

A close-up photograph of a hand holding a small, textured, golden-brown object, possibly a seed or a small rock, on a piece of white paper. The background is dark, and the lighting highlights the texture of the object and the paper.

2020-2025 Strategy



Natural
Resource
Governance
Institute

Photos

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Executive summary

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 policy and regulatory regimes for their private benefit. The climate crisis looms large and the transition to green energy risks replicating governance misdeeds in the sector. Unless governance improves, half of the world's poor will live in resource-rich countries by 2030, doubling the share of three decades ago.

The Natural Resource Governance Institute (NRGI)'s mission is to secure a future where countries rich in oil, gas and minerals achieve sustainable, inclusive development—one where people receive lasting benefits from extractives, and the negative impacts associated with the sector are minimized. This is a long-term challenge, so we are passionately perseverant in our efforts. We are cautiously optimistic, noting progress in a few countries and some governance initiatives bearing fruit, suggesting that positive change is possible.

For over a decade, we have worked to lift countries out of poverty by contributing evidence-based knowledge, building capacities and alliances, and seizing opportunities during moments of political openness. The gains made and the partnerships we have formed sustain and inspire us. The lessons we have learned and the powerful disincentives for reform we confront are both sobering and energizing. Our 2020 to 2025 strategy reflects our learning and the shifts required to take our work to the next level.

Looking ahead, NRGI will continue its role as an independent, global policy analysis and advocacy institute that works collaboratively to generate and translate knowledge into policy reform in resource-rich countries. We share good practice, captured in the [Natural Resource Charter](#) as an intellectual framework, through analysis of the evidence and contextually relevant tools and approaches. We strengthen local accountability actors, with an emphasis on civil society, to hold governments accountable and to contribute to policy reform by building their technical capacities and enabling access to key decision makers and influencers. We support reform-minded policy makers by providing credible analysis and evidence to make informed decisions in the best interests of current and future generations. We reinforce our work to build domestic capacity for change by targeting regional and global influencers.

We will invest in areas where we have particular comparative advantage and competencies within two major aspects of the decision chain. In our work to ensure that citizens can *get a good deal* from their countries' extractive industries we will continue to promote fair and transparent licensing and fiscal frameworks. Our mission has expanded to encompass a sustainable and inclusive lens for development. This challenges us to consider more carefully who benefits and who loses in the context of the natural resource governance agenda. We will engage selectively on mitigating the negative social and environmental impacts of extraction where we can deploy our skills to add value. We will also bring our analytical and economic modelling skills to bear on the question of how to increase economic benefits in other sectors linked to the extractives.

We will support strategies and concrete initiatives for *managing revenue flows* effectively and accountably, including helping countries manage expectations that drive over-borrowing and debt accumulation. We plan to capitalize on our first mover advantage and expertise to grow our work on *state-owned enterprise governance*.

Across our areas of work, we are introducing innovations to help oil- and mineral-rich countries navigate the global *energy transition*, by taking advantage of new economic opportunities, reducing their exposure to costly “asset stranding” and facilitating transition of their own domestic energy systems. We are also focusing on the pervasive role of *state capture and corruption* across our work on how countries get a good deal and manage revenues.

We will leverage lessons learned both from the field and from our own monitoring, evaluation and learning practice to tackle these areas of focus. We need to consolidate gains in transparency and address persistent information gaps, particularly around commodity trading, SOE expenditures and subcontracting. Beyond generating and advocating for more data, we will deepen our support for the effective use of information for policy reform.

We will enhance the impact of our interventions by complementing our transparency, accountability and participation mechanisms with deeper focus on legal, regulatory, public finance and related institutional reforms, leveraging our interdisciplinary approach. Building on a major finding of our flagship report, the 2017 [Resource Governance Index](#) (RGI), we will work with others on ways to address the “implementation gap” between legislated rules and performance in practice. We will support accountability actors to ensure that the adoption of improved policies leads to tangible results.

We remain deeply committed to bringing our expertise to bear on real-world challenges. In deciding where we work, we have capitalized on our investments in countries where there are reform opportunities and are seizing new openings to advance the resource governance agenda strategically. Through our country programs, we complement, augment and amplify the work of local actors, leveraging our knowledge, research and analysis to build the capacity and will for reform. Going forward, we will be more attuned to power dynamics such as state capture and undue and unequal political influence. We will more effectively link our country and global work in ways that are mutually reinforcing. We will seek to engage key influencers such as industry actors and China. Across our diverse countries of operation, we will ensure that our work is driven by the demand of local actors and responsive to context, while aligned to our strategy and drawing on the comparative perspective that sets NRG apart.

As the world is changing around us, NRG will continue to be a learning institution that reflects on and adapts to evolving circumstances. Ensuring we stay credible and relevant is paramount. We will continue to invest in our monitoring, evaluation and learning practice and grow the evidence base of how the change we seek can happen. We aim to remain on the cutting edge of our sector and contribute our learning for greater collective impact.

We will strengthen our financial and organizational resiliency and stability to sustain our efforts. We will leverage the partnerships we have forged to reinforce and amplify our impact, mindful that we are one actor within a large ecosystem. We will seek new partners in view of the dynamic nature of the challenges ahead. 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.

NRGI's mission and theory of change

MISSION

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

THEORY OF CHANGE

This narrative explains our general theory of change, represented in the simplified diagram opposite. The diagram ought not to mask the fact that in the complicated pursuit of development outcomes, there are uncertainties, knowledge gaps and non-linearities in the causal links between inputs and results. These drive the need to constantly learn and adapt. The theory of change presented here underpins our strategy, which elaborates further the rationale for our areas of focus, how we work, stakeholders with whom we work, and where we work.

NRGI targets countries where government actors are open to reform and influence and where there are accountability actors to inform and/or support their efforts. We have more influence in the early stages of the development of natural resources than when trying to address weaknesses or gaps in countries that have decades-old extractive sectors. However, NRGI balances its engagement across countries where there is openness to reform and the possibility of significant short-term change, with more challenging contexts where the likelihood of immediate success is lower but NRGI's contribution is potentially more game-changing over the long term.

NRGI is one of many actors working in concert to advance natural resource governance. NRGI delivers applied research, data and analysis, policy advocacy, capacity development, and technical assistance, and serves as a convener of actors working toward reform. We focus those interventions on specific areas of the extractive industry decision chain. Other actors undertake complementary work in development, rule of law and governance, and on other aspects of the decision chain; this works supports and reinforces our own.

Through these contributions we seek to influence governments who lead the management of resources on behalf of citizens. We recognize incentives and disincentives can accelerate or stymie reform efforts.

NRGI supports governments directly while also effectively capitalizing on incentives and mitigating the disincentives that drive government decisions at both the national and international levels.

At the national level, NRGI partners with agents of change based on an analysis of which actors are best placed to work in alliance to effect particular policy reforms. We address asymmetries of information, access and capacity, and build trust between actors. We emphasize the importance of building the credibility and resilience of civil society organizations, who inform policy reform by serving as intermediaries and amplifiers of citizens' voices and priorities. By building links between accountability actors, including civil society, oversight actors (e.g., parliamentary committees and supreme audit institutions) and the media, we further incentivize and sustain reform efforts.

