

# End-of-Year Review 2020

**The Natural Resource  
Governance Institute is an  
independent, global policy  
analysis and advocacy  
organization, working with  
partners to ensure that:**

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

# Contents

page

**04**

Summary:  
Progress amid  
profound change

page

**08**

NRGI impact

page

**10**

Getting a  
good deal

page

**14**

Managing  
revenues

page

**18**

Navigating  
the energy  
transition

page

**22**

Addressing  
corruption and  
state capture

page

**24**

Lessons and  
adaptations

page

**28**

Looking  
ahead



In 2020, NRGi helped resource rich countries navigate the unprecedented economic, governance, and social justice challenges of 2020, with timely, rigorous analysis and brokering open dialogue on the path to recovery and resiliency.

# Summary

## Progress amid profound change



Photo: UNEARTH for NRGi

### 2020 brought seismic changes to all sectors of international development, including the governance of natural resources.

A crash in oil prices created immediate revenue shortages and debt concerns at a time when governments needed funds for their coronavirus responses. Desperation for investment to address revenue shortages threatened to undermine decades of gains in governance, environmental and social standards as governments considered concessions to incentivize projects. This short-term decision-making often excluded civil society voices, and in some cases emergency coronavirus measures were used to threaten and restrict civic space.

NRGI's 75 staff were part of a global response by the resource governance field to address these challenges, roiled as any by world events but steadfast in our mission. Through partnerships both longstanding and new across 21 countries, we rose to meet a slew of dynamic resource governance challenges. We provided rigorous, thoughtful analysis on the policy decisions and challenges governments were facing and supported civil society to assess and advocate for critical policy choices.

The NRGi 2020–2025 strategy provided a framework for NRGi to focus and deepen our engagement where our expertise was most valuable. At the same time, we adapted our strategic priorities to better address and contribute to good governance in the transition to clean energy, in the context of volatile commodity prices.

The organization also underwent significant leadership changes, starting with the addition of a new chief financial and administrative officer, Luis Garcia, and concluding with the [appointment of a new president and CEO, Suneeta Kaimal](#). Additionally, Smita Singh took on the role of interim board chair, supporting the ongoing search for a long-term board chair which will be concluded in 2021.

NRGI emerged from 2020 tested, galvanized, reoriented and energized—equipped to innovate solutions for a new generation of resource governance challenges.

# Key achievements



In Ghana, NRGi was part of a coalition of over 15 civil society partners including Africa Center for Energy Policy and Imani Ghana who worked to prevent the controversial Agyapa gold royalties deal, a risky government plan to access funding for their coronavirus alleviation program.

In Guinea, our innovative research, *Resource-Backed Loans: Pitfalls and Potential*, part of our growing debt-focused work, galvanized civil society action to facilitate greater transparency around a previously opaque \$20 billion bauxite-for-infrastructure deal with China, equivalent to around 20% of the country's GDP. NRGi also contributed to tax policy reforms that have the potential to increase government revenue in Tanzania and Uganda.

In Guinea, Lebanon and Tunisia we supported policy changes that have led to greater transparency. And in the Democratic Republic of Congo, we worked alongside the Extractive Industries Transparency Initiative (EITI) Secretariat and civil society partners to hold the extractives sector accountable.

The pandemic wrought economic shocks and created new urgency to address long-standing resource governance challenges. NRGi analysts assessed government responses to swings in commodity prices and the consequent fiscal challenges. This expedited analysis was in many cases the first specific to the resource governance sector and provided the foundation for action by NRGi and others.

Photo: Lauren DeCicca for NRGi

Our growing portfolio of work on the shift from fossil fuels to greener energy—the energy transition—also bore fruit, with the pandemic serving as a dress rehearsal for the inevitable uncertain demand and unstable commodity price future. We supported civil society actors to engage—for the first time—on questions around the extraction of transition-critical minerals in Uganda and encouraged the government of Ghana to consider a post-oil future. We also sought to prevent backsliding on environmental standards of existing extractives projects, making progress on the issue in Peru.

Globally, we supported significant improvements to global standards for commodity trading guidelines and reporting requirements in the EITI. We used our expertise to influence norm-setters like the Global Reporting Initiative (GRI) and the Organization for Economic Co-operation and Development (OECD) to bring energy transition issues to the fore. NRGi also worked alongside these and other partners to facilitate stronger standards and focus on anticorruption. NRGi shared recommendations and laid the groundwork for strategies to lessen corruption risks when private sector actors do business with state-owned enterprises.

# Lessons and adaptations

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The immediate restrictions and limitations imposed by the pandemic required a global shift in the way we work and achieve impact. We became more nimble, responsive and targeted with our programming and communications approaches, seeking to be highly context specific. We pivoted our delivery mechanisms online, where we could have impact in a virtual space and will take these lessons forward beyond the pandemic.

The swings in commodity prices exposed vulnerabilities, including an increased risk that officials will sacrifice long-term national interests to retain and attract current investment (a “race to the bottom”). For example, there were plans to roll back environmental standards in Latin America and utilize questionable funding mechanisms in Ghana. In both cases NRGi supported our partners around the world, providing behind the scenes analysis and amplifying their voices.

We could not have anticipated the major exogenous changes that shook the world in 2020; but we met them well and, leveraging our partnerships, made progress in our mission. Of this we are proud, and we take from it inspiration for the years ahead.

