

Digging into the Problem

How corruption facilitates socioenvironmental, human rights, and Indigenous Peoples' rights harms in the mining sector

February 2025

Business & Human Rights Resource Centre
Natural Resource Governance Institute
SIRGE COALITION
SECURING INDIGENOUS PEOPLES RIGHTS IN THE GREEN ECONOMY
WWF

Contents

Key messages 3

1. Introduction 4

2. Diagram: Mining process and risks 6

3. Corruption risks throughout the mining process 7

3.1 Political economy of mining countries or regions 8

3.2 Decision to mine 10

3.3 Operations 13

3.4 Revenues 15

3.5 Mine closure 17

4. Enabling conditions for corruption 19

5. Addressing the socioenvironmental, and human rights, and Indigenous Peoples impacts rights of corruption in mining 21

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Key messages

- **As more mining takes place across the globe, the social, human rights and environmental harms associated with the sector are also growing.** Corruption plays an essential, but often overlooked, role in facilitating, obscuring, and preventing accountability for these harms, particularly in mining for in-demand transition minerals and gold.

- **This corruption can manifest in different ways depending on the form of mining and stage of the process.** It may impact the political economy of mining countries or regions, undermining the legal frameworks that regulate the sector and leading to shrinking civic space. Decisions about whether mining should go ahead may be stacked in the favour of vested interests, while corruption in the operations of mines can lead to significant harm to workers, communities, and nature. Harm may also continue after the mining process, with corruption redirecting essential revenues and leading to poor mine closure practices.

- **Ambiguous legal frameworks, weak governance, political transition or instability, geopolitical competition, and high demand and commodity prices all drive this corruption,** often leading decision-makers to prioritize economic and supply security concerns over the needs of communities and nature.

- **Although the harm of this corruption is often experienced primarily at the community level, it often has global roots. Addressing this problem therefore requires greater action from actors with leverage over mineral supply chains.** Governments in major market jurisdictions should strengthen the enforcement of anticorruption legislation, pass corporate mandatory due diligence legislation that addresses corruption risks in the whole supply chain, and implement policies to reduce the overall demand for minerals. Downstream companies should do more to hold actors in their supply chain to account for corruption allegations, and international and multilateral bodies should better connect their agendas on fighting corruption, tackling climate change and biodiversity loss, and upholding human rights and Indigenous Peoples' rights.

- **To combat corruption effectively, it is essential to recognize that environmental justice and Indigenous Peoples' rights are inherently linked.** Equitable resource governance that respects Free Prior and Informed Consent (FPIC), ensures land tenure security, and integrates Indigenous stewardship not only reduces corruption risks but also protects biodiversity and supports sustainable practices.

1 Introduction

Mining in its myriad forms is experiencing tremendous growth, against a backdrop of growing global inequality, transnational crime and geopolitical tension over future energy security. Yet this growth has also brought challenges, as corruption flourishes and enables a host of socioenvironmental and human rights harms.

Within this context, two areas emerge where the intersection between corruption and broader harms is particularly clear: **transition minerals and gold mining**. While many of the forms of corruption outlined in this briefing could apply across the mining sector, we highlight cases linked to these commodities because of the acute nature of demand for these products, the vulnerability of their mining processes to corruption and crime, their links to informal mining (often involving marginalized groups) and, crucially, the harms they pose to people and to nature.

Minerals with key applications in the renewable technologies and electrification of transport needed to deliver the energy transition ("transition minerals") are receiving significant attention from policy-makers worldwide, who are concerned for future energy security. The International Energy Agency estimates that to meet the goals of the Paris Agreement, the next two decades will need to see an increase of 40 percent in rare earth elements, 60-70 percent in nickel and cobalt, and around 90 percent in lithium. However, it is important to note that these predictions are not a foregone conclusion. Shifting towards a circular economy—emphasizing mineral recycling, reuse, and efficiency improvements—can help reduce the reliance on new mining. With heightened pressure to meet growing demand, there is a real risk that corruption will increase commensurate to growth in these supply chains. **The push for more mining can lead to corruption at the extraction stage, such as bribery or the manipulation of licenses, which can have far-reaching consequences in downstream industries, such as electronics, electric vehicle manufacture and other renewable energy industries.**

At the same time, extremely high prices have also driven an explosive increase in gold mining. Gold bullion's price gained 40 percent in the last year alone, reaching record highs in October 2024. The increase in gold mining has been particularly clear in the informal sector, where there are often fewer protections for workers, local communities and nature. In many cases, gold has provided an easily-laundered alternative to illicit commodities for organized crime groups or militias, with widespread consequences for the rule of law and the likelihood of conflict, violence and human rights violations.

As mining expands to meet demand, many actors have described the real consequences of its scale. In September 2024, Global Witness identified mining as the sector most associated with the killing of environmental and land defenders. Similarly, the Business and Human Rights Resource Centre (BHRRC) has consistently found mining to be the most dangerous sector for human rights defenders, documenting 630 allegations of human rights abuses over a 13-year period associated with transition minerals alone. These harms extend to nature—WWF has shown that current mining impacts up to one third of global forest ecosystems.

A key enabler of the profound harm mining does to people and nature is corruption—too often seen as a victimless crime or even as the inevitable 'cost' of doing business. **Corruption diverts resources from service provision, undermines oversight institutions, the rule of law, and the state's ability to uphold human rights, while being flagged as key to environmental crime.** Such corruption also can undermine political stability, and it may even become profitable for some to retain levels of instability. The Natural Resource Governance Institute (NRGI) has identified over fifty cases of corruption in licensing and contracting of transition minerals projects.

These harms disproportionately impact Indigenous Peoples and local land-connected communities and lead to acute effects for women, children, and other vulnerable groups. Researchers from the University of Queensland have identified that 54 percent of energy transition minerals projects are found on or near Indigenous Peoples' lands. Environmental justice and Indigenous Peoples' rights are inseparable, as both are rooted in the equitable governance of natural resources. Indigenous Peoples are not only rights-holders but also stewards of nature, with their territories holding a majority of the world's biodiversity. **Upholding Indigenous Peoples' rights is essential to addressing the harmful socioenvironmental impacts of mining.**

Appreciating the risks associated with the growth in mining, in September 2024, the U.N. Secretary General launched principles to promote justice and equity in energy transition mineral supply chains, focusing on human rights, Indigenous Peoples' rights, environmental protection, biodiversity and anticorruption measures. At the biodiversity COP16, the Colombian government launched an initiative to push for a new binding global treaty on traceability in mineral supply chains.

