

2015–2019

Organizational Strategy

A living document



Executive summary

Building on experience and embracing change, our newly integrated organization is embarking upon a bold and ambitious new strategy. The Revenue Watch Institute (RWI) and the Natural Resource Charter (NRC) combined their expertise to better contribute to a major challenge of our time: improving the governance of natural resources to promote sustainable and inclusive development. Countries must improve accountability and the management of their oil, gas and mining resources in order for all people in a resource-rich country to benefit from the subsoil wealth. Our goal is to help countries manage their natural resources for the public good by leveraging our expertise working with civil society, parliaments, governments, the private sector, media and other partners.

We aim to make a tangible and concrete difference in the next five years, globally and in individual countries. It would be unrealistic to expect that in this timespan we could singlehandedly reverse decades of poor governance or completely transform how resources are managed. However, we can make significant progress with persistence and dedication to evidence-based policymaking and policy advocacy, and with strategic, yet selective engagement in countries and areas where we can add value.

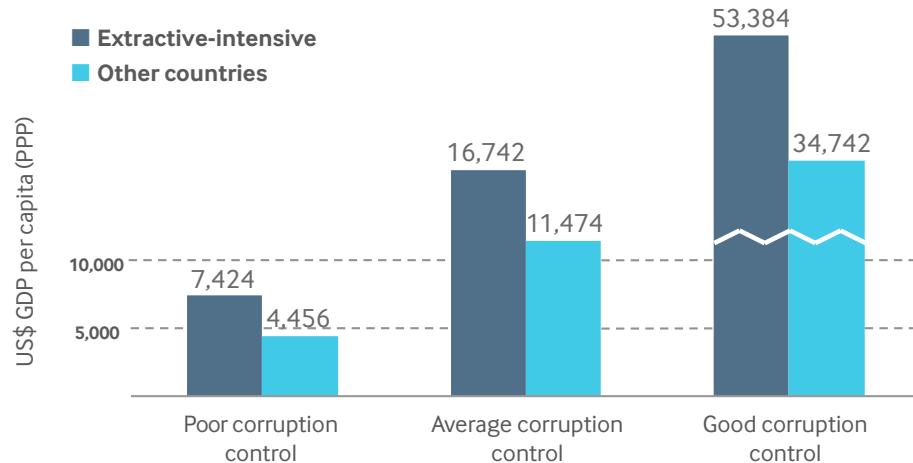
At the global level, as new norms of accountability are developed and codified, we will contribute to the natural resource management debate by promoting the most salient governance and policy issues. At the country

level, we will focus on domestic laws and systems, build capacity in institutions for their implementation, and support civil society and other oversight actors to generate policy ideas, engage in informed dialogue and hold governments to account. As a result, leaders will be better equipped to make sound economic decisions that are informed by international experience and citizens' voices, and citizens will benefit from more inclusive approaches to development and greater political empowerment. We will help forge new and stronger alliances with citizens and with governments to devise innovative ways of using natural resource wealth to transform lives.

To deepen our expertise and our engagement in countries, we will be selective, building on our comparative advantage and responding to country needs and demand. We will continue to expand our staff expertise and encourage innovation, investing in frontier issues and harnessing new technologies. We will also draw on lessons from our experience, including failures, through learning, informed monitoring and evaluation. We will tackle difficult issues and probe deeper into ways to address varied manifestations of large-scale corruption in natural resources. We will speak truth to power, backed by evidence and rigorous analysis that suggests that accountable governance and effective policymaking in the extractives sector can have a significant development impact.

Figure 1. Better governance and corruption control results in higher incomes per capita in extractive-intensive and other countries

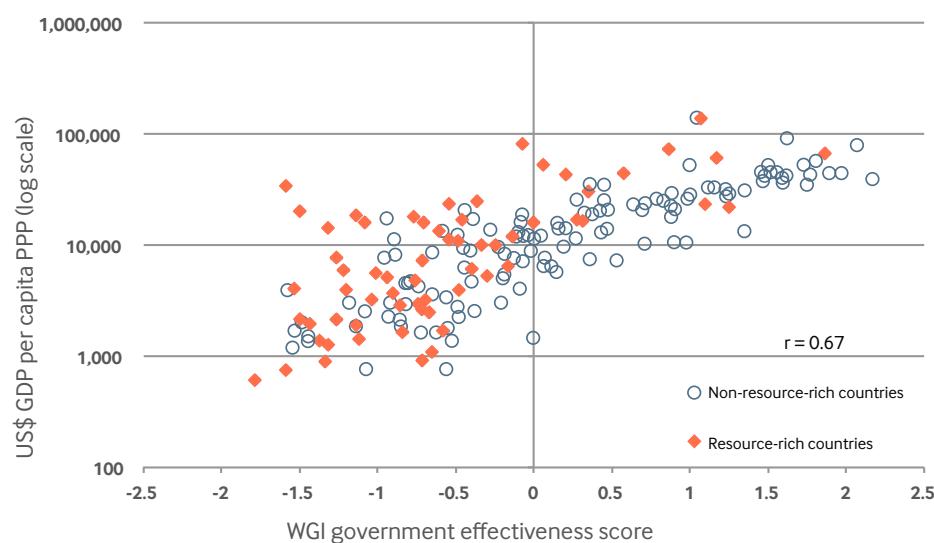
Sources: GDP per capita (atop each column) from World Bank World Development Indicators, 2013. Corruption Control data from Worldwide Governance Indicators (WGI), 2013. Countries grouped into terciles based on WGI Control of Corruption scores. Resource Rich country classification according to IMF (2012).



