→ BRIEFING



Corruption in Mineral Value Addition: Why It Matters

AARON SAYNE, MATTHIEU SALOMON, CHARLOTTE BOYER, DORJDARI NAMKHAIJANTSAN AND FRENKY SIMANJUNTAK | FEBRUARY 2026

Key messages

- Value addition can make mineral supply chains fairer and more reliable, if decisions are made with integrity.
- Corruption in value addition is happening across a wide range of countries, minerals and technologies. Yet anticorruption is missing from many current engagements and initiatives on the topic. In some places, it is under attack. These are costly mistakes—for business, people and the planet.
- Politicians and companies in many countries are touting value addition projects that will never happen or be viable. The reasons for this deserve scrutiny.
- Corruption in mineral value addition undermines fairness. It funnels riches and opportunities to a privileged few, and harms the vulnerable.
- Corruption in value addition can also make mineral supply chains less reliable, delaying projects and cutting output.
- Mineral-producing governments, companies, investors and international initiatives can take concrete measures to mitigate the corruption risks in value addition.

Natural Resource Governance Institute

Photo by charlestondavid via Shutterstock

Value addition can make mineral supply chains fairer and more reliable, if decisions are made with integrity

Most mineral-producing countries now have big plans and expectations for "value addition"—the idea that nations should turn their minerals into processed, semi-finished or finished products instead of exporting them raw. The growing role of mining in the energy transition, digitalization and defense is driving countries to develop ambitious strategies and to court investors for new infrastructure like smelters, refineries and factories.

The global space around value addition is also busy. Lines of geopolitical cooperation and conflict are shifting quickly, as countries test their bargaining power, fold mineral rights into bigger deals and challenge the dominance of top mineral processors, especially China. Multilateral initiatives by the UN and the World Bank have endorsed the goal of boosting value addition in producer countries, partly in belated recognition of the inequities in mineral supply chains.

For some countries, the geopolitical and socioeconomic benefits could be significant. Mineral processing and related activities could bring more public revenues and foreign exchange, supporting industrialization and manufacturing plans that would translate into stronger infrastructure, fresh jobs, knowledge and skills. Domesticating more of the mineral supply chain could help a country diversify its economy, gain access to new markets, become less dependent on others, and exert greater influence internationally. It could also address inequities between continents and regions. Africa, for instance, captures less than one percent of the value from manufacturing clean technologies, despite supplying significant shares of some of the minerals involved.

Domestic value addition could likewise make some supply chains more resilient and reliable. Under the right conditions, processing minerals close to mining sites can cut costs and emissions. It could also ease political and social tensions around mining, if impacts are managed responsibly and benefits widely shared. In addition, some argue that diversifying mineral processing can make supply chains more resilient and harder to weaponize in geopolitical contests.

Creating new domestic supply chains is a big endeavor. In the current boom, politicians, experts, and investors across many countries are working on the technical and commercial challenges. Yet for domestic value addition efforts to move forward and benefit stakeholders equitably, it is not enough for decisions to be smart. They must also be made with integrity. NRGI has identified six keys to unlocking equitable domestic value addition in mining:

1. **Develop clear, evidence-based strategy**
2. **Do no harm**
3. **Use policy mechanisms tailored to the strategy and focused on equitable distribution of benefits**
4. **Address corruption risks**
5. **Acquire needed support (e.g., finance, partners)**
6. **Ensure transparency and participation throughout the process.**

This briefing focuses on the fourth key: **addressing corruption**. Using real-world examples, it shows how corruption can make mineral supply chains less fair and reliable, and suggests practical steps for better outcomes.

Corruption in value addition is happening across a wide range of countries, minerals and technologies

The extractive sector is prone to graft, especially in periods of commodity booms. Corruption in the mining of transition minerals is also a worldwide, endemic problem. Recent NRGI research found multiple cases on every continent with reserves, as well as in eight of the ten countries with the largest reserves, and in countries of all income levels. While our analysis focused on the extraction stage, there is no reason to believe the risks end there.

For mineral processing and related supply chains, we wanted to know: when is corruption a risk? What are some of the common conditions and behaviors that cause or indicate it—and above all, what bad outcomes tend to follow?

To answer these questions, we searched for real-world examples, drawing on media and civil society reporting, court filings, third-party databases, colleagues and experts. To capture as much relevant behavior as possible, we defined corruption broadly as "the abuse of entrusted public power for personal gain."