While such global policy developments help draw attention to these issues, their impact will depend on how effectively their recommendations are implemented at local, national and regional levels, and within company policies. A further key element of their success will be the extent to which reforms address the interconnected nature of these issues.

Policy-makers must pay greater attention to the often-overlooked role of corruption in enabling human rights abuses, violations of Indigenous Peoples' rights, and social and environmental harm, and take action to combat it. **This briefing seeks to support this work, breaking down silos between communities of expertise in the mining sector. It highlights the many forms of harm that corruption causes across the mining process, whether large-scale or artisanal and small-scale, formal or informal, and offers recommendations for addressing these challenges.** To truly tackle the harms caused by mining to people, planet and our ability to exist within planetary boundaries, policy-makers must also be bolder in questioning how much mining is necessary, balanced against the imperative to deliver an energy transition across the globe that is truly just.



Aerial view of Amazon deforestation in Brazil, driven by illegal gold mining, destroying forests and polluting rivers with mercury.
Image credit: Paralaxis / Shutterstock

2 Mining process and risks



3 Corruption risks throughout the mining process

The mining sector is immensely diverse. Mining can be a complex activity, involving highly technical and costly machinery, huge open-pit mines and significant investment, but it can also take place on a more individual level, with simple tools and few protections. **Given this diversity, the range of socioenvironmental, human rights and Indigenous Peoples' rights harms associated with mining can vary widely, as do the forms of corruption that enable them.**

These harms can include societal impacts, such as weakened rule of law, reduced revenue to fund infrastructure and services, and increasing conflict and fragility. They may entail human rights abuses, such as child or forced labor, forced displacement, or infringements on the right to freedom of expression, assembly and association.

Human rights abuses may impact particular groups with protected rights, such as Indigenous Peoples' right to give or withhold Free, Prior and Informed Consent (FPIC) to mining on or near their land. As well as direct abuses, diverted revenues also erode states' ability to realize economic, social and cultural rights. Harms that impact nature, which in turn impact communities, include deforestation and pollution—particularly of water sources.

Below, we address how corruption can enable these harms, and how these risks manifest at four different stages of the mining process: the decision to mine; operations; revenue collection, and mine closure. Yet these processes do not take place in a vacuum; understanding the political economy of mining countries and regions is essential to understand corruption risks, particularly those that occur at a more systemic level. This section therefore begins by addressing these issues.



Nickel deposits in open-pit mines, a crucial resource for the energy transition.
Image credit: Mary Grace Varela / iStock Photo

3.1 Political economy of mining countries or regions

By political economy, we mean how different stakeholders and groups with power in a society establish and use formal and informal rules and institutions, and the implications of this for how mining impacts people and nature. For example, in the mining sector, we often see informal deals between powerful stakeholders, which can lead to mining in areas where nature is formally protected, or where it harms Indigenous Peoples, local communities and other rightsholders. Several political economy dynamics emerge frequently and lead to this type of impact, including:

Undue private influence over laws, regulations and oversight institutions: In many contexts, there may be collusion between the public sector, companies, lobbyists and industry bodies, which enables undue influence over mining laws, regulations and oversight institutions intended to ensure accountability for negative socio-environmental and human rights impacts. Such influence takes many forms. Companies or actors they employ, such as lobbying and public relations agencies, may target environmental protection agencies and seek to weaken their oversight, regulatory and enforcement capacities, enabling mining to commence or increase without accountability for negative impacts. Corrupt actors may also target anticorruption agencies or the judiciary, to undermine the prosecution of civil or criminal cases. Or they may seek to bypass social and environmental safeguards, local content requirements (to ensure the employment or procurement of local people, goods or services), or labor rights embedded in legislation. A mutually reinforcing relationship can emerge where politicians can seek out deals, benefits and donations from companies, or they may have their own vested interests in the sector, which in turn influences the role of the institutions meant to safeguard people and nature.

These undue influencing efforts may take place on a single occasion, or they may be more systemic. Such systemic undue influence on policy-making can appear both legal and normalized, and is often referred to as state, policy or regulatory "capture," in which actors beholden to private interests co-opt specific institutions or processes. This capture, combined with a lack of government resources, may lead to circumvention of regulations and requirements, or poor or fraudulent implementation—for instance, of adequate environmental and social impact assessments (ESIAs) or Indigenous Peoples' right to FPIC.

This may be particularly prevalent where there is pressure to fast-track licensing processes in transition mineral supply chains. Policy or regulatory capture may occur when government officials or their relatives or allies hold financial interests in the mining sector; when governments and companies exchange personnel regularly (the "revolving door"); or when companies finance political campaigns and engage in excessive informal lobbying. These scenarios can lead to collusion between government officials, political parties, politicians and mining companies, to define regulations to benefit their own interests.

Key stakeholders: politically connected mining companies; relevant sectoral ministries; ministers and parliamentarians; political parties, and public relations and lobbying firms.

Erosion of civic space and criminalization of accountability actors: Accountability actors—particularly anticorruption actors and environmental, human rights and land defenders—are crucial for ensuring respect for human rights, environmental protections and the rule of law. Yet corrupt actors may seek to undermine accountability actors' ability to act effectively and exercise their right to public participation. This may occur through, for example, the erosion of civic space or infringements on the rights to freedom of assembly, association and expression. Governments may pass laws that reduce opportunities for civil society to protest, receive funding, raise concerns or participate in decision-making. Or specific mechanisms may make civil society participation unsafe or restricted—for example, through the use of Strategic Lawsuits Against Public Participation (SLAPPs). According to BHRRC's SLAPP database, the mining sector has the highest number of associated SLAPPs, with 108 of 355 tracked cases. Corruption can both lead to human rights abuses and arise from human rights violations, including violations of the rights to freedom of expression, assembly and association. Accountability actors may face increasing strategies of escalation and confrontation, culminating in authorities criminalizing them—with Indigenous defenders disproportionately targeted.

