



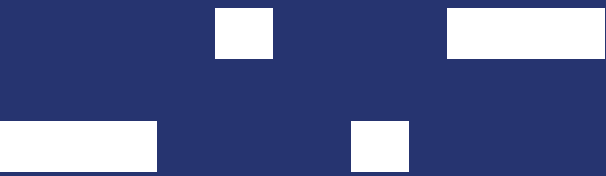
Extractive Industries  
Transparency Initiative



# Navigating the energy transition: Data and dialogue to strengthen extractive sector governance

POLICY BRIEF





# Contents

<b>The energy transition and the extractive industries</b>	<b>4</b>
<b>Benefits of using data and dialogue in the energy transition</b>	<b>5</b>
Benefits for governments	5
Benefits for citizens	5
Benefits for companies	6
<b>Using data and dialogue to navigate the energy transition</b>	<b>7</b>
1. Supporting policy coherence and coordination	8
2. Managing public finance risks and economic vulnerabilities	10
3. Advancing anti-corruption efforts	15
4. Strengthening the voice of communities	18
5. Shedding light on greenhouse gas emissions	22
<b>Potential lessons for the renewable energy sector</b>	<b>24</b>
<b>Endnotes</b>	<b>26</b>

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November 2023

The EITI would like to thank the Natural Resource  
Governance Institute (NRGI) for their input to this brief.

# The energy transition and the extractive industries

The energy transition is reshaping the extractive industries, presenting both opportunities and challenges for resource-rich countries. Shifts in demand for fossil fuels and minerals are influencing investment decisions and the extractive sector's economic contributions.

For countries producing oil, gas and coal, there is uncertainty about the long-term viability of their projects and potential declines in government revenues. For mineral-rich countries, there are prospects for new investments and revenue streams, but they may also face financial challenges due to market volatility. Beyond affecting public finances, the energy transition also poses corruption risks and influences the lives of local communities and the extractive sector's environmental impacts.

While many of these opportunities and challenges are not new, the speed and scale of change driven by the energy transition are unprecedented. This urgency underscores the need to strengthen governance to ensure the world can achieve its decarbonisation goals while benefitting resource-rich countries and their citizens.

Doing so requires data to inform forward-looking analysis, policy responses and public debate. The [2023 EITI Standard](#) responds to stakeholder demand for data on the energy transition, including on national policies, subsidies, reserves, revenue forecasts, social expenditures and environmental impacts, including greenhouse gas emissions. Such data can help governments and citizens gain deeper insights into how their economies and communities may be impacted by the energy transition in the coming decades, and provides evidence for policymakers to manage risks and leverage opportunities.

While data is essential, it is insufficient on its own to ensure the energy transition provides benefits to citizens. The EITI can further support resource-rich countries in addressing the economic, social and environmental implications of the energy transition by fostering dialogue between governments, companies and civil society. Used effectively, the EITI serves as a platform for stakeholders to engage in shaping the future of the extractive sector and ensure transparency and accountability in transition pathways.

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# Benefits of using data and dialogue in the energy transition



## Benefits for governments

Data and multi-stakeholder dialogue can help governments ensure that policy decisions impacting the extractive industries serve public interests over the longer term. Governments can:

- **Align national policies** on climate change, energy and extractives to strengthen coordination among government institutions and improve coherence in decision-making.
- **Mitigate public finance risks** arising from shifting demand patterns and market scenarios to support better long-term economic planning.
- **Engage communities** in transition plans and the mitigation of potential impacts, building trust and enhancing transparency and inclusivity in decision-making.



## Benefits for citizens

Data and multi-stakeholder dialogue can empower communities to meaningfully participate in decisions that impact their lives. Citizens can:

- **Use data and dialogue** to understand the energy transition's impacts on communities and ensure that local priorities and needs are considered in decision-making.
- **Mitigate corruption** by identifying and addressing vulnerabilities to reduce the risk of rights violations and environmental harm and ensure that the sector's benefits flow to citizens.
- **Safeguard public interests** by demanding that investment and spending decisions benefit citizens over the longer term.



