Toward a Resilient and Sustainable Future

Natural Resource Governance Institute

Strategy 2020-2025

Toward a Resilient and Sustainable Future
NRGI Strategy 2020-2025

Toward a resilient and sustainable future

For the one billion people living in poverty in resource-rich countries, the management of oil, gas and minerals can either improve or degrade the quality of life. The accelerating climate crisis and the devastating economic impacts of the coronavirus pandemic present an unprecedented opportunity to address this decades-old challenge.

The Natural Resource Governance Institute (NRGI) supports countries to improve the lives of citizens - now and in the future.

This document summarizes NRGI’s strategy 2020-2025. The full strategy is available on the website via this link: resourcegovernance.org/sites/default/files/documents/nrgi-strategy-2020-2025.pdf
We are an independent, global policy analysis and advocacy institute, working with partners to ensure that:

- Countries rich in oil, gas and minerals achieve sustainable, inclusive development.
- People receive lasting benefits — and experience reduced harms — from the extractive sector.

For over a decade NRGI has worked to lift countries out of poverty by acting as a knowledge generator, convener of change-makers, trusted broker and capacity builder. We seize opportunities during moments of political openness to advance and sustain policy reform.

We believe in rigorous, evidence-driven, dialogue-based decision-making. Our work with in-country reformers and engagement with international influencers inform and reinforce one another.

**OUR MISSION**

**WHO WE ARE**

NRGI Impact Stories

Visit the impact stories section on the NRGI website to learn about related achievements in NRGI’s last strategy period:

resourcegovernance.org/impact

The Resource Governance Index Drives Reform

NRGI’s Resource Governance Index is the only global index dedicated to resource governance. Since its launch, it has compelled government to improve their performance, and civil society organizations and journalists in dozens of resource-rich countries have used its data to diagnose governance successes and shortcomings.

Visit the NRGI website to read this impact story:

resourcegovernance.org/analysis-tools/publications/nrgi-impact-resource
governance-index-drives-reform
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NRGI focuses on governance reforms most critical to economic and environmental sustainability. We work to ensure that citizens can get a good deal for their countries’ resources and that authorities manage revenue effectively and accountably. We will help countries to navigate the energy transition, and to eliminate capture and corruption. Learn more about our areas of focus:

OUR EXPERTISE

- GETTING A GOOD DEAL
- ADDRESSING CORRUPTION AND STATE CAPTURE
- MANAGING REVENUES
- NAVIGATING THE ENERGY TRANSITION
GETTING A GOOD DEAL

Licensing and fiscal systems are transparent, fair and help countries maximize the revenues available for development spending.

The extractive sector too often fails to produce returns for citizens. Licenses to extract often go to companies that are well connected but not well qualified. Governments sign contracts that will not deliver long-term returns and that undermine efforts to prevent social and environmental damage. State-owned enterprises fail to generate financial returns on states’ natural assets. 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 NRGI’s mission. In Nigeria, for example, 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 Canada and the European Union, our advocacy with partners led to the implementation of 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 laws, regulations and contracts; the award of valuable licenses; tax systems; economic linkages; and the governance of state-owned enterprises.

NRGI Impact

Improved contract transparency practices in Mexico

A comprehensive report with key recommendations from NRGI, helped Mexico’s National Hydrocarbons Commission (CNH) in Mexico improve its transparency. The CNH is charged with guaranteeing accountable, transparent bidding and contract management processes, including with the state-owned entity PEMEX. CNH is now making information about bids and contracts with foreign oil companies available online.

Read this impact story on the website: resourcegovernance.org/analysis-tools/publications/nrgi-impact-improved-contract-transparency-practices-mexico

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.

Large, volatile and finite extractive revenues can lead to many problems. In some cases, Dutch disease—the negative consequences that can arise from a spike in the value of a nation’s currency—has stymied industrial development. In others, macroeconomic and budget volatility have contributed to poor private and public investment decisions. Some countries, driven by short-term thinking, instability and conflict, have also consumed excessive portions of resource revenues rather than invest them.

At NRGI we have leveraged our global research to inform country-specific programming, with our analysis driving technical assistance on Mongolia’s fiscal sustainability, Uganda’s fiscal rules, Indonesia’s resource revenue sharing system and Ghana’s oil revenue management. NRGI’s evolving work on revenue management will focus on the role of state-owned companies and long-term macroeconomic management of resource-rich economies. This includes the design, evaluation and monitoring of fiscal rules and the strengthening of transparency and oversight of implicated institutions.

NRGI Impact

Myanmar Ends Opaque Banking of Proceeds from State Enterprises

NRGI’s report recommendations were wholly incorporated by the government into Myanmar’s sustainable development plan and guided the technical assistance plans of donors and international financial institutions.

Read this impact story on the NRGI website: resourcegovernance.org/analysis-tools/publications/nrgi-impact-myanmar-opaque-proceeds-state-enterprises
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Resource-rich countries advance rather than hinder the transition to cleaner energy. Countries rich in minerals critical to renewable energy do not replicate mis-governance in that subsector.

The transition from fossil fuels to renewable energy is critical for the future of the planet and for resource-rich countries. The pandemic induced crisis serves as a stark reminder for oil- and gas-producing countries of the volatility and limits of the market and of the need for resilient strategies less dependent on these commodities. Countries that remain dependent on fossil fuel exports could find their economies “stranded.” Those whose extractives sector policies and governance choices undermine the growth of renewables at home risk face dirty, outmoded domestic energy systems that do not meet their own needs; they will miss out on the potential upsides of transition.