Criminalization and marginalization may follow a pattern of imbalanced consultation, intimidation, forced evictions of targeted individuals or communities, or armed incursions into territory, and may constitute human rights violations. The intention may be to illegitimately or illegally annex or claim land from resident communities, such as Indigenous Peoples.

Corruption that impacts civic space may take the form of collusion between private-sector interests and government officials who have private interests in a mining project, seeking to overrule community rights and socioenvironmental protections.

It may involve payment or in-kind benefits, such as protection from prosecution, to non-state armed actors and organized criminals to intimidate or harm accountability actors. Or it can take the form of bribes and other inducements to law enforcement agents to arrest or intimidate accountability actors, or undue influence on laws that impact the right to protest or freedom of speech.

Key stakeholders: politically connected companies; relevant government entities, such as ministries or agencies responsible for mining, environment, land, water, forestry, agriculture, and Indigenous affairs or social affairs; police and judicial institutions; legal firms, and public relations and lobbying firms.

Case study

Risks of policy capture in the Philippines

In 2023 the government of the Philippines predicted that there could be 190 new mining projects within the next four years. If poorly managed, this expansion could lead to significant potential for corruption and socioenvironmental harm. One of the biggest drivers of mining expansion in the Philippines is the demand for nickel, which plays a key role in some types of battery and has applications in renewable wind technologies. The Philippines is the second largest nickel producer in the world and a significant producer of gold and copper.

This growth comes against a backdrop of reported collusion between the mining sector and high-level state actors, which has ties to the dynastic structure of political elites in this context. In 2021, civil society actors observed that large campaign donations to Politically Exposed Persons (PEPs) with influence in rulemaking, excessive informal lobbying, conflicts of interest due to financial interests or control of mining companies had led to the capture of policy-making spaces, with significant impacts on mining licensing. Following this, Bantay Kita found in the 2022 general election that many candidates held links to the extractive industries, particularly the mining sector, including receiving campaign contributions and holding director positions in mining firms. Journalists and civil society have reported that family members and allies of elected officials sit on boards of mining firms, and have flagged concern that such conflict of interest may have impacted the 2023 reduction of royalty rates for operations within mining reservations.

In this context, which is marked by significant repression of accountability actors, environmental, human rights and Indigenous Peoples defenders have come under significant threat when attempting to oppose mining and its corruption related links.

3.2 Decision to mine

Decisions about what locations are seen as viable for mining often reflect neocolonial power dynamics, and are very different in the formal and informal mining sectors. In the latter, decisions may be driven by the economic needs of local communities seeking work, or they may be forced by armed non-state actors seeking to profit from natural resources. For formal mining, the licensing process can be complex. Good practice for licensing requires the conduct of environmental and social impact assessments, thorough and ongoing community consultation, the obtaining of Indigenous Peoples' FPIC, and land access negotiations. As a distinct moment of interaction between companies, the state and communities, the decision-making process is also particularly vulnerable to corruption, leading to mining projects which cause significant harm to nature and people, and violate their fundamental rights and freedoms. For example, in Brazil's Jequitinhonha Valley, the surge in lithium mining reflects systemic corruption and disregard for the rights of the Quilombola Indigenous Peoples. Projects like "Lithium Valley," promoted by government leaders and corporate lobbying, bypass legal safeguards such as FPIC, leaving communities excluded from decision-making. The impacts include environmental degradation, displacement, and threats to cultural sovereignty.

Forms of corruption that may emerge at this stage include:

Undermining the integrity of environmental and social impact assessments (ESIAs): ESIAs are essential tools to identify and evaluate the potential impacts of a project, enabling the formulation of management plans to mitigate possible harms. Yet public and private actors may seek to undermine the integrity of ESIAs through corrupt means, making it difficult to accurately identify the risks facing communities and the environment, or to establish the necessary socioenvironmental and human rights safeguards around mining projects. Pressure to increase the availability of transition minerals may make supply chains particularly vulnerable to efforts to undermine ESIAs, particularly when there are calls to "fast-track" licensing processes.

Actions that would undermine the integrity of ESIAs include companies or government officials making misleading statements, omitting key information or manipulating data; conflicts of interest between a company and experts it selects to conduct an ESIA; bribery of officials to accept information that is misleading or false; government favoritism towards certain companies, or companies or governments illegally preventing key stakeholders from accessing ESIAs. Withholding information is also a systemic and widespread problem in mining. In some jurisdictions, the full and transparent publication of impact assessments is an integral part of the licensing process and mining code, and a legal requirement. However, in others, publication may be prohibited by law on grounds of commercial sensitivity. Without this information, it becomes difficult for stakeholders—including government officials, rightsholders, Indigenous Peoples, local communities and civil society—to understand and voice their positions about the implications of a potential mining project.

Key stakeholders: mining companies; relevant government entities, such as ministries or agencies responsible for mining, environment, land, water, forestry, agriculture, Indigenous affairs or social affairs; experts and consultants providing ESIAs; Indigenous Peoples and their legitimate representatives, and community representative bodies.

Manipulation of FPIC, engagement with rights holders through community consultation, and land access negotiations: Free Prior and Informed Consent (FPIC) is a right specific to Indigenous Peoples, enshrined in international law, ensuring their consent is sought for any activities undertaken on their land. At the same time, all communities have the right to participate in decision-making that affects their lives. Community consultation is crucial if a mining company is to have a social license to operate, obtained through community approval. Consultation should take place at all stages of the mining process, including when the company seeks initial FPIC; around agreement of the company's access to or acquisition of land; around ESIAs; and around the negotiation of community benefits. Failing to consult with a community and get its consent or undermining its land access rights can lead to negative socioenvironmental impacts and human rights violations—for example, through forced or poorly managed resettlement, damage to sites of cultural or religious significance, or damage to the natural environment, which impacts nature, but also has a direct impact on health and livelihoods.