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**With our partners NRGi has demonstrated our adaptability—2020 proved that our long-term engagement and commitment to collaboration can effect change even during a difficult period, with many time-sensitive opportunities and challenges.**

Photo: EITI on Flickr

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# NRGI impact



Photo: UNEARTH for NRGI

By March of 2020, the coronavirus pandemic had left no part of the world untouched and had tangible ramifications on the resource governance space and the extractive sectors. The wide-reaching and varied impacts of the pandemic on global markets heralded a massive global economic downturn with unique characteristics—not merely a fluctuation in commodity prices.

A crash in oil prices and the resultant economic crises previewed a dark future for fossil fuel-producing countries that fail to take immediate steps to prepare for the energy transition. Desperation for investment to address revenue shortages threatened to undermine decades of gains in governance, environmental and social standards. Debt loomed large over those who bet their future on the singular promise of extractive wealth, as many countries found themselves resource rich but revenue poor. Some governments threatened civic space by abusing pandemic-related emergency measures to clamp down on civil society.

By the end of 2020, signs of an uneven economic recovery, or at least some temporary stability in the extractive sector, began to appear.

However, the fundamental questions raised by these global shocks remained unanswered as the pandemic itself continues to be a worldwide concern. The critical resource governance questions the pandemic surfaced remained unanswered by year end, and the debates and real-world consequences of these shifts have no clear signs of imminent resolution. Yet amidst this turmoil, NRGI's interventions produced tangible results across the countries where we work.

Reviewing results and lessons learned from this period, we see that progress was made both on storied and emerging lines of work, and that the organization's direction of travel remains consistent with the overall trajectory outlined in the [NRGI 2020-2025 strategy](#).



# NRGI 2020–2025 strategy

NRGI focuses on governance reforms most critical to economic and environmental sustainability. We work to ensure that citizens can get a good deal for their countries' resources and that authorities manage revenue effectively and accountably. We will help countries to navigate the energy transition, and to eliminate capture and corruption. Our areas of focus are:

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## Getting a good deal

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

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## 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.

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## Navigating the energy transition

Resource-rich countries advance rather than hinder the transition to cleaner energy. Countries rich in minerals critical to renewable energy do not replicate mis-governance in that subsector.

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## 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

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## Guinea discloses mining statistics following calls for improved transparency around coronavirus response

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As the Guinean government launched a response to the coronavirus pandemic, civil society actors were concerned by a lack of transparency in the government's actions.

NRGI and others advocated for the public release of information on the government's response to the pandemic and related changes in extractives production. NRGI supported calls for more transparency with a [blog post](#), an [op-ed](#) and direct engagement with ministry officials to ask for more dialogue with civil society and other stakeholders to maintain transparency and accountability.

Following these requests, the Ministry of Mines and Geology began disclosing information on the government's response to the coronavirus crisis and the related impacts on Guinea's mining sector, including statistics on the mining sector's performance in 2020 and the government pandemic guidelines for companies and mining communities. This quick mobilization in partnership with civil society players leveraged our [longstanding engagement](#) in Guinea.

## Lebanese Petroleum Administration discloses suppliers and breaks new ground in transparency practices

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NRGI and the Lebanese Oil and Gas Initiative (LOGI), a local civil society organization, successfully advocated for disclosure of information on suppliers to the upstream petroleum industry by the Lebanese Petroleum Administration (LPA).

This was a continuation of a previous, successful campaign to influence a 2018 Lebanese law on transparency in the petroleum sector to include disclosure of project supplier identities, including beneficial ownership information. Following the addition of the transparency provision, NRGI pressed for implementation of the law. The LPA made the final disclosures available on its website.

This kind of [supplier disclosure](#) is not common, and particularly unique in that it sets up transparency systems in advance of major operations. This is therefore an important first step in norm setting for this kind of communication in the sector. The work NRGI carried out in partnership to advocate for the legislation's application to suppliers is an important success for NRGI's larger goal of ensuring that a gap between what a law says and what happens in practice, does not accompany new transparency commitments.

## Tunisia’s government moves toward accountability in extractives sector with a participatory audit

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In an unprecedented move, in May 2020, the Tunisian government announced a participatory general audit of the hydrocarbon sector, with focus on signed contracts and granted licenses.

This is the first time that CSOs have had the opportunity to join government auditors in a public audit. The process includes citizen representatives alongside official audit bodies. Despite delays due to cabinet reshuffles and the second wave of the pandemic, the audit mission continues its work. The audit marks the first time civil society organizations in the country have participated in a public audit. The decision reflects the growing influence of civil society and their commitment to increased accountability.

Since 2013, NRGi has trained and mentored Tunisian civil society leaders who can shape extractive sector reforms with rigor and credibility. We help to build the capacity of accountability actors in Tunisia through a combination of direct technical assistance to multiple stakeholders with direct support specifically for civil society. This includes supporting multi-stakeholder dialogue to advance the publication of contracts and adherence to the EITI Standard and facilitating civil society’s specialization through an “action research” model.



## Switzerland requires extractive companies to disclose payments to governments

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In June 2020, Switzerland, a hub for commodity trading firms, introduced a new law in a package of wider reforms requiring Swiss extractive companies to disclose the payments they make to governments around the world.

NRGI had been working with Swiss non-governmental organization (NGO) partners on this regulation since 2014, through joint research, consultations with the government and recommendations on the draft legislation. The new law is aligned with rules already in place in Canada, the European Union, Norway and the United Kingdom, where together these laws have led to the disclosure of over \$1 trillion in taxes, royalties and other payments made to governments worldwide since 2015.

The law includes an important clause which delegates authority to the Federal Council, the country’s executive, to apply the new transparency provisions to Swiss commodity traders buying oil, gas and minerals. The council can activate this part of the law as part of an international process by which authorities in other major trading hubs would make a similar move. NRGi and partners have consistently called for inclusion of these payments. Though the new law does not directly include commodity trading payments, it is an acknowledgment of the risks in the sector and an important step toward increasing transparency and public oversight.



