

# **NRGI 2020-2025 Strategy**

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## INTRODUCTION

For the one billion people living in poverty in resource-rich countries, the oil, gas and mining sectors have largely failed to deliver on the promise of better quality of life. Instead of fact-based public debate, populist promises dominate many political systems. Corruption and state capture have spread and democracy is under threat. Those who demand accountability face harassment and violence. Energy heavyweights use resource wealth to assert their interests abroad and domestic elites unduly influence the policy and regulatory regimes for their private benefit. The climate crisis looms large and the transition to green energy risks simply replicating governance misdeeds in the sector. If we continue along this trajectory, by 2030, half of the world's poor will live in resource-rich countries, doubling the share of three decades ago.

The Natural Resource Governance Institute (NRGI) envisions a future where countries rich in oil, gas and minerals achieve sustainable, inclusive development—one where people receive lasting benefits from extractives and experience reduced harms. We are cautiously optimistic, and we are passionate in our pursuit. For more than a decade, we have worked to lift countries out of poverty by injecting knowledge, capacity and momentum into moments of political openness. Addressing entrenched power structures that have engaged in capture, and turning opacity to transparency is a complex and long-term challenge. Yet we are inspired and sustained by the gains that we have made and the partnerships we have forged. We are primed to take our work to the next level.

NRGI is a knowledge institution. We developed and used the Natural Resource Charter as a key intellectual framework, contributing to our thematic and country strategies, and benefitting our evidence-based policy analysis, which are highly valued and trusted. We communicate international good practice through contextually relevant tools and approaches, for impact at the country level, working with partners. We have helped build the technical capacity of accountability actors who contribute to policy reform and hold governments accountable. We have generated data sets and tools, including the Resource Governance Index, and have been an effective data intermediary, helping enhance government and accountability actors' use of extractive data through country-led approaches. We have multiplied the impact of this work by leveraging our access to global players and institutions.

Our remit is focused and we will build on our strengths. Concretely, we will advance ways that citizens can *get a good deal* from their countries' extractive industries—in their relationships with both companies and governments—as well as on strategies for *managing revenue flows* effectively and accountably. We will also evolve, responding to the needs and threats facing resource-rich countries. We will develop new lines of work on the implications of *energy transition* for the economies and development prospects of resource-rich countries, and on the pervasive role of *state capture and corruption*. We will fully integrate these considerations into the analysis, advocacy, training and technical support that we undertake. We will help governments and citizens in the quest for a more stable, sustainable and equitable future.

Transparency and data remain critical to our work, but we will apply a more integrated approach. We pioneered the notion, backed by increasing evidence, that impact is significantly greater where

transparency, accountability and participation mechanisms are complemented by legal, regulatory, public finance and other institutional reforms. We will continue to advance and protect transparency in an integrated fashion in support of these broader areas of work—for greater and sustained impact.

We have led initiatives to generate and use data for policy reform and will continue our “learning by doing” approach, the timely production of evidence based policy analysis, and creation of diagnostic tools. We will raise awareness of the “implementation gap” between legislated rules and actual performance in practice to ensure that improved policy leads to tangible results.

Achieving our ambitions requires the effective integration of global research, data analysis and standard setting with influential international and regional bodies who can have a multiplier effect and deepen impact at the country level. We will devise appropriate strategies that tackle both the “who” and the “how” and link global, regional and national advocacy in ways that are mutually reinforcing. We will be attuned to power dynamics and channels of influence, drawing among others on our insights on state capture and undue elite influence. We will document and learn from our efforts to demonstrate the value of global and country linkages.

We will continue to build our financial and organizational resiliency and stability recognizing that sustained effort is required to see lasting change in resource-rich countries. We will draw strength from the partnerships we have forged with organizations who complement, reinforce, and amplify our collective efforts. We will be more concerted, strategic and expansive in our partnerships in view of the magnitude of the challenge countries face, and mindful that we are one actor within a large eco-system. Together, we will stand our ground as believers in the power of rigorous evidence and analysis, working in politically resonant ways to help improve the lives of citizens in resource-rich countries.

## I. NRGİ'S VISION<sup>1</sup>

**Our mission:** Countries rich in oil, gas and minerals achieve sustainable, inclusive development. People receive lasting benefits from extractives and experience reduced harms.

NRGI will work with partners to advance the following by 2025:

- *Getting a good deal.* Licensing and fiscal systems are transparent and fair, and help countries to maximize the revenues available for development spending.
- *Managing revenues.* Extractive sector revenues are managed in ways that serve long-term public interest and the economic sustainability of public finances, rather than short-term political or private agendas.
- *Navigating the energy transition.* Resource-rich countries advance rather than hinder the transition to cleaner energy. Countries rich in strategic minerals do not replicate past mis-governance of the sector. Hydrocarbon producers consider the impact of further investment, minimizing assets and spending in the oil and gas sector.
- *Addressing corruption and state capture.* Governments and companies conduct sector operations in ways that reduce opportunities for corruption and capture, and anticorruption actors tackle extractive sector corruption more effectively.

Our plans for engagement on the above are detailed further in the section "NRGI's areas of work."

Evolving *how* and *with whom* we work will be critical to achieving progress in the four issue areas:

- Disclosure gains are made in historically challenging and high stakes areas, and complemented by institutional reforms for more sustained impact.
- Stakeholders strategically use data generated or made available through transparency gains for evidence-driven analysis, accountability and reform.
- The implementation gap is increasingly addressed in resource rich countries, due to deeper understandings of the political, economic and social processes and power structures that promote or obstruct change.
- Resilient and credible oversight actors and responsive governments work in strategic alliances with other players to drive policy reforms that weather political, temporal, and resource cycle changes.
- Global influencers, including influential states, industry and multilaterals, adopt and reinforce good governance, with increased impacts in our countries of work and beyond.

This work is detailed further in the section on our approaches and agents of change below.

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<sup>1</sup> Note that work is currently underway to update NRGİ's theory of change and theory of action. This version of the strategy therefore doesn't have the elaborated theory of change, or the accompanying MEL plan, which is a top priority for the organization and key to implementation.

## II. NRGİ'S AREAS OF WORK

NRGI's remit is strategically selective and focused. We work expressly on the extractive sector, with emphasis on two areas of the sector's "decision chain": getting a good deal and revenue management. Across these areas, we will address particular aspects and implications of the energy transition and of corruption and state capture. We detail each one of these four areas below. Our work is further circumscribed by demand and relevance in our countries of engagement.

In addition to resource considerations, in selecting the issues on which we work, we consider our dynamic comparative advantage and strategic value:

- *Dynamic comparative advantage*
  - Does an issue align with or leverage the competencies we have built and our areas of focus in the decision chain (getting a good deal and revenue management)?
  - Does it integrate key elements of the cross-cutting themes of corruption and capture and energy transition?
  - Is it aligned with our role as an evidence-based knowledge institution?
  - Are we uniquely or better placed to undertake this work?
- *Strategic value*
  - Do we have a clear objective in the area of work that is central to our mission? Are we likely to have a significant impact as a result?
  - Is the issue highly relevant to the resource-dependent countries where we work?
  - Does the issue integrate reforms to complement traditional transparency and participation approaches?
  - Does it fill a priority need/gap in the field?
  - Is it cost effective, and is there possibility to scale up (including with partners)?

### GETTING A GOOD DEAL

*Strategic objective: Licensing and fiscal systems are transparent and fair, and help countries to maximize the revenues available for development spending.*

The extractive sector too often fails to deliver good returns for citizens. In some cases, policymakers prioritize short-term political or personal agendas and ignore the long-term public interest. In others, asymmetries of power, capacity and information prevent governments from reining in the profit-maximizing agendas of companies. As a result, licenses to extract go to companies that are well connected but not well-qualified. Governments sign contracts that won't deliver long-term returns and undermine efforts to prevent social and environmental damage. State-owned enterprises (SOEs) fail to generate financial returns on states' natural assets, instead functioning as gatekeepers for networks of rent-seeking. Revenues that could fund economic development and social services go uncollected. Low capacity across these functions leads to suboptimal results.