## Benefits for companies

Data and multi-stakeholder dialogue can enable companies to build trust with investors, communities, governments and other stakeholders in their approach to navigating risks and opportunities. Companies can:

- **Build trust** with communities and governments by engaging in meaningful and inclusive discussions on local environmental, social and economic impacts, thereby strengthening a company's social license to operate.
- **Align investment decisions** with climate goals by ensuring transparency around a company's emissions and its management of climate-related financial risks.
- **Tackle corruption risks** by establishing robust anti-corruption policies and due diligence processes, thereby building trust around a company's integrity and sustainability performance.



PHOTO CREDIT: IQBAL LUBIS

Aerial photograph of a nickel processing facility  
in North Morowali, Indonesia.

# Using data and dialogue to navigate the energy transition

The energy transition is reshaping the extractive industries at an unprecedented pace and scale, presenting opportunities and challenges for resource-rich countries. EITI disclosures and dialogue can support accountable decision-making in a changing industry.

This section outlines how the EITI can be used to strengthen coherence and coordination on national energy transition policies; manage public finance risks and economic vulnerabilities; advance anti-corruption efforts; strengthen the voice of communities; and shed light on greenhouse gas emissions.





## Supporting policy coherence and coordination

Government policies on climate change and the energy transition are likely to have an impact on the extractive industries. Building a clear picture of the policy landscape and fiscal regime and what these mean for the production of transition minerals or fossil fuels is important for promoting coordination and alignment between government institutions and ensuring government action serves long-term public interests.

### How EITI data can be used

#### *Aligning energy transition plans and extractive sector policy*

Implementing countries are required to disclose national energy transition commitments, policies and plans that are relevant to the extractive industries and are encouraged to disclose related reforms. They are also encouraged to disclose information on carbon pricing mechanisms, carbon taxes and public subsidies (Requirement 2.1). Finally, companies are encouraged to disclose tax deductions and incentives (Requirement 4.1) and countries are required to disclose quasi-fiscal expenditures, which can include public social expenditures like fuel subsidies (Requirement 6.2).

This data is vital for understanding how government decarbonisation efforts affect the extractive sector. It can also shed light on how government policies in the extractive industries either support or hinder climate change mitigation. For example, data on carbon pricing, taxes, subsidies and tax deductions can help stakeholders understand whether the government and state-owned enterprises (SOEs) are using fiscal tools to incentivise or discourage extractive activities.

EITI disclosures can also help to identify instances where there is a lack of policy coherence or coordination among government institutions. For example, licensing decisions or fiscal policies that are at odds with global demand projections may indicate misalignment with long-term public interests.

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## Key EITI Requirements

*2.1 Legal  
framework and  
fiscal regime*

*4.1 Comprehensive  
disclosure of taxes  
and revenues*

*6.2 Quasi-fiscal  
expenditures*



## CASE STUDY

## Germany

### Shedding light on energy transition pathways

Germany is a significant producer of lignite (brown coal), which is used for electricity generation in Europe and domestically. The country has committed to phasing out coal-fired power and lignite mining by 2038 at the latest.<sup>1</sup> Concurrently, the use of renewable energy sources is steadily increasing in Germany's energy mix.

Germany uses the EITI for multi-stakeholder dialogue and reporting on national energy transition policies. The country's EITI reporting describes legislation to phase out coal and how this impacts the electricity market, including cost analysis on reduction targets and details on subsidies for the decommissioning of coal-fired power plants. Reporting also covers environmental protection and restoration requirements, federal support for coal mining regions, and details on the national emissions trading scheme.

Moreover, EITI reporting provides contextual information about the country's growing renewable energy sector, including market trends, details on subsidies, and an analysis of the sector's economic contributions, including its impact on employment.



Bucket-wheel excavators in the Garzweiler surface coal mine in Germany.