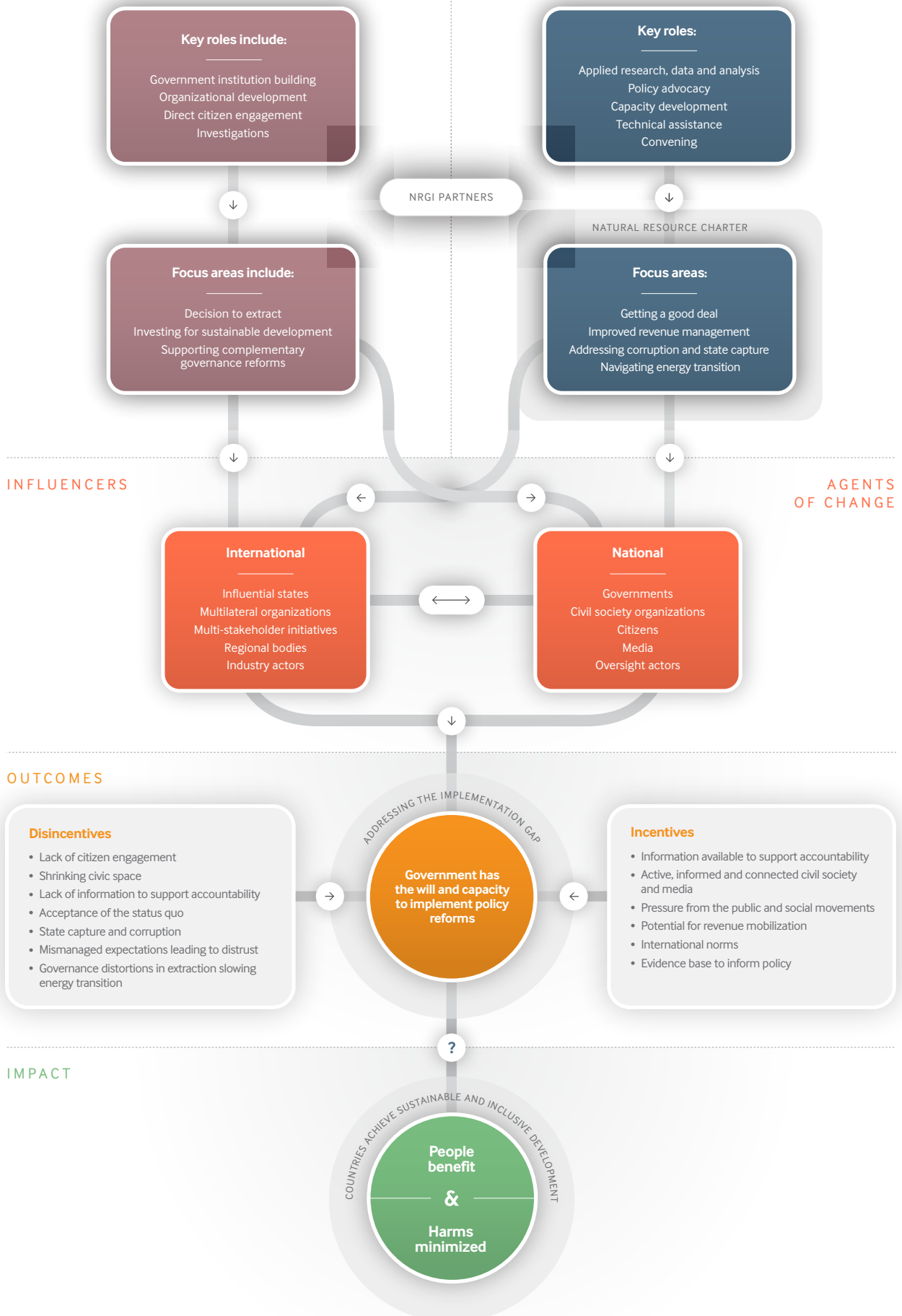
At the international level, NRGI engages external influencers who, according to our recent evaluation findings, appear predisposed to receive and adopt NRGI's evidence-based messaging. We work with influential states, regional bodies, multilateral organizations, multi-stakeholder initiatives, and industry actors to develop international norms and standards. Policymakers and companies respond to these international cues defining expected and desirable practice, and then signal their intentions and improve their reputations through their policies and commitments.

Governments that implement policies in line with good practice and citizen priorities will likely increase benefits and reduce harms from the sector. Benefits include the availability of revenues for public services and social spending, helping to lift citizens out of poverty, as well increased dialogue and accountability. Harms include the direct impacts of extraction (e.g., corruption, conflict and social and environmental effects), growing inequality, and negative gender-differentiated impacts. For direct interventions on sustainable and inclusive development policies, NRGI will rely on the broader ecosystem of actors working on governance and development.

The diagram opposite is a visual representation of our theory of change.

CONTRIBUTIONS OF NRG PARTNERS & OTHER ACTORS

NRGI CONTRIBUTIONS





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NRGI's areas of focus

NRGI's remit is strategically selective and focused. We work expressly on the extractive sector, guided by the intellectual framework of the Natural Resource Charter. We concentrate on two areas of the sector's decision chain: getting a good deal and revenue management. Going forward, across these areas, we will address particular aspects and implications of the energy transition and of corruption and state capture.

In addition to resource considerations, in selecting the issues on which we work, we consider our dynamic comparative advantage and strategic value. We further differentiate and circumscribe our work based on demand and relevance in our countries of engagement.

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 crosscutting themes of corruption and capture and energy transition?
- Is it aligned with our role as an evidence-based knowledge generator and translator?
- Are we uniquely or better placed to undertake this work than others?

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)?

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

- **Getting a good deal.** Licensing and fiscal systems are transparent, fair and help countries 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 mis-governance in that subsector.
- **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.

GETTING A GOOD DEAL

Strategic objective: Licensing and fiscal systems are transparent, fair and help countries 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 long-term public interest. In others, asymmetries of power, capacity and information prevent governments from reining in the profit-maximizing ambitions of companies. As a result, licenses to extract go to companies that are well connected but not well qualified. Governments sign contracts that will not 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, 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 the U.S., our work to advance transparency in extractive payments ran up against a powerful corporate lobby and government opposition. Companies refused to disclose their tax payments through the U.S. Extractive Industries Transparency Initiative (EITI) process. They successfully blocked regulations requiring disclosure in regulatory filings, thereby preventing public debate on whether they contributed an adequate share of their profits. However, in Canada and the European Union, our advocacy with partners 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 laws, regulations and contracts; the award of valuable licenses and contracts; tax systems; economic linkages and SOE governance.

Laws, regulations and contracts

Targeting moments of reform, we will work to promote laws, regulations and contracts that 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. In doing so, we will make the case for a robust approach to transparency and accountability mechanisms.

To inform this work, we will draw on our experience in over twenty countries advising on legal and regulatory reform. We will use on our analysis of existing contract data, including from our online repository of resource contracts (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.