Confronting these challenges is at the core of our mission. In Nigeria we revealed how the government assigned lopsided oil trading contracts to a few favored companies, scrutiny that helped prompt the

government to change how it structures these contracts. In the U.S., our work to advance transparency in extractive payments ran up against a powerful corporate lobby and government opposition, with companies refusing to disclose their tax payments through the U.S. EITI process and successfully blocking regulations requiring disclosure in regulatory filings, thereby preventing public debate on whether they contributed an adequate share of their profits. But in Canada and the European Union, our advocacy broke through and these jurisdictions now implement rigorous transparency regulations that have resulted in massive amounts of data entering the public domain.

To generate impactful outcomes in this area, we will focus on a few priority themes: laws, regulations and contracts; the award of valuable licenses and contracts; and tax systems; and SOE governance.

### **Laws, regulations and contracts**

Targeting moments of reform, we will work to ensure that the laws, regulations and contracts that govern the sector contain strong accountability provisions and are geared toward delivering fair fiscal returns for current and future generations. We will provide analysis and technical support on our areas of expertise to governments and oversight actors when these laws, regulations or contracts are being designed or under review, and will make the case for a robust approach to transparency.

To inform this work, we will draw on our experience in over twenty countries advising on legal and regulatory reform and the analysis of existing contract data, including from our online platform repository of resource contracts ([www.resourcecontracts.org](http://www.resourcecontracts.org)) which contains thousands of sector-specific contracts and related documents. Further, we will leverage new analytical work on how regulatory regimes should reflect the imperatives of climate change and how to narrow the channels through which private interests capture and distort rules and regulations for their own benefit.

NRGI's flagship data offering, the [Resource Governance Index](#), revealed a serious "implementation gap." While countries may pass rules that are strong on paper, they often fail to implement or enforce such robust rules, creating the problematic gap. In response to this finding, we will advocate for more practical and context-appropriate laws, regulations and contracts, going beyond recommendations of industry "best practice." We will also push for the inclusion of implementation plans into rulemaking processes, and support civil society and multi-stakeholder monitoring efforts that follow closely the implementation of laws and policies that NRGI helped to shape.

### **License and contract award processes**

Resource-rich governments allocate many lucrative business opportunities which can easily become avenues for patronage or rent-seeking. We will continue to support the design and monitoring of processes for awarding exploration and production contracts, and expand our engagement on the award of oilfield and mining service agreements and commodity trading deals. Our programming will prioritize transparency and accountability, leveraging the opportunities created by EITI reporting requirements; help countries avoid corruption risks, through beneficial ownership reporting and

effective vetting by licensing authorities; and reflect countries' long-term strategic goals of maximizing revenues and reducing social and environmental harms.

### **NRGI Impact: Improved contract transparency practices in Mexico**

Mexico's recent energy reform opened a purely state-run oil and gas sector to private investment. The autonomous National Hydrocarbons Commission (CNH) is charged with guaranteeing accountable, transparent bidding and contract management processes for new private actors in the sector and Petróleos Mexicanos (Pemex), the state-owned oil company.

Since 2016, NRGI has acted as an informal advisor to CNH, analyzing global best practice and benchmarks in regulatory transparency with the aim of developing a culture of openness and tying together sources of information from across the labyrinthine oil and gas sector. CNH tapped NRGI to help to bring together a civil society coalition to monitor the regulatory agency's progress in implementing its recommendations.

In January 2017, NRGI delivered a comprehensive report to CNH that provided specific recommendations regarding the disclosure of key commercial, environmental, social and beneficial ownership information, facilitating citizens' understanding of the sector. The report included advice for ensuring disclosure that applies equally to Pemex and the private sector. NRGI supported and convened a civil society coalition that is empowered to monitor CNH progress in meeting and exceeding report recommendations.

NRGI's research and guidance has helped CNH take important steps toward improved transparency. CNH ensures that information on the process of each bidding round is public and online on a recently revamped website—contracts, annexes, the name of companies involved at each stage of the bidding process and all progress in the bids can now be tracked and understood by outside parties. Contracts with foreign oil companies have also been made fully public, as have the investment plans companies are pursuing to bring assets to production. NRGI has also worked with our partner to facilitate Mexican counterparts to share their experience through peer-to-peer exchanges with Ghanaian and Lebanese officials, promoting uptake of this good practice. NRGI continues to work with government and civil society counterparts in an effort to sustain these reforms in light of political transitions.

### **Tax systems**

A country will only collect robust revenues if it can effectively implement its fiscal regime. We will focus on the design of tax policies, targeting moments when fiscal codes and regulations are under review and empowering local oversight actors to participate more effectively in these processes. Our unique approach is to promote *practical* tax tools tailored to a country's specific context (e.g., geological potential, investor interest, mineral in question, stage of production, comparative country position, capacity levels, governance vulnerabilities) thereby optimizing revenue amounts and timing and lowering exposure to corporate tax avoidance risks. The quantity of publicly available payment data has grown rapidly in recent years, so in its economic modeling NRGI will increasingly use real payment data

(rather than projections) to project future inflows and provide evidence for policy recommendations on fiscal regime modifications (e.g., emphasizing one fiscal tool as opposed to another).

To make most of the development opportunities extractive investments bring, in addition to maximizing revenue collection and spending and saving revenues sustainably, countries seek to build other, non-fiscal “linkages” to harness extractive projects as platforms for growth. In many countries where we work, how to increase the **extractive sector’s economic linkages** and how to reduce negative environmental and social impacts are at the top of the agenda. We will contribute to these public and political debates in a selective manner where our expertise, particularly our data, legal and economic insights, will add value to the work of other actors.

### **State-owned Enterprise (SOE) governance**

SOEs are one of NRG’s primary specialties. Part of this work is ensuring that SOEs help a country to get a good deal from their extractive sectors. SOEs often themselves produce large amounts of oil, gas or minerals; manage and sell the state’s share of production; and also play a key role in overseeing the private companies engaged in this work. If the incentives and the governance systems are right, SOEs help a country get a good deal for its resources. However, the opposite often happens, with SOEs suffering from political manipulation, entering into suboptimal contracts, or falling short on their regulatory responsibilities. With its unique SOE expertise, NRG will ensure a wider pool of actors has the information needed to monitor SOEs’ crucial role. Building on our work in over a dozen countries, we will also diagnose the strengths, challenges and vulnerabilities facing these companies, including corruption risks, and promote stronger corporate governance, transparency and effective government oversight.

#### **State-owned enterprises**

NRG has been a global leader in drawing more attention to the dominant role that SOEs play in extractive economies and generating knowledge on how to improve their governance. Our work has helped prioritize SOE reform in the agendas of major international institutions (including the [EITI](#) and [IMF](#)), the media (including via training journalists in NRG country programs and outreach to the international press), and among governments (in [Ghana](#), [Indonesia](#), [Mongolia](#), [Myanmar](#), [Nigeria](#), [Tunisia](#) and elsewhere). Our [National Oil Company Database](#) assembles financial and operational data from more than 70 companies, opening what has long been a black box and facilitating evidence-driven policymaking. We will redouble our efforts on SOE reform in the next strategy period. Capitalizing on our position as a first mover on SOE governance, we will make a major push for [stronger SOE reporting and accountability norms](#), safeguards against corruption and capture, appropriate SOE roles, and a sound approach to revenue management and expenditures. We will also address the potential of SOEs to become [champions or obstacles to energy transition](#). In specific countries, NRG will support the analysis and decision-making of actors inside and outside of government. At the international level, our SOE programming will influence the positions of international initiatives and the business community and facilitate experience-sharing across SOEs and their partners.