PHOTO CREDIT: RAIMOND SPEKING



## Managing public finance risks and economic vulnerabilities

The energy transition is impacting global supply and demand for oil, gas and minerals. This shift has implications for investment decisions, project viability, government revenues and the sector's broader economic contributions. For fossil fuel producers, global decarbonisation efforts create economic uncertainties. Conversely, countries producing transition minerals may experience economic opportunities but also face challenges tied to market volatility.

Both governments and citizens require a clear understanding of how the energy transition impacts the viability of extractive projects and the overall economic contribution of the sector. EITI data can shed light on the economic dependence and susceptibility of government revenues to changing market conditions, facilitating revenue management and long-term economic planning. It can also inform debate on the implications of licensing decisions and investments made by state-owned enterprises, and their alignment with public interests.

### How EITI data can be used

#### *Assessing project viability*

The pace and scale of global decarbonisation efforts has implications for commodity prices. EITI disclosures provide valuable information on how these changes might affect individual oil, gas and mining projects and the potential consequences for government finances. This includes the risk of projects becoming commercially unviable "stranded assets", as well as risks related to more expensive projects (as well as those with higher greenhouse gas emissions) being sold to companies with weaker environmental, social and governance (ESG) commitments.<sup>2</sup>

Critical data includes project-level disclosures on current and anticipated production levels, data from both companies and implementing countries on costs, and government assumptions around future commodity prices (Requirements 3.2, 4.10 and 5.3). Stakeholders can use this information in combination with fiscal terms to develop financial models, which estimate the extent to which projects are vulnerable to changing market dynamics and can identify associated risks to public finances. Governments and citizens can also use this information in combination with emissions data to identify projects that are at risk of being sold to companies with lower ESG standards.

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## Key EITI Requirements

*3.2 Production data*

*4.10 Project costs*

*5.3 Additional information on revenue management and expenditures*

## CASE STUDY

## Republic of the Congo

### Modelling EITI data to estimate oil project revenues

In the Republic of the Congo, the extractive industries contribute more than half of the government's total revenues. EITI reporting has played a crucial role in gathering valuable information. In 2013, the country began publishing oil production data for all licenses, and three years later it expanded its disclosures to include all individual oil sales and project costs for each license. The government also discloses all its oil contracts in full.

These disclosures have enabled the EITI in the Republic of the Congo to conduct an analysis of past trends and forecast potential future revenues under different scenarios. Using financial modelling, the study looked at past and expected future payments from key oil projects as well as companies' oil sales, to promote an informed debate based on the analysis of EITI data and examine the effectiveness of Congo's fiscal policies.<sup>3</sup>

#### *Understanding macroeconomic opportunities and challenges*

EITI disclosures can shed light on the role of the extractive industries in a country's economy and how it could evolve during the energy transition. Data on the extractive sector's economic contributions, such as its impact on gross domestic product, government revenues, exports and employment (Requirement 6.3), can inform understanding of economic dependency and vulnerability. For example, a government that is heavily reliant on revenues from the fossil fuel industry could use this data to initiate discussions on mitigating economic shocks that may arise from shifts in global demand.

EITI data can also provide insights into how the sector's economic importance might change over time. Data on reserves (Requirement 3.1) and revenue forecasts (Requirement 5.3), including assumptions around future production levels, allows stakeholders to identify economic opportunities and challenges.

## **Key EITI Requirements**

*3.1 Exploration activities*

*5.3 Additional information on revenue management and expenditures*

*6.3 Contribution of the extractive sector to the economy*

**CASE STUDY****Mauritania****Understanding the energy transition's revenue potential**

As countries intensify their efforts to meet climate targets, some are investing in natural gas, a cleaner-burning alternative to more carbon-intensive fossil fuels. Additionally, there is growing interest and investment in green hydrogen, a means of storing energy that is produced by extracting hydrogen from water molecules using renewable electricity.