The RGI 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 a problematic gap between the letter of the law and actual practice. In response to this finding, we will advocate for more practical and context-appropriate laws, regulations and contracts that go 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. We will help countries avoid corruption risks and mitigate capture of the regulatory and contract system, starting through beneficial ownership reporting and effective vetting by licensing authorities and the identification of capture mechanisms. We will support countries’ long-term strategic goals of optimizing revenues while 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’s (CNH) role is to guarantee 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 been an informal advisor to CNH, analyzing global best practice and benchmarks in regulatory transparency. Our aim has been to develop a culture of openness and help tie together sources of information from across the labyrinthine oil and gas sector. CNH tapped NRGi to help 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, in partnership with local civil society, has helped CNH take important steps toward improved transparency. CNH ensures that information on the process of each bidding round is public and conducted online on a recently revamped website. Contracts, annexes, the names of companies involved at each stage of the bidding process and bid progress 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 helped facilitate knowledge-sharing between our Mexican partners and their counterparts in Ghana and Lebanon through peer-to-peer exchanges. NRGi continues to work with Mexican government and civil society 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 and capacity, as well as governance, corruption and capture vulnerabilities). By using tailored tax tools, countries can optimize revenue amounts and timing and lower their exposure to corporate tax avoidance risks. The quantity of publicly available payment data has grown rapidly in recent years. 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). NRGi's fiscal modelling work uniquely helps to encourage debate and raise tough questions, unlike the closed-door model of others.

Economic linkages

In many countries, the political discourse on “getting a good deal” has moved beyond the export and taxation of resources to linking the extractive sector to the wider economy and diversification. Economic links to extractive industries include employing people, buying goods and services from local business, building infrastructure, refining minerals before exporting, and transferring knowledge to workers and businesses.

A large number of governments—from Guinea to Indonesia—have enacted laws to develop these links. In some cases, these initiatives have emerged from people's disappointment from not seeing tangible benefits from the taxation of extractive companies. Instead, they have sought new ways to derive value from resource extraction. However, these policies may be difficult to achieve. Local companies may face significant limits to their ability to work with international extraction companies, such as weak domestic infrastructure and limited access to energy. Some countries have successfully promoted linkages in specific areas and the ever-changing technological and economic circumstances of countries may enable future opportunities.

NRGI will help governments realize these opportunities while cautioning against policies that would reduce peoples' prosperity. NRGi will provide analysis, data and tools for people to engage in debates and monitor these policies. However, given the range of knowledge required to work effectively on linkages, limited resources, and recognizing NRGi best leverages its expertise when providing assistance on the same topic across multiple countries, we will focus on a small set of topics. We will begin researching which specific economic links most align with NRGi's comparative advantage, and on which links countries most need information and support.

Economic diversification beyond the extractive sector is a policy goal of many resource-rich governments but can prove elusive. Policy choices made in relation to extraction can help or hinder a country's ability to diversify its economy. In providing analysis to countries on their extractive sector, NRGi will consider, and where appropriate emphasize, the impact of policy choices in the sector on the country's diversification objectives.

State-owned enterprises (SOEs)

SOE governance in extractives are one of NRGi's specialties. Part of this work is ensuring that SOEs help a country to get a good deal from their extractive sectors. SOEs often produce large amounts of oil, gas or minerals themselves; manage and sell the state's share of production; and 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: SOEs frequently suffer from political manipulation, enter into suboptimal contracts, or fall short on their regulatory responsibilities. With its unique SOE expertise, NRGi 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.

NRGI's leadership on

SOE governance

NRGI 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 training journalists in NRGi 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, NRGi 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—an economic term for the negative consequences that can arise from a spike in the value of a nation’s currency—has stymied industrial development. In other cases, macroeconomic and budget volatility have contributed to poor private and public investment decisions. When driven by short-term thinking, instability and conflict, countries 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](#). 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.

SOEs and resource revenue management

State-owned enterprises are collectors and spenders of huge amounts of public revenue: in 2015, the median national oil company (NOC) 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 for investment 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.

Debt and select macroeconomic challenges

As prices of extractives have dropped following the super cycle, debt challenges have arisen front and center. Resource-rich countries are confronting the legacy of their overly enthusiastic borrowing during the boom years or are seeking loans to weather the drop in prices. We will build on our “[presource curse](#)” work, which revealed that economic growth, particularly in countries with weak political institutions, begins to underperform long before the first drop of oil is produced. We will develop further research, analysis and technical assistance to help resource-rich countries build effective strategies to manage expectations associated with finds and the potential for debt liabilities. 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’ taking on unsustainable borrowing in the hopes of future revenues and their establishment of [superfluous special funds](#). Debt overhang also links with our energy transition work, as the new uncertainties around long-term fossil fuel prices mean that it will be critical for governments to re-examine the practice of borrowing against future expected revenue flows. Finally, as a new frontier, we will consider how and whether to integrate governance and capture considerations into fiscal models and projections.

Fiscal rule policy and oversight

NRGI research showed that fewer than one-fifth of resource-rich countries that we 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. The challenge is beyond the merely technical; we will also integrate an understanding of the governance and capture determinants of the subversion of rules, which may suggest different rule design.

During the commodity boom years, NRGI pioneered work on approaches to sovereign wealth fund (SWF) governance and subnational revenue transfers. In the years ahead, given the evolutions in commodity prices, SWF work may be less relevant in the countries in which we work, and furthermore due to our size we are not ideally suited to work systemically at the local and community level. However, 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

Between 2017 and 2018, NRGI, together with local partners, uncovered a pattern of suspicious behavior and mismanagement in Myanmar's 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 cultivated a relationship with the Myanmar government, building trust that made the government amenable to changes to the system. As a result, the Minister of Planning and Finance instructed Myanmar's SOEs to work with NRGI to disclose data about its "other accounts." Simultaneously, the finding catalyzed a wider debate about the fund 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 would 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 that subsector.

The global drive to transform energy consumption from dirty fossil fuels to cleaner energy 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. However, there is an 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. Our work is evolving to help them respond. We will focus in particular on governance of “strategic minerals” and on mitigating major economic and governance distortions in extractives that stymie the energy transition and threaten efforts at long-term economic adaptation in fossil-fuel dependent countries. We will support hydrocarbon producers to consider the full impacts of their extractive policy on their prospects for transition to cleaner energy systems and the costs of further investment and “stranded assets” in the oil and gas sector.

Strategic minerals

A global shift toward renewable energy is projected to spark an increase in demand for many “strategic minerals” used in solar, wind and electric vehicle technology. These minerals include cobalt, lithium, copper, bauxite and nickel. This could bring opportunities for fiscal revenue growth and other economic benefits in some producer countries. It also poses risks of disappointment and disruption if governments are not prepared for scale-up of exploration and production. Governments

may be unprepared to properly manage resource revenues if they have not established effective provisions for governance of fiscal regimes and state-owned enterprises, or if safeguards to protect human rights and community interests are not strengthened. They may also struggle to manage evolving geopolitical relationships with companies and consumers.