Data, such as those shown here, indicate that much work remains to improve governance in resource-rich countries.

Figure 2. GDP per capita (in US\$ PPP, logs) versus government effectiveness (WGI)

Sources: 2013 Worldwide Governance Indicators (WGI); 2013 World Development Indicators (PPP GDP per capita). For causality tests, see Kaufmann & Kraay 'Growth without Governance,' 2002.

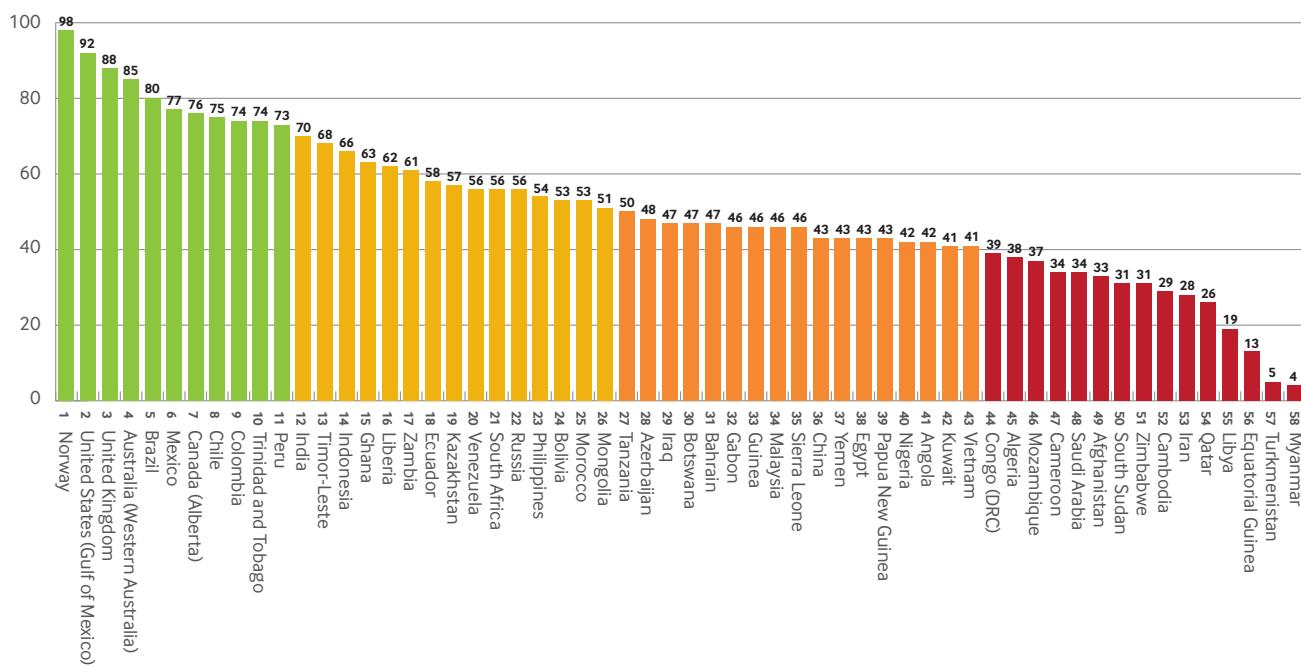


Rationale for NRGI's organization and strategy

Improved governance throughout the natural resource value chain is essential for scores of resource-rich countries, which together are home to approximately one billion people living in poverty. Changing how countries harness their natural resource wealth is a daunting and worldwide challenge. For example, in sub-Saharan Africa, rents from natural resources dwarf development assistance by a factor of ten-to-one. This ratio will only grow larger as many new producers emerge on the continent, and also globally, following an era of hydrocarbon and mineral discovery. In most natural-resource-rich countries, these revenues have not broadly benefited people because of poor governance. Our 2013 Resource Governance Index quantifies the stark “governance deficit” in the vast majority of resource-rich countries.