## MANAGING REVENUES

*Strategic objective: Extractive sector revenues are managed in ways that serve the long-term public interest and the economic sustainability of public finances, rather than short-term political or private agendas.*

Large, volatile and finite extractive revenues can cause myriad challenges. In some cases, Dutch disease has stymied industrial development. In other cases, macroeconomic and budget volatility have contributed to poor private and public investment decisions. Countries, driven by short-term thinking instability and conflict, also have a tendency to consume excessive percentages of resource revenues rather than invest.

NRGI has leveraged our global research to inform country-specific projects, with analytical reports and technical assistance on [Myanmar's natural resource state-owned enterprises](#), [Mongolia's fiscal sustainability](#), [Uganda's fiscal rules](#), [Indonesia's resource revenue sharing system](#), and [Ghana's oil revenue management](#). We will continue to focus on impact, such as that achieved when we used EITI data to reveal how Myanmar state-owned companies retained billions of dollars of government revenues (dwarfing annual spending on health, education and power) in secretive, off-budget accounts. We then worked with reformers inside and outside of government to change the rules that allowed the state companies to retain so much revenue.

NRGI's evolving work on revenue management will focus on the role of SOEs and long-term macroeconomic management of resource-rich economies, including the design, evaluation and monitoring of fiscal rules and the strengthening of transparency and oversight of implicated institutions.

### **The role of SOEs in resource revenue management**

State-owned enterprises are collectors and spenders of huge amounts of public revenue: in 2015, the median national oil company for which data was available [transferred only 17 percent of gross revenues to government](#). We will draw on our SOE expertise, including the National Oil Company Database, to advance strategic approaches to the role of SOEs in resource revenue management. We will ask and answer critical questions about the extent to which SOEs retain revenues for spending or investment back into the industry as opposed to transferring revenues to the state for public investment, and how these decisions are made. We will also dig deeper into how SOEs link to crucial policy questions around the energy transition, as well as the role of SOEs in state capture.

### **Targeted macroeconomic challenges, including debt issues**

As prices of extractives have dropped following the super cycle, debt challenges have arisen front and center as resource-rich countries either confront the legacy of their overly enthusiastic borrowing during the boom years or seek loans to weather the drop in prices. Building on our ["presource curse"](#) work, we will develop further research, analysis and technical assistance to help resource-rich countries build more effective strategies to managing debt. This will include work on the challenges and opportunities

associated with borrowing directly linked to the sector (e.g., resource backed lending, SOE debt). We will continue to highlight the risks of governments' unsustainable borrowing taken on in the hopes of future revenues and their establishment of [superfluous special funds](#). Debt issues also link with our energy transition work, as the new uncertainties around long-term fossil fuel prices mean it will be critical for governments to re-examine the practice of borrowing against future expected revenue flows.

### **Sound policy and strong oversight of fiscal rules**

[NRGI research](#) showed that less than one-fifth of resource-rich countries studied followed their own fiscal rules when commodity prices dropped in 2015 and 2016. We will investigate which system design elements and complementary mechanisms might be most effective for promoting compliance with revenue management systems, especially fiscal rules, revenue sharing formulae, and political independence of extra-budgetary institutions. This will involve both supporting sound policy (as we have done in countries such as Mongolia, Nigeria and Uganda) and empowering strong oversight, as with our inputs on Ghana's revenue management framework and support to its Public Interest and Accountability Committee.

During the commodity boom years, NRGI pioneered work on approaches to sovereign wealth fund (SWF) governance and subnational revenue transfers. Ahead, given the evolutions in context, SWF work may be less relevant in the countries in which we work. We have also concluded that due to our size we are not well suited to systematically work *in situ* at the local and community level. Yet we will continue to look for opportunities to stimulate the use of public disclosures to promote accountable revenue management at the local level. If exceptional circumstances arise, we may consider an impactful opportunity to leverage our previously developed research and methodologies that have earned us a reputation as an intellectual leader in the subnational context.

### **NRGI Impact: Myanmar citizens learn of billions held by government in opaque accounts**

Over the course of 2017 and 2018, groundbreaking research by NRGI, working with local partners, uncovered a pattern of suspicious behavior and mismanagement in Myanmar's state-owned extractive enterprises (SOEs). Researchers discovered that these companies were diverting billions of dollars to so-called "Other Accounts," an opaque fund whose resources were being funneled to unknown entities while national priorities like healthcare and infrastructure went under-resourced.

While conducting its research, NRGI simultaneously cultivated a relationship with the Myanmar government, building trust that made the government amenable to making significant changes to the system. As a result, the Minister of Planning and Finance instructed Myanmar's state-owned enterprises (SOEs) to work with NRGI on disclosing data about "Other Accounts," while a wider debate about the fund was catalyzed in both parliament and in the media.

The Ministry of Planning and Finance has since integrated SOE reform into its sustainable development plan and introduced the "Project Bank," an interactive, web-based, publicly accessible project information source intended to enhance the transparency and competitiveness of SOEs.

In June 2019, the government decided it will systematically audit and abolish the so called “other accounts” held by government ministries and agencies. Starting in fiscal year 2019-2020, SOEs will have to transfer all of their net income to the government, resulting in billions going directly into the budget, for use in the public interest. NRGi continues its work with both government and civil society organizations to ensure such claims translate into reality.

## NAVIGATING THE ENERGY TRANSITION

*Strategic objective: Resource-rich countries advance rather than hinder the transition to cleaner energy. Countries rich in strategic minerals do not replicate mis-governance in the sector. Hydrocarbon producers consider the full costs of further investment and stranded assets in the oil and gas sector.*

The global drive to transform energy consumption from dirty fossil fuels to cleaner sources will have an inescapable impact on resource-rich countries. Experts differ on how fast the transition will happen and how it will affect long-term prices of oil and minerals, but there is emerging consensus that renewable energy sources’ market share will rise, at the expense of older, dirtier fuels. For the resource-rich countries where NRGi works, this poses opportunities and threats, and our work is evolving to help them respond. We will focus in particular on governance of “strategic minerals” and on navigating obstacles to domestic energy transitions.

### Good governance in strategic mineral booms

A global shift toward renewable energy is projected to [spark a huge increase in demand](#) for many “strategic minerals” used in solar, wind and electric vehicle technology; these include cobalt, lithium, copper, bauxite and nickel. This could bring major opportunities for fiscal revenue growth and other economic benefits in producer countries. It also poses risks of disappointment and disruption if governments are not prepared for scale-up of exploration and production; if effective provisions for good governance of fiscal regimes and state-owned enterprises are not in place; or if countries struggle to manage evolving geopolitical relationships with companies and consumers from the West and China.

NRGI’s will support strategic mineral producers in countries such as the DRC, Guinea and Indonesia. We will draw upon our well-established toolkit of policy support on topics such as the effective management of mineral licensing regimes, fiscal systems that promote an equitable balance between companies and the state, governance of state-owned mineral enterprises, and accountability procedures to reduce corruption risks in the coming boom. We will conduct research on how shifts in renewables markets impact the possibilities and leverage of producers. We will promote experience-sharing and capacity-building across countries. And we will evolve the global advocacy agenda to reflect emerging realities. Our work will help countries take advantage of growing demand for renewables and reduce the risk of supply bottlenecks that could slow the uptake of cleaner energy technologies.

In this way our work will help countries take advantage of growing demand for renewables and reduce the risk of supply bottlenecks that could slow the uptake of cleaner energy technologies.

## Impediments to the energy transition

The relationship between the global energy transition and fossil fuel producers is complex. The emerging prospects for cheaper, cleaner energy sources create an opportunity for countries to break the cycle whereby the production of fossil fuel perpetuates domestic consumption that is polluting and tilted toward the interests of elites. Leaders in some countries where we work – ranging from large, oil-dependent countries such as Mexico and Indonesia to new producers such as Ghana and Lebanon – are asking how to break their cycles of fossil fuel dependence and increase the share of renewables.