NRGI will support strategic mineral producers in countries such as the Democratic Republic of the Congo (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 should there be a boom. We will conduct research on how shifts in renewables markets impact the possibilities and leverage of producers. Many mineral-rich countries want to “move up the supply chain” to keep a larger share of the economic value of emerging technologies in the country and we will help analyze how to pursue these opportunities and where prospects are illusory. We will promote experience sharing and capacity building across countries. In addition, 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.

Clean energy and “stranded assets”

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 dirty fossil fuel perpetuates domestic consumption that is unstable, polluting and tilted toward the interests of privileged elites. Leaders in a number of NRG countries—ranging from large, oil-dependent countries such as Mexico and Indonesia to new producers such as Ghana and Lebanon—are asking how to reduce fossil fuel dependence and increase the share of renewables in their mix.

The obstacles to domestic energy transition are huge, however, and bound up with the political economy of extraction, which includes macro-economic distortions, subsidies, corruption and capture. Extractive-sector policies can intentionally or unintentionally block progress on the energy transition. Such policies may include the “lock-in” of extractives-dependent infrastructure; tax breaks, avoidance and advantages for upstream oil and gas companies; and subsidized consumption of fossil fuels and capture of energy policy by fossil fuel interests. 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. NRG will help “level the playing field” by 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. The timing and intensity of this decline is uncertain, but its long-term implications for fossil-fuel producers is major.

This calls for a reexamination of extractive sector policy in countries whose economies have depended on fossil fuels and for new producers who sit at the higher end of the cost curve. Governments risk sinking public assets into exploration efforts that may be riskier than ever, taking on debt for fossil-fuel 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.

Our approach will be based on what NRG knows best: strategic and accountable policymaking along the natural resource decision chain. Rather than taking an anti-extraction campaign stance, we will work to help in-country partners—inside and outside of government—apply a thoughtful energy transition lens to the live policy questions their governments face. Scenario analysis will be a key component of our approach. In considering the uncertainties around transition, we will help policymakers assess the robustness of their extractive policies under a range of possible transition patterns.

Our approach will build on our field-advancing early research to explore the policy steps governments can take to limit the risk of their assets becoming stranded, which could occur if they are not able to extract and earn profits on their oil, gas, or mined resources due to factors such as new regulations that limit the use of fossil fuels, a change in demand, or legal disputes. These steps may include how to tax extraction, award exploration and production licenses or how to manage NOC spending on exploration and development. We will support efforts to avoid capture and corruption and consider the implications of earmarking natural resource revenues for mitigation or adaptation goals. 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 NRG’s focus on extractives-specific policymaking. 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 work to address the concrete capture and corruption challenges present in the extractive sector. We will examine the wider national and international dynamics, and the political and economic forces at play, which facilitate corruption

and capture in resource-rich countries. Rather than conducting investigations into specific cases of corruption, we will do 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.

Extractive sector corruption 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 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 Organization for Economic Co-operation and Development (OECD), international financial institutions, Transparency International, and large oil and mining firms, NRGi can amplify its impact.

State 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 can pose a threat to democracy, induce social conflict and macro-economic crisis, 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 in which 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 focus more 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 by 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.



How NRGi works

NRGI addresses real-world challenges, building on our considerable experience and success in generating and translating knowledge. We recognize that extractive sector governance is highly politicized. We will ground our strategy and day-to-day work in solid and regularly refreshed analysis of the political economy of oil, gas and mining. Our understanding of the power dynamics at play will ensure that our work and voice remain neutral—and that our analysis remains influential. Our commitment to the rigor, accessibility, relevance and independence of our research will be the foundation of the organization’s credibility and intellectual leadership. Our research and analytical outputs will continue to inform—and be informed by—our capacity building, technical assistance, policy advocacy and convening work.

Investing in long-term partnerships with civil society organizations to drive and sustain change remains a cornerstone of NRGi’s approach. Across national, regional and international levels, we seek to augment, amplify and complement the work of other civil society actors. At the international level, civil society alliances have shaped a progressive global agenda on resource governance and remain vital defenses against regressive forces that threaten past gains. They also push forward the boundaries of the good governance agenda. At the national level, our partnerships with local civil society actors are central to the achievement of sustainable change, and we tailor our role to the context and needs in each country. We will continue to invest in building the capacity of partners and in joint research and advocacy work across all regions. In addition, as we take up new issues and challenges, such as the energy transition, we will work with new civil society partners to ensure our contribution adds strategically to others’ ongoing efforts.

Our work will continue to reach beyond the essentials of transparency, participation and accountability. To achieve our objectives, we seek complementary measures in institutional reform areas like law, administration, anticorruption and public finance. We pioneered this notion from our earliest days in which we emphasized “effectiveness” in addition transparency, participation and accountability work. NRGi will seek to influence the broader transparency and accountability field, as well as global players in the international financial and development arena, to take up these considerations.

We will apply a systematic approach to evaluating the impact of our interventions. We have used evidence from our initial investments in monitoring, evaluation and learning to adapt our approaches. We are committed to building the evidence base on good natural resource governance and sharing that learning with others to advance the whole field. As our understanding of what interventions influence policy and practice grows, so will our impact.

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 disclosed information to demand accountability and sectoral reforms.

After some major transparency gains over the past decade, the sector sits partway along a transition from closed to open. In view of what has been achieved and the work led by our partners, we will be more focused and complementary in our own work. On payments, contracts, and beneficial ownership information, global reporting norms have begun to take hold. NRGi will work with partners to translate these efforts to our countries of focus. 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 EITI and the Open Government Partnership.

At the country level, we will focus on better integrating practical and relevant mechanisms for transparency into our policy advice. NRGi and our partners will also use the information recently disclosed as the result of transparency efforts in evidence-based advocacy and policy advice, rather than simply advocating for more data.

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 past successes to collect, organize and present data in formats that are accessible and 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, which houses thousands of contracts from more than 90 countries, and NationalOilCompanyData.org, which includes operational and financial information on more than 70 NOCs. We will maintain ResourceProjects.org, which aggregates payments made from oil and mining companies to governments, and ResourceData.org, a repository of laws, regulations and other official sources across the decision chain for 99 countries.

We have learned much from our efforts, and those of our partners, to promote use of data. We are shifting to more user-driven data approaches and 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.

The RGI will remain a flagship initiative. It is the only international measure of countries' governance of their oil, gas and mining sectors. An NRGI survey of partners showed that the RGI is regarded as NRGI's most useful intellectual product, particularly because of its comparative approach and the identification of clear, actionable gaps. Future editions of the index will provide citizens, governments and companies with further insight into pending reform areas.

NRGI Impact: The Resource

Governance Index drives reform

NRGI staff and partners continue to use the RGI since its launch in 2017, with important steps taken to close the governance gaps identified in several NRGi countries.

Governments have been compelled to improve their performance as a result of the RGI. 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 areas in which Guinea has improved since the 2017 edition was released. Many new disclosures by the Guinean government were a direct result of the RGI's findings.