When revenues from extractives are used poorly—in cases of plunder, corruption, opacity, or mismanagement—they bring about socioeconomic decline, dire poverty, inequality, conflict, and environmental damage. But natural resources are not necessarily a curse. A number of emerging economies have shown the art of the possible; their reforms and progress are producing better accountability, stronger leadership, and more effective policymaking. The payoff is huge: when a country’s extractive resources are well managed and judiciously used, they generate prosperity for current and future generations. Evidence and experience tell us that however difficult, progress is attainable, even if it is not yet the norm for resource-rich countries. Our organization aims to make a significant contribution to such progress.

Figure 3. Resource Governance Index assessing transparency and accountability in 58 countries



Meeting the challenge

No institution can make a difference on its own. Integration and partnerships are keys to our success. Combining the expertise and experience of RWI and NRC, we as NRGI, are now poised to more effectively contribute to and advance the field of natural resource governance.

The merger leverages the best of the two predecessor organizations. RWI has helped establish a new global norm of transparency in extractives, promoting mandatory disclosure requirements in capital markets in the EU, the US, and Canada. It has redefined the Extractive Industries Transparency Initiative's (EITI) standards to address much more than revenue transparency, and is helping country-level stakeholders improve the quality and use of EITI data. In countries as diverse as Ghana, Guinea and Mongolia, RWI lawyers and economists, working with a network of other experts, are helping governments improve policies and the terms of contracts, revise their legal codes and revenue management laws, and design enforcement mechanisms. Through training, RWI has been improving the capacity of hundreds of members of civil society organizations, the media, parliaments, and subnational governments.

The NRC has developed an overarching framework (the charter) to analyze the full value chain in extractives, with major implications for policy and decision-making at each stage of the natural resource management process. The robust foundations of the charter make it an important diagnostic tool for in-depth country benchmarking, which governments and other key actors can adopt and adapt—as is now happening in Tanzania. It is also a public good that articulates good practices in resource governance.

The NRGI merger taps synergies, strengthens core competencies and expertise, and helps redress the fragmented institutional nature of the natural resource governance field. With the proliferation of actors in the field, our new strategy emphasizes our comparative advantage as a merged institution, informed by mapping and consultation with key partners. Within the natural resource governance field, we contribute technical expertise and intellectual rigor, sourcing a strong evidence base for the field through our investment in data, research and analysis work. We produce knowledge that is applicable and of value to policymakers, accountability actors, and the global campaign for improved

international norms, bridging knowledge, analytics and policy-making. We have ten years of experience developing strategies and tools that are tested and honed—including capacity development innovations such as our regional training hubs, as well as targeted trainings for journalists, members of parliament, and political parties. And we codify learning to increase uptake in our approaches by others and to contribute to the broader field. We have a strong reputation and credibility with a variety of stakeholders ranging from civil society, media and parliament to governments, investors, international financial institutions, companies. As a result, we are uniquely placed to be a convener of reform dialogue and to engage in constructive policy advocacy. Our operational presence in strategic countries enables us to be responsive, opportunistic and deliver concrete results on the ground. These qualities inform our ambitions as we seek to complement the work of other actors to advance our collective aims.

NRGI is also set apart by our ability to push the envelope in a credible manner. On the one hand, we are a think tank and technical assistance provider that prioritizes technical and evidence-driven approaches, and are recognized for our rigor. On the other, we are independent, face few political constraints, and have a strong, normative mission and advocate for its fulfilment in all our work. Most groups fall in one camp or the other. By carefully straddling this divide, NRGI can continue to challenge the field about what constitutes good governance, generating views, tools and approaches that are then taken up by other players in the field. Examples of this approach include using research to shine an international spotlight on the role of oil traders in developing countries, and convening the first cross-stakeholder conversations about oil revenue management in post-revolution Libya.

While we know our comparative advantages and understand our current and potential positioning in the natural resource governance field, we are also aware of our limits. We are not a large organization with mighty financial resources; we are not experts in every aspect of natural resources; we have a presence in the field and on the ground know-how in some countries but not others; and we have much to learn and continue to improve. Aware of our strengths and limitations, we continue to develop our expertise while leveraging the complementary offering of our partners.

Our mission, values and approach

Mission statement

We are an independent international organization helping people benefit from their countries' natural resources by promoting accountable and effective governance.