In some mineral-producing countries, the energy transition can bring new economic opportunities: the world will increasingly demand the minerals needed to expand electric vehicle, wind and solar technologies. Without attention to good governance and strategy, these countries risk repeating the mistakes of past booms, amplifying corruption and local conflict, and creating bottlenecks to the expansion of clean technology globally.

We will:
- Support the domestic energy transition in countries rich in fossil fuels.
- Help mineral producing countries meet increased demand for critical minerals via policies that promote sustainable economic benefits for citizens, ensure public oversight and reduce risks of corruption.
- Empower oil- and gas-rich countries to develop and implement extractive-sector policies that reduce dependence on fossil fuels, limit the exposure of citizens to negative economic shocks associated with energy transition, and enhance their prospects to prosper as the world evolves.

Governance of critical minerals | Stranded nations | Domestic energy transition

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Governments and companies conduct sector operations in ways that reduce opportunities for corruption and capture, and anticorruption actors tackle extractive sector corruption more effectively.

Resource-rich countries exhibit significantly higher levels of overall corruption, and the extractive sector has proven especially vulnerable. Powerful private sector players often “capture” and manipulate entire industries, institutions and processes by shaping regulations for their own benefit. State capture and corruption can devastate both extractive-sector and macroeconomic performance, causing investments to fail, revenues to disappear, and inequality and poverty to worsen. Citizens who don’t benefit from their countries’ resource endowments lose faith in their government; this undermines democracy and contributes to political fragility.

NRGI will address the extractive sector’s capture and corruption challenges. We will examine the wider national and international dynamics, and the political and economic forces at play. Rather than investigate specific cases of corruption, we will undertake evidence- and case-based analysis, and assess governance risk factors to help a range of players respond with precision.

Corruption risks | State capture by elites
WHERE WE WORK

NRGI works in countries where government actors are open to reform and where accountability actors can inform and support change. Our in-country presence in multiple resource-rich countries enables us to rapidly respond to needs and opportunities.

Focus countries and regions

- Colombia
- Dem. Rep. of Congo
- Ghana
- Guinea
- Mexico
- Mongolia
- Myanmar
- Nigeria
- Peru
- Senegal
- Tanzania
- Uganda
- Tunisia
- Eurasia
- Middle East & North Africa

NRGI’s country programs span five regions and a range of political, socioeconomic and developmental contexts. We are responsive to local circumstances and agendas, leveraging this diversity for learning and sharing lessons across our programs and with the wider resource governance field. We work in a limited number of countries because addressing complex governance challenges requires sustained, in-depth engagement.
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HOW WE BRING ABOUT CHANGE

NRGI works to influence governments who lead the management of resources on behalf of citizens. At the international and national levels we focus on incentives that accelerate reform and mitigate disincentives that obstruct change.

EMPOWERING AGENTS OF CHANGE

Collective action in resource-rich countries—when civil society actors, policymakers and media work collaboratively—is the key to achieving and sustaining policy reform. We help those who lack information, access and capacity, and we build trust between actors.

NRGI multiplies its impact by working with influential states, regional bodies, multilateral organizations, multi-stakeholder initiatives and industry actors to develop international norms and governance standards.

DRC communities engage with mining companies

Local civil society had been essentially unable to make their concerns known to companies operating in their own back yard. With NRGI’s support, the organisation Action pour la Défense des Droits Humains (ADDH) produced a report on the extractives-related benefits the community saw from foreign-owned Kamoto Copper Company (KCC) and Sino Congolaise des Mines (Sicomines), both operating in Kolwezi in the DRC. Following this, the companies started engaging in dialogue with ADDH and partners about considering the needs of communities.

Read this impact story on the NRGI website: resourcegovernance.org/drc/

LEVERAGING INTERNATIONAL INFLUENCERS

NRGI multiplies its impact by working with influential states, regional bodies, multilateral organizations, multi-stakeholder initiatives and industry actors to develop international norms and governance standards.

A strengthened EITI standard

In 2019, the EITI adopted a new Standard which saw it expand to include new requirements on contract transparency, the environment and gender. NRGI had played a leading role in advocacy and providing technical expertise on this expansion of disclosure norms, as well as on energy transition, corruption, licensing, beneficial ownership and commodity trading.

Read this impact story on the NRGI website: resourcegovernance.org/eiti/

IMPROVING THE LIVES OF CITIZENS

When governments implement policy reforms that are evidence-based and reflect informed public dialogue, they enable a more sustainable and resilient future.

Guinea’s road to improved mining governance

While Guinea’s riches attracted many investors, the government performed little due diligence on their financial capacity and integrity. To address this, NRGI assisted Guinea in drafting and implementing a mining code that is both attractive to investors and strong on tax, including key transparency and enforcement measures. Although important challenges remain, the mining sector in Guinea in 2019 is radically different than in 2010.

Read this impact story on the NRGI website: resourcegovernance.org/guinea/
NRGI blends a targeted focus on resource-rich countries with a responsive approach to seizing reform opportunities. The challenges we seek to address are large and complex, so we work in partnership to amplify and leverage the work of others. To sustain reform beyond our interventions, we identify and empower change agents inside and outside of government. We have processes for learning and adaptation, to ensure our continued relevance, responsiveness and impact.
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