In Tunisia, RGI findings led the Tunisian SOE, 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 and NRGi advised the SOE to publicly disclose annual and sustainability reports. Subsequent to the meeting, Qatar Petroleum published annual and sustainability plans for the past 14 and eight years respectively, for the first time, on the QP website. 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.

Civil society organizations and journalists in dozens of resource-rich countries have used the RGI data to diagnose governance successes and shortcomings.

In Nigeria, Budgett used the RGI to support advocacy around contract transparency and the governance of the SOE NNPC by creating infographics and sharing them through social media channels. In Ukraine Dixi Group used the RGI to support its advocacy around the development of the 'Law on Ensuring Transparency in the Extractive Industries', which was backed by Ukraine's national parliament and passed. Newspapers from Mexico to Myanmar have referenced the RGI in articles about resource governance. In these instances, the most relevant findings are translated into pertinent, accessible messages for a country's citizens.

The RGI has informed further research on resource governance challenges, and has been referenced in NRGi papers on national oil companies, fiscal rules and contract transparency. 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 a further foundation from which to engage our stakeholders in Africa, and globally.

The index data have been leveraged in research by the United Nations Economic Commission for Africa on the state of African governance, referenced in a Swiss Federal council report on gold trade and human rights violations and used in a study on the state of extractives disclosures by the European Commission. The RGI has also been cited in numerous books, including *The Palgrave Handbook of African Politics*; *Governance Indicators: Approaches, Progress, Promise*; *The Routledge Handbook of Sustainability Indicators*; *Public Brainpower: Civil Society and Natural Resource Management*; and *The State of Open Data: Histories and Horizons*.

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, multinational investment bank Citi 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 RGI 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 are now conducting 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 adopted laws and policies that NRGi played a role in shaping. 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 account for constraints on implementation.

Direct assistance to governments with implementation is not one of NRGi's comparative advantages. We will therefore look to identify implementation assistance partners who can support government actors, as well as non-governmental and multi-stakeholder monitoring efforts. We will however support accountability actors to demand that authorities translate policy into meaningful, sustained reform.

NRGI's commitment to gender equality

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 groups 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.



Who NRGi works with

We believe 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 our countries of focus, NRGi acts as a knowledge provider, trusted broker, convener and capacity builder, working in a vertically integrated manner.

NATIONAL AGENTS OF 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, we work to shift behaviors and approaches to governance, emphasizing evidence-driven, consultative, dialogue-based decision making. We believe that policy reform is achievable and sustained through collective action—when multiple stakeholder types work collaboratively. We build effective alliances that account for power dynamics, incentives, barriers to and drivers of change through formal multi-stakeholder mechanisms and informal interventions. Through these efforts, we build national capacities for sustained policy reform.

Civil society

We believe citizens must have the freedom, opportunity and capability to actively hold their governments accountable for managing 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, we believe that meaningful reform relies on genuine domestic demand and leadership.

Therefore, capacity building, mentorship, technical advice, and financial support to grow and sustain an informed and influential civil society voice in countries' extractive sectors remains an NRGi priority.

NRGi's selection of civil society partners is based on an understanding of power and context. NRGi works predominantly with formal civil society actors, the majority of which are NGOs, as well as with coalitions. The profile of partner NGOs can vary from faith-based or youth groups, advocacy and policy-oriented organizations, academia, think tanks and infomediaries, to community organizers, women's organizations, and environmental groups. Mindful of our credibility and independence, we work with civil society partners who do not use their organizations as launch pads for political careers, do not receive funding predominantly from the industry or the government, campaign based on evidence, and refrain from using violence to advance their objectives.

We believe that civil society plays an indispensable role in five ways:

- By producing or driving reform ideas
- By participating in meaningful dialogue
- By holding governments as well as extractive companies to account
- By enabling civic engagement, among others through communicating with the wider public and empowering local communities affected by extraction
- By sustaining momentum for continued good resource governance decision making over time

NRGI strengthens civil society actors' ability to play these roles by increasing the legitimacy of their claims in the sector. We do so by leveraging our unique expertise and convening power. We help our civil society partners gain access and influence by exposing them to data, linking them with other stakeholders, and building their capacity to conduct specific analysis or advocacy.

Our approaches reflect lessons learned from the field and more than a decade of experience supporting civil society. An evaluation of our work with civil society indicated that our efforts have yielded more disclosure and capacity than policy gains. In response, we are working with civil society to shift from advocating for disclosure alone to using newly available information to advocate for policy reform. We further learned that our civil society partners value the role NRGi plays in brokering relationships. However, we need to invest in sustaining those relationships beyond NRGi. Relatedly, evidence from the field shows that improved vertical integration can help address accountability failures by fostering linkages between those actors.

This requires both building alliances and engaging with the right partners for the right outcomes, which can be challenging due to limited funding, bandwidth and historical relationships. We will be mindful of these needs and dynamics when developing our country strategies and civil society partnerships.

Since the adoption of our last strategy, the global rollback of democratic values, including in resource-rich countries, has negatively affected civil society's contributions. In response, we have evolved our approach to civil society engagement to include explicit support toward maintaining and expanding civil society's continued ability to participate meaningfully in natural resource governance. At the international level, this involves creating and safeguarding protection mechanisms, mainly through the EITI and Open Government Partnership, as well as mobilizing unusual allies by supporting stronger voices from the private sector and international financial institutions. At the country level, we will continue to focus on fostering quiet diplomacy and, where appropriate, leveraging international influencers.

Media

Journalists provide information that informs and clarifies policy debate, and seeks 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 that 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 2011, in the wake of the first-ever democratic elections in Guinea, 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 and local partners 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 the RGI. 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 have 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.

INTERNATIONAL INFLUENCERS

Strategic objective: Global influencers, including influential states, industry and multilateral organizations, 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 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 players, and multilateral/multi-stakeholder forums.

Influential states

The international landscape has shifted and therefore our advocacy and influencing strategy has evolved. China is arguably the single most significant state in relation to the future demand for, and trade in, many key minerals. Chinese investments in extractives shape the context in many of the resource-rich countries in which NRG works. We need to find openings for engagement and will, initially, do so at the host country level, and collaborating closely with other organizations and academics working in this area. Our engagement with Chinese actors is further elaborated in the section on where NRG works.

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.

Multilateral organizations and multi-stakeholder initiatives

NRGI will selectively engage in multilateral forums where global and national policies on resource governance are shaped. 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 global and country levels, and we will engage in the Open Government Partnership where strategically relevant. 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 potential for governance improvements

The EITI is one of many platforms that NRGi leverages to ensure strong global norms that help advance concrete country-level improvements, and vice versa. In 2019, NRGi and its partners, including Publish What You Pay and Oxfam America, closed some of the most critical transparency gaps that remained in EITI. In the EITI international board, NRGi builds bridges by 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: 21 countries are required 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 as 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 where our strategic assessment indicates that industry actors are likely to play major roles, either as allies or as obstacles, in reaching specific objectives. As an illustrative line of work, 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 improve governance and reduce 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, as well as industry associations.