For Mauritania, a country endowed with substantial natural gas reserves and considerable renewable energy potential, these global trends hold the promise of significant opportunities. To gain a deeper understanding of how these trends might impact the country's economy, EITI Mauritania commissioned a study to explore how the gas and green hydrogen sectors might contribute to government revenues under various price scenarios. The study, supported by USAID, provided recommendations for ensuring responsible management of growth in these sectors.<sup>4</sup>

**CASE STUDY****Ghana****Mapping transition minerals to identify opportunities for value addition**

In Ghana, the EITI commissioned a study, with support from USAID, to map the socio-economic opportunities and governance challenges in the country's transition minerals sector. The study aimed to empower policymakers and stakeholders with credible data to navigate the complexities of an evolving landscape.

The report offered insights on the evolving role of the minerals sector in the energy transition. It presented key information on proven reserves for four selected transition minerals, assessed the legal and regulatory framework governing the sector, and examined the fiscal, social and environmental opportunities and challenges. Drawing on production and revenue data from previous EITI Reports, the report highlighted that mining revenues from transitional minerals had been limited in the past decades. To respond to growing global demand, the report recommended the need to optimise the country's mining legal and fiscal regime to ensure the sector can add value beyond solely extracting for export.<sup>5</sup>

Findings from the report have since informed Ghana's National Energy Transition Framework, published in November 2022,<sup>6</sup> as well as public debate around the need for critical mineral beneficiation policies.<sup>7</sup> The government is currently updating its mining policy, which is expected to align with recommendations from the report to integrate transition minerals as part of the government's energy policy.



PHOTO CREDIT: NICK FOX / SHUTTERSTOCK

Natural gas cargo ship  
off the coast of Senegal.

*Scrutinising investments by state-owned enterprises*

The energy transition is influencing investment decisions made by SOEs. In several countries, the strategic importance and estimated economic value of transition minerals are driving calls for increasing state participation in the mining sector.<sup>8</sup> Elsewhere, SOEs are investing in fossil fuel projects, despite concerns about their compatibility with global emissions targets.<sup>9</sup>

EITI disclosures can inform discussions on whether SOE investments align with long-term public interests. The EITI Standard encourages SOEs to disclose their investments in the extractive sector (Requirement 2.6), which can offer insight into how public funds are invested and associated risks.

Moreover, SOEs are encouraged to disclose how considerations related to the energy transition and climate change influence their investment decisions. These disclosures can enhance public understanding and foster debate on the extent to which SOEs are proactively managing the opportunities and risks posed by the energy transition.

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**Key EITI  
Requirement****2.6 State  
participation****CASE STUDY****Ghana**  
**Investments in state-owned assets**

Between July and August 2021, Ghana's parliament sought to approve a deal to borrow USD 1.65 billion, aimed at increasing the state's ownership in two oil blocks through the Ghana National Petroleum Corporation (GNPC). The deal was intended to accelerate the development of assets in the face of the energy transition and to mitigate the risk of stranded assets.

However, the deal raised concerns regarding potential governance risks, such as rising government debt and the valuation of the assets, which was based on a scenario of high oil prices. Doubts also emerged around the sustainability of investments in new oil assets managed by GNPC.

The case demonstrated growing public interest in the energy transition. It underscored the role Ghana EITI can play in facilitating data-driven public debate on the role of SOEs, the risks associated with state investments and implications for debt sustainability. Ghana EITI is exploring opportunities to incorporate energy transition disclosures into their reports to promote further dialogue in this area.



## Advancing anti-corruption efforts

The energy transition is reshaping corruption risks in the extractive industries. Experience shows that rapid deal-making, coupled with expectations of high profits, can drive corruption. This is especially pertinent in the award of licenses, procurement contracts and commodity trading deals. The dynamic is particularly relevant to the mining sector, where the energy transition is driving demand growth. In the fossil fuel sector, the decision by some companies to divest from riskier projects may expose new corruption challenges related to license transfers. Corruption can also impact broader government action on the energy transition, with the risk of capture and undue influence by private interests over public policy.