Photo: UNEARTH for NRGi

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# NRGI influences the resource governance agenda for the EITI

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The EITI operates a global standard to promote the open and accountable management of oil, gas and mineral resources. With an NRGI director serving on the EITI’s international board as a civil society representative and co-chair of the implementation committee, NRGI has helped influence the resource governance issues on the initiative’s agenda. Much of this work has been undertaken alongside partners such as Chatham House, Global Witness, the Publish What You Pay coalition and the EITI International Secretariat. NRGI serves as a bridge-builder in the EITI; our staff leverage technical expertise and cross-stakeholder credibility to help people in resource-rich countries conduct analysis and oversight and to inform sound policy choices.

## NRGI positions climate risks and the energy transition on EITI agenda

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For several years, NRGI has pushed the EITI to develop strong tools to tackle climate risk—globally and in the 50+ countries implementing the EITI Standard.

NRGI developed recommendations for concrete analysis and disclosures that stakeholders in EITI countries can pursue now to foster informed public dialogue about the impacts of the global energy transition on national economies. Forward-looking EITI disclosures on projected production and the proportion of future fiscal revenues expected from the extractive sector could inform much-needed analysis on the domestic implications of global energy transition shifts.

EITI’s country-specific multi-stakeholder groups will be an important forum through which global norms lead to change. In each EITI-implementing country representatives from the government, companies and civil society establish a group to oversee EITI implementation. NRGI has already engaged EITI multi-stakeholder groups in Ghana and Uganda—in partnership with the EITI International Secretariat—to explore how they can use EITI disclosures and processes to facilitate national analysis of energy transition impacts and policy responses.

## EITI prioritizes anticorruption issues and develops tools to combat corruption

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In 2020 NRGI pushed the EITI to prioritize addressing extractive sector corruption, including making anticorruption one of its leading strategic priorities.

Corruption risk now features prominently in the body’s strategy. To turn this new focus into action, in 2020, NRGI began designing a corruption diagnostic tool for the extractive sector which will help EITI chapters, non-governmental organizations, international organizations and other actors prioritize corruption risks for action.

# NRGI and EITI strengthen contract disclosure requirements and commodity trading reporting guidelines

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In 2020, NRGI played a key role in advancing EITI disclosure requirements and reporting guidelines. First, in line with NRGI recommendations, the EITI now requires government contract and license authorities to disclose full, amended contracts. Moreover, it will not accept redactions and summaries, even as interim disclosures. These improvements will raise the bar for transparency in the 55 EITI implementing countries, including most countries in which NRGI operates.

Second, the EITI released new reporting guidelines for commodity traders that buy oil, gas and minerals from governments. Though the guidelines are voluntary, they are an important step toward improved disclosure of significant transactions that contribute heavily to some governments' revenue streams and present major corruption risks. The guidelines can be adapted to any commodity-producing country and cover trading firms' resource-backed loans to resource-rich countries in return for oil, gas or minerals. NRGI is carrying this effort forward by advocating that governments of countries home to commodity traders reflect these guidelines in their own laws to strengthen transparency and accountability.



Photo: UNEARTH for NRGI

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# Managing revenues

## Ghanaian civil society stops problematic government approaches to pandemic funding

As the pandemic struck Ghana in March 2020, the government introduced sweeping social, health and hygiene measures to curb the spread of the virus. While heralded as essential for the good of the Ghanaian people, these recovery efforts came with a hefty price tag. Meanwhile a significant drop in oil prices exacerbated Ghana's financial challenges by reducing the expected oil revenues on which the country built its 2020 budget forecasts.

In March 2020, the minister of finance announced plans to amend legislation to allow the use of the Ghana Heritage Fund to support the budget and to lower the cap on the Ghana Stabilization Fund from \$300 million to \$100 million. This would have allowed for short-term access to money in the fund and freed up around \$200 million to for contingency spending. NNGI worked with a broad coalition of six civil society groups to highlight their concerns over the minister's plans to draw on the petroleum funds. The government succeeded in lowering the cap on the Ghana Stabilization fund to finance the coronavirus alleviation program; but following NNGI and civil society's quick mobilization officials abandoned plans to prematurely tap the Heritage Fund.

Still faced with economic pressure from the pandemic, the government moved forward with a separate "innovative financing solution." The government's plan, which has been in the making since 2018, involves assigning 76 percent of gold mining royalties from all of Ghana's current industrial gold production to a new offshore company, "Agyapa Royalties." Officials aim to sell 49 percent of the shares of this company on the London and Ghana stock exchanges in an initial public offering (IPO) for an estimated \$500 million.

NNGI and other civil society organizations (CSOs), concerned with the opacity and risks of the deal, coalesced into an "Alliance of CSOs Working on Extractives, Anticorruption, and Good Governance."

NNGI experts conducted technical analysis, which helped the alliance sharpen its advocacy. NNGI and the coalition moved beyond a sole focus on process and corruption risks; we also outlined additional risks and provided solutions to ensure an adequate valuation of Ghana's gold and to protect the sovereign rights of the government to adjust fiscal terms and maintain control of decisions made by Agyapa Royalties.

Following two months of coordinated pressure from civil society, Ghana's special prosecutor requested the suspension of the IPO until his office completed a corruption risk assessment. This was followed by the president's public disclosure of the special prosecutor's report, accompanied by a letter of acknowledgment, requesting the re-submission of four agreements underpinning the creation of Agyapa Royalties and calling for a broad debate and consensus-building after the December 2020 elections.