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 an important part of decision-making, and many are interested in strengthening such assessments. However, natural resource governance issues are generally not included among such ESG considerations. We aim to change that.

We aim to persuade institutional investors that invest in extractive companies and resource-rich countries to:

- include natural resource governance issues (e.g., sound national fiscal policies, strong anti-corruption practices, comprehensive transparency) and data (e.g., the RGI) in the risk assessments and rating metrics 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

NRGI has several comparative advantages that uniquely position us to influence investors. NRGI has developed considerable expertise in shaping industry-focused standards. We now have a set of recommendations focused on private sector activities that we have regularly used to help shape various industry norms. This expertise is both relevant and timely, given that ESG standards are still being developed and investors have indicated an appetite for evidence-based organizations like NRGI to contribute expertise.

Data forms the backbone of investment decision-making, and we have increasingly been leveraging data tools and platforms like the RGI, the NOC database, ResourceProjects.org and ResourceContracts.org to engage a range of industry actors. Investors have been particularly interested in our data offerings, with several investors already utilizing components from our data tools. Building on these strengths, part of our new strategy will be to develop bespoke materials—especially around key tools like the RGI—aimed specifically at investors and to undertake more broad-based investor convening and advocacy efforts, rather than one-off interventions.

An important part of ramping up this work will be learning more about how we can create positive synergies with partner organizations that are also working on engaging investors.

Our work with investors will link to each of the four key areas in our strategy, with particularly strong linkages to our work on the energy transition and anticorruption. Tech and renewables investors are focused on the “responsible mining” of rare earth minerals, copper and aluminum, but the natural resource governance issues we focus on are often left out of the equation. We will encourage investors to consider natural resource governance issues when making responsible mining assessments and to pressure companies and governments to make reforms aligned with our priorities.

Corruption negatively impacts extractives-related investments, and investors are keen to reduce such risks. We will encourage investors to pressure the companies and countries in which they invest to improve governance in subcontracting and SOE activities, in line with our reform goals. We will engage the expertise of select like-minded investors in our efforts to develop diagnostic tools to identify corruption and capture risks in industry operations or in target countries. Investors will also be among the international partners that we leverage to pressure chronically corrupt SOEs to adopt more effective safeguards against corruption.





Where NRGi works

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

NRGi'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 newfound resources and the uncertainties of the energy transition, to countries with long-standing governance challenges, such as the DRC and Nigeria. We also work in countries such as Myanmar where changes in government or political transitions have opened space for reform.

NRGi's country and regional programs adapt the organization's global strategy to different contexts, ensuring we are responsive to local actors and agendas. 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 programs are diverse, they are also focused. We will work in a circumscribed number of countries because we know that addressing complex governance challenges requires sustained, in-depth engagement over several years. The following criteria guide our decision to work in a country:

- **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 economies, and by extension populations. 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 spillover.
- **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.** NRGi'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.

Using the above criteria to long-list potential countries of operation, we further refine our selection to ensure we work across all regions. Within each region, we consider the diversity of challenges, opportunities and contexts. We seek a balanced portfolio that includes countries where there are clear reform opportunities and countries where, because problems are entrenched, positive impacts in the near-term are unlikely. In these contexts, our engagement can build foundations for future reform, particularly with civil society actors. Working with countries where there have been new discoveries as well as where the extractive sector has been central to the economy for decades, offers the greatest potential for learning and sharing lessons across countries and regions. Finally, our choices are limited by our resources. We will focus on a small number of priority countries. The size and scale of the country program will vary depending on context and strategic opportunity.

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 the end of that period.

AFRICA

Africa is NRGi's biggest and most diverse regional portfolio, reflecting the large number of resource-dependent countries in the region, and the scale of governance problems and reform opportunities. The challenges confronting the region reflect a history of bad deals, which favored investors and corrupt elites, as well as illicit financial flows facilitated by the opacity of the global financial system.

Despite the significant challenges, there are also important opportunities. The region has been a leader in promoting transparency and accounts for 45 percent of all EITI-implementing countries. African EITI countries are deepening their commitment to beneficial ownership and contract disclosures. Countries such as Ghana and Botswana (ranked 13th and 18th in the RGI, respectively) are influential within and beyond Africa. As the influence of western actors in many African countries is waning, China offers alternative sources of investment with fewer strings attached and without the issues of colonial legacy. China's opaque deals with African governments threaten transparency gains.

While data disclosure has helped identify bad deals, it has not helped to fix them. Resource nationalism is gaining momentum in Africa, fed in part by iniquitous deals and the failure of many resource-rich countries to realize meaningful benefits from their natural resources, even during commodity booms. This has also given rise to concern around economic linkages. For governments of resource-rich countries, building economic linkages to the extractive sector offers a chance to demonstrate tangible positive impacts for disillusioned populations. Although some Western observers portray resource nationalism as a negative development that discourages foreign investment and some countries have leveraged it for political ends, it has some legitimate basis and popular support. In this context, the challenge for NRGi is to work with our local partners to situate our inputs and advocacy in such a way that we can be influential, while remaining impartial.

In Africa, we will have six country programs. *Uganda, Ghana and Tanzania* are countries with new discoveries that we fear will repeat past errors. Already, citizens have been promised unrealistically swift or large benefits for political purposes. When governments make unrealistic promises, this can drive bad decision-making, particularly in election years. A downward spiral of poor resource management and mismanaged expectations can follow. These countries also face uncertainties linked to the global energy transition. We will 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.

Corruption remains a significant problem in several resource-rich countries, particularly those that have decades-old extractive industries. Where corruption has warped governance systems over many years, reform can be slow and difficult. Moments of opportunity must be recognized and seized but cannot always be predicted. In *Nigeria* and *DRC*, our work is carefully targeted towards identified opportunities and support to local civil society.

We will continue to work across the region with civil society groups to further advance transparency and the use of data to bring about reforms.

We will leverage gains made in *Guinea*, *Ghana* and *DRC*, amongst others, to demonstrate the importance of data disclosures across the region.

NRGI also works at the regional level, engaging with key institutions such as the African Union and United Nations Economic Commission for Africa, as well as with regional debates on resource governance. We will consider establishing two regional offices, likely in *Kenya* and *Senegal*, that can support regional efforts and multiple country programs, 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 the city of 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) and the Kamoto Copper Company, a company operating in Kolwezi, completed wells serving communities of around forty thousand people, thus honoring its corporate social responsibility commitments. Sicomines, 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 publication *Enforcing the Rules*. ADDH's director used the knowledge they 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, raise their profile and credibility *vis-à-vis* companies and deliver concrete results for the community.

ASIA

Political, economic and resource governance contexts in the Asia-Pacific region exhibit considerable diversity. Mineral extraction is a key component of many of the region's economies. However, while some countries have benefited, corruption and mismanagement have undermined the contribution of extraction to economic development in the region as a whole.