The obstacles to domestic energy transition are huge, however, and bound up with the political economy of extraction, which perpetuates various distortions. Extractive-sector policies – among them the “lock-in” of extractives-dependent infrastructure; tax avoidance, breaks and advantages for upstream oil and gas companies; and subsidized consumption of fossil fuels and capture of energy policy by fossil fuel interests – can block progress on transition.

The privileging of state-owned enterprises and elite private players in extractives can be a powerful obstacle to meaningful reform away from fossil fuel dependence. One objective NRGi will pursue is to help “level the playing field”: identifying the priority reforms required to remove distortions in the extractives sector that perpetuate the status quo and conspire against the energy transition. At the same time, petroleum-rich countries risk being left behind economically by the energy transition. The prospect of long-term decline in fossil fuel markets makes it more important than ever that governments of these countries reduce their economic dependence on assets that may become “stranded.” This calls for a fundamental reexamination of extractive-sector policy. Governments risk sinking further public assets into exploration efforts, taking on debt for infrastructure or embarking on a “race to the bottom” in contracts with international oil companies if they privilege short-term challenges over the longer-term considerations.

We will work to help in-country partners – inside and outside of government – apply the energy transition lens to the live policy questions their governments face. Our approach will build on our field-advancing [early research](#) to explore the policy steps governments could take to limit the risk of becoming “[stranded nations](#).” We will examine the impacts of energy transition prospects on governance decisions in our areas of competency and comparative advantage. This may include how to tax extraction, award exploration and production licenses or how to manage [national oil company spending on exploration and development](#).

We will help governments to evaluate the implications of SOE involvement in domestic transition efforts, or of earmarking natural resource revenues for mitigation or adaptation goals. We will support efforts to avoid elite capture and corruption, and consider the implications of earmarking natural resource revenues for mitigation or adaptation goals. We will also consider engagement with global transparency regimes as they evolve to account for climate-related risks. Our work will incorporate close collaboration with global partners who have expertise on climate policy, transition forecasts and specific issues such as subsidy reform; their experience will complement NRGi’s focus on extractives-specific policy-making. We will also consider engagement with global transparency regimes as they evolve to account for climate-related risks.

## ADDRESSING CORRUPTION AND STATE CAPTURE

*Strategic objective: Governments and companies conduct sector operations in ways that reduce opportunities for corruption and state capture, and actors tackle extractive sector corruption more effectively.*

Resource-rich countries exhibit significantly higher levels of overall corruption than non-resource-rich countries, and the extractive sector has proven especially vulnerable. At times, corruption in the sector is transactional and contained, as when a lone official is arrested for accepting a bribe. It can also be more subtle, systemic and harmful.

Powerful private sector players often “capture” and manipulate entire sectors, institutions and processes by shaping the rules of the game for their own benefit. Nodes of such state capture include licensing award processes, tax systems, procurement, environmental standards and climate change responses. Elsewhere, political elites manipulate the sector to pursue their own agendas, with kleptocracies as extreme illustrations of this trend.

The impact of state capture and corruption on both sectoral and macroeconomic performance can be devastating, from failed investments to lost revenues to the budget and citizens, to worsening inequality and poverty. Failure to benefit from their own country’s resource endowments lead citizens to lose faith in their governments, thereby undermining democracy and contributing to political fragility.

NRGI will prioritize addressing corruption and state capture, among the most powerful obstacles to accountable, effective resource governance. We will work to address the concrete capture and corruption challenges present in the extractive sector. We will examine the wider national and international dynamics, and political and economic forces at play, facilitating corruption and capture in resource-rich countries. Rather than conducting investigations into specific cases of corruption, we will conduct evidence-based analysis, including of cases, and assess governance weaknesses associated with corruption and state capture risks, to help a range of players address such risks in a targeted manner.

### **Stemming urgent sectoral risks**

Our study of past corruption cases has found consistent risk points along the extractive sector decision chain—specifically, the allocation of licenses, service contracting, commodity trading and SOE operations. In these specific areas, NRGI will promote stronger approaches to prevention, detection and sanction. This will involve working with partners to come up with smarter, more tailored strategies that incorporate strong empirical understandings of these sector-specific corruption trends. To promote their uptake, we will reach outside our immediate field and assist anticorruption actors (anticorruption commissions, law enforcement, international financial institutions) at the country and global levels to address the risks. We will also work with extractive sector actors to adopt stronger prevention systems, and support accountability actors to monitor for corruption risks and advocate for reform.

This work will cut across NRGi's areas of engagement. For example, in collaboration with EITI and other partners, NRGi will continue its groundbreaking efforts to bring beneficial ownership reporting to extractive sector licensing, and will collaborate with regulators and oversight actors on how to utilize this new kind of data. We will advocate for SOEs and their corporate partners to adopt more effective safeguards against corruption. In the area of service contracting, which has received scant attention, we will work with partners to mitigate the risks of bribery, collusion and self-dealing.

In line with the lessons learned about the need for complementary interventions, NRGi is well placed to build bridges between the anticorruption and extractive sector governance communities. Too often, the latter undertake their work with underdeveloped anticorruption strategies and the former lacks deep knowledge of the unique risks and characteristics of resource extraction. By helping to connect the efforts of influential players, such as the OECD, IFIs, Transparency International, and large oil and mining firms, NRGi can amplify its impact.

### **Addressing capture**

Along with promoting targeted reforms where the sector is most vulnerable to abuse, NRGi will also examine the wider challenge of capture, both by political and private sector elites. The cost of this kind of high level corruption, which is systemic and refers to shaping the rules of the game for the benefit of the few, can be orders of magnitude higher than corruption in individual transactions. State capture, which distorts the shaping of the rules of the game, can pose a threat to democracy, block development, and spur inequality. Addressing capture is challenging because it involves some of the most powerful players in a country. Yet our pioneering work on the subject can help point to strategic paths and concrete windows for reform and progress, working with various stakeholders on transparency, accountability, competition, and corporate and institutional reform, among others.

As we are committed to deepening our understanding of political economy and power analysis in the countries we work, and in particular in the natural resource sector, focus on the various forms and extent of state capture and undue influence in these settings will be central. We will be more focused on how the rules of the game are shaped and adopted, not only how they are executed. We will develop rigorous approaches for diagnosing the relevant capture risks, building on existing [approaches](#) and [methodologies](#) pioneered by NRGi's leadership and other experts. With a better understanding of how state capture has occurred and can occur, NRGi can provide politically astute and practical policy advice.

State capture and corruption often derails reform in our other priority areas, namely getting a good deal, revenue management and energy transition. Thus, our work on these topics will reflect this concern, as in the case of the undue influence of the fossil fuel lobby to maintain obstacles to energy transition. Our work on service contracts and SOEs must safeguard these common nodes of rent-seeking from political manipulation. NRGi's niche lies in marrying an understanding of systemic political challenges on one hand, with practical, sector-specific responses on the other.

### III. NRGİ'S APPROACHES

As a knowledge institution, NRGİ will build on its considerable experience and success delivering applied research, analysis, data and diagnostic tools. The outputs inform—and are in turn informed by—our capacity building, technical assistance, policy advocacy and convening stakeholders. Our analytical work will continue to focus on the specific policy challenges faced in our priority countries, and will also remain relevant to global research and policy debates. We will continue to play the role of “evidence translator” in order to inform policymaking through capacity building and technical assistance. We will develop in-country technical knowledge and skills to support lasting change.