In early 2021, the president announced the Agyapa deal would once again be put to the parliament. NNGI and its partners will continue to monitor the evolution of the issue.



Photo: UNEARTH for NNGI

## Tanzania increases potential mining revenues and strengthens anticorruption approach

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In 2017, alongside other legislative changes for the mining sector, the Tanzanian government tried to incentivize domestic processing of raw commodities by removing value added tax (VAT) refunds on raw mineral exports.

Unfortunately, the new regime failed to strike the right balance between generating government revenue and competitiveness. NRGi experts showed the government and parliament that the removal of VAT refunds resulted in significantly higher taxes than other countries in their [analysis](#) of the 2017 tax regime. NRGi advised government officials that they risked deterring new investment and ultimately constraining government revenue.

In June 2020, Tanzania [reintroduced](#) VAT refunds for mineral exports, in line with NRGi's advice. In this case, lowering the tax obligations on extractive companies will maximize revenues through building a more attractive environment for investment. This reform was introduced through the 2020 Finance Bill.

On the anticorruption front, following NRGi-supported advocacy from the Tanzania Extractive Industries Transparency Initiative (TEITI), the Finance Bill also amended the Companies Act to include a comprehensive definition of a "beneficial owner," an important step toward improved disclosure of company ownership. The change helps Tanzania implement the Extractive Industries Transparency Initiative (EITI) Standard 2019 requirement on beneficial ownership disclosure, which NRGi helped to develop. With the legal foundations now in place, TEITI is working to create a beneficial ownership register and publish company ownership data for public use.

## Uganda strengthens extractives taxation regime and joins the EITI

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In 2020, years of work by NRGi and partners led to an improved tax policy, and also opened a new chapter in Uganda's potential for open engagement with civil society on resource governance issues.

At the request of Uganda's Ministry of Finance, Planning and Economic Development's tax policy department, in 2018 NRGi [analyzed](#) Uganda's mining fiscal regime. We recommended that the government improve the framework's responsiveness to mine profitability, particularly given the lack of large-scale investment in Uganda's mining sector, without significantly increasing tax avoidance risks. The tax policy commissioner agreed with our overarching recommendation.

In early 2020 the government released its [revenue mobilization strategy](#). The final document cited NRGi's 2018 analysis in its framework to develop a strong extractive taxation regime. Ugandan officials enshrined sound fiscal principles by drawing on NRGi's past technical support.

NRGi also deepened its engagement in August 2020 after civil society advocates triumphed in a multi-year campaign for the country to officially join the EITI. NRGi had previously provided support and training to the country's EITI multi-stakeholder group (MSG) and Uganda's EITI secretariat; this included the facilitation of the MSG's development of an EITI workplan—a key prerequisite for EITI candidacy. NRGi will continue to support civil society organizations in monitoring, implementation and eventual use of the EITI as a forum to explore energy transition issues. Successful implementation can serve to maximize the benefits of EITI membership for citizens, the Ugandan government and relevant private sector actors.

# Advocacy and research on resource-backed loans lead to transparency gains in Guinea

**Resource-backed loans are financial instruments that allow governments to access finance in exchange for, or collateralized by, future streams of income from their countries' natural resource wealth.**

Guinea has a controversial and, to date, largely opaque \$20 billion credit line from China dating back to 2017. NRGi had sought to improve transparency around the credit line and the resource-backed loans (RBLs) drawn from it, working with the EITI multi-stakeholder group, Guinean Ministry of Mines and Geology, and local civil society organizations but was unable to gain significant traction. In 2019, an EITI validation decision included a recommendation for the government to disclose details of RBLs and gain a full understanding of their implications for the management of mining revenues. The government resisted acting on the recommendation.

The coronavirus pandemic opened space to reinvigorate public debate around the opacity of the RBLs. Seizing the crisis as a moment for enhanced pressure, NRGi shared an embargoed copy of its report, *Resource-Backed Loans: Pitfalls and Potential*, with the Guinean president, the

Ministry of Mines and Geology and state-owned enterprises SOGUIPAMI and ANAIM, to inform decision-makers in advance of the research's key messages on Guinea. We also presented our findings to ten civil society partners, who then developed a collective advocacy strategy. A successful media engagement campaign accompanied the publication of the research.

The Guinean government invited NRGi to present the RBL research, provide transparency recommendations, and to make relevant connections with EITI requirements. As a result of NRGi's engagement with the government and joint advocacy with civil society and the EITI Guinea Secretariat, a forthcoming Guinea EITI report will contain new data on the RBLs drawn from the Chinese credit line. New data include amounts of both loans, totaling over \$600 million already drawn from the credit line, and the lender's interest rates, fees, maturities and repayment mechanisms— all data points that are crucial for oversight. NRGi's work on Guinea's RBLs contributes to norms of transparency around resource revenues which ultimately supports the economic sustainability of public finances.



Photo: Dion Beetson for Unsplash



The natural resource governance field must transform in kind: we and our partners are proactively and positively shaping these tectonic shifts by leveraging the lessons and expertise developed over the past three decades.

Photo: EITI on Flickr

# Navigating the energy transition

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## Latin American civil society actors expand engagement on the energy transition

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In 2020 we produced two pieces of research to influence the energy transition debate in Latin America.

The first proposed that governments should accelerate the migration to cleaner and sustainable energy matrices and to diversify their economies to replace the jobs, incomes and taxes that will be lost with the demise of fossil fuels. The second investigated demands that mining companies made to governments for more flexible consultation and environmental procedures to mitigate production risks and attract new investments.