Values and qualities

Integrity, transparency, intellectual rigor, respect for evidence, innovation, strategic selectivity, independence

Approach

Original data, analysis, and applied research underpin our policy advice, advocacy, and capacity development. We work in-depth in a number of carefully selected priority countries, focusing on critical aspects of the natural resource decision chain, based on country needs and demand. We partner with citizens, governments, and innovative agents of change in the field of natural resource governance to ensure maximum impact globally and at the country level.

Third, we strengthen agents of change such as parliaments, the media and civil society, and help create opportunities for dialogue across stakeholder groups. If well informed, these actors can help improve governance in three ways: they can generate policy ideas and drive reform, create favorable incentives for good behavior by government, and act as a safeguard when good decisions are taken, increasing their chances at sustainability. NRG works to build their capacity in policy analysis and advocacy and to link them with other accountability actors and policy makers. And NRG provides expert know-how, further empowering them.

The combined focus on these three areas should shift incentives in favor of better governance. Yet they are not the only variables at play. Exogenous factors, such as shifts in the political landscape, changes in commodity prices, a foreign policy threat, could also alter the calculus. To mitigate these risks, NRG employs country-specific strategies crafted with the prevailing political-economy in mind, and updated as realities evolve.

THEORY OF CHANGE

By improving governance, we seek to influence broader economic and political systems. Our theory of change recognizes three key channels of influence that NRG can target, each of which seeks to alter the incentives and capacities which determine the choices taken by decision-makers. First, we target the global system, seeking to generate ever stronger normative and regulatory mechanisms that favor good governance (e.g., through mandatory reporting campaigns), and increasing the international reputational costs associated with bad governance (e.g., through the Resource Governance Index).

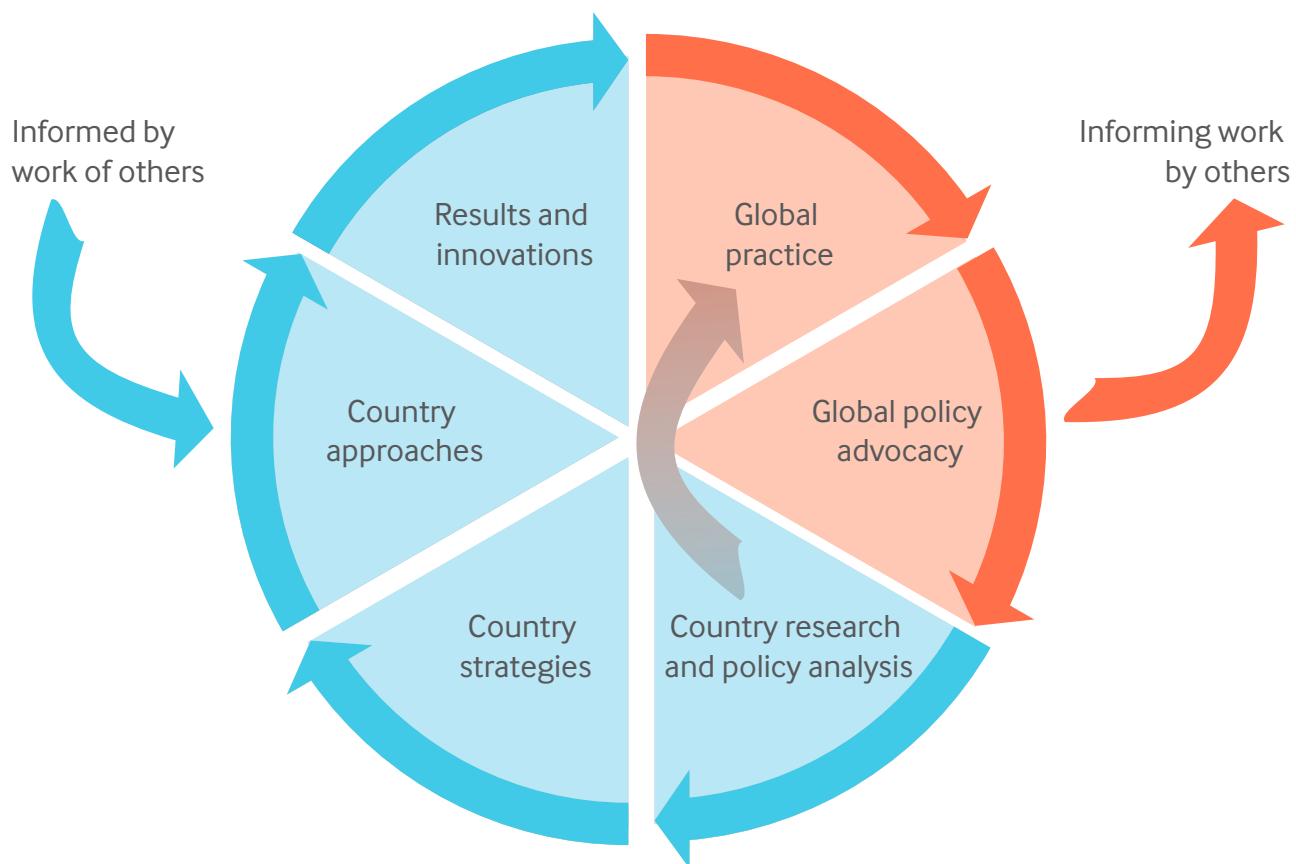
Second, we work directly with reformers. Some governments are trying to generate public benefits from their natural resources. But how to do so is not straightforward. Through our research and technical assistance, we try to provide the kind of information and support that policymakers need to effectively address the governance challenges that they face.