Our commitment to the rigor, accessibility, relevance and independence of our research will be the foundation of the organization’s credibility and intellectual leadership. We will apply a holistic and systematic approach to evaluation of the impact of our research, analysis and data; this will consist of assessing and learning from the degree to which the evidence we have generated has influenced policy or practice. Aware of evolving global, regional and national contexts and challenges, NRGİ will build on the knowledge we have developed, while pushing the boundaries of research on emerging issues.

We will evolve how we work to reflect learning from the broader field and our own pioneering work that complements traditional transparency, participation and accountability efforts. We will address islands of opacity, and systematically and in an interdisciplinary fashion integrate broader aspects of governance reform in natural resources across programs. We will support the generation and use of data, and the closure of the implementation gap. Across these approaches, we will work in a manner more highly attuned to political realities, with an eye on the dynamics of influence.

#### **NEXT-GENERATION TRANSPARENCY**

*Strategic objective: Disclosure gains are made in historically challenging and high stakes areas, and complemented by institutional reforms for more sustained impact.*

The oil, gas and mining industries have historically been plagued by opacity and highly secretive transactions, with governments and companies pursuing agendas in private. Transparency is a potent antidote to such opacity, reinforcing that citizens have the right to such information and can use disclosures to demand accountability and sectoral reforms that benefit the public.

Currently, the sector sits partway along a transition from closed to open. In view of the disclosure gains achieved and the work led by our partners, we will be more focused and complementary in our work. On payments, contracts, and beneficial ownership, global reporting norms have begun to take hold, and NRGİ will work with partners to translate these efforts to the countries where we work. In some other high-stakes areas where we add particular value, such as commodity trading, SOE expenditures, and subcontracting, we will work with partners to pursue stronger global norms and country-level practices, leveraging multi-stakeholder initiatives such as the Extractive Industries Transparency Initiative and the Open Government Partnership.

At the country level, we will focus on better integration into our policy advice of practical and relevant mechanisms for transparency. NRGi and our partners will also use the recently published information that is the fruit of transparency efforts as an input to evidence-based advocacy and policy advice, rather than simply advocating for more data.

We recognize that complementary measures in institutional reform areas like law, administration, anticorruption and public finance are needed. From our earliest days, we led the integration of “effectiveness” into our transparency, participation and accountability work, recognizing those efforts were insufficient to get the results we sought and incorporating a governance lens. NRGi will work toward more systematic uptake and will seek to influence the broader transparency and accountability field, as well as major global players in the overall international financial and development arena. The work of these influential financial institutions and multilateral development banks traverses multiple fields.

#### **DATA GENERATION AND ADVANCEMENT OF THE USE OF DATA**

*Strategic objective: Stakeholders strategically use data generated or made available through transparency gains for evidence-driven analysis, accountability and reform.*

We will build on our proven success to collect, organize and present data in formats that encourage uptake, and push forward on making data more accessible and useful to our partners. We will prioritize online data platforms such as [ResourceContracts.org](https://ResourceContracts.org), which houses thousands of contracts from more than 90 countries and [NationalOilCompanyData.org](https://NationalOilCompanyData.org), which includes operational and financial information on more than 70 NOCs. We will maintain [ResourceProjects.org](https://ResourceProjects.org) which aggregates payments made from oil and mining companies to governments, and [ResourceData.org](https://ResourceData.org), a repository of laws, regulations and other official sources across the decision chain for 99 countries.

We will expand our evidence-based country-level analysis to help advance public oversight or reform. We will publish collaborative and inclusive analysis, building skills while weighing in on real-world governance concerns and using data to draw attention to the implementation gap.

NRGI’s flagship Resource Governance Index (RGI) is the only international measure of countries’ governance of their oil, gas and mining sectors. An NRGi partner survey showed that the RGI is regarded as NRGi’s most useful intellectual product, with partners noting the value of its comparative approach and the identification of clear, actionable gaps. We will continue to produce and leverage RGI, providing citizens, governments and companies with insight into pending reform areas.

## **NRGI Impact: The Resource Governance Index's continued relevance as a driver of reform**

NRGI staff and partners continue to use the Resource Governance Index, with important steps taken to close the governance gaps identified in several NRGI's countries.

The Ministry of Mines and Geology in Guinea engaged closely with NRGI to improve the governance of the mining sector, leading to the publication of the first RGI interim evaluation, which highlights where Guinea has shown improvement since the 2017 edition was released.

In Tunisia, RGI findings led the Tunisian state owned enterprise, la Compagnie des Phosphates de Gafsa (CPG), to engage with NRGI staff to understand its 2017 RGI score, which is notable given the traditional reluctance of Tunisian SOEs to engage with civil society. As a result of this engagement, CPG has begun to disclose phosphate revenue information on its website.

In Azerbaijan NRGI was asked to provide analysis to the Ministry of Finance, the state oil company and the state oil fund on how to improve the country's rating for the next iteration of the RGI. NRGI recommendations helped inform the basis of a transparency report prepared by auditing firm Baker Tilly for Azerbaijan's Commission on Transparency in the Extractive Industry.

Qatar Petroleum, the national oil company of Qatar, approached NRGI regarding its RGI score. The company's general counsel met with NRGI to discuss ways to improve performance. Qatar Petroleum's wish to be viewed as the best-performing state oil company in the Middle East is a positive development and an opening to improve the performance of SOEs in a region where they play an outsized and opaque role in the governance of extractives.

In 2019, NRGI leveraged data from the 2017 RGI to produce new research: *Resource Governance Index: From Legal Reform to Implementation in Sub-Saharan Africa*. NRGI found that in all but two African countries, there is an "implementation gap" between what laws say and how resource governance works in practice. This insight, and others uncovered in the report, have provided further foundation to our engagement with stakeholders in Africa.

The RGI is an emerging resource for the private sector and investors. Morgan Stanley's emerging markets bonds group has begun using the RGI to assess potential investments in resource-rich countries. In at least one instance, the group used RGI findings to inform discussions with a resource-rich government in which they are considering investment. Further, Citi research reported using RGI data extensively for the bank's environmental, social and governance work.

## **ADDRESSING THE IMPLEMENTATION GAP**

*Strategic objective: The implementation gap is increasingly addressed in resource rich countries, due to deeper understandings of the political, economic and social processes and power structures that promote or obstruct change.*

NRGI used data from the 2017 Resource Governance Index to flag a significant gap between countries' adoption of sector governance rules and their implementation—the “implementation gap.” Addressing this challenge is essential to strategies for improved sector governance. We now conduct country-specific research to identify causes of the implementation gap and potential responses, and sensitize other actors, including our partners in civil society and government, to this critical issue.

We will incorporate implementation gap considerations into our own work, in the substance of our recommendations and in our organizational approach. We will be more systematic in identifying implementation problems with previously adopted laws and policies that NRGI played a role in shaping, in order to consider programming around gap elimination. In our legal reform work, for example, we will advocate for greater upfront integration of implementation plans into rulemaking. We will also increasingly consider the trade-off between “best practice” and potentially more context-appropriate approaches that take into account factors constraining implementation.

Our comparative advantage is not to directly assist the government with implementation programs. We will therefore look to identify implementation assistance partners who can support government actors in different contexts and support non-governmental and multi-stakeholder monitoring efforts.

Analysis of implementation gap risks is part of our broader ambition to work with more attention to political realities. We recognize that extractive sector governance is a highly politicized space. In order to be impactful, our strategy and day-to-day work will be grounded in solid, and regularly refreshed, analysis of the political economy of oil, gas and mining. Having a clear understanding of the power dynamics at play will ensure that our work and our voice remain neutral—and our analysis influential. We will regularly evaluate opportunities and risks, and deepen our skills in adaptive management.

## **Gender**

NRGI is committed to making a contribution to the wider fight for gender equality. We were instrumental in integrating gender considerations into the newly adopted 2019 EITI Standard. In the short term, we are seeking to deepen our understanding of the intersection of gender and resource governance. We have already begun work to map gender issues across the natural resource decision chain. In the longer term we expect this learning to support the wider resource governance agenda of NRGI and partner organizations.