Ultimately, we found and analyzed cases of alleged value addition-related corruption involving:

- fifteen mineral-producing countries in Africa, Asia, Europe, Latin America and North America[1]
- ten minerals and metals critical for the energy transition, digitization or defense[2]
- ten types of mineral and metal processing.[3]

Compared with the extraction phase, the number of available corruption cases related to mining value addition is relatively small. This does not mean, however, that overall risks are lower. Rather, it likely reflects the lower number of value addition projects worldwide, and less attention from accountability actors in the media, civil society and law enforcement. The smaller number of cases also means we are not yet able to offer a typology of the biggest corruption risks, as we did in our report on corruption red flags in mining licensing and contracting. Although we chose cases with either clearly proven corruption or credible, detailed accusations, it is important to note that not all of them led to criminal convictions or other legal liability.[4]

Even with these caveats, the types of corruption we observed were both wide-ranging and familiar:

- transactional bribery
- conflict of interest and self-dealing
- state capture
- mismanagement, theft and waste of public resources
- self-interested, politicized decision-making. This included promoting value-addition policies and projects that were not viable to further political and personal interests.

1 Armenia, Chile, Colombia, Cuba, Democratic Republic of Congo, Georgia, Ghana, Guinea, Indonesia, Mongolia, Peru, Rwanda, the United States, Zambia, Zimbabwe.
2 Bauxite, chromium ore, cobalt, copper, gold, lithium, manganese, molybdenum, nickel, tantalum.
3 Bauxite refining, chrome refining, cobalt refining, copper smelting, gold refining, lithium refining, manganese refining, molybdenum smelting, nickel smelting, tantalum smelting.
4 In such cases, we do not suggest that the actors involved engaged in any illegal activity—indeed, their actions may have been entirely lawful in the relevant jurisdictions. When an accused party publicly denied the charges, we present this information. We have also included several cases that were subject to active scrutiny at the time of publication, and so we encourage readers to check their status for the most up-to date and complete information.

Companies and officials likewise resorted to corruption in a wide range of decisions related to value addition:

- licensing, contracting, permitting (Chile, Cuba, the Democratic Republic of the Congo (DRC), Ghana, Indonesia, Mongolia)
- sector policy, planning, regulation and oversight (Georgia, Guinea, Mongolia, Indonesia, Zimbabwe)
- financial incentives and public investment (Ghana, Indonesia, Zambia)
- infrastructure construction and modification (Cuba, Mongolia, Zambia)
- management of state-owned enterprises (Cuba, Ghana, Mongolia, Zambia)
- mineral sales (Colombia, United States of America)
- sales of state mining assets (Armenia, Zambia)
- public revenue collection (Ghana, Mongolia, Indonesia, Zambia, Zimbabwe).



Photo by Jose Luis Stephens via Shutterstock

Anticorruption is missing from many current engagements and initiatives on value addition. In some places, it is under attack. These are costly mistakes.

Despite the risks described above, much current work on value addition treats corruption as an afterthought or a taboo topic. We see this in the agendas of mining workshops, dialogues and investment forums, where corruption issues and experts are often missing. Anticorruption is also a common weak spot[5] in voluntary mining certification schemes, including those that aim to cover downstream activities.

Investors use data from these initiatives to vet the mining practices of particular companies—their compliance with environmental, social and governance standards, for instance. Yet the schemes tend to collect more information on company anticorruption policies than their actual implementation, and key topics such as beneficial ownership and past corruption allegations may be missing entirely.

More worryingly, some are using ambitions around value addition to justify eliminating core anticorruption processes and safeguards. We see this in calls for fast-tracked licensing and permitting, for instance. Or when governments weaken anticorruption law enforcement to gain a supposed "advantage" in the minerals race.

Choices like these, whatever the intent behind them, rely on false or misleading arguments and assumptions. Some reflect Ghanaian commentator Bright Simons's concept of "state enchantment," in which politicians tout a policy or project as a national success story or point of pride, when, in fact, a few well-connected private interests will reap most of the rewards.

Others seem motivated by fears of angering authoritarian leaders or aggressive corporate interests—a real risk, but one that also shows how important the topic is.