Corruption also often exacerbates the issue of insecure land tenure, enabling mining companies to acquire land without proper consultation or compensation. This may pose particular challenges for Indigenous Peoples. Secure land tenure rights are essential to the success of FPIC processes and ensuring that Indigenous communities are appropriately involved in land-access decisions. Women and vulnerable groups may also experience disproportionate harm, especially where their land ownership is not recognized or secure, they are excluded from consultation processes, or their needs and concerns are not well represented by community leaders. Contested land rights; those that are ambiguous, overlapping or contradictory, and insecurity over land tenure can—sometimes intentionally—enable land access in areas where it would or should not be permitted. With tenure rights insecure in many locations, additional investment is needed to ensure appropriate consultation takes place.

Vested interests may intentionally create or exploit unclear, overlapping, or contested land tenure arrangements by using legal loopholes, contradictory policies, or selectively interpreting customary and statutory land rights. These practices can involve redefining land boundaries, ignoring customary ownership systems, or issuing multiple claims for the same piece of land to dilute or confuse legitimate ownership. In some cases, historical injustices, such as forced relocations or colonial-era land designations, are used as a basis to challenge or invalidate current land claims. These practices blur the lines of land ownership, making it difficult to determine who holds the legitimate right to manage, inhabit, or benefit from the land, especially in regions where customary systems and formal legal frameworks are not harmonized.

Even where frameworks do exist for consultation, they are often all too easily bypassed, observed only as a formality, or conducted in bad faith to benefit powerful, corrupt interests. This can bring about payoffs or bribery to influence the outcome of consultations, or local leaders conspiring for personal benefit to the exclusion of those they are supposed to represent. Bribery or other inducements may also be offered to government authorities to change land conditions or designations, particularly when associated with mining permit applications.

Key stakeholders: mining companies; relevant government entities, such as ministries or agencies responsible for mining, land, Indigenous affairs or social affairs; local government bodies; Indigenous Peoples and their legitimate representatives, and community representative bodies.

Collusion between elites and violent non-state actors drives informal mining: Small-scale and artisanal miners often operate on an "informal" basis, in which they are not registered with or regulated by the state, and may decide to mine in the absence of other employment options. While the formalization of artisanal and small-scale mining (ASM) can bring miners into the orbit of the state—providing protections in the form of social and labor rights—it also imposes obligations on miners and carries risks of further marginalizing the poorest in society. Weak governance, inadequate legislation and conflicting interests mean that artisanal miners lack incentives to navigate the complex processes of accessing land and obtaining licenses. However, this informality results in precarious livelihoods, as miners lack legal rights or land tenure security, driving them deeper into the informal economy.

Globally, the informal nature of ASM has become a crucial source of income for the poor, but it is also often linked to criminalization and armed conflict, exposing workers in the ASM sector to the control or authority of organized crime groups and non-state armed groups. Increasingly, criminal networks involved in the trafficking of drugs, people and arms are turning to informal mining, particularly of gold, given the ease with which the mineral can be smuggled and laundered. Armed groups in several conflict-affected settings exploit the informality of this sector to fund war efforts.

Legal and illegal activities are often linked, feeding off each other and involving both legal and illegal actors and networks. The relationship of illegal actors to ASM is exacerbated by weak governance, corruption, and a lack of accountability and transparency, which have become prominent characteristics in this type of mining. Informality has often resulted in increased power in the hands of a few elites characterized by rent-seeking, and the undermining of government authority. This power may mean that elites collude with organized crime groups, militias, traffickers or other violent non-state actors, to maintain a system which is mutually beneficial, but which leads to significant harm to workers, communities and nature.

Key stakeholders: mining companies; state actors, including national and local governments, and law enforcement agencies; labor unions; Indigenous Peoples and their legitimate representatives; local communities and their representative bodies; local workers; civil society organizations working on environmental, social and human rights issues.

Case study

Licensing for lithium mining in Namibia

As one of the lightest metals, lithium is used in batteries needed to power the energy transition, with estimates that the electric vehicle industry will contribute to roughly 90 percent of future growth in lithium.

Growing demand is leading to projects in new contexts like Namibia, where reporting by investigative journalists and NGOs has alleged that Xinfeng Investments used bribery and fraud to acquire rights to mine for lithium. The case revolves around Xinfeng's 2022 purchase of Namibian firm Orange River Mining, which held a lithium license at the time. According to the allegations, a minority owner in Orange River who had family ties to a senior official in the Ministry of Mines and Energy filed false paperwork removing the company's majority shareholder to pave the way for the sale to Xinfeng. The company reportedly paid N$50 million (USD2.6 million) for control of Orange River, plus a separate N$18 million (USD 300,000) to the family member. The Ministry granted Xinfeng a fresh license soon after it acquired Orange River.

While all actors involved deny any wrongdoing, Xinfeng has gone on to face further allegations of poor business practices. For instance, in 2023, the Ministry of Mines and Energy temporarily revoked the company's license, claiming Xinfeng committed fraud by submitting false and misleading technical paperwork. The High Court agreed. The company has also reportedly avoided paying government fees and conducting an environmental impact assessment by operating under the wrong type of permit. Conditions for workers at the mine are reportedly poor. A delegation of Namibian parliamentarians who visited the mine in May 2022 claimed that workers were subject to "apartheid-era" living conditions and were not provided with adequate sanitation facilities. Xinfeng has stated that it is committed to prioritizing the well-being and safety of its employees.



Pollutants from gold and copper mining contaminate a lake, altering its natural state.
Image credit: Mary Grace Varela / iStock Photo

3.3 Operations

The operations stage of mining is particularly fraught with social, environmental and human rights harms. There is significant risk of harm to informal and formal workers where corruption is widespread. They may be forced to work in unsafe or unfair conditions, or subject to human rights abuses, including child or forced labor. Poorly managed mining practices and mining waste, particularly involving toxic chemicals and alloys, can lead to devastating damage to water sources, forests, farmland and people. Corruption, socioenvironmental and human rights harm in operations can manifest in the following ways:

Corruption in contracting, subcontracting or hiring enables unsafe or unfair working conditions: If companies receive preferential treatment, contracts or subcontracts due to corruption, nepotism or political connections, they may lack the required expertise or commitment to ensure a safe working environment. They may consider themselves free to disregard health and safety rules and labor laws without consequences or may channel opportunities unfairly toward favored subcontractors or groups. This may lead to drivers, mechanics, welders, security guards and general workers in mining and processing not being paid living wages or having to work in unsafe conditions, leading to significant health impacts—for example, from mercury use in gold mining. Subcontracted workers may be at an elevated risk of severe exploitation. Among the possible broader societal impacts, insufficient wages across a community may make child labor more likely, particularly if parents cannot afford school fees. The political connections of those responsible may make it harder to prevent these practices. In informal mining, the lack of any agreement between workers and those in control of the mine further heightens the risk of unsafe conditions.