Our analysis is now framing the conversation in the region. The Latin American Network on Extractive Industries (RLIE) has organized an event series and forthcoming publications to further spotlight the energy transition.

NRGI's capacity development work also made progress in building accountability actors' knowledge and awareness of energy transition issues with a virtual capacity building series. Partners included members of organizations such as Cooperacion and Grupo Propuesta Ciudadana (Peru), Universidad del Magdalena and Pensamiento y Accion Social (Colombia), Fundacion Jubileo (Bolivia), Terram (Chile) and the Stockholm Environment Institute.

During 2020, discussions revolved around the general implications of so-called "strategic minerals" (those considered critical to the energy transition) for Andean countries, the main pandemic-related governance challenges for mining, transparency initiatives and standards applicable to mining, and governance of the electric vehicle battery supply chain with a focus on lithium.

## Peruvian legislators abandon proposals to compromise environmental standards

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In Peru, NRGi made a concerted effort to protect environmental standards from the "race to the bottom," by which officials sought to compromise legal protections to attract extractives investment.

We published analysis on the risks of lowering standards in the face of the coronavirus pandemic and then leveraged this thinking amid a controversial impeachment and ensuing political crisis, during which legislators proposed detrimental changes to environmental standards and deregulation of artisanal mining. NRGi, in coordination with four civil society allies organized as the "Platform for Sustainable Economic Recovery in Peru and Colombia," reviewed the proposed bills and used social media to disseminate messages about the dangers they posed.

Following the pressure from CSOs and wider citizen mobilization against Peru's congress, the legislators who had presented the legislation withdrew both bills. Despite this success, the risk of further backsliding remains and so NRGi and its partners continue to monitor the situation.

# Civil society activists and government officials plan for energy transition in the DRC, Ghana and Uganda

As our emphasis on energy transition issues grows, NRGi—working in tandem with civil society partners—is supporting governments to prepare for the pivot from hydrocarbons toward cleaner energy.

For example, in the Democratic Republic of Congo (DRC), NRGi aims to help stakeholders respond to governance challenges along the country’s supply chain for cobalt, a key mineral for many sustainable technologies. Developments in the Ministry of Mines suggest that officials may be open to engagement on the human rights issues tied to responsible mineral supply chains.

In Ghana, civil society actors have actively engaged in public debates on the future of the Ghana National Petroleum Company (GNPC). As government officials, civil society activists and GNPC executives seek a future course for GNPC, they require an understanding of the implications of the energy transition to make appropriate policy decisions. In these debates, NRGi has supported civil society organizations by introducing the energy transition perspective, posing fundamental questions about how energy transition could affect GNPC’s future.

In Uganda, NRGi held a multiday meeting with the Civil Society Coalition on Oil and Gas, Publish What You Pay and the Ugandan National Oil Company (UNOC) on the company’s governance and path for the future. We explored how the global transition away from oil and gas will increase the risk of investments that UNOC is contemplating (and that many Ugandans eagerly await), and how the company and the government can begin to manage their exposure to transition risks.

NRGi and partners Chatham House and the Commonwealth Secretariat integrated energy transition planning as a core component of the New Producers Group, which brings together officials from more than 30 governments—including Ghana, Uganda, Lebanon, Guyana and Suriname—to exchange ideas and strategies around their management of the petroleum sector and the broader economy. In 2020 the group organized a year-long series of webinars on “Fostering Resilience,” which emphasized strategies for navigating the pandemic’s impacts on the petroleum sector and preparing for a post-pandemic world in which the transition to clean energy may be accelerated. The “Fostering Resilience” series attracted participation from more than 600 participants and culminated in a three-day annual meeting focused on adapting sector policy in order to navigate and advance the global energy transition.



Photo: EITI on Flickr

## NRGI informs the Global Reporting Initiative (GRI)'s new oil and gas standard to cover corruption and economic transitions away from hydrocarbons

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GRI provides one of the most widely used standards for companies to report on the economic, environmental and social impacts caused by industry activities.

It is a primary industry standard used by over 100 companies operating in Colombia, DRC, Ghana, Guinea, Mexico, Mongolia, Myanmar, Nigeria, Tanzania and Tunisia. Recognizing its importance, in 2020, NRGI sought to influence the GRI's first oil and gas standard.

After proactively engaging GRI, we were invited to a working group focused on the development of the standard. NRGI worked alongside Earthworks and the EITI International Secretariat to emphasize key issues such as stranded assets (oil and gas reserves made economically unviable by the need to transition to renewable energy), anticorruption, payments from extractive companies to governments, transparency and governance.

The consequent inclusion of these issue areas in GRI's draft standard further highlights the connection between resource governance questions and energy transition. GRI plans to finalize the standard in the second half of 2021. This will serve as an important tool for NRGI and our partners to hold oil and gas companies accountable for their actions.

## Organization for Economic Co-operation and Development (OECD) creates anticorruption standards for mineral supply chains

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NRGI has partnered with the OECD Forum on Responsible Mineral Supply Chains to integrate a stronger anticorruption approach into the forum's evolving global toolkit on governance of minerals needed for electric vehicle batteries.

As a result of sustained engagement with NRGI and partner organizations pushing for stronger integration of corruption and responses to it—including Berkley's Center for Law, Energy & the Environment (CLEE) and Resource Matters—the OECD is creating guidance on how to address corruption and bribery risks in mineral supply chains.

This document will supplement the OECD's existing guidelines on minerals, which previously focused almost exclusively on human rights and local environmental impacts.