Gender analysis can be an integral element of our selective work on social and environmental impacts of extraction. We will continue to contribute to gender-related discussions in multi-stakeholder where we play an influential role. Finally, our commitment to gender equality will also be reflected in how we work, including greater attention to gender and inclusivity in training programs, convening work, and our use of language in public outputs.

## IV. AGENTS OF CHANGE

NRGI believes that governments, civil society, media, parliaments, private sector actors, and international influencers have the power to create change and play unique but complementary roles in natural resource governance. Internationally and in-country, NRGI will act as a knowledge provider, trusted broker, convener and capacity builder, working in a vertically integrated manner. In country, NRGI will work with a strategically selected group of actors who set policy, influence the policymakers, and demand accountability and implementation of policy. At the global level, our advocacy will be tightly focused on policy matters within our knowledge remit and informed by the needs of our own, as well as our partners', work at the country level.

### **BUILDING COUNTRY CAPACITY FOR CHANGE**

*Strategic objective: Resilient, credible formal and informal oversight actors and responsive governments work in strategic alliances with other actors to drive policy reforms that weather political, temporal, and resource cycle changes.*

In our countries of engagement, NRGI works with select stakeholders identified through power and context analyses. We identify key players in the change ecosystem relevant to the policy objectives we seek and who complement the work of others. We work to address asymmetries of information, access and capacity, and build trust between actors. We provide technical expertise, training and mentorship to help activate the knowledge we share with change agents. We shift behaviors and approaches to governance, emphasizing evidence-driven, consultative, dialogue-based decision making. We believe policy reform is achievable and sustained through collective action—when multiple stakeholders work together to achieve change or reforms. We build effective alliances that account for power dynamics, incentives, barriers to and drivers of change through formal mechanisms, such as EITI and OGP, and informal interventions. Through these efforts, we build country capacity for sustained change.

#### **Civil society**

We support the notion that citizens must have the freedom, opportunity and capability to actively hold their governments to account for the management of natural resources on their behalf. Accountability, openness and respect for human rights create an enabling environment where good governance can emerge and last. Further, while external actors can play an important role in catalyzing, informing and supporting change, meaningful reform relies on genuine domestic demand and leadership. Therefore support to an informed and influential civil society voice in countries' extractive sectors remains an NRGI priority.

We support civil society to play the following roles:

- *Producing and driving reform ideas.* Internationally, NRGI's technical clout within international mechanisms allows it to be the central, dependable voice in the room when norm-setting policy decisions are made, leveraging our country knowledge and presence. At the country level, NRGI will continue to build the technical capacity of civil society actors to contribute to policy reform.

- *Participating in meaningful dialogue.* At the national and international levels, NRGi plays the role of credible, trusted broker. We will continue our work building bridges between accountability actors and across stakeholder groups, with new efforts to link civil society and the private sector.
- *Communicating with the general public.* Only in the most rare instances is NRGi itself the direct voice towards wider audiences—the local civil society organizations and academic institutions with whom we partner are often much more respected and credible among citizens. However NRGi’s media capacity development programs do include training for “mass-market journalists”—those who aim to inform the public broadly.
- *Sustaining momentum for continued good resource governance decision making over time.* NRGi recognizes the importance of sustainability for partner organizations. We do not focus on general organizational capacity development, but instead complement others who support sustainable funding, movement building, and organizational development.
- *Defending civic space.* Recognizing the closure of civic space and the persistent threats to civil society actors challenging entrenched power in many countries, we work in solidarity and defense of civil society. At the international level, we create and safeguard protection mechanisms, mainly through EITI and OGP, and mobilize allies by informing and supporting stronger voices from the private sector and international financial institutions. At the country level, NRGi works in concert with others to foster quiet diplomacy and leverage international influencers.

## **Media**

Media provide information that informs and clarifies policy debate; media also seek to hold various actors accountable. Where strategically relevant, NRGi will support media players. Our vanguard journalism program provides targeted support to leading journalists who produce in-depth analysis of governance challenges. NRGi’s mass-market journalism programming works with media houses to improve day-to-day reporting on the sector.

## **Government**

Governments are responsible for managing natural resources for the benefit all current and future citizens. NRGi provides knowledge and technical support to help governments diagnose, prioritize, and implement evidence-based policy choices, in ways that are transparent, accountable and consultative. NRGi advises on specific policies, involves officials in its global capacity development opportunities, and creates learning opportunities between governments. In all cases, NRGi’s work with governments involves ensuring meaningful government engagement with independent civil society actors and demonstrating the value of open policy dialogue.

## **Formal oversight bodies**

NRGi works selectively with parliaments, political parties, supreme audit institutions and anticorruption commissions, among other formal oversight bodies who hold the executive branch to account.

Because parliaments craft legislation, influence budgetary processes, and provide oversight on policy implementation, NRGi trains motivated groups or committees of parliamentarians, in a non-partisan fashion. NRGi also works with select parliamentary staff members to build capacity that will outlast political transitions. With political parties, NRGi helps to develop resource governance platforms. With auditors, NRGi ensures that they understand available extractive data that can be incorporated into their analysis and that they can connect to informal oversight actors who may be able to amplify their messages.

### **NRGi Impact: Technical assistance and capacity building lead to better practices and outcomes in mineral-rich Guinea**

In the wake of the first-ever democratic elections in Guinea, in 2011, NRGi began a program of technical assistance and capacity building among the country's more reform-minded officials and, later, civil society actors. These relationships have enabled NRGi, in conjunction with other advisors from international financial institutions, to make an important contribution to the adoption and implementation of a number of policies. These not only represent sustainable changes in the government's norms and practices, but according to the minister of mines, they have also encouraged investor confidence.

NRGi provided technical assistance to the creation of a government website that includes detailed information and mining resource contracts. NRGi staff advised the government on the development and implementation of a mining code that is both attractive to investors and endowed with strong tax provisions, as well as transparency and enforcement measures. Mining investment has picked up since 2016 and sector tax collection increased from 2.2 to 2.9 percent of gross national product between 2016 and 2017. With help from NRGi, state-owned enterprise SOGUIPAMI implemented recommendations to increase transparency after achieving a low score on NRGi's Resource Governance Index. Financial modeling introduced by NRGi has become part of everyday practice and enabled mining ministry officials to routinely discuss investors' assumptions in feasibility studies and push back on unreasonable demands for tax incentives.

NRGi facilitation of dialogue between media, civil society groups and the mining ministry has led to greater responsiveness on the ministry's part and greater public dialogue. Concerted training and alliance building has improved accountability actors technical understanding of the mining sector increased their confidence to engage government, and enabled the activists to pass on knowledge gained to residents of mining-affected communities. As a result, communities are more aware of what they are entitled to and prepared to monitor mining contract obligations.

## GLOBAL INFLUENCERS

*Strategic objective: Global influencers, including influential states, industry and multilaterals, adopt and reinforce good governance, with increased impacts in our countries of work and beyond.*

In our globalized world, international influencers can affect many aspects of a country's economy and development. In the extractive sector, international players have an outsized impact – for good and ill. Their interest is shaped by the value and limited availability of many minerals, and the importance of certain minerals to energy security and geopolitical agendas.

NRGI's can multiply its impact both internationally and at the country level by interacting with key global influencers, as illustrated by ongoing engagement with a subset of them. We will target three priority groups in our global influencing work: influential states, industry and multilateral/multi-stakeholder forums.