Treating graft as a cost of doing business that makes countries or firms more "competitive" is especially dubious. Decades of research have shown that corruption is a destabilizing force that drives up costs, slows down production, delays projects and wreaks havoc with stakeholder relations. In many of the mining cases we analyzed, companies that resorted to corruption experienced chaos, unforeseen expenses and missed deadlines.

Some controversies kept mines closed for years, even decades—an outcome we also found in our value addition cases (see below). Likewise, any initial "advantage" that corruption gives can backfire over time. Quite a few firms in our mining corruption dataset lost contracts when scandals erupted or the host government changed hands. The implication is clear: in the race for minerals, corruption is no guaranteed foot on the accelerator. Often, it is the brakes.

5 Performance standards assessed in this report include: the Aluminium Stewardship Initiative, the International Council on Mining and Metals, the Initiative for Responsible Mining Assurance, The Copper Mark and Towards Sustainable Mining.

Politicians and companies in many countries are touting value addition projects that will never happen. The reasons for this deserve scrutiny.

Most of the corruption cases we analyzed involved mineral refineries, smelters or other facilities that were successfully built and running. Yet what about proposed projects or policies that never move forward? Can they also have corruption risks?

Many mineral-rich countries have been trying for decades to build their own processing infrastructure, yet only a fraction of their efforts will ever succeed. This reflects the fact that not all value addition projects are created equal. The actual "value" that local smelting or refining adds varies hugely by the mineral and the supply chain stage involved. Raw nickel ore, for instance, sells for around one-third the price of refined nickel sulphate, such that moving one or two steps up the value chain is lucrative. Compare this with copper, where processing may add five percent of value at best. Market outlooks also matter because value chains are dynamic, requiring different amounts of minerals, in different forms, over time, as demand for related finished products evolves.

And compared to extraction, value addition leads to fewer projects on the ground, given the economies of scale involved and the dominance of some players. Worldwide, for example, there are 814 active copper mines, but only 129 working copper smelters, according to S&P data. For nickel, 44 smelters in Indonesia process at least three fifths of global production.

Despite these hard realities, we see officials and companies in many mineral-producing countries making big, questionable promises around value addition. This can involve:

- making public statements—such as speeches, press releases and social media posts—full of inflated rhetoric and dubious claims
- giving the green light to projects that look unviable.

While a lack of understanding explains some of these decisions, others seem to reflect narrower agendas. We have seen instances where:

- politicians touted value addition to distract from their otherwise poor records, or create excitement when their political futures are in doubt—at election times, for instance
- politicians supported questionable value addition projects, so they or their allies could appropriate public money—for example, through access to subsidies or loans
- companies made vague, disingenuous promises to invest in value addition in exchange for new mining licenses, sometimes with the blessing of corrupt officials.

Poorly conceived, politicized value addition projects can impose unwanted costs on the state. For example, some processing plants would need expensive, long-term subsidies to be viable, while supporting infrastructure like power plants, railways and roads may incur expense that the country cannot afford. Questionable, self-interested decision-making could also mean missed opportunities. Processing is not always the best way to maximize socioeconomic returns from mining. Other models exist: a government might support local companies providing services at mine sites, or raise taxes on raw mineral exports to pay for other developmental priorities.

In deciding which value addition policies and projects, if any, to pursue, countries must look beyond the hype. A wide range of stakeholders need access to reliable information and inclusive decision-making processes, with strong safeguards that are not captured by influential private actors. The recommendations in this brief offer broad suggestions for this, drawing on the specific harms from corruption in the cases we analyzed, as outlined below.

Corruption in mineral value addition undermines fairness. It funnels riches and opportunities to a privileged few, and harms the vulnerable.

While we cannot say precisely how graft will shape the future of value addition in individual countries or sectors, the real-world cases we analyzed show how destructive it can be for business, people and the planet. The stories may vary, but their outcomes follow clear patterns. Key negative outcomes we observed included:

Corruption can translate to less public revenue and foreign exchange from value addition

This happens when well-connected companies chasing opportunities for value addition receive preferential terms unfairly. We saw two different types of this:

Government agencies sign unbalanced, questionable deals with well-connected private firms

Mongolia's Achit Ikht copper project uses hydrometallurgy to process copper dumps owned by the government into copper cathode. In 2010, Erdenet Mining Corporation, one of Mongolia's largest state-owned enterprises (SOEs), formed a joint venture (JV) to process this ore with a private company also called Achit Ikht. Five years later, Erdenet relinquished its 34 percent equity stake to its partner, in exchange for arguably a relatively small royalty stream worth two percent of the project's revenues.