This shift has the potential to spur major actors across the public and private sector to develop a more concrete approach to tackling supply chain corruption, which can be an obstacle to the expansion of clean energy supply chains.

NRGI will continue our more rapid and responsive context-specific approaches, building on our nimble 2020 efforts.

Photo: UNEARTH for NRGi

# Addressing corruption and state capture

## Civil society in DRC facilitates publication of mining contracts and shines a light on corruption risks

Since 2008, the DRC's government has been reforming public enterprises, including those in the extractive industry, by transforming them into commercial companies.

During this process, civil society players have had concerns around some of these companies, particularly the national mining company Gécamines. Given that the DRC's budget is highly dependent on natural resources, effective governance of the sector is a major priority to support DRC citizens' economic and social development.

NRGI worked with the EITI International Secretariat and four civil society organizations to push for full disclosure of missing Gécamines contracts. In September 2020, NRGI and its partners submitted a list of contracts to the new EITI-DRC coordinator to facilitate their disclosure. As a result of this effort, the government made the contracts public; citizens can now access them on NRGI's [ResourceContracts.org](#) database.

One of these contracts revealed Gécamines' sale of future royalties in cobalt supplier Metalkol to Israeli businessperson Dan Gertler through a secret deal. This information confirmed civil society's concerns that corruption risks were unduly influencing mining deals in the country. This revelation has led to a swift response from civil society as citizens attempt to address corruption and transparency issues in the sector.

## NRGI uses commodity trading data for accountability in Ghana's oil sector

State oil company GNPC's sales equaled nine percent of Ghana's government revenue in 2019.

The government's need to respond to the pandemic with reduced government revenues made it more important than ever to prevent potential loss of revenue. In this context, NRGI partnered with three civil society organizations to advocate that Ghanaian authorities disclose trading data, which they then did.

We used the data to draw attention to key issues, including to the terms of the long-term supply agreements and the vulnerability of revenues to price fluctuations, in *Ghana's Oil Sales: Using Commodity Trading Data for Accountability*. The report demonstrates how publicly available data on the state's oil sales activities can be used to hold the government, GNPC and trading companies accountable for how they sell and manage Ghana's oil and its revenues.

To launch this report, NRGI hosted a webinar with stakeholders from GNPC, the Public Interest and Accountability Committee (PIAC), Ghana Extractive Industries Transparency Initiative (GHEITI), media and civil society.

The analysis, accompanying dataset and discussions at the launch revealed the need for greater transparency in oil sales contracts, disclosure of sales data by international oil companies and enhancement of GNPC's buyer selection process. Pairing transparency with this kind of scrutiny should make oil-trading corruption less likely in Ghana, helping Ghanaians to avoid the malfeasance, scandal and associated revenue losses observed in oil sales in many other producer countries.

## U.S. Securities and Exchange Commission (SEC) adopts revised extractive industry payment transparency rule citing NRGi submission

Section 1504 of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 requires the SEC to adopt a rule by which SEC–regulated extractive companies must disclose payments to governments related to the commercial development of oil, natural gas or minerals.

In 2012, the initial SEC rule set an international precedent for granular, contract–based, project–level payment transparency which has been subsequently adopted into law by the European Union, Canada, Norway, Switzerland and the United Kingdom, and by the voluntary EITI.

However, in the U.S. industry interests had successfully countered the rule through legal challenges and congressional lobbying. In early 2020, the SEC initiated a comment period on a new, weaker rule. NRGi and our allies in the Publish What You Pay coalition made multiple submissions to the public record suggesting improvements to the draft rule. At the close of 2020, the SEC adopted a new final rule.

The rule as enacted has significant shortcomings. However, it does include a reduced and simplified \$100,000 payment threshold and cites an NRGi submission related to this decision. This means that a greater number of projects will be subject to disclosure by companies. Multiple submissions leveraged our [ResourceProjects.org](https://ResourceProjects.org) portal in a compelling way and demonstrated NRGi's advancement of the use of data. NRGi continues to strategize future engagement with this rule under the new U.S. administration as the election of President Joe Biden and shifted political landscape may allow for new opportunities.

## Companies exchange good practices and consider upgrades to their anticorruption approaches when partnering with state–owned enterprises

In many past corruption cases involving state–owned enterprises (SOEs), foreign companies have played enabling roles. At the same time, many of these companies are reforming their anticorruption programs, which could help reduce opportunities for corruption in the countries where they do business – even in countries where the political will to address corruption remains in short supply.

In 2019, NRGi began a project to engage with international companies that partner with SOEs in deals that exhibit high corruption risks. The project seeks to encourage companies to adopt enhanced anticorruption safeguards in such scenarios.

To this end, in 2020, we engaged with a wide range of private sector entities and anticorruption experts to discuss good practices and shortcomings in preventing corruption. We conducted several dozen interviews, and then convened a series of five virtual workshops on topics of leading concern. The workshops attracted participation from 51 individuals from 30 organizations, including 17 of the world's largest extractive companies, including production, service and trading companies, as well as leading financial institutions, multilateral organizations, research bodies, and consulting and law firms.

These discussions created a place for NRGi to raise the alarm with industry players about overlooked corruption risks, including the prevalence of actors in extractive sector supply chains, the use of intermediaries and agents, and payments to SOEs subject to misappropriation. Companies are more likely to adjust policies in areas that receive external scrutiny. Second, we created a unique “safe,” closed–door space where industry players, including many competitors, exchanged openly about successes and challenges in their anticorruption approaches. Finally, the engagements helped NRGi to strengthen relationships with the participating companies and organizations. These relationships will be of great value during the project's final phase in 2021, when NRGi completes further consultation, publishes a set of anticorruption guidance, and promotes it among industry players.