To support a just energy transition, the extractive sector needs to take decisive action on corruption. Key aspects of the 2023 EITI Standard include promoting transparency in the awarding of licenses and contracts, as well as provisions related to the governance of SOEs to support anti-corruption efforts.

### CASE STUDY

#### Public advocacy on corruption in energy transition mineral supply chains

The mining sector assumes a critical role in supplying the world with the minerals needed for renewable energy technologies. But corruption threatens the mining sector's ability to live up to this promise. It can undermine the safeguards intended protect communities and the environment, channel public funds into private hands, and disrupt mineral supply chains, thereby slowing down efforts to shift to low-carbon technologies.

In response to this pressing challenge, a group of anti-corruption experts convened by the Natural Resource Governance Institute (NRGI), the Organisation for Economic Co-operation and Development (OECD) and the EITI, issued a call to action urging governments, companies, investors, international organisations and others to implement measures aimed at preventing corruption in mineral supply chains for the energy transition.<sup>10</sup> These measures include stepping up efforts to identify and mitigate corruption risks, strengthening environmental and social safeguards and promoting information disclosures. The EITI Standard stands as a valuable tool for addressing corruption risks in the transition minerals sector, offering a robust framework for transparency and accountability.

## How EITI data can be used

### *Promoting accountable license and contract awards*

License and contract awards are often susceptible to corruption. This challenge is particularly apparent in the transition minerals sector where growing demand can drive an uptick in investments. EITI disclosures play a role in mitigating these risks by strengthening transparency on license and contract awards.

Disclosures related to award criteria and processes can enable stakeholders to understand whether decision-making is transparent and competitive. This is particularly important in contexts where governments streamline or fast-track awards to expedite the production of transition minerals. EITI disclosures can also unveil deviations from established rules in specific awards processes, potentially signalling instances where governance safeguards were circumvented (Requirement 2.2).

Furthermore, EITI disclosures shed light on the companies involved and their beneficial owners (Requirements 2.5). This enables stakeholders to identify cases where licenses were granted to politically connected companies, potentially indicating conflicts of interest. Companies reporting to the EITI are also expected to publish their anti-corruption policies (Requirement 1.2), which can strengthen awareness on their approach to tackling corruption risks.

Implementing countries are required to disclose contracts and licenses entered into or amended since 1 January 2021 (Requirement 2.4). These disclosures empower stakeholders to identify whether agreed terms deviate from industry or market norms, which may indicate an increased risk of bribery or favouritism influencing contract negotiations.

The Expectations for EITI supporting companies further reinforce the EITI's anti-corruption provisions. Supporting companies are expected to publicly disclose their beneficial owners, engage in rigorous due diligence processes, publish an anti-corruption policy and support government efforts to publicly disclose contracts and licenses.<sup>11</sup>

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## Key EITI Requirements

*1.2 Company engagement*

*2.2 Contract and license allocations*

*2.4 Contracts and licenses*

*2.5 Beneficial ownership*

## CASE STUDY

### **Philippines** Identifying integrity challenges in nickel licensing

The Philippines is one of the world's top producers of nickel, an important transition mineral that is expected to see growing demand due to its use in a range of low-carbon technologies.<sup>12</sup> To better understand potential corruption risks related to nickel extraction, the Philippines EITI commissioned an integrity study with support from USAID in 2023. The study used a corruption diagnostic tool, developed by NRG, to conduct an in-depth investigation of integrity risks, including in the licensing and contracting procedures for large-scale nickel mines. It provided recommendations for mitigating governance and corruption risks, as well as an action plan for the Philippines EITI to address priority risks and strengthen its anti-corruption work.<sup>13</sup>



### *Strengthening SOE governance*

A significant proportion of recent corruption cases in the oil, gas and mining sectors have involved SOEs.<sup>14</sup> As SOEs pursue new business opportunities in the context of the energy transition, corruption risks may surface in the use of agents and intermediaries, supplier and contractor selection, and commodity trading.