Investigative reporting revealed Achit Ikht's owner to be Tsagaan Puntsag, top aide to the then-President Elbegdorj Tsakhia when Erdenet gave up its equity. Direct evidence that Tsagaan influenced the SOE's decision is limited, and no one involved in the deal has been convicted. The choice to swap equity in mineral projects for royalties can make sense in some cases, especially if the project's long-term profitability is in doubt. A feasibility study commissioned by Erdenet apparently questioned Achit Ikht's viability, but the details were never made public and there are allegations that Tsagaan suggested the study.

Other instances of Tsagaan's company receiving special treatment surfaced over time. These include Erdenet choosing Achit Ikht as its partner without considering other candidates; Achit Ikht being the first company to receive a special type of license, just four days before presidential elections that led to President Elbegdorj leaving office; and claims in a government audit report that the company owed money to Erdenet. Achit Ikht denied any wrongdoing in an open letter in 2018.

Government insiders engage in waste, self-dealing, asset stripping or other criminality

In 2012, Cuba began the process of closing the René Ramos Latour plant, one of its state-owned nickel processing facilities. The stated reasons were low nickel prices, chronically inefficient management and technological obsolescence. Prior to this, the Raúl Castro government had arrested, but not indicted, several officials from the plant, fired the minister then in charge of mining, and convicted 12 other people for corruption at the Pedro Soto Alba plant, the country's other state-run nickel and cobalt processing plant.

While the government itself did not detail the impacts of the corruption it found at either plant, available data and media reporting alleged tens of millions of dollars lost to embezzlement and theft, along with equipment being stolen from the plants. Some accounts also claimed that officials fraudulently sold adulterated nickel to boost output figures. The scandal's impact on Cuban nickel output is unclear, since the country does not publish reliable export data for intermediate mineral products. But in 2012, nickel alone was the country's third largest source of hard currency after medical services and tourism, accounting for a third of all exports.

Politically connected companies can avoid competition, capturing lucrative value addition opportunities for themselves.

In these cases, we saw two main variations:

Politically exposed persons (PEPs) dominate processing and related businesses.

Indonesia's two most recent governments have worked aggressively to create local mineral supply chains. Since the early 2010s, private companies have built huge amounts of new infrastructure inside Special Economic Zones, focusing in particular on processed nickel and electric vehicles. However, extensive investigative reporting found that current and former top government officials and their allies owned many of these same companies, often with Chinese partners. Several of the officials involved oversaw mining and industrial policy while pursuing their investments—a clear conflict of interest. In some instances, the government designated their smelters and factories "National Strategic Projects," a status that comes with lucrative subsidies, including tax holidays and exemptions, non-payment of value-added tax and customs duties, and fast-tracked licenses and permits.

Politically entrenched companies do not have to compete with others for government contracts.

In May 2024, the Chilean National Copper Corporation (Codelco) formed a JV with Sociedad Química y Minera de Chile SA (SQM), a large publicly traded Chilean company, to produce refined lithium in the Salar de Atacama through 2060. It was an early test of the country's national lithium strategy, which called for greater state control of the mineral through public-private partnerships.

Controversy soon followed. A major SQM shareholder sued, claiming its rights were violated, and a special legislative commission recommended that the deal be annulled, due to opaque negotiations, weak consultations with host communities, and the lack of a competitive tender. Voices in government and civil society also drew attention to SQM's reputation for corruption in Chile. In a US court in 2017, for instance, the company admitted to making roughly USD14.75 million in "improper payments to Chilean politicians, political candidates, and individuals and entities connected to them" over a period of years.

To be clear, no one has alleged outright criminality around the 2024 JV. Because the deal was structured as a contract renegotiation, Chilean law did not require a tender or public consultation. Various executives and judicial bodies also reviewed and approved the agreement. As such, it is possible that weaknesses in Chile's legal framework for lithium, rather than malfeasance by SQM, made the deal opaque.