This corruption may take the form of suppression or minimizing of workers' rights, both individual and collective, to maintain the vested interests of powerful elites or PEPs, who may hold beneficial ownership or equity stakes in a project. It can also involve hiring decisions that channel benefits toward certain social or ethnic groups; local authorities, both governmental and traditional, soliciting bribes from individuals seeking work; and bribes or other inducements to obscure the role of child labor in supply chains.

Key stakeholders: mining companies; subcontractors; relevant government entities, such as ministries or agencies responsible for labor; and trade unions.

Concealment of social and environmental damage: Tailings waste, open pit drainage and chemical treatment plant discharge can all cause irreversible damage to the natural environment and habitats on which people depend for their livelihoods. This harm can be exacerbated when Indigenous or local knowledge and the roles of these communities in environmental stewardship is ignored. These negative impacts can have serious implications for communities living around mining or processing sites—for example, through water contamination—or for workers' health and safety, undermining the right to a clean, healthy and sustainable environment.

Efforts to conceal environmental damage may also be linked to prior acts of corruption, such as efforts to avoid or distort ESIAs. The pressure to accelerate transition mineral extraction to meet global climate and energy goals can result in shortcuts that bypass proper environmental regulation. This increases the risk of environmental damage being concealed, particularly in remote or ecologically sensitive regions, where oversight is weaker. Corruption may take the form of falsification or concealment of data on environmental damage; conflicts of interest between a company and experts hired to assess the safety of mines, processing facilities or tailings, such as certification authorities or auditors; and bribery to misrepresent or falsify safety or environmental assessments.

Key stakeholders: mining companies; relevant government entities, such as ministries or agencies responsible for mining, land, Indigenous affairs or social affairs; local government bodies; environmental regulators; Indigenous Peoples and their legitimate representatives, and community representative bodies.

Extortion enables human rights abuses and unsafe working conditions: Extortion is a form of corruption that involves the direct or indirect exploitation of access to a position of power or knowledge to demand unmerited cooperation or payment through coercive threats. The presence of armed actors in mining operations, including non-state actors such as guerilla groups, organized criminals and private security operators, and military or police personnel may heighten extortion risks.

Extortion can also be carried out by non-armed state representatives, such as enforcement agents who exploit poor understanding of laws and regulations for their own benefit. Extortion involving armed or unarmed state actors may be more likely when there are few accountability mechanisms in place to prevent abuse of positions of power.

This extortion may take the form of the threat or use of violence by armed actors; demands for sexual favors (with disproportionate impacts on women); and exploitation of adults through unsafe working conditions, or children through child labor.

Extortion may be more common in situations where there is a greater degree of informality in mining, for example in ASM goldmining operations.

Key stakeholders: mining companies, particularly those operating in conflict-affected and high-risk areas; relevant government entities, such as ministries or agencies responsible for mining and labor; police and the military; private security or military companies; militias, organized crime groups and ASM miners.

Case study

Environmental damage from rare earths mining in Myanmar

In 2022 and 2024 Global Witness reporting revealed that unregulated mines in Myanmar have become an essential source of heavy rare earth elements, high-demand minerals used in electric vehicles and wind turbines. Most of this mining takes place in Kachin State in northern Myanmar, where there has been strong opposition from the public and armed groups to military control since the coup in 2021. Kachin also borders China, which dominates global rare earth processing capacity and whose state-owned enterprises have allegedly become reliant on Myanmar for sources of heavy rare earths.

In breach of the law, in one Kachin region, military-affiliated battalions have been accused of granting permits to mine on lands that have been at times confiscated from local people. Between 2022 and 2024, the number of mining sites has increased by more than 40 percent in the region. Meanwhile, regions controlled by the resistance group Kachin Independence Organisation (KIO), which operates as a *de facto* government, have also seen an increase in the number of mine sites. This is perhaps unsurprising: Myanmar's trade in heavy rare earth elements was worth an estimated USD 1.4 billion in 2023.

The impact of this mining on both people and nature has been severe. Battalions issue local miners with ID cards to allow them to work at the mines, then demand bribes from them at checkpoints on the roads for access to the mining sites. Also, the use of in-situ leaching has led to devastating water pollution and dire health conditions for workers. Water sampling data seen by Global Witness has shown that several streams in the region are highly acidic and contain elevated levels of arsenic, with widespread harm to wildlife in a biodiversity hotspot. Many workers have suffered from coughing, numbness, skin conditions and kidney issues. Some, including a 15-year-old boy, have died from severe gastro-intestinal issues, which their families are convinced were caused by chemical exposure. There is concern that the 'war dividends' – access to mining rents from the conflict – can create an incentive to keep conflict going.

3.4 Revenues

Deals marred by corruption mean that the state cannot collect the revenues it needs, with profits instead pocketed by mining companies or unscrupulous elites. The allure of mining profits can also drive the involvement of armed non-state actors in the mining sector, such as organized crime groups or militias, who seek out these resources to fund their activities. In both scenarios, populations suffer significant harm. Such corruption can lead to the following impacts:

Corruption undermines revenues for social services and infrastructure: Mining is a major industry in many lower- and middle-income countries, where multiple sustainable development needs still go unmet. Revenues from the sector should play a crucial role in state budgets, providing funding for essential social services, such as healthcare and education, and infrastructure that can ensure a better life for citizens. Yet corruption too often redirects public money into private hands, as state budgets are greatly reduced by a lack of tax receipts or by natural resource wealth being sold off at cut prices. While the immediate impacts of such practices may occur at a macroeconomic rather than a community level, they are no less harmful. In particular, corruption that undermines the state's revenues from mining may impact economic, social and cultural rights, such as the rights to food, water, sanitation, health, housing and social security.