The EITI Standard encourages SOEs to disclose the identity and beneficial ownership of involved parties (Requirement 2.6), enabling stakeholders to identify potential conflicts of interest. The EITI Standard also encourages SOEs to disclose beneficial ownership information on companies buying oil, gas or minerals and the identity of intermediaries or agents involved (Requirement 4.2), which can help stakeholders to identify corruption risks in commodity trades.

## **Key EITI Requirements**

*2.6 State participation*

*4.2 Sale of the state's share of production or other revenues collected in kind*



PHOTO CREDIT: JAN ARNE WOLD & ØYVIND GRAVÅS / © EQUINOR

A platform in the Martin Linge oil and gas field off the coast of Norway.



## Strengthening the voice of communities

The energy transition carries profound implications for individuals and communities living near energy and mining projects. In regions experiencing increased investment, local governments and communities stand to gain new revenue streams, job opportunities and community spending from energy and mining companies. However, they also face potential disruptions to traditional livelihoods and environmental harm. Conversely, in regions with declining investments, local stakeholders grapple with revenue and job losses while dealing with the environmental legacy of past extractive activities. At times, individuals may experience these impacts differently depending on their gender and the role they play within their community.

To support a just, inclusive and sustainable energy transition, community stakeholders need information that helps them understand how the extractive industries are impacting their lives. This information must support greater accountability and provide communities with opportunities for meaningful participation in dialogue with government and companies regarding decisions that affect them.

### How EITI data can be used

#### *Strengthening community participation in decision-making*

The energy transition has implications for the livelihoods of communities living near oil, gas and mining projects.<sup>15</sup> Involving local stakeholders in decisions that impact their lives is critical to ensuring the energy transition advances in a manner that respects community rights.

In countries where community consultation is mandated by law, EITI implementing countries and reporting companies are expected to disclose a description of how consultation processes were conducted in practice. The EITI Standard also requires the disclosure of rules related to free, prior and informed consent (FPIC) in licensing processes.

Stakeholders can use these disclosures to assess the extent to which community perspectives are taken into account in decision-making. This is particularly important in the transition minerals sector, where projects may take place in environmentally and socially sensitive areas, and where there is an urgent need to ensure strong safeguarding of community rights.

The EITI can also be used to advance community participation in decision-making on the energy transition. The EITI Standard requires that civil society is fully, actively and effectively engaged in the EITI process and that government and company disclosures contribute to public debate. While the focus in many EITI implementing countries has been national-level stakeholders, the commitment to protecting civic space and advancing public debate can also be applied at the community level.

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## Key EITI Requirements

*1.3 Civil society engagement*

*2.2 Contract and license allocations*

*7.1 Public debate*

### *Shedding light on local economic contributions*

The energy transition is reshaping the extractive sector's local economic contributions. Areas producing transition minerals may benefit from new revenue flows, jobs and social spending by extractive companies. In other areas, the energy transition may pose uncertainties for local economies. Stakeholders can harness EITI data to understand the implications of the energy transition for the extractive sector's local economic contributions.

Data on subnational revenue payments and transfers (Requirements 4.6 and 5.2) can shed light on the sector's fiscal contributions at the regional and local level, and support dialogue on the prudent use of these funds. In countries where subnational governments are entitled to revenue transfers from the national government, stakeholders can use EITI disclosures to understand whether they are receiving the revenues they are owed. Furthermore, countries are encouraged to report on how revenues benefit women and marginalised groups.

EITI disclosures also empower stakeholders to demand accountability regarding the social expenditures of extractive companies (Requirement 6.1). Implementing countries are expected to disclose contracts describing social expenditure requirements as well as data on those expenditures. Furthermore, countries are required to disclose gender-disaggregated data on the beneficiaries of social expenditures, where available. Stakeholders can use this data to verify whether companies are meeting their obligations, and to scrutinise how funds are being spent.