Yet even if the signing of the JV was fully legal and ethical, it shows how secretive, single-source deals with compromised companies can create suspicion and controversy. SQM's longer history in Chile includes practices that appear to go beyond transactional bribery to something more like "state capture." A shareholder suit—partly disputed by SQM, but settled for USD62.5 million—accused executives of creating "hundreds, and likely thousands, of false invoices to politicians, political parties and politically

connected companies, in order to control the government and gain influence across Chile's political spectrum." SQM employees have reportedly worked behind the scenes with politicians to influence water regulations. In another instance, a senior mines ministry official resigned and faced charges after allegedly taking payments to lobby for SQM to illegally receive a lithium license—a decision that was later reversed. Add to this the many overlaps in personnel between the company and Chile's political class: an ex-mines minister on its board, another minister's brother for a chief operating officer, a member of the politically elite Pinochet family as a shareholder.

To date, no one has shown that the Codelco-SQM JV is not in Chile's best interests, or that it unduly benefits SQM. Time will tell whether this is the case. In the meantime, the JV guarantees SQM a privileged place in Chilean lithium for decades to come.

Corrupt actors can weaken or ignore safeguards on value addition projects that protect the environment and nearby communities

In 2020, top officials with interests in Indonesian nickel (see above) supported the passage of a new Job Creation Law. While the law has brought reform by streamlining regulations and reducing restrictions for foreign direct investment, it also weakened environmental standards on conservation of forest areas, environmental impact assessments and strict liability for certain types of damage. Soon, civil society was documenting serious adverse effects and abuses from the country's nickel industry, including allegations of land-grabbing, deforestation, air and water pollution, disrupted livelihoods, violation of Indigenous People's rights, and disease at a key industrial park where companies owned by politicians smelt nickel. Government statistics also showed that poverty in nickel processing areas increased at a time when it fell nationwide. A more recent piece of independent research exploring the same issues in more detail found that producing districts within those provinces (Morowali, North Morowali, Central Halmahera) showed declining poverty rates, although these were still under the national average of 9 percent, while other districts around them did not show similar improvement, demonstrating the limited impact of the country's value addition projects on poverty.

Graft can also deny people the few direct, tangible benefits they receive from value addition

When the mismanaged René Ramos Latour nickel plant in Cuba closed (see above), several hundred people lost their jobs. We were unable to learn how many found substitute employment.

Value addition projects can launder illegally acquired money and minerals, enabling crimes committed in other parts of the supply chain—and even in other countries

As violence in Eastern Congo has deepened, dangerous militia and organized crime groups have been smuggling hundreds of tons of raw and processed coltan to foreign buyers each month, much of it moving through intermediaries and tantalum smelters in Rwanda. UN missions have named specific companies handling the illegal exports, documenting in detail how minerals extracted from the Rubaya area are trucked through rebel-controlled border checkpoints, mixed with much smaller amounts of Rwandan production, and laundered through seemingly legal supply chains, some covered by flawed certification schemes.

While much of the stolen mineral output remains unaccounted for, at least publicly, recent civil society and media investigations have shed some light on who ultimately processes them. For instance, reporting by Global Witness in 2025 concluded that a Luxembourg-based commodities trader had supplied raw conflict coltan to unnamed downstream buyers in EU countries. This came months after the EU signed a strategic mineral partnership deal with Rwanda, vowing cooperation on traceability and anti-trafficking

measures, among other things. In another case, two Hong Kong firms, now under US sanctions, sold minerals to a state-owned refinery in Kazakhstan. The trader and some of the other companies have denied the allegations.

The illegal coltan trade directly enriches Rwandan-backed insurgent groups like M23, which takes in an estimated US$800,000 per month "taxing" illegal exports through parallel government-like structures.

These groups have committed well-documented atrocities against civilians, in a decades-old conflict rooted in the Rwandan genocide, that has displaced hundreds of thousands of people.

Without strong supply-chain due diligence and other controls, refineries and smelters everywhere are in danger of laundering illegal production—as shown in other recent cases in Peru (copper), Colombia and the USA (gold), and the DRC itself (cobalt and copper).



Photo by Stanislav Beloglazov via Shutterstock

Corruption in value addition can make mineral supply chains less reliable, delaying projects and cutting output.

As mentioned, turning a blind eye to graft is not a guaranteed efficiency hack. Often, it is the opposite. In several cases we analyzed, corruption or the scandals it caused blocked value addition efforts. This often forced the producer country to ship its minerals raw to plants in the wealthy world, sometimes in smaller amounts. For example:

Companies with strong political connections can sidestep their value addition promises.