INTEGRATION

To enhance our impact, our newly merged organization aims at a fuller integration of our analytical, learning, capacity building and country program functions. We focus on sharing experiences and know-how locally, nationally, and globally, while also innovating at the frontiers of natural resource governance. Applied research and empirical work informs our training and capacity development modules, targeted to different stakeholders. It builds in-country technical knowledge and skills, supporting the development of policy reforms and advocacy strategies, and provides technical support for the implementation of policy advocacy and reforms on the ground, in collaboration with in-country partners.

Figure 4. The “integration wheel”

NRGI: Integrating global practice, regional and country approaches



An example of the power of integration is our work on contract transparency and project monitoring. We identified contract transparency as a critical obstacle to resource governance. Working in partnership with the Columbia University School of Law, we produced an [analysis](#) of more than 150 confidentiality clauses, effectively debunking the major myths about contract confidentiality. On the basis of that research, we joined forces with other international NGOs to advocate for contract disclosure through IFC Standards, and a new EITI Standard – with success. We developed training modules explaining the rationale for contract transparency to civil society, parliaments, media and

governments. We worked with local partners to develop advocacy strategies and provided funding to execute that work, with success in countries like Guinea. We developed an [online contracts database](#) to make this information easily accessible. Those successes in turn highlighted the importance of a new stream of work around monitoring the implementation of contracts now available. We embarked on new [research](#) on project monitoring, which in turn informed the development of training modules, and the provision of technical and financial support to civil society partners to engage in [monitoring and analysis activities](#).

A MAJOR SHIFT IN WHERE AND HOW WE WORK

We will deliver this integrated approach by deepening our efforts in a select number of priority countries. Evaluations of our work show that we have greater impact if we engage with diverse change agents across the decision chain in fewer countries, rather than with limited interventions across many countries. We previously operated in about 40 countries. Over the next five years we will move toward strategic and in-depth involvement in twelve to fifteen priority countries, concentrating our financial and human resources more strategically in high-impact programs.

Our selection of priority countries is guided by rigorous multidimensional and measurable criteria reflecting a balanced consideration of the governance challenge, potential impact, likelihood of success, and cost of engagement. In addition, we also consider qualitative factors: regional diversity, blend of high-risk/high-reward countries with more stable countries with less daunting obstacles to reform, and potential demand for multi-stakeholder engagement.

For its initial list of priority countries, NRGIs chose a diverse selection. Half are long-standing producers such as Nigeria and Libya, while others are newer producer countries like Mongolia and Tanzania, which face a future of fast-growing production and revenue inflows. The opportunity to influence laws and institutions is quite high in new producers, while in established producers we must identify and seize upon chances to break cycles of dysfunction.

The widely varying political contexts will lead to divergences in our country strategies. The expectations and demands that accompany the new regimes in Indonesia, Guinea and Myanmar present both opportunities and challenges, while democratic institutions in places like Colombia, Mexico, Mongolia and Ghana can be active catalysts in our work. Severe accountability and broader governance deficits will be confronted in Nigeria, and instability pervades the current environment in Libya and Iraq. Human development scores speak to the extreme poverty—and thus very different challenges—found in Guinea, Nigeria and Tanzania, while Mexico and Indonesia are among the world's most prominent emerg-

ing economies. This diversity will require carefully country tailored approaches, and will greatly enrich our work.¹

The nature of our engagement will be guided by country-specific strategies, to be delineated in a country strategy note (CSN). The CSN will be the first stage in assessing the main strengths and weaknesses in the country's natural resource governance. It will draw upon the Resource Governance Index, the comprehensive diagnostic framework of the Natural Resource Charter, political-economy analysis, and capacity and needs assessment tools for government, civil society, parliament, and the media. The CSN will also identify the major opportunities and avenues for reform and the roles of various change agents, specifying our prospective contributions in facilitating their work together. Informed by this assessment, the CSN will define a portfolio of activities, taking into account what other organizations are already doing on the ground.