Moreover, the EITI Standard allows for transparency regarding the extractive sector's broader economic contributions (Requirement 6.3). Where available, implementing countries must disclose employment data disaggregated by gender and occupational level, as well as by company and project, and between local and foreign nationals. Stakeholders can use this data to verify whether companies are fulfilling their employment commitments, such as creating local jobs. Countries must also disclose production and exports resulting from artisanal and small-scale mining (Requirements 3.2 and 3.3), which in some countries accounts for a significant proportion of production of certain transition minerals.

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## **Key EITI Requirements**

*4.6 Subnational payments*

*5.2 Subnational transfers*

*6.1 Social expenditures and environmental payments*

*6.3 Contribution of the extractive sector to the economy*

*Strengthening environmental and social performance*

The energy transition is driving new extractive projects and investments, often in environmentally and socially sensitive areas.<sup>16</sup> Conversely, investment in fossil fuel projects is decreasing, affecting the livelihoods of local communities and raising concerns about environmental rehabilitation when these activities eventually cease.

These dynamics increase the urgency of strengthening the extractive sector's environmental and social performance. The assessment, monitoring and management of environmental, social and gender impacts is a critical part of this. The EITI Standard requires the disclosure of impact assessments and monitoring reports. It also encourages companies to disclose information on how they manage impacts and encourages countries to disclose information on monitoring and enforcement activities, including in relation to water, land, emissions and human rights.

Stakeholders can use this information to advance accountability regarding environmental and social performance. They can scrutinise monitoring data and details about enforcement activities to verify whether companies are meeting their obligations and to gauge the effectiveness of government efforts to uphold environmental and social standards. This can help to ensure communities and the environment are protected from harm as the extractive sector evolves.

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**Key EITI Requirements***6.4 Environmental and social impact of extractive activities***CASE STUDY****Colombia, Ghana and Indonesia**  
Engaging communities in a just transition

To advance community priorities in the energy transition, the EITI launched the “Engaging communities in a just transition” project in early 2022 with support from the Ford Foundation. Implemented in four subnational areas in Colombia, Ghana and Indonesia, this two-year project explored how the energy transition is impacting community livelihoods and the obstacles that citizens face in accessing and using data and dialogue platforms. The project sought to identify options for using the EITI to advance community voices in the energy transition. The EITI worked in communities reflecting a diverse range of energy transition dynamics – from coal mining and renewables investments in Colombia, to oil and gas facilities in Ghana and nickel mining and smelting in Indonesia.

As part of the project, local partners developed community engagement plans in consultation with community representatives and national EITI stakeholders. These plans focused on identifying practical actions that the EITI could take to strengthen its relevance at the community level, for example by ensuring that EITI reporting covers the issues that matter most to communities, identifying innovative approaches for disseminating EITI data, and facilitating community participation in dialogue and decision-making on the energy transition.



PHOTO CREDIT: IQBAL LUBIS

Workshop participants consider opportunities and solutions at an EITI workshop in North Morowali, Indonesia.



## Shedding light on greenhouse gas emissions

The imperative to reduce greenhouse gas emissions stands at the forefront of the fight against climate change and represents a central objective of the energy transition. The extractive industries contribute significantly to greenhouse gas emissions, both through emissions directly associated with extractive operations and, in the case of oil, gas and coal, emissions released during the combustion of these resources by end-users.

Data on greenhouse gas emissions is a matter of immense public interest. Transparency in this regard can support greater accountability around the climate commitments of governments and companies.

### How EITI data can be used

#### *Understanding direct and indirect emissions*

EITI disclosures can shed light on greenhouse gas emissions. The EITI Standard encourages companies to disclose greenhouse gas emissions in line with existing disclosure standards and encourages EITI multi-stakeholder groups to request that this data be disaggregated (Requirement 3.4).

Corporate disclosures can support better understanding of the emissions associated with a company's operations. Stakeholders can use this information to pursue accountability regarding companies' commitments to reduce emissions. Moreover, when emissions data is broken down at the country or project level, it becomes a valuable resource for governments seeking to understand the contribution of the extractive sector to national emissions. This can further bolster the credibility of national emissions data published by governments. Project-level emissions data also provides governments and citizens with information about which projects are more likely to be impacted by company or government emissions targets.