In 2004, Guinea Alumina Corporation (GAC), an imprint of top aluminum producer Emirates Global Aluminium, signed an agreement with the Guinean authorities to mine a large bauxite concession in the northwest of the country. The deal required GAC to build and run a bauxite refinery, but this never happened. In 2024, in a different political and institutional context, the authorities decided to stop GAC's activities and restrict the export of raw bauxite. This was subsequently followed by the formal revocation of GAC's mining license in August 2025—a decision the company disputes—and the reallocation of the same bauxite concession to Nimba Mining, a newly established SOE.

Why successive governments allowed GAC to export raw bauxite without building a refinery for two decades is unclear. The company says the project faced economic, technical and environmental challenges (which is probably at least partly true), while investigative journalism has attributed the special treatment to "close ties" with a former head of state. A Court des Comptes report noted that the 2004 agreement exempted GAC from several laws and regulations in exchange for the refinery, without confirming whether this had cost the state revenue.

Corruption can delay value addition projects—and related extraction—for years when scandals cause chaos and leave rights in legal jeopardy

In Ghana in 2016, a company controlled by the brother of outgoing President John Mahama received rights to the country's largest bauxite concession a week before the government changed hands. The political and legal battles that followed have kept three-quarters of reserves undeveloped ever since. They have also resulted in blocked plans to build a related alumina refinery, the main missing link in Ghana's aluminum value chain. Without the refinery, all bauxite production is exported raw, and the state-owned smelting company, VALCO, must import expensive alumina.

Ghana's bauxite reserves, meanwhile, are the second-largest in Africa, with high alumina content that makes them attractive for local refining and smelting. While the viability of a Ghanaian alumina refinery requires further assessment, estimates suggest that with enough investment, production could last 60 years, and that a fully integrated aluminum value chain could add up to 4.5 percent each year to gross domestic product, tens of thousands of jobs, and important inputs for local assembly of electronics, automobiles and other transport equipment.

Investors sometimes flee when scandals break out or companies develop reputations for graft

This can cut off important sources of capital. In 2005, for instance, the European Investment Bank (EIB) loaned EUR48 million to Mopani Copper Mines (MCM), Zambia's largest integrated copper and cobalt producer. The goal was to boost efficiency and cut dust and sulfur pollution from one of MCM's aging smelters.

However, six years later the EIB announced it would no longer finance projects involving Glencore, MCM's largest shareholder, because of misconduct and scandal in Zambia and elsewhere. While the bank refused to publish its findings—a move criticized by non-governmental organizations—the decision came soon after a leaked audit report accused MCM of evading Zambia's already generous tax regime. Glencore disputed these claims, but they were later affirmed by Zambia's supreme court. At the same time, Glencore was under mounting scrutiny for corruption and other serious malfeasance, especially in Africa.

Zambia's copper and cobalt sectors received no further support from EIB or other multilateral development banks for some years, even as projects struggled to attract private capital. And in 2021, Glencore itself exited as an investor, selling its stake in MCM back to the government for one dollar in exchange for Zambia covering USD1.5 billion of debt the company had assumed to operate Mopani. This deal came after Zambia had already defaulted on some of its own debts, including dollar-denominated bonds.



Photo by KAISARMUDA via Shutterstock

Recommendations

The cases we analyzed did not cover every scenario that could affect the fairness or reliability of a value addition project. Notable omissions include the interplay between corruption and abuses by security forces; corrupt practices by value addition players related to elections, and graft involving third-party suppliers of goods and services. We also recognize that corruption in value addition will vary by country and industry context, as will the best strategies for preventing and redressing it. However, our research suggests the following measures will be broadly helpful:

Recommendations for mineral-producing governments:

- Do not describe non-viable projects as real prospects, e.g., in political speeches, policy and planning documents, or other official communications. Ensure that there is a targeted, evidence-based strategy for selecting economically viable value addition projects.
- Establish and implement regulation requiring the government to publicly justify decisions to fast-track projects or approve exemptions or certain incentives.
- Delink procurement and payment for project feasibility studies from the companies involved, to increase neutrality and public trust.
- Ensure meaningful, inclusive consultation and transparency in environmental and social impact assessments (ESIAs).
- Follow good overall transparency practices from the mining sector— in particular, for contracts, permits and relevant tax policies from upstream to downstream mining projects.
- Collect, vet and publish information on the beneficial owners of companies involved in value addition, including disclosing any politically exposed persons.
- Adopt and enforce strong conflict of interest rules that prohibit officials with oversight of mineral sector policy from holding interests in value addition projects.
- Include standardized value addition clauses in model contracts to reduce political pressure and discretion during licensing processes.
- Set clear, time-bound milestones for value addition commitments in the contracts, with public reporting on progress or failure, and introduce clear sanctions for unrealized value addition pledges.
- Publish relevant data and information on the subsidies or other public investments that projects would need to be viable, including the methodology for these estimations. Promote transparency in the decision-making process around providing such financial support, and disclose accompanying cost-benefit analysis. Also promote transparency over how these subsidies and other forms of state support were implemented in practice.
- Monitor possible transfer pricing with(in) companies and their subsidiaries given different upstream, midstream and downstream tax policies.
- Strengthen independent oversight bodies, notably national anti-corruption agencies and external auditors, with adequate resources to oversee and sanction unmet promises for value addition by companies.

Recommendations for companies:

- Adopt strong conflict of interest and anti-bribery policies, and monitor and enforce them in practice.
- When applying for a mineral extraction license, back up any promises to build downstream infrastructure with an inclusive, publicly available feasibility study. More generally, companies should conduct and publish a value addition feasibility study as part of the licensing process regardless of whether they are promising value addition. This would help ensure companies prioritize value addition when it is feasible, manage public expectations, and identify bottlenecks when it is not feasible.
- Ensure best practices in consultation and participation around public consultations, especially for ESIAs.
- Publicly disclose beneficial owners—including any politically exposed persons—and contracts with the host government.
- Establish an effective grievance mechanism.
- Publish commodity and transformed product sales prices.
- Engage constructively with responsible sourcing and supply chain traceability initiatives, given that smelters and refiners are key transformation points where information on a product's geographical route, chain of custody and physical evolution can be obscured.

Recommendations for investors, including multilateral development banks, commercial banks and private equity:

- Conduct robust anticorruption, environmental and human rights due diligence across a project's full supply chain.
- Encourage governments and companies to follow the recommendations listed above, and the more detailed recommendations from the Global Investor Commission on Mining 2030 for mining companies, value chain companies, and stakeholder engagement and benefits sharing.
- Condition financing on actual delivery and completion of value addition milestones, rather than mere promises. Suspend or cut funding where milestones remain unmet.

Recommendations for multilateral organizations:

- The Extractive Industries Transparency Initiative should consider revising its existing 2023 Standard to improve transparency in mining value addition policies, project selection and implementation, and value addition companies' ownership, in alignment with the recommendations above.
- The United Nations Task Force on Critical Energy Transition Minerals, established to help implement the principles and recommendations of the UN Secretary General's Panel on Critical Energy Transition Minerals, should include measures to address corruption risks in its efforts to pursue the panel's actionable recommendation #1 on benefit sharing, value addition and economic diversification—especially in country support mechanisms.

About the authors

At NRGI, Aaron Sayne is the lead for sustainable energy supply, Matthieu Salomon is the lead for anticorruption, Charlotte Boyer is a consultant, Dorjdari Namkhaijantsan is the country manager for Mongolia and Frenky Simanjuntak is a consultant on Indonesia.

Acknowledgements

Our NRGI colleagues David Safa Adjei, Susannah Fitzgerald, Alexandra Malmqvist, Juliana Peña Niño, Thomas Scurfield, Amir Shafaie, Patrick Stephenson, Erica Westenberg and Pedro Zapata helped prepare this briefing for publication. The authors would also like to thank Benjamin Katz and Luca Maiotti at the Organisation for Economic Co-operation and Development, Pierre Saade at Resource Justice Network, Sebastian Sahla at the Extractive Industries Transparency Initiative, and our former colleague Denis Gyeyir at Open Society Foundations for their valuable comments and insights. The publication of this report has been supported by funding from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

About NRGI

The Natural Resource Governance Institute is an independent, non-profit organization that supports informed, inclusive decision-making about natural resources and the energy transition. We partner with reformers in government and civil society to design and implement just policies based on evidence and the priorities of citizens in resource-rich developing countries. Learn more at **www.resourcegovernance.org**



Natural Resource Governance Institute