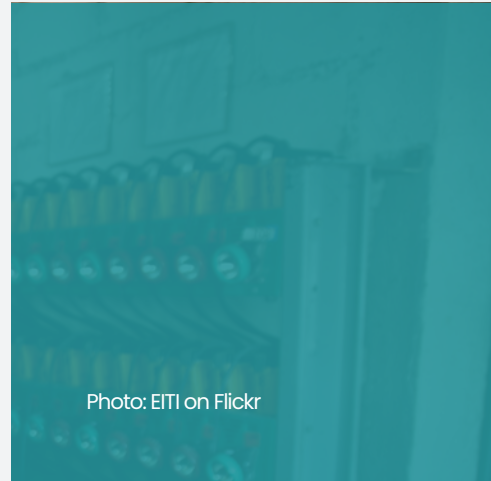


Photo: EITI on Flickr

## Lessons and adaptations

In 2020, the coronavirus pandemic had an unprecedented impact on resource-rich countries. Amid these changes, we assessed whether our work as planned would address a new generation of challenges and where we might have needed to pivot our approach.

From an early focus on extractive revenue and tax transparency, we have achieved significant gains in expanding the disclosure of previously hidden information across the natural resource value chain. The significant transparency gains of the last decade have been a critical step in improving resource governance, but our work cannot end there.

The pandemic precipitated a steep decline in oil and gas prices, which later partially recovered. However, higher break-even prices—at which sales of commodities cover the costs of their extraction—and longer project timelines now mean that untapped oil and gas that would once have turned a profit may not be worth extracting. Conversely, rising demand for the “critical minerals” needed for energy transition technology is generating excitement in many countries, but questions remain about how this demand will take shape and who is to benefit the most. These economic shifts accompanied rising threats to democracy, including surging populism, repression of civil society, and global power shifts. The next decade will bring staggering changes in the political economy of energy as these trends continue.



The natural resource governance field must therefore transform in kind: we and our partners are proactively and positively shaping these tectonic shifts by leveraging the lessons and expertise developed over the past three decades. We now view all our work through the lens of the ongoing energy transition, and we are expanding our efforts to use hard-won data disclosures to hold governments and companies to account. Moreover, we are forming deeper strategic linkages with partners working toward our broader goals of poverty reduction and sustainable development. These novel partnerships must include a range of actors—international financial institutions, government representatives, investors, and activists and thinkers in civil society movements related to climate, corruption, human rights, gender and tax justice.

The updated NRGi strategy anticipated many of the shifts that occurred in 2020, although the pandemic rapidly altered the timeline of these changes and transformed their implementation. Helping countries get a good deal for their extractives continues to be a priority, but the pandemic reified the need to not only build strong accountability systems, but to work to maintain those mechanisms when they come under pressure. Keeping these norms and tools strong prevents the use of short-term crises as an opportunity to backslide on standards. Our work to support countries to better manage their revenues from extractives has taken on an added dimension of importance as declining revenues may put countries at significant risk of defaulting on resource-related debt.

On our most expanded area of work—navigating the energy transition—we expected a need to address the climate crisis and as a result developed this distinct strategy pillar on the issue. Yet this nascent issue area was suddenly brought to the fore in the pandemic era. As the events of 2020 clearly brought the future of fossil fuels into question, countries and SOEs sought to make concrete and long-term decisions around the future of their extractive industries. Our corruption work has grown more diverse and continues to cut across many of these issues as we work to both build anticorruption mechanisms and also facilitate scrutiny on potential impropriety in resource governance.

With our partners NRGi has demonstrated our adaptability—2020 proved that our long-term engagement and commitment to collaboration can effect change even during a difficult period, with many time-sensitive opportunities and challenges. Yet we must further expand these partnerships and look beyond the conventional borders of the resource governance field to complement broader movements. We seek to engender in broader disciplines spill over benefits for good governance of natural resources.



Photo: EITI on Flickr

## Adapting NRGi ways of working for the pandemic and beyond

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**The immediate restrictions and limitations imposed by the pandemic posed a learning challenge: how can NRGi update its ways of working to align with restrictions on gatherings and travel, how can we ensure we are adding our voice to rapidly developing conversations, and which new methods of working can we carry into a post-pandemic era?**

### Meeting communications challenges and identifying opportunities

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A pivot to a more agile form of external communications helped lay the foundation to our response to the pandemic. NRGi staff produced [timely blog posts](#) (and [social media-friendly content](#) to promote them), increased social media usage and targeted [media outlets](#) to carry our commentary pieces. The blog posts and op-eds led to more media interest and website traffic ticked upwards. Visits to the NRGi's main website increased from March onward, peaking in November. Moreover, the country-specific shifts related to the pandemic and commodity price swings were the impetus for [relatively rapid](#) assessments, complementing NRGi's larger-scale and more time-intensive interventions. Country-specific content also supported our growth—in October our [blog post](#) on Ghana's controversial Agyapa deal received over 9,000 page views, mostly from within the country.

NRGi also applied this more agile approach in producing its growing body of work related to the energy transition. The posts and op-eds in the [Resource Governance and the Energy Transition](#) commentary series complemented our deep-dive analytical knowledge products with more accessible and quick-turnaround outputs. The series enabled us to bring together a diverse range of voices—from inside and outside of NRGi—and generate insights on emerging questions in a shorter timeframe than a typical analytical output.

Looking ahead, NRGi will continue to expand its content strategy along the lines of 2020's adaptations. NRGi's audiences will receive a greater variety of more accessible content structured around key messages, with the option to dive deep into data and specific analysis.

