Corruption is more likely to arise when:

- Due diligence on past conduct and verification of claims about beneficial owners, financial resources or technical capacity is weak, allowing dishonest applicants to lie or provide misinformation about their qualifications, or companies with a history of corruption to be granted mining rights.
- The regulation and disclosure of licence transfers is ineffective, enabling unscrupulous actors to bypass due diligence mechanisms and obtain mining licences.

Effective due diligence on licence applicants’ technical capacity and financial resources ensures that only qualified and experienced applicants are successful. This also requires effective investigation into applicants’ compliance history and past conduct to screen out undesirable applicants.

Checks to verify applicants’ claims about their financial resources, technical capacity and beneficial owners reduces the risk that applicants will deliberately provide false information and that unqualified and under-resourced actors will be granted rights to mineral resources.

In Australia, the mining states of Western Australia and Queensland have limited mechanisms for due diligence investigations into the backgrounds, previous conduct and beneficial owners of mining companies. While applicants are required to disclose their record of environmental compliance, this is limited to their activities in Australia.

There are numerous examples of both foreign and Australian companies being granted licences even though they have been investigated for or charged with corruption or other offences overseas, such as failing to comply with laws and environmental permits. The current framework does not encourage rigorous due diligence of the integrity, character and track record of applicants.
The risk of inadequate due diligence was identified in both developed and developing mining economies, and was highlighted in 12 out of the 18 countries in this study. If the licencing authority does not investigate the qualifications of licence applicants, unqualified, under-resourced and unethical players may be granted rights to mineral resources. Licences may be acquired and accumulated by individuals that are not genuine investors for the purposes of speculation, rather than conducting mining activities.

**MITIGATING THESE RISKS**

Measures to ensure that only genuine, qualified and compliant applicants get mineral rights:

- Effective due diligence on financial resources, technical capacity, compliance history and corruption track record of licence applicants and their beneficial owners
- Regulatory mechanisms to deter stockpiling to reduce the risk that speculators will seek to obtain mining licences
- Effective regulation of licence transfers to ensure that the government’s due diligence mechanisms are not bypassed

Chapter 4 of Transparency International’s Global Report *Combatting corruption in mining approvals: assessing the risks in 18 resource-rich countries* provides further details about corruption risks and accountability measures associated with due diligence.

**MINING FOR SUSTAINABLE DEVELOPMENT**

Transparent and accountable mining can contribute to sustainable development. This begins with corruption-free approvals – the very first link in the mining value chain. As part of Transparency International’s Mining for Sustainable Development Programme (M4SD), national chapters – from Africa, Latin America, Central Asia, the Asia Pacific, and North America – have identified and assessed corruption risks in mining approvals of 18 resource-rich countries. The six case studies in this series highlight some of the most common and serious corruption risks. These are the key questions to ask before corruption gets a foothold in mining approvals processes. The next phase of M4SD will focus on addressing corruption risks.

**POLITICAL & ADMINISTRATIVE CONTEXT**

Who benefits from mining approval decisions?

**LAND ALLOCATION**

How ethical and fair is the process for opening land to mining?

**LICENCING**

How fair and transparent is the licencing process?

**LICENCING**

Who gets the right to mine?

**ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT**

How accountable are companies for their environmental and social impacts?

**COMMUNITY CONSULTATION**

How meaningful is community consultation?

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