Analyzing and disseminating the lessons from country engagements will contribute to the broader field of natural resource governance. Roll-out of this new and in-depth priority country engagement will be gradual due to the importance of the preparatory work, including development of country strategies and obtaining buy-in from local partners and stakeholders. We plan to start implementing our focused country strategy approach in a small number of priority countries, and then ramp up to the full set over the coming years.

We are already concretely piloting this strategic country-focused approach. Consider Tanzania, where we aim for the country's new gas reserves to generate widespread and lasting development benefits for their people. The current government wants to be seen as meeting the global good practices of natural resource governance and transparency that NRGIs has helped to promote—as evidenced by Tanzania's commitment to the EITI and its embrace of the Natural Resource Charter. In 2014, we already started to provide advice to the government, utilizing the Charter benchmarking process as the basis to break down the silos between upstream and downstream decision-making, and provide policy analysis on key issues. As the government sets its objectives for the sector, our work with accountability actors will enhance commitment and focus on reforms, and our programs with their parliament,

¹ In sum, the preliminary list of priority countries emerging from this rigorous selection process includes: Colombia, the DRC, Ghana, Guinea, Indonesia, Mexico, Mongolia, Myanmar, Nigeria, and Tanzania. Iraq and Libya are subject to the evolving security and political context. Note however that this is not a complete or final list of countries—more will be named in the future. These were designated priority countries based on the results of a rigorous selection exercise. Each ranked high in our data framework, was prioritized in expert staff feedback, and where we have on-the-ground knowledge.

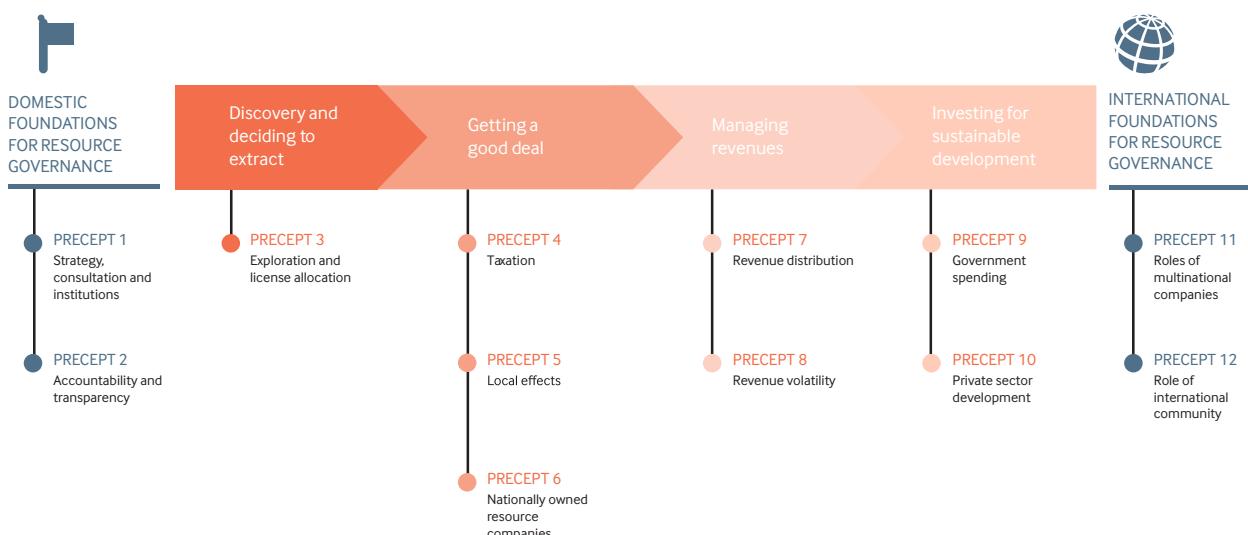
media and civil society, as well as our support of the EITI process in the country, should help control corruption and enhance sound policy-making and governance and inclusiveness.

In addition to the selected priority countries, we will also have more circumscribed but substantive involvement in a number of “limited engagement” countries that show considerable potential. These are places where significant new opportunities arise with the emergence of reformists, or where innovative interventions will have a demonstrable effect. This targeted approach will help us build a pipeline for prospective new priority countries in the coming years. To retain our selectivity, we will develop criteria to assess these opportunities appropriately and triggers for engagement and develop a “watch list” of countries where we will not engage directly, but will monitor closely. Consistent with our move toward selectivity, we may have limited engagement in some countries during a transition period in order to gradually and responsibly disengage from some countries where we have worked to date but are not considered priority countries.