Forms of corruption that could impact revenue collection include undue influence over the laws and regulations that govern these processes; bribery or favoritism to influence contract terms; companies manipulating the factors that determine their revenue obligations; the biased enforcement of fiscal obligations, and the misappropriation or embezzlement of revenues—including from state-owned enterprises.

Key stakeholders: mining companies; commodity traders; relevant government entities, such as ministries or agencies responsible for mining, financing and taxes; auditors, lawyers, tax advisers and accountants—including in secrecy jurisdictions.

Laundering of minerals and metals to fund organized crime and militias: Mining is often a lucrative business, particularly when valuable commodities in high demand are involved. For this reason, as noted above, many organized crime groups and militias have sought to control mining operations as a source of income to fund other criminal operations, such as trafficking and smuggling, or to advance their military ambitions. Mining is also appealing as it allows these groups access to money laundering techniques that are hard to detect, and to the legitimate supply chains of mining businesses. This enables minerals and metals produced illicitly or through corruption to emerge "clean" after customs checks or from processing and refining. These risks are particularly apparent for gold, which, as an internationally accepted currency, is an attractive vehicle for laundering money. Such funding of these groups enables a wide range of human rights violations and social and environmental harms, including forced displacement, the destruction of forests and the pollution of water sources—and potentially the commission of crimes under international law.

Corruption in the laundering of minerals and metals may take the form of the bribery of officials to trade goods that have been mined informally and are unaccounted for. It can also involve the concealment of informal mining through bribery to officials in mining ministries and agencies, police and customs officials, and higher-level political figures, or collusion between exporters and customs officials to underreport or undervalue production.

Key stakeholders: mining companies; state actors, including international, national and local governments, law enforcement agencies and national park authorities; the financial sector, and environmental defenders.

Case study

Extortion and funding of armed groups in gold operations in Colombia

The price of gold is at an all-time high, with investors viewing gold as a safe option during times of economic and geopolitical turbulence. Ironically, this booming gold market itself may be driving instability in many countries across Africa and Latin America.

In Colombia, the region of Chocó on the Pacific coast has been particularly impacted by an increase in illegal gold mining. Reporting has alleged that this has been driven largely by armed groups, such as the Autodefensas Gaitanistas de Colombia (AGC) and the Ejército de Liberación Nacional (ELN). Miners must pay a percentage of the gold they mine as an extortion fee. Further, these groups control some of the dredges used to extract gold, which can extract around 1 kilogram of gold per week (estimated worth of roughly USD 77,000 in May 2024).

The presence of armed groups has impacted Chocó's largely Afro-Colombian population, who have long-standing cultural practices of artisanal mining, with miners known as *barequeros*. Administrative barriers have posed challenges for *barequeros* to secure their annual formal documentation, and many have been targeted in military operations against illegal mining. Women represent nearly half of *barequeros* and many have suffered further harms related to the armed conflict, such as land dispossession and the loss of children and family members.

Illegal gold mining has also caused significant problems in other Colombian regions, such as Antioquia and Amazonas. Research from WWF has outlined that in the Puinawai National Reserve and the Rio Puré, Cahuinarí and Yaigojé Apaporis National Parks in Amazonas, illegal armed groups have provided illegal Brazilian miners with private security for the extraction and commercialisation of gold. In return, the income they receive from the miners has allegedly been used to finance their operations and to launder drug money.

The expansion of illegal gold mining in these areas has had negative consequences for Indigenous communities. Mercury contamination from gold operations has caused their health to deteriorate, with specific impacts on pregnant women and children. Due to the security situation, traditional authorities can no longer move freely across their territories, limiting their ability to govern them.

The Colombian government has recently sought to draw international attention to the mining sector's impact on biodiversity by launching a proposal for an international traceability agreement. Challenges in the mining of coltan and copper in Colombia also highlight that these problems can extend beyond the gold sector.

3.5 Mine closure

When mining operations cease, they often leave devasted landscapes. Poorly managed mine closures can also have a huge human impact, such as widespread job losses. The consequences of abandoned mining sites and tailings storage facilities affect the health of both people and wildlife long after operations are ended. When surface and underground mines and facilities are not rehabilitated, they have the potential to pollute the surrounding ground and water through their acidic content. There are numerous instances where mine sites are abandoned without proper rehabilitation and land reclamation plans. While restorative justice mechanisms such as compensation and environmental restoration efforts could address the damage caused by mining activities, corruption too often ensures that those least responsible for the harm pay the price instead. Key corruption risks at the mine closure stage include:

Bribery or other forms of corruption causing a sudden stoppage in operations: Corrupt actors may seek to take control of a mine already in operation, facilitated by decision-makers in government. If a company which owns a mine is illegally stripped of its license, the mine may be forced to close immediately, leading to widespread unemployment. Where corruption is involved, there is also a greater risk that any employment protections, such as compensation, will not be delivered by the companies involved. For many mine workers and their families, employment offers access to crucial benefits such as healthcare. From an environmental perspective, the risk of harm is also heightened when sudden closures take place, as proper procedures for rehabilitating mine sites and addressing tailings waste are less likely to be followed.

Forms of corruption that may lead to sudden mine closures include bribery or other inducements to obtain a license, including when a mine is already being operated by another company. Even if the mine does not close immediately, if the company obtained the license through corrupt means, it may lack the skills or investment capacity to successfully run the mine, leading to sudden closure at a later point.

Key stakeholders: state actors, including national and local governments, ministries or agencies responsible for tax, economic development or mining, trade unions, environmental organizations, mining or transport companies, and local communities' representatives.

Avoidance of responsibility for rehabilitation: Corruption frequently enables companies to evade their rehabilitation responsibilities, leaving local or Indigenous communities to face the long-term impacts. A lack of adequate financial provisions or environmental bonds, set aside during the early stages of the mining process by mining companies and governments, can hinder the process. In the ASM sector, where operations are often outside the law, governmental agencies do not have the capacity to impose effective control and regulate rehabilitation.