### **Influential states**

The international landscape has shifted and therefore our advocacy and influencing strategy has evolved. We seek to engage with China, which is arguably the single most significant state in relation to the future demand for, and trade in, many key minerals. We will pursue targeted advocacy and dialogue with Australia and Singapore linked to our work in Asia and on commodity trading, and engage on a more limited basis with select European states. We will scale back engagement with the U.S. until constructive opportunities re-emerge. However, we will pay careful attention to U.S. policy that threatens to undermine past achievements on transparency and resource governance and will work with allies on strategies to combat this backsliding.

### **China**

China is influential as an investor and as a consumer, and has had a long-standing policy of outward investment in minerals, combined with influence-building, particularly in Africa. Chinese state entities and companies are also influential as lenders to resource-rich countries, including loans backed by resources. China's Belt and Road Initiative will give it even more influence through financing structures, particularly in Asia. Finally, China is set to play a pivotal role in the energy transition and has significant control over key minerals.

Chinese influence has the potential to reinforce (or not) gains made on international standards relevant to resource governance. For example, the China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCIMC), an entity affiliated with the Ministry of Commerce, has elaborated standards for Chinese extractive companies working abroad; these standards are based on similar OECD standards. However, they are not well known or used as yet.

We will start by laying the foundations for engagement to establish credibility by working with academics on relevant resource governance issues and through country-level work. We will use existing

analysis (such as the RGI) and incorporate relevant policy recommendations into research outputs that are pertinent to China, in particular on resource-backed lending and energy transition supply chains. Within our country portfolio we will engage Chinese entities in Myanmar, Ghana, Guinea and Latin America in relation to specific policy issues that are relevant to our thematic and country priorities. This includes the jade trade in Myanmar, resource-backed lending in Ghana, and bauxite mining in Ghana and Guinea. In addition we will incorporate the CCCMC standards into our capacity development work in selected countries.

Our aims with China overall will be modest, but we expect to deepen our engagement progressively over the strategy period.

### **Multilateral organizations and multi-stakeholder initiatives**

NRGI will selectively engage in multilateral forums which have the capacity to shape global and national policy on resource governance. As we develop new research and analysis to address emerging issues and challenges such as the energy transition and state capture, we will target international financial institutions, multilateral development banks (traditional as well as newer regional ones) and the OECD to embed and amplify our thinking and evidence-based policy analysis within their work.

EITI will remain a critical partner and multi-stakeholder forum for engagement, at the global and country levels, and we will engage in the Open Government Partnership where strategically relevant. We recognize that policymakers and companies respond to international cues about what is expected and desirable practice, and use domestic policy to signal intentions and improve their reputations abroad. However, we are cognizant of the risks of “open washing” and seek to mitigate them by supporting domestic actors to challenge power structures and drive incentives for government actors to become more accountable.

### **NRGI Impact: Strengthened EITI Standard expands the initiative potential for governance improvements**

The Extractive Industries Transparency Initiative (EITI) is one of many platforms that NRGI leverages to ensure strong global norms help advance concrete country-level improvements, and vice versa. In 2019, NRGI and partners including Publish What You Pay and Oxfam closed some of the most critical transparency gaps that remained in EITI. In an often highly-fractured EITI international board, NRGI build bridges using its credibility to lead the negotiation and drafting of the most technically and politically complex provisions of the EITI’s standard, to which all member countries must adhere. This resulted in board approval of several new EITI requirements related to contract transparency, environmental reporting, gender, state-owned enterprises, commodity trading, and project-level payment reporting.

There are many implications for governance in resource-rich countries: Twenty-one countries will have to start disclosing extractives contracts signed or amended from 2021 onwards. More than 40 countries will have to start disclosing project-level payments in line with the European Union definition of “project.” State companies in 35 countries will have to expand disclosures to include transfers, retained

earnings, reinvestment and third-party financing information. Country-level EITI reporting will have to include material environmental payments that companies make to governments. Gender data will be increasingly available. Companies will be required to release sector employment data disaggregated by gender, and national EITI multi-stakeholder groups will now have to consider gender balance with respect to their membership.

While these are significant improvements to the EITI Standard, NRGi staff will continue to ensure that the organization's experience in bringing about country-level innovations (such as those around contract transparency) help to drive upgrades to global norms.

## **Industry actors**

The private sector encompasses a wide range of actors – including producers, traders, investors, and service providers – that influence NRGi's goals. As with other stakeholders, we will engage with industry when our strategic assessment indicates that industry actors are likely to play major roles, either as allies or obstacles, in reaching specific objectives. As one line of work which illustrates, NRGi will work with producers to advance new global norms that increase transparency and reduce corruption risks related to subcontracting.

We will engage with international private sector partners of SOEs to reduce mis-governance and corruption. We will work with producers and traders to ensure implementation of new disclosure norms on contract transparency and commodity trades with SOEs, respectively, via multi-stakeholder forums like EITI. Across these producers and traders, on these selected issues, we will target a range of levels of influence – from the working-level compliance teams that undertake anticorruption efforts to the executives and boards that shape broader corporate policies.

We will also target a select category of industry actors – institutional investors. Investors can have considerable influence on the policies and practices of the companies and countries in which they choose to invest (or not invest). Investors increasingly consider environmental, social, and governance (ESG) issues as an important part of decision-making, and there is considerable investor interest in strengthening such assessments. However, natural resource governance issues are generally not included among such considerations; we aim to change that.

We aim to persuade institutional investors that have major investments in extractives companies and resource-rich countries to:

- include natural resource governance issues (e.g., sound national fiscal policies, strong anticorruption practices, comprehensive transparency) and data (e.g., the RGI) in the risk assessments that influence whether or not they make a corporate or sovereign investment
- use their financial leverage to demand that extractive companies and resource-rich countries in which they invest improve their corporate practices and national policies, respectively

Our work with investors will link to each of the four key areas in our strategy, regarding good deals, revenue management, the energy transition, and anticorruption and state capture.

## V. NRGİ'S PRIORITY COUNTRIES

A crucial part of NRGİ's overall strategy is working directly in resource-rich countries that face significant governance challenges. Through our country programs we connect our technical expertise to the real-world challenges and directly deliver on our mission to help improve outcomes for citizens.

NRGİ's country programs span five regions and a range of political, socioeconomic and developmental contexts—from new producers, such as Uganda, facing the challenges of managing new-found resources and the uncertainties of the energy transition, to countries with long-standing governance challenges, such as DRC and Nigeria. We work in countries such as Myanmar where changes in government or political transitions have opened space for reform. Working in a diversity of contexts and regions allows us to learn and share lessons across our programs and with the wider resource governance field.

While our program is diverse, it is also focused. We will work in a circumscribed number of countries because we know that complex governance challenges require sustained, in-depth engagement over several years to be impactful. Our countries of engagement have been selected based on consideration of the following criteria:

- *Resource dependence.* For resource-dependent countries, where more than 25 percent of GDP, fiscal revenue or exports come from oil, gas or mining, the way natural resource wealth is managed has a defining impact on the economy, and by extension the population. We only work on resource-rich countries that are not resource-dependent if there is a highly significant opportunity for reform, demonstration effect or other positive spill over.
- *Scale of resource governance challenges.* We focus on countries where there are clear governance challenges and where our ways of working can add most value.
- *Openness/opportunity.* NRGİ's country work is most effective where there is some reasonable level of openness or opportunity with both government and accountability actors.
- *Strategic relevance and added value.* We focus on contexts where we can play a decisive role and where our work adds value, avoids overlap and aligns with our new areas of strategic emphasis.
- *Investment to date and sustainability.* We are mindful of the investments we have made and lessons learned from places where our work has not been effective or the context has significantly changed. We also consider the cost of operations and the need to ensure our country portfolio is financially sustainable.