A FRAMEWORK FOR OUR ENGAGEMENT

The charter provides our intellectual and diagnostic framework for assessing governance and decision-making throughout the value chain, and consists of 12 precepts developed by NRC staff and leading natural resource management experts. While the main charter precepts are generally applicable as articulated, we will continue refining and updating each policy area as we learn from experience and as the field evolves.

Overview of the Natural Resource Charter



Benchmarking natural resource governance and developing national strategies are competencies at the heart of our upstream intellectual and analytical work. We will invest further in developing and continuing to update the charter content. To complement the charter we will use other tools designed for country assessments, notably the Resource Governance Index, forming a comprehensive and comparative database for the field. We will further invest in applied research and analysis to deepen our knowledge of new governance issues, better understand how policy choices can be implemented in very different institutional settings, ultimately improving policy and development outcomes.

The “power of data for reform” will push further the frontier in evidence-based policymaking and advocacy in natural resource governance. We will focus on the use of information from government and company disclosures, which will require considerable data management, statistical analysis, and broad dissemination in useful formats. For collecting, analyzing and sharing data, and building the capacity of diverse actors to use information, we will develop tools and advisory services for disclosing information in a user-friendly manner, utilizing state of the art technology. We will collaborate with diverse stakeholders on innovative uses of new data—including that on revenues and contracts. We will invest in information technology for data collection and sharing as well as promote the use of IT with partners on the ground, including via web-based tools, online learning, SMS and social media, and geo-mapping. We aim to become a “one-stop shop” for the collection and displaying of relevant sector and economic data on resource-rich countries.

OUR KEY AREAS OF WORK

Checks and balances: Designing and promoting mechanisms for transparency and oversight

We will deepen our technical assistance and advice to our partners on how to disseminate and use information on natural resources to enhance accountability and help strengthen checks and balances in natural resource governance. This will include technical assistance for implementing EITI's newly enhanced standards; helping strengthen public institutions to regulate and oversee oil and mining; and establishing systems and tools to analyze and share data. Further work will include comparative applied research to inform our advice on such key topics as data analysis of EITI reports, state-owned enterprise governance, and contract transparency—as well as policy advocacy at the global and country levels (the latter with local partners).

Getting a good deal: Strengthening fiscal systems and contracts

We will expand our advice on oil and mineral fiscal policy to help governments obtain the greatest benefits for their citizens. We will build on our experience in natural resource economics and fiscal policy, and connect government counterparts access to experts on fiscal analysis and business strategy. We will advise governments on fiscal matters in their draft legislation and government policies, as we are already doing in Bolivia, Guinea, Iraq, Peru, and Sierra Leone. We will build financial models to help governments analyze their options in terms of proposed laws and contracts, as we are doing in Guinea, Mongolia, and Sierra Leone; and will support contract negotiations in partnership with legal organizations, as we have in Guinea and Sierra Leone.

Addressing the neglected stakeholder: Reforming state-owned enterprises

We will build on our experience as leading analysts and advisors on the effective and accountable management of state-owned enterprises (SOEs), and we will use our extensive know-how on the practical steps states must take to improve the management of their national oil companies, especially in countries with low governance capacity. We have used this know-how in our technical assistance in Indonesia, Liberia, and Libya; in collaborating with Chatham House on guidelines

for emerging producers setting up new institutions; and helping define the new EITI standard (which now requires strict reporting on SOEs). The Resource Governance Index provides a comprehensive measure of SOE transparency and accountability practices, informing our research and the work of partners. We will strategically expand this line of work, supporting strong corporate governance and accountability standards for SOEs in our priority countries.

Managing resource revenues

Developing effective plans for managing and spending resource revenues is one of the main challenges facing resource-rich countries. Governments must insulate themselves from volatility, promote stable and diversified economies, spend judiciously, and save and invest to promote long-term development. But to make inroads, the focus cannot be only on providing know how to governments; instead it is critical to also help mobilize non-state, societal and international actors to hold governments accountable and promote reforms in managing natural resource revenues. We have conducted global research on managing natural resource funds and are translating that knowledge into our training, advisory and advocacy work. We provide advice to governments on transparent revenue management frameworks linked to their specific economic circumstances, as in Ghana and Timor-Leste. We help governments assess what proportion of their revenues from natural resources they should spend and what they should set aside for macro-economic stabilization purposes or for long-term savings. We analyze the management of natural resource funds and revenue-sharing systems. Our core expertise and experience will help multiple stakeholders, including oversight bodies, civil society and governments design country-tailored systems and help them implement those systems, as we have done with Ghana's Public Interest and Accountability Committee.