Coal production and the energy transition are key issues, both with strong links to China. China is the world's main consumer of coal, and Chinese demand drives coal extraction in Mongolia and Indonesia. China is also the world's largest investor in renewable energy and has its sights set on global leadership in solar, wind and electric vehicle technology. China's Belt and Road Initiative; its ambitions to export Chinese technology, including renewable technology, to the region; and its role as a lender are deeply connected to its role as foreign investor in extractives.

Australia is also influential for the extractive industries and resource governance in the Asia-Pacific region—as the home country of major mining interests, and as an aid donor. Dynamics between Australia and China are evolving, particularly over the processing of strategic minerals needed for reviewable technology.

Our Asia program focuses on two countries, *Myanmar* and *Mongolia*, where we have teams in country. Our decision to focus on just two countries reflects the complexity of the region and our desire to invest deeply in contexts where we see reform opportunities. However, we anticipate expansion of the number of country programs in the region over the strategy period, subject to financial resources.

Political changes in Myanmar have opened up opportunities to establish new frameworks for resource governance, including in the context of the 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 there. Securing sustainable improvements in resource governance in Myanmar depends on a careful balance of support to the government and building the capacity of civic actors, including CSOs and media. NRGi's ability to work across different stakeholder groups is pivotal to success.

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. NRGi's country team and partner organizations will seek opportunities to shape government policy responses, particularly where they point to addressing debt and volatility.

From our regional office in *Indonesia* we will analyze China's role in the region and beyond, monitor developments in the region and coordinate cross-regional projects.

NRGI Impact: China's influence in resource-rich countries

In almost every country in which we work in Africa, Asia and Latin America, the influence of Chinese investment on the resource governance landscape continues to grow. Host governments, CSOs and communities all struggle, in different ways, with how to engage with Chinese investment and its impacts. Extractive deals between China and host countries are sometimes linked to wider political agendas, are opaque and exclude key government departments. Chinese companies respond to local concerns about negative impacts with confusion or propositions that can undermine gains made on resource governance.

Building understanding of, and support for, transparency and good governance standards amongst Chinese actors involved in foreign investment in extractives is important. If these key players do not support these standards then either the influence of the standards will be eroded or we will see the emergence of a two-tier system in host countries, with Chinese investments being perceived to operate with different rules. To some extent this is already the reality.

In our new strategy, NRG will promote transparency and good governance standards with Chinese entities in select host countries and build the capacity of civil society in those countries to engage with Chinese actors on these issues. We will not work inside China and we are not seeking to influence the Chinese government at the national level. In focusing on engagement with Chinese actors in host countries we are building on the experiences and analysis of other international organizations that have worked on China's impact on extractive investment issues. Recognizing our limited capacity, we will situate our work within the efforts of this wider group of NGOs. We will regularly share updates and collaborate to maximize learning and impact.

An important opening to engage Chinese actors in host countries on standards related to the extractive sector exists already. The China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCME), an entity affiliated with the Ministry of Commerce, has elaborated

standards for Chinese extractive companies working abroad. These standards were developed in response to challenges faced by Chinese companies and Chinese supply chain operations in host countries like DRC. However, they are not well known or used yet.

NRGI will use the CCCME standards in our capacity-building initiatives with civil society, in those of our priority countries where there is significant Chinese investment. We will support CSOs to use these standards to engage Chinese companies and embassies. We will also use our convening power to bring more Chinese investors and embassy representatives into multi-stakeholder discussion spaces where transparency and resource governance issues are discussed. Some Chinese companies already participate in EITI multi-stakeholder groups, and we will seek to build on this. As we develop our and our CSO partners' engagement with Chinese actors, we will regularly share experiences across countries.

In addition to awareness-raising and capacity-building initiatives, we will carry out research on relevant aspects of China's role in shaping government policy on natural resources in select NRG priority countries. We will use the CCCME standards where appropriate in our analytical work. Using the CCCME standards in our work will allow us to build dialogue with CCCME and, over time, explore opportunities to add to the body of Chinese standards they have developed.

NRGI's research efforts will augment and complement work being done by other researchers in this field, aiming to deepen understanding of how Chinese actions shape natural resource governance in host countries. We will build on work done in the current strategy period, such as ongoing resource-backed lending research. We anticipate links to work on energy transition and mineral supply chains, as well as further work on debt management by resource-rich countries.

Any advancement of our engagement on China's influence on resource governance will be built on the basis of this deepening knowledge and situated within the wider ecosystem of actors and academics that are already working on these issues.

EURASIA

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 in 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. In common with other actors in the resource governance space in Eurasia, we will take stock and re-imagine the potential avenues for change in this region.

For now, NRGi's work in Eurasia will focus on supporting civic actors to convene, research, 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. At this point, we do not anticipate operating individual country programs, but remain ready to seize opportunities for targeted interventions with partners in countries such as Ukraine and the Kyrgyz Republic.

LATIN AMERICA

The history of oil, gas and mining in Latin America has shaped states, national identities, economic development and local conflicts across the region. The negative social and environmental impacts of extraction loom large. Frequent conflicts between communities and extraction companies receive significant public attention, as does the number of environmental defenders who are intimidated or killed in the region each year, many of whom are actively challenge mining interests. The threats that the region faces from climate change, and the role of extractive industries in relation to climate change, are also prominent public concerns across the region.

These issues drive social movements and the agendas of civil society organizations who demand government action and improved governance of the environmental impacts of resource extraction. This context, one in which justice narratives and activist approaches are prevalent features, is the backdrop to the resource governance reform agenda and influences how NRGi works in the region.

Beyond social and environmental issues, significant structural governance challenges include tax avoidance, opacity, economic dependence on extraction and weaknesses in revenue management. Significant political shifts and polarized political contexts in several resource-rich countries shape management of oil, gas and mining in the region. Populist leaders have focused on state control of the industry, followed by political shifts to liberal economic policies, and sometimes back again. Most recently, shifts in the political context in Mexico, Colombia and Bolivia have put past gains in resource governance at risk but may also open new opportunities.

As we move into our new strategy, 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.

In Colombia, political tensions and stresses in the peace process challenge resource governance reforms. Oil and coal production are both declining, and the price of coal has also dropped, and will likely continue to decline. The government is making substantial efforts to resolve social conflicts around mining to facilitate large mining investments. The government's policy to attract investments and diversify mining production also encompasses the creation of special areas based on competitive bidding, new concession contracts and coordination with local governments and participation of citizens.

Within this government agenda there are both risks and reform opportunities that NRG and partner CSOs can seize.

A year into a new administration in Mexico, the strategy for the energy sector will depend heavily on the national oil company, PEMEX, but with the participation of the private sector through partnerships. The erosion of recent transparency and accountability gains, as the government sidelines the regulatory body, is worrying. In the mining sector, the government has committed to enforcing the social and environmental rules. CSOs are pressing the president to deliver on his campaign promises on land and indigenous rights. The potential to influence government directly is likely to be limited in the coming years, but strong civil society voices should be able to advance reforms on social and environmental issues and act as a bulwark against further erosions of transparency.