### *Models of engagement*

Our countries of engagement in our previous strategy were divided into priority or limited engagements. In priority countries, NRGİ had a broad portfolio of work spanning key elements of the resource governance decision chain, engaging multiple actors and investing considerable human and financial resources, on the assumption that this deeper investment would yield greater impact. Limited engagement countries were more circumscribed; in them we saw the possibility for a demonstration effect, had a defined policy opportunity, or worked only in a more constrained way. Moving forward we will focus on a small number of priority countries where our approach is most effective. The size and

scale of the program in each country will differ depending on context and strategic opportunity. We will no longer have a portfolio of limited engagement countries, as this approach tied resources to specific countries and did not enable us to be appropriately responsive.

Our operational model will include both regional offices and country programs. Regional offices will have the capacity and flexibility to take up strategic opportunities in the region beyond our priority countries and will house staff with different skills and expertise to support our country programs. We will continue to run in-country programs where this is appropriate to the context. The portfolio of countries listed below is for the 2020-2021 period. Beyond that, and subject to context, relevance, impact and funding, there are additional countries in which we would consider working. We may also consider exiting certain countries at that time.

### **Africa program**

Africa represents NRGi's biggest and most diverse regional portfolio, reflecting the large number of resource-dependent countries on the continent, and the scale of governance challenges and reform opportunities. We will have six country programs of different sizes. Three are substantial: **Ghana**, **Guinea** and **DRC**. Our programs of work in **Nigeria** and **Tanzania** are smaller in scale. Our work in **Uganda** is expanding, reflecting both the increasing importance of mining and the multi-faceted challenges as the country moves towards oil production.

Uganda, Ghana and Tanzania, as new producers, face uncertainties linked to the global energy transition. We will work in these contexts to support governments to make decisions that take account of the uncertainties of the future market for hydrocarbons, particularly in relation to investment in NOCs and plans for managing revenues. In Nigeria and DRC our work is carefully targeted towards identified opportunities and support to local civil society.

In addition to country programs, NRGi works at the regional level, engaging with key institutions such as the African Union and with regional debates on resource governance.

Over the strategy period we would consider establishing two regional offices, likely in Kenya and Senegal, that can support the multiple country programs mentioned and enable the responsive approach outlined above.

## NRGI Impact: DRC communities engage with multinational mining companies

Understanding the mining sector was a pressing need for Kolwezi's civil society, but citizens there lacked necessary knowledge about resource governance. In the DRC, in response to advocacy by our civil society partner Action pour la Défense des Droits Humains (ADDH), the Kamoto Copper Company, a company operating in Kolwezi, DRC, completed wells serving communities of around forty thousand people, thus honoring its corporate social responsibility commitments. Sicominex, another operator active in the area, agreed to build a multi-purpose road.

These results required sustained advocacy by ADDH, which originated in 2015, when NRGI first trained the leader of ADDH, at the Francophone Africa Knowledge Hub training course in Yaoundé, Cameroon. The course leveraged NRGI's practical toolkit to monitor company obligations contained in contracts and laws, which draws from NRGI's "Enforcing the Rules". ADDH's Director used the knowledge gained to produce an independent report assessing community benefits and company compliance with corporate social responsibility obligations. Over an arc of three years NRGI provided grant and training support, including co-leading a workshop with the team to develop data collection tools and plan the monitoring project, and after data collection completion, a second workshop to discuss approach to data analysis.

NRGI staff reviewed and commented on successive drafts of the monitoring report and supported a series of meetings and stakeholder consultations that persuaded both companies to take action. Over years of engagement, NRGI's capacity building helped improve the quality of ADDH outputs and raise their profile and credibility vis-a-vis companies, and deliver concrete results for the community.

## Asia program

Our Asia program focuses on two countries, **Myanmar** and **Mongolia**, where we have teams in country. Political changes in Myanmar opened up opportunities to establish new frameworks for resource governance, including in the context of a peace process. The country has taken important steps forward in the past three years. Although the overall context remains challenging, the opportunity to support Myanmar's ongoing reforms merits deeper engagement and NRGI plans to expand its already significant work in the country.

Mongolia is heavily indebted, and the mining sector remains the key source for revenues to reduce sovereign debt to sustainable levels. The country is highly reliant on coal exports to China but also has potential for development of renewable energy. Within a small country program, NRGI's country team and partner organizations will seek opportunities to shape government policy responses, particularly where they point to addressing debt and volatility.

In addition we will have a regional office in **Indonesia** from which we will, initially, lead our work on engagement with **China**. Our Indonesia regional office will enable us to monitor developments in the region and to coordinate cross-regional projects such as work on China's Belt and Road Initiative and energy transition.

## **Eurasia program**

The closure of civic space and decreased opportunities for reform in many resource-rich countries in Eurasia presents a serious dilemma for transparency and accountability advocates. The potential for impactful work is limited but we remain committed to solidarity with the civil society actors in the region who are struggling to keep some space open for dialogue and who want—and need—to be ready to seize opportunity when it comes.

NRGI's work in Eurasia focuses on supporting civic actors to convene, carry out research and debate and strategize. We do this through a regional knowledge hub based in **Azerbaijan** and a regional engagement and collaboration approach connecting actors from across the region. We do not anticipate operating individual country programs, but in line with our overall approach to be more “opportunity-ready” our regional office will engage in targeted interventions with partners in countries such as **Ukraine** and **Kyrgyzstan**.

## **Latin America program**

In the Latin America region we will maintain a focus on **Mexico** and **Colombia** and a small program in **Peru** where our regional team is based. We will build on the progress we have made to date, but adapt to new political contexts in all three countries, recognizing the realities regarding prospects for change.

In addition, we will consider judicious expansion or evolution of our portfolio based on our criteria for engagement to countries such as **Venezuela** and **Guyana**, or potentially those countries likely to be affected by energy transition and green technology minerals.

## **Middle East and North Africa program**

The Middle East and North African region (MENA) faces significant long-standing and newly emerging challenges, including energy transition and its implications for the region. In the face of these challenges, NRGI proposes to expand the scope of its MENA program, increasing the number of countries on which we work and addressing the emerging challenges.

Our program has a strong emphasis on building relations and trust between governmental and civic actors to foster inclusive and sustainable reforms. NRGI has successfully deployed this model in **Tunisia** for six years. We will build on and adapt the lessons learned from this work to engage with civil society actors, media, and governmental actors across the region. Following a rigorous scoping, we are exploring opportunities in Morocco and Egypt, developing entry points in Algeria and may consider post-conflict contexts such as Iraq.

Our Tunisia office will become a regional office from which staff working on North Africa will be based. We will maintain a regional representative in Lebanon, from where we will monitor developments and opportunities in the Middle East. In addition we will engage in and seek to shape the dialogue in select regional spaces, such as the East Med Gas Forum.

### **NRGI Impact: Civil society playing key role in extractive sector reform in once-autocratic Tunisia**

In Tunisia, NRGI and its partners created a space for diverse voices to be heard in crucial natural resource governance reform talks. This sustainable platform will soon create reform action plans. Through technical and financial aid, NRGI empowered Tunisia civil society to play a critical role in policy reform. NRGI supported the founding of the Tunisian Coalition for Transparency in Energy and Mines, CTTEM, which translates grassroots demands into national-level advocacy campaigns.

NRGI collaborated with the Tunisian Anti-Corruption Authority to create a forum in which all stakeholders can participate and create joint reform agendas. NRGI advocacy efforts helped the authority and the mining and energy ministry commit to working toward extractives reform, including Tunisia Extractive Industry Transparency Initiative adherence.

CTTEM successfully advocated for government contract disclosure and for steps toward EITI adoption. Accession to the international initiative was included in successive Tunisia Open Government Partnership action plans, pushing the government to commit to EITI implementation through the creation of a multi-stakeholder group. The government subsequently called civil society actors to appoint representatives to the group in a public statement. All five civil society members had previously participated in NRGI trainings.

NRGI also sought to strengthen the know-how of civil society as oversight actor, building trust between civil society groups and government as well as parliament and the anti-corruption authority through its facilitation of their interactions.