In other areas, we will seek to be at the cutting edge; exploring new topics that may become core competencies or hold opportunities for partnership. We will be selective in this engagement, guided by assessments of needs in our priority countries, taking into account what other organizations are already providing, and mindful of the human resource and financial costs required to significantly expand our competencies.

We anticipate investing further in innovative but underexplored niches in the field, seeking to contribute analytically to frontier areas that will have concrete policy applications. We will provide advice on effective allocation of resource revenues; how to support an increase in investment rates in capital scarce countries; economic diversification; and transforming resource revenues into sustainable and inclusive development gains. We will explore how to assess and measure the non-fiscal benefits and costs of extraction. We will support governments' enforcement and monitoring capacities—particularly for dedicated institutions such as environmental agencies, regulators, auditor's general, anti-corruption agencies, and ombudsmen. And we will develop a framework and tools for anti-corruption in natural resources. The charter will provide an umbrella framework for much of this frontier work, and in turn the work in these innovative areas will further inform and strengthen the charter.

We will also clearly delineate where we will not work. We will continue to focus only on oil, gas, and mining; we will not focus on land or water. Among others, we will not work on climate change; geoscience/geology or artisanal mining. We will seek to coordinate and develop further partnerships to tackle areas outside our core expertise about which we are frequently asked for advice; such as more general public financial management, and the valuation of subsoil assets. These partnerships may involve joint country strategic planning, co-development of reports and training materials, and collective fundraising.

THE AGENTS OF CHANGE WITH WHOM WE WORK

Governments and parliaments (in their legislative role) make the policy decisions necessary to harness the benefits of natural resources. Civil society, media, and parliaments in their oversight role demand and sustain reform. The private sector, including powerful multinationals in oil, gas and mining, as well as many national oil and mining companies, can play a key role in improving global and country governance standards (their demonstrated capacity for occasional malfeasance notwithstanding).

Central to our approach is the recognition that these stakeholders play unique and essential roles in natural resource governance and that their interactions can have very positive multiplier effects. Lasting reforms can emerge where these stakeholders individually have the capacity to play their roles effectively and constructively engage one another in dialogues that resolve differences, lead to consensus, and focus concretely on reforms and results—in short, when they engage in collective action that increases accountability and alters incentives facing governments and companies, enhancing public benefits.

Our independence, credibility and reputation places us in a good position to broker necessary dialogues among our partners and to facilitate the design of concrete programs and far-reaching reforms within and between stakeholder groups—to inform policy debates and help open spaces for citizens' voices about the use of their countries' natural resources. Effective communication between governments and citizens, informed by know-how and empirical evidence, can help build understanding and secure buy-in for bold policy choices, supporting sustained reforms. Effective collaboration between parliaments and civil society can hold the executive to account and inform policymaking; and the media can build public understanding and demand for accountability. Together, these actors, within their political economy realities, can pursue the best interests of the country.

New actors are increasingly shaping the landscape of natural resource governance. As we continue to work in countries where there is a "youth bulge" and natural resources stand at the core of developmental challenges, we will work with youth movements to build their knowledge and inform their engagement in the extractive sector. We will leverage their energy, creativity, and hopes to translate protest into positive change in their countries. We will seek to attract and nurture a new generation of policymakers and activists who recognize the central role of transparency and accountability in harnessing the benefits of natural resources.

Conclusion

We are on a quest for excellence and impact. We endeavor to be the best at what we do, to work with integrity across the decision chain, and in promoting transparency, anti-corruption, supporting political empowerment, pro-poor policies and sustainable and inclusive development.

During these next five years, our work will have a tangible impact, at the global and the national level. We will influence how resource governance issues are debated and understood on a global stage, as new norms of accountability will be developed and codified. We will support the development of new laws, systems

or institutions, and a commitment to carrying them through. We will seek better economic decisions by leaders, buoyed by a strong knowledge of international experience and a concerted effort to hear citizens' voices. We will build new or stronger alliances, by which citizens work better with each other, and their governments, to devise new and innovative ways to transform how oil and mining impact their lives. We will develop detailed and context-specific indicators of success in each of our countries and programs, but a common thread will run through all of them: coherent, measurable change in the direction of more effective and more open management.

The Natural Resource Governance Institute, an independent, non-profit organization, helps people to realize the benefits of their countries' oil, gas and mineral wealth through applied research, and innovative approaches to capacity development, technical advice and advocacy.

Learn more at www.resourcegovernance.org