Corruption may facilitate companies' efforts to avoid their responsibilities after the closure of a mine. This may involve bribery to evade rehabilitation and remedial responsibility for damage caused by mining (including in cases where companies face civil or criminal prosecution) or attempts at undue influence to undermine legal requirements around rehabilitation and remediation. One tool used by companies to avoid being held legally liable for decommissioning of tailings and rehabilitation is to declare bankruptcy. Consequently, any environmental liability will fall to the government, placing further pressure on state budgets. Companies or the government could also falsify environmental data—for example, by underreporting levels of toxic chemicals or deforestation and loss of biodiversity—to avoid the costs of having to rehabilitate a site, or to reduce penalties.

Key stakeholders: national and local government actors, including agencies or ministries responsible for taxes; auditors; Indigenous Peoples, other rights holders and local affected communities and their representatives; financial institutions, mining companies and environmental organizations.

Embezzlement or misappropriation of mine rehabilitation funds: Even if adequate funds have been set aside for rehabilitation of mine sites after operations end, there is a risk that these funds may be stolen by unscrupulous actors. These diversions of funds may involve collusion between companies and government actors at different levels. Funds might also be diverted into shell companies or businesses awarded mine rehabilitation contracts, redirecting the money into private pockets. A lack of transparent and effective oversight mechanisms can create opportunities for embezzlement.

Without regular audits or third-party verification, the true state of rehabilitation efforts and fund usage can easily be concealed, enabling corruption to flourish.

Key stakeholders: state actors, including international, national and local governments; agencies or ministries responsible for taxes and law enforcement; lawyers, financial institutions and investors; Indigenous Peoples, other rights holders and local affected communities and their representatives.

Case study

Sudden mine closure and loss of worker benefits in DRC

In 2009, reports out of the DRC suggested that corruption led to the reallocation of copper and cobalt mining licenses in the Southern city of Kolwezi, resulting in substantial harm to workers. Findings suggest that mining licenses were stripped from First Quantum Minerals, and subsequently awarded to an agent with connections to then Congolese President Joseph Kabila, who is said to have sold it on to another mining company for a substantial profit. Both the agent and company alleged to have engaged in corruption have denied any wrongdoing.

During its operations, First Quantum Minerals had been required to deliver benefits to local communities, including the provision of clean drinking water, a plan to alleviate air and water pollution, improved access to healthcare and education, and the resettlement of a small traditional village of 80 residents. However, when the company was stripped of its license, the 700 Congolese workers at the mine suddenly lost their jobs. With these job losses, workers also lost access to healthcare. The NGO RAID identified that this led to at times dire consequences, for instance the death of a worker's son who was not able to receive treatment for illness. Reporting also found that the broader package of benefits provided by First Quantum were halted overnight, with some of these never resumed. For instance, in 2020, they found that the 9 communities had only received clean drinking water of the benefits listed above that First Quantum Minerals had been required to provide.

4 Enabling conditions for corruption

The forms of corruption outlined above may or may not emerge in different settings, but certain policies, practices and other risk factors can make systems more vulnerable to corruption. Understanding these underlying factors is essential to reach the core of why a certain form of corruption has presented in a mining project, region or national mining sector, and to address the harms that arise from it. Some of these factors may be specific to the country or region, whereas others may reflect broader geopolitical or market dynamics:

Ambiguous legal frameworks: While important progress has been made in strengthening legal protections against corruption around the world over the past two decades, there are still key areas of weakness that can facilitate harm. This is particularly true for areas of reform that can have significant socioenvironmental and human rights impacts. For example, weak land tenure laws and a lack of formal recognition of Indigenous territories create conditions ripe for corruption, enabling companies to acquire land through illicit means.

Weak governance: Weak integrity measures and governance institutions are often a major factor in facilitating corruption in mining countries or regions. For instance, if bodies mandated to process license applications are understaffed and underfunded, their employees may be more susceptible to accepting bribes or requesting "facilitation payments." Weak governance can also include co-opted or ineffective rule of law institutions, hampering the upholding of regulations in jurisdictions where mining companies operate. A lack of investment in, prioritisation and authority of accountability mechanisms for wrongdoing can lead to a culture of permissiveness for harmful practices. Transparency International has found that only 2 of the world's 47 largest exporting countries are enforcing their foreign bribery laws effectively.

Political transition or instability: Periods of political transition and major changes in a political administration or a country's constitution entail large turnovers of personnel in ministries and government agencies. Such changes can reduce the effectiveness of anticorruption measures and actions or processes that address social and environmental impacts. This situation can be even more extreme where there is a lack of political stability or an environment marked by low governance and rule of law beyond the reach of recognized public authorities. For example, mining regions may be controlled by militias, organized crime groups, or there may be a 'bargain' between these groups and political elites.

Geopolitical competition: Tension over access to resources can lead to securitization of the mining sector, where actors prioritise access to minerals over concerns about the way in which these minerals are produced. This may include turning a blind eye to allegations of corruption. For example, these motivations may have driven discussions in the U.S. over whether to lift sanctions imposed under the Global Magnitsky Human Rights Accountability Act on an intermediary involved in alleged corruption in the Democratic Republic of Congo. An environment of fierce geopolitical competition can also pose risks for civil society actors and journalists, if corrupt actors are able to discredit their legitimate concerns as serving the interests of a competitor. As uptake of renewable technologies increases and they assume a more central role in different countries' energy mix, competition over access to the required mineral inputs will no doubt continue to grow.

High demand and commodity prices: The market for different minerals is a key determinant of the mining that takes place, and the level of risk different actors are willing to take to access these minerals. When demand is strong, high prices often follow. This can drive riskier behaviour from both private- and public-sector actors, and a flurry of activity that overwhelms regulators. It may also increase the level of informal mining, and the interest of organized crime groups and militias in this sector. Reforms beyond the remit of anticorruption actors may help reduce the likelihood of corruption. For example, the International Energy Agency has identified that greater recycling could reduce new mine development needs by 40% for copper and cobalt, and close to 25% for lithium and nickel by 2050.