Exploration, reserves and production data constitute another vital source of information (Requirements 3.1 and 3.2). Data on reserves from both companies and implementing countries enables analysis of the volume of fossil fuels that could be extracted in future. Together with project-level production data, this can support an estimation of the greenhouse gas emissions that could result from the combustion of these fuels by end-users. This information can inform discussions concerning the alignment of current or potential fossil fuel extraction with emissions reduction goals.

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## Key EITI Requirements

*3.1 Exploration activities*

*3.2 Production data*

*3.4 Greenhouse gas emissions*

## CASE STUDY

## Trinidad and Tobago

### Emissions reporting in the oil and gas sector

Trinidad and Tobago is one of the world's largest exporters of liquefied natural gas, and Trinidad and Tobago EITI (TTEITI) has played an important role in improving the availability of extractive sector data and fostering public awareness around climate change and the energy transition.

TTEITI has established an environmental subcommittee to oversee emissions reporting. It has also developed a voluntary process for oil and gas companies to report on their environmental impacts, including CO<sub>2</sub> and methane emissions. Through EITI reporting, the country's national gas company, NGC, became the first to disclose emissions data in a disaggregated manner. It also reported information on the use of energy and water as well as on its environmental impact. In the long term, TTEITI aims to incorporate environmental and climate impacts into its EITI reporting to support a broader approach towards natural resource governance.

## CASE STUDY

## United Kingdom

### Measuring the carbon footprint of natural gas

The UK's oil and gas regulator, the North Sea Transition Authority (NSTA), has undertaken a significant effort to assess the carbon intensity associated with domestic gas production versus gas imports. Its analysis found that domestic gas production boasts a carbon footprint nearly four times lower than imported liquefied natural gas, but still has a higher carbon footprint when compared to pipeline gas imported from Norway, which ranks as the lowest in terms of carbon intensity. NSTA's analysis also includes data visualisations that compare the carbon footprint for several EITI countries that supply gas to the UK, including Angola, Nigeria, Norway, Peru and Trinidad and Tobago.

The NSTA's carbon footprint assessment is a helpful reference for policymakers, citizens and investors who are engaged in debate on the energy transition and net zero pathways. It also serves as an example of how government agencies can systematically disclose data and contextual information outside of the formal EITI process.

# Potential lessons for the renewable energy sector

EITI implementation has shown the importance of transparency and multi-stakeholder dialogue in informing policy and decision-making on the extractive industries in the context of the energy transition. EITI data and dialogue can also be a vehicle for advancing good governance in the renewable energy sector, which faces governance and corruption risks as investment in the sector increases.

Key areas of relevance include government policymaking on the renewable energy sector, licensing and contracting for renewables investments, beneficial ownership of renewable energy companies, and the sector's social and environmental impacts. Transparency is also needed on due diligence efforts in the mineral supply chains of renewable energy technologies. In an evolving energy context, there may be further potential to share best practices between the extractive industries and the renewable energy sector.

## CASE STUDY

### Albania

#### Integrating the renewable energy sector in EITI reporting

Hydropower ranks as the second most important energy source in Albania after petroleum, and hydropower plants provide the main source of low-carbon electricity generation. Albania's EITI reporting goes beyond the EITI Standard by including information on its hydropower sector, including the legal and regulatory context of hydropower, production and revenue data, and reconciliation of subnational payments. This reporting has revealed significant losses of power in the distribution system, which Albanian authorities are working to address.

Albania EITI intends to build on this work with a scoping study to evaluate other renewable energy technologies. The context for this effort is the government's programme to expand clean energy production, including an innovative new floating solar farm.







PHOTO CREDIT: GÖRAN SAFAREK / SHUTTERSTOCK

Hydropower plant  
in Mati, Albania.

# Endnotes

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