Monitoring committees trained in participatory monitoring (percentage) • Beneficiaries satisfied with monitoring (percentage) • Authorities act on issues identified by the monitoring/oversight activities (yes/no) • Changes to policies and project activities as a result of citizen monitoring (yes/no)

ANNEX 3. SOURCES OF INFORMATION ON SOCIAL ACCOUNTABILITY IN EXTRACTIVE INDUSTRIES

WORLD BANK RESOURCES

Communities and Small-Scale Mining (CASM): Launched in 2001, CASM is a global networking and coordination facility with a stated mission to "reduce poverty by improving the environmental, social and economic performance of artisanal and small-scale mining in developing countries." CASM is housed at World Bank headquarters in Washington, DC.

Extractive Industry Task Group (EITG): The purpose of the EITG is to improve knowledge sharing, coordination, and dissemination within the World Bank Group and among external clients and partners. A key objective of the EITG is to summarize emerging industry trends and to assess where new understandings are warranted.

Governance and Anti-Corruption (GAC): Via the GAC Knowledge and Learning website, resources and information from all departments and units engaged in the World Bank Group's GAC Strategy and activities are shared. Among them are *Demand for Good Governance* and *GAC in Natural Resource Management.*

International Finance Corporation—Oil, Gas & Mining: The mission of this team is to help developing countries and communities realize sustainable economic benefits from natural resources.

Sharing in Governance of Extractive Industries (GOXI): GOXI is a space to share, learn, and connect for action toward greater accountability and, in turn, better development outcomes of the extractive industries in Africa. It is supported by the World Bank Institute and its partner institutions.

EXTERNAL RESOURCES

Extractive Industries Transparency Initiative (EITI): EITI is a coalition of governments, companies, civil society groups, investors, and international organizations that aims to strengthen governance by improving transparency and accountability of

the extractive sector. The Secretariat of the EITI is located in Norway, and its multi-donor trust fund is managed by the World Bank.

Global Witness: Through field investigations and high-level advocacy, Global Witness has worked to increase transparency in the flow of revenues from oil, gas, and mining companies to governments. It conceived and co-launched the Publish What You Pay campaign (description later in this list). Also, Global Witness is a leading participant in the EITI.

International Council on Mining and Minerals (ICMM): Established in 2001, ICMM aims to improve sustainable development performance in the mining and metals industry. It brings together 22 mining and metals companies and 34 national and regional mining associations and global commodity associations.

Natural Resource Charter: The Natural Resource Charter is a global initiative designed to help governments and societies effectively harness the opportunities created by natural resources for national and community development. The Natural Resource Charter provides 12 precepts to inform and improve natural resource management.

Natural Resource Governance Institute (NRGI): NRGI is a nonprofit policy institute and grant-making organization that promotes the effectiveness, transparency, and accountability management of oil, gas, and mineral resources for the public good. It was formerly known as Revenue Watch Institute.

Open Government Partnership (OGP): OGP brings together governments and CSOs at both the national and international levels. At the national level, governments work with CSOs to develop and implement their OGP national action plans. Additionally, within OGP, the Independent Civil Society Engagement team works to broaden, strengthen, and engage a strong civil society network to participate in OGP, particularly at the national level.

Oxfam America: OXFAM has a large and growing portfolio of work on transparency and accountability, including in extractive industries. It has a number of publications and project case studies on community engagement around EI projects.

Oxford Centre for the Analysis of Resource Rich Economies (OxCarre): Established in October 2007, OxCarre is a global center of excellence in the economics of resource-rich countries.

Publish What You Pay (PWYP): PWYP is a global network of civil society organizations that are united in their call for oil, gas, and mining revenues to form the basis for development and improve the lives of citizens in resource-rich countries. It undertakes public campaigns and policy advocacy to achieve disclosure of information about EI revenues and contracts.

Transparency and Accountability Initiative (T/A Initiative): The T/A Initiative is a donor collaboration that is working to expand the impact and scale of transparency and accountability interventions. Some of the publications from the T/A Initiative are available on the natural resource management website.