Box 01

Drivers of corruption in transition minerals mining

- **High demand due to the energy transition:** The International Energy Agency projects a 14 fold increase in demand for batteries by 2050 to meet climate pledges, which may lead to more mining in ecologically or culturally sensitive areas.
- **The location of transition mineral reserves** close to Indigenous People's lands, in countries with high levels of conflict or violence, or in those with poor governance can create conditions in which corruption flourishes. For example, 94 percent of rare earth reserves and 70 percent of cobalt reserves found in countries that score poorly on Transparency International's *Corruption Perceptions Index*.
- **Accelerated permitting and licensing procedures** to meet demand short-cut key processes that safeguard rights of people and nature. For example, accelerated permitting processes have been put forward in the European Union's Critical Raw Materials Act.

Box 02

Drivers of corruption in gold mining

- **High demand due to consumer value** given gold's historic and on-going links to status, creating a lucrative investment space. Consumers are often unaware of how gold is sourced and the related environmental and social impacts.
- **High value-to-size ratio** makes gold a low-risk, stable investment. These features also contribute to the ease with which it can be laundered.
- **Complex sourcing structure:** With high levels of informality and complex supply chains made up of multiple intermediaries and stakeholders, this intricate web complicates the tracking of gold's journey from source to final product, making it particularly easy to conceal conditions around extraction.

5 Addressing the socioenvironmental, human rights, and Indigenous Peoples rights impacts of corruption in mining

Action is desperately needed to tackle the ways in which corruption facilitates, obscures and impedes accountability for social and environmental harm in the mining sector. Yet in a sector as complex and diverse as mining, spread over numerous geographies each with their own unique history, there is no one-size-fits-all or silver bullet approach that can 'solve' this problem. Corruption is context-specific and multi-faceted, and efforts to address it must be too.

For this reason, anticorruption actors must do two crucial things. The first is to start efforts by building an in-depth understanding of the context: the political economy dimensions, including corruption risk factors, that are most salient, and the power dynamics that cause harms but also that will lead to meaningful change. Resources such as NRGI's *Corruption Diagnostic Tool* or WWF's *Political Economy Analysis for Conservation Impact Framework* can offer essential starting points for such understanding. Efforts that are 'technocratic' and ill-tailored to the nature of power in the context where they work are unlikely to work and may do more harm.

The second is, recognizing that these are complex, interconnected problems and their cause and solutions are likely to be multi-faceted, working across systems by breaking down traditional sectoral siloes. To this end, networks that work toward collective approaches, like the Countering Environmental Corruption Practitioners Forum will yield greater impact. Such coalitions help anti-corruption actors to stand ready to seize upon windows of opportunity to enhance their chances of success. As challenging as anticorruption work can be, ignoring the problem is not an option if humanity is to deliver an energy transition that is truly just.

The harm caused by corruption in the mining sector often has global roots, whether through geopolitical competition or surging market demand and transnational, even criminalized, supply chains. Responsibility for addressing these problems must therefore be shared, rather than shouldered only by those most exposed to harm. Below, we outline actions that globally influential actors can take to help reduce the role of corruption in causing the broad range of social and environmental harms outlined in this briefing:

International and multilateral bodies: Deliver a global traceability, transparency and accountability framework along the entire value chain, in line with Actionable Recommendation Two set out in the UN Secretary General's Resourcing the Energy Transition principles, and further strengthened by the Colombian government's efforts for a new binding global treaty at COP16. There is a particular opportunity for Latin American leadership here, with the Brazilian climate COP in 2025 being positioned as an opportunity to develop firm proposals. More broadly, delivering on these ambitions in the international space requires greater coordination between UN Office on Drugs and Crime, the UN Environment Programme and the Office of the High Commissioner for Human Rights on the intersection of corruption, climate, biodiversity and human rights. This should include key processes such as the UN Convention on Biological Diversity, the UN Framework Convention on Climate Change, the UN Convention against Corruption (UNCAC), and the UN Convention against Transnational Organized Crime. In recent years, there have been missed opportunities to drive forward this agenda, such as the failure to pass a resolution on environmental crime and corruption at recent UNCAC Conferences of State Parties.

Governments in major market jurisdictions: Leading markets can drive a shift in corruption-related harms in the mining sector through three key measures. First, by better enforcing key anticorruption legislation, particularly on mining companies based in their jurisdictions. Second, by passing and enforcing comprehensive legislation mandating corporate responsibility to carry out human rights, Indigenous Peoples' rights and environmental due diligence. This should specify extra-territorial obligations – requiring companies to uphold high standards for human rights and environmental protection across their global operations, including clear accountability mechanisms; address corruption risks and biodiversity harms; be based on inclusive consultation with rightsholders, such as Indigenous Peoples and workers, and define shared benefits with these groups. Third, by implementing policies to mitigate the level of demand in key commodity supply chains, such as measures to support greater recycling and use of public transport to reduce demand for battery minerals.

Downstream companies: The private sector should integrate anticorruption in company practices, on a basis of sustainability as well as compliance, crucially by incorporating corruption and human rights checks into responsible sourcing and due diligence systems, to drive better practices throughout the mining supply chain. Companies should undertake risk-based due diligence to identify, prevent and mitigate risks of corruption deeper in the supply chain, drawing on best practice as set out by the Organisation for Economic Cooperation and Development (OECD). For example, battery and vehicle producers and companies in renewable energy value chains should conduct due diligence on the mining companies and traders from which they source their minerals, including where artisanal and small-scale mining is involved.



Aerial view of a nickel mine lake in Mindanao, Philippines, showing the environmental impact of mining.
Image credit: Mary Grace Varela / iStock Photo

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Acknowledgements

The authors thank Alexandra Malmqvist, David Tennant-Eyles (Amplify Creative), and Stephanie Debere for their support editing and designing this report. The authors thank the experts who took their time to review and input to our thinking at various stages of the report, including those from our organizations and coalitions. Thanks also to Richard Kent for supporting NRGI's initial thinking on this topic.

Business & Human Rights Resource Centre

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SIRGE COALITION
SECURING INDIGENOUS PEOPLES RIGHTS IN THE GREEN ECONOMY

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