As we progress through the strategy period, we will be mindful of reform opportunities as country contexts evolve, including for those affected by demand for strategic minerals. We continue to monitor developments in Venezuela to see if opportunities for engagement emerge. Guyana is facing complex challenges as a new oil producer. If there is the potential to add value to the work of other actors, we may expand into the country.

At the regional level, we will participate in regional civil society and inter-governmental forums, bringing NRG's research and analysis, particularly our cross-country and cross-regional analytics, to help advance the resource governance agenda.

MIDDLE EAST AND NORTH AFRICA

The Middle East and North African (MENA) region faces both significant long-standing and new challenges, including the energy transition. In the face of these challenges, NRG is considering expanding the scope of its MENA program.

Our program has a strong emphasis on building relations and trust between governmental and civic actors to foster inclusive and sustainable reforms. NRG has successfully deployed this model in *Tunisia* for six years. We will build on and adapt the lessons learned to engage with civil society actors, media and governmental actors across the region. Following a rigorous scoping, we are exploring opportunities in Morocco. While the resource sectors in both Tunisia and Morocco are relatively small compared to the rest of the region, the potential for NRG effect change in both countries is promising. Moreover, our analysis suggests that building engagement in these countries should have spillover effects to other countries, and enable NRG increase its footprint in MENA progressively and strategically. We are also monitoring developments and potential entry points in Egypt. Over the strategy period, we may also consider post-conflict contexts such as Iraq.

Morocco is positioning itself as a regional hub for Africa, as a stable partner for European and other investors and as economically (if not politically) open. NRG will leverage resources such as the RGI and NOC database to seek opportunities for engagement. Carefully leveraging comparisons with Tunisia's performance on transparency and resource governance issues may enable NRG to open dialogue with various governmental actors. Resource governance has generally not been the focus of civil society efforts but there are anti-corruption organizations and think tanks that would be interested to work with NRG on these issues.

Concern for the economic future and stability of Egypt if the benefits of its new gas finds are squandered is leading to calls for improved governance. Avoiding waste and mismanagement would provide greater energy security for the domestic market, reduce reliance on imports, and allow the country more time to manage a transition to renewable energy sources. However, this is a sensitive issue, with security institutions controlling elements of the gas sector.

In the initial phase of the 2020-2025 strategy period, we will not seek to work directly in Egypt but will engage via the East Med Gas Forum.

As we expand, our Tunisia office will become a regional office for staff working on North Africa. We will maintain a regional representative in *Lebanon*, who will monitor developments and opportunities in the Middle East.

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 Tunisian 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 EITI 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 knowledge 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.

This strategy is a roadmap for the next five years for the organization, investing further in our areas of comparative advantage and introducing innovations for our continued relevance and impact.

NRGI will continue to adapt and evolve our approaches as the strategy unfolds with the aim to effect changes that will serve resource-rich countries and their citizens for decades to come.

Glossary

Beneficial owner: A person who controls a company, or derives financial benefit from their stake in an company, regardless of whether or not their name is listed as a legal owner.

Civic space: The arena in which people organize, participate, and communicate with each other freely. Open civic space can only happen when a state upholds its duty to protect its citizens and respects and facilitates their fundamental rights to associate, assemble peacefully and freely express views and opinions.

Decision chain: A model of the interrelated policies made by a government in managing resource extraction from exploration and licensing to investing revenues.

Disclosure: Making previously inaccessible documents available in the public domain.

Dutch disease: An economic term for the negative consequences that can arise from a spike in the value of a nation's currency. Specifically, Dutch disease occurs when increases in oil, gas and mineral exports to foreign markets can generate large capital inflow, resulting in real exchange rate appreciation and inflation. This can hurt certain parts of the economy—such as manufacturing—and make exports less competitive.

Extractive Industries Transparency Initiative (EITI): An international multi-stakeholder initiative that promotes natural resource transparency and accountability. At present, the EITI is implemented by 52 countries, and is supported by a coalition of governments, companies, and civil society organizations.

Getting a good deal: A term used in the Natural Resource Charter to refer to the decisions that are taken by a government, on behalf of its citizens, to negotiate agreements with extraction companies such that citizens receive benefits that outweigh the costs of extraction. Elements of such deals include taxation; local economic, social and environmental effects; and the role of state-owned companies.

Host country: A country where an investment is made. In natural resources, the country from which an international operator extracts oil, gas or minerals.

Kleptocracy: “Rule by thieves” arises when a country's elite begin to systematically steal from public funds on a vast scale. They do so by undermining democracy and the legal system, gaining control over vital economic assets (usually the banking and natural-resource sectors), and ultimately amassing wealth.

Implementation gap: The disparity between what laws say in writing and how governments enforce and implement them. This gap keeps many resource-rich countries from realizing the dividends of investments they have made in legal reforms.

Open washing: When a government discloses select data in an effort to appear transparent without genuine disclosure or any real transparency impact.

Presource curse: A phenomenon that occurs when countries, anticipating revenues from recently discovered minerals or hydrocarbons, begin spending money that they do not yet have, triggering an onset of economic and political maladies associated with the “resource curse.”

Race to the bottom: When a government deregulates a sector or offers tax incentives to attract investors to the point that its citizens may no longer be receiving a fair return for their resources.

Rent seeking: When a person or entity attempts to gain financial reward from an enterprise without making a contribution to productivity.

Resource-backed loan: A loan that the borrowing government repays directly in commodities or from a commodity-related income stream; or a loan in which the repayment is guaranteed by a commodity-related income stream or with a resource project or the physical resources themselves serving as collateral.

Resource curse: The paradox that countries with an abundance of natural resources, specifically non-renewable resources like minerals and fuels, tend to exhibit worse governance and development outcomes than countries with fewer natural resources.

Service contracting: The procurement of services to serve a mine or extraction site.

Sovereign wealth fund (SWF): A state-owned investment fund or entity which comprises of pools of money derived from a government's reserves. Reserves are funds set aside for investment to benefit the country's economy and its citizens. The sale of natural resources can be one source of reserves.

State capture: The efforts of powerful individuals or firms to unduly shape the laws, policies and regulations of the state to their own advantage via their outsized political influence and/or financial contributions to politicians or high officials.

Stranded assets: Fossil fuel supply and generation resources which, at some time prior to the end of their economic life, are no longer able to earn an economic return as a result of changes associated with the transition to a low-carbon economy.

Supercycle: The sustained period of rising commodity prices that occurred from the 2000s, with prices peaking in 2011 yet staying very high until late 2014.

Transparency, participation and accountability: Initiatives that seek to enhance accountable governance through advocating for increased access to information (transparency). When information is disclosed it can then be used by citizens or civic groups to participate in advocacy and oversight activities. In turn, transparency and participation aim to improve laws and drive policy implementation by governments who are answerable for implementation failures (accountability).

Vertical integration: In this context, referring to efforts to address power imbalances that can lead to accountability failures through coordinated action at subnational, national and transnational levels.

NRGI works to ensure that countries rich in oil, gas and minerals achieve sustainable, inclusive development and that people receive lasting benefits from extractives and experience reduced harms.

For more information visit:

www.resourcegovernance.org