### Developing capacity virtually

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Building change agents' knowledge and creating networks of reform-minded individuals is one of the linchpins of NRGi's work. As online offerings became the only way to conduct certain types of capacity building, NRGi built on past online successes, with our [massive open online course \(MOOC\)](#) and [Petronia, a simulated learning experience exploring resource governance policy challenges](#). While these offerings were previously supplemental, this type of engagement has suddenly become the norm. In turn, NRGi invested in training our staff and country teams to understand when online learning is appropriate and how to do it well, and we helped our partners to do the same.

At the global level, we transformed NRGi's [advanced resource governance course](#), usually held in person in a single location, into a fully online course combining live lectures, question-and-answer sessions, multimedia content, forum discussions and group work. NRGi adopted a different strategy for the [executive course for senior policy makers](#) co-organized with the Blavatnik School of Government at the University of Oxford. We cancelled the 2020 in-person edition and instead programmed an online event entitled [Managing Oil, Gas and Mining Governance in Exceptional Times](#). The 150-minute online event featured a live discussion led by Professor Paul Collier and pre-recorded videos by course faculty. Throughout the event, analytics showed 110 attendees were consistently engaged. Although this year's course looked considerably different than in the past, our new approach was ultimately successful in facilitating active participation by our target audience.

Our in-country programming also pivoted to virtual offerings. For example, in Latin America, we re-designed the capacity development portion of a project on the supply chain of strategic minerals to be wholly online.

Building on what we learned about online capacity development we will have a more diverse arsenal of learning tools at our disposal, even when in-person gathering is more feasible.



Photo: EITI on Flickr

## Deepening our understanding of gender's intersection with resource governance

Given that a significant amount of NRG's work focuses on national policy and economic frameworks, we have taken the decision to explore the gender dimensions of these structures, with the aim of improving gender equality in the extractives sector. The starting point for this work is research and analysis working with several countries. In 2020, NRG contributed to outcomes supporting a more advanced understanding of gender in the resource governance context by:

- **Advocating** for gender-sensitive approaches in relevant multilateral forums on natural resource governance.
- Promoting **gender-sensitive** data disclosures in line with EITI guidance and including gender-disaggregated data in research outputs where relevant.
- **Supporting partner organizations** that are working on gender and resource governance projects. We provided substantial support to the research and advocacy work of the Africa Center for Energy Policy, our partner in Ghana, on its work on gender and utilization of mineral royalties.

In 2021, we will publish additional resources, including a report and a database of extractive governing documents mentioning women, gender and sex.



Photo: Andre Malerba for NRGi

## Looking ahead

NRGI will continue our more rapid and responsive context-specific approaches, building on our nimbler efforts in 2020.

The energy transition demands that we lead and respond with agility, as resource-rich countries have the opportunity to break cycles of poor decision-making and build more resilient economies.

Our February 2021 flagship publication, *Risky Bet*, explores the risks the energy transition brings for national oil companies and governments reliant on oil revenues and outlines a series of recommended actions. NRGi will continue to bring this analysis into conversations about policy decisions both in our focus countries and globally.

In addition, working closely with local partners, we want to help producing countries make extractives sector policy and governance choices that allow them to benefit from greater penetration of solar and wind power. In Lebanon, for instance, we have outlined the dangers of betting too heavily on natural gas, and on the possible upsides of renewable electricity. In Tanzania, we have analyzed the economics and risks of the country's offshore gas-to-power project in detail.

We will also release the [2021 Resource Governance Index](#)—a measure of the governance of oil, gas and mining sectors in resource-producing countries. This provides an evidence base for advocacy around the most pressing resource governance gaps globally and in key NRGi countries, and will provide a useful measure of progress, or reversals, since the first Resource Governance Index report in 2017. With the index, we will bring together the key themes on which we work, identify reform opportunities at the country level and engage with our partners around the world.

In Mongolia, NRGi is currently piloting a corruption risk diagnostic tool for EITI multi-stakeholder groups. This will help EITI countries identify and address corruption risks across the sector, including in risk-prone areas such as licensing and state-owned enterprises.

NRGI will also publish recommendations that emerged from 14 months of engagement with a wide range of private sector entities and anti-corruption experts to discuss good corruption practices and shortcomings in preventing SOE corruption.

Debt considerations will likely continue to be important to many NRG countries, and debt is deeply connected to resource dependency. Our future work on debt will build on 2020's resource-backed loans research, including influencing key players on global debt issues and a more focused engagement on commodity trader loans and state company debt. As we work to reduce dependency on the sector, we will focus support on SOEs in Mongolia and Ghana, resource-backed lending in Guinea and Ghana and budget analysis in Nigeria, as well as forward economic linkages in Africa and Latin America. We will also develop thinking around debt and energy transition intersections.

NRGI is researching the nature and scale of global shifts in the "Race to the Bottom," changes made by governments that are intended to attract or retain investment. Based on this research, we plan to draw lessons that can help inform advice to country-level actors on prevention and to global initiatives on broader trends.

Finally, we look forward to completing recruitment of our next permanent board chair in 2021. Smita Singh continues to take on the role of interim board chair and is overseeing the completion of the search process.

The lessons of 2020 will serve NRG well as it tackles this and other shifts that have remade the resource governance landscape.



We could not have anticipated the major exogenous changes that shook the world in 2020; but we met them well and, leveraging our partnerships, made progress in our mission. Of this we are proud, and we take from it inspiration for the years ahead.

Photo: Mumtahina Tanni for Pexels



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](http://www.resourcegovernance.org)**