

## **Revised IC Paper 09-1**

10 September 2024

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# EITI strategic priorities 2024 - 2028

## For decision

#### Summary

This paper proposes updated global strategic priorities for EITI implementation, for decision by the Implementation Committee.

Building on contextual analysis and Board and stakeholder consultations, the paper identifies six core and enabling priorities which will require focus over the next five years for the EITI to progress its mission and objectives. Proposed core priorities are **domestic revenue mobilisation**, **anti-corruption and energy transition**. Proposed enabling priorities are **inclusive governance**, **data access and use and monitoring and learning**.

The International Secretariat **recommends that the Implementation Committee recommends the strategic priorities for decision** to the EITI Board.

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# Proposed strategic priorities: 2024-2028

#### Supporting documentation

EITI (2019). The EITI's role in addressing corruption. <u>https://eiti.org/documents/eitis-role-addressing-corruption.</u>

EITI (2020). Board agreed recommendations on the energy transition and EITI. <u>https://eiti.org/board-decision/2020-84.</u>

EITI (2020), EITI strategic priorities 2021-2023. <u>https://eiti.org/documents/eiti-strategic-priorities-2021-2023.</u>

EITI (2022). Expectations for EITI supporting companies. <u>https://eiti/documents/expectations-eiti-supporting-companies.</u>

EITI (2022). Mission Critical: Strengthening governance of mineral value chains for the energy transition. <u>https://eiti.org/documents/mission-critical.</u>

EITI (2023). 2023 EITI Standard. https://eiti.org/eiti-standard

EITI (2023). Anniversary Report 2023: Twenty years of extractives transparency <u>https://eiti.org/documents/eiti-anniversary-report-2023</u>

EITI (2024). Progress report covering January – December 2023. <u>https://eiti.org/eiti-progress-report-2023</u>

EITI (2023). Navigating the energy transition. <u>https://eiti.org/documents/navigating-energy-</u> <u>transition</u>.

EITI (2023). On equal terms: Using the EITI to promote inclusivity in the extractive industries. <u>https://eiti.org/blog-post/equal-terms-using-eiti-promote-inclusivity-extractive-industries</u>

EITI (2023). 2023-2026 Outreach strategy. <u>https://eiti.org/documents/eiti-2023-2026-outreach-strategy</u>

Voconiq & Square Circle (2022). Independent evaluation of the EITI <u>https://eiti.org/documents/independent-evaluation-eiti</u>

IC Paper 15-1 dated 4 December 2020. EITI's strategic priorities 2021-2022.

IC Paper 04-1 dated 5 December 2023. Strategic priorities refresh: Scope and timing.

IC Paper 04-2 dated 5 December 2023. EITI and the energy transition: status update and outlook.

Board paper 56-2-C dated 29 May 2023. EITI Data Strategy

2024 EITI Board strategy retreat paper, dated February 2024: <u>The EITI and Domestic Revenue</u> <u>Mobilisation: Strengthening Linkages and tracking progress.</u>

2024 EITI Board strategy retreat papers, dated 16 February 2024: <u>Governance and the energy</u> transition: mineral supply chains and renewable energy.

EITI (2024). Board Paper 60-6-A Three-Year Outlook 2024-2026.

EITI (2024). Guidance note: Energy transition provisions in legal frameworks and fiscal regimes: <u>https://eiti.org/guidance-notes/energy-transition-provisions-legal-frameworks-and-fiscal-regimes</u>

#### Has the EITI competence for any proposed actions been considered?

Article 12 of the Articles of Association "Functions of the Board" mandates the Board to "consider general and specific policy issues affecting the EITI Association" (section i).

#### Financial implications of any actions

The financial implications of the actions outlined in this paper for the International Secretariat have been considered in the three-year outlook, as <u>approved</u> at the EITI's Board meeting in June 2024.

#### **Document history**

Submitted to the Implementation Committee	24 April 2024
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Submitted to the EITI Board (by circular)	TBC

## **1. Recommendation**

This paper proposes global strategic priorities for EITI implementation for the five-year period 2024-2028. The International Secretariat **recommends that the Implementation Committee recommends the strategic priorities for decision** to the EITI Board.

## 2. Overview

For two decades, the EITI has worked to further its mission to promote understanding of natural resource management, strengthen public and corporate governance, fight corruption and provide the data to inform greater transparency and accountability in the extractive sector. This mission has been progressed through a <u>global standard</u>, implemented in accordance with national priorities under the oversight of national multi-stakeholder groups in EITI implementing countries, and through <u>commitments</u> by companies to meet expectations on corporate behaviour and support for the EITI.

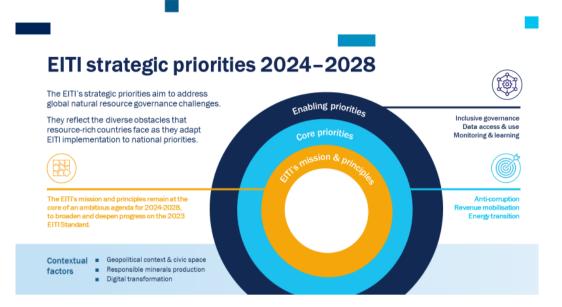
While the extractive sector has evolved, the <u>founding principles</u> of the EITI remain relevant. They invoke a shared belief that resource wealth should contribute to sustainable development. They uphold transparency by governments and companies in the context of respect for contracts and laws and enshrine an inclusive approach to governance.

The proposed strategic priorities aim to address global natural resource governance challenges in pursuit of the EITI's mission, based on contextual factors that are shaping the environment in which the EITI operates.

The proposed **core priorities of domestic revenue mobilisation, anti-corruption and energy transition** are aligned with <u>previous strategic priorities</u> agreed by the EITI Board in December 2020. They further reflect the revised 2023 EITI Standard, which represents an ambitious agenda for country and company disclosures. To ensure consolidation of this agenda and provide focus on how further progress can be made, the paper proposes **enabling priorities** relating to **inclusive governance, data access and use, and monitoring and learning**.

Guidance on how countries take forward core strategic priorities is already provided across a range of documentation produced by the International Secretariat, including publications, policy briefs and guidance notes referenced in this paper. To continue its work in taking these priorities forward, the Secretariat plans to socialise the strategic priorities through regular implementation support, to update guidance where needed, and encourage countries to integrate strategic priorities into their objectives and work plans where relevant to their context.

Public communication of the EITI's strategic priorities should be updated and can be based on the visual overleaf, which seeks to connect the EITI's core and enabling strategic priorities to its mission and principles.



The strategic priorities proposed in this document are intended to guide global EITI stakeholders on how the mission and objectives of the EITI can respond to the current strategic context. Consistent with these strategic priorities, the EITI Board has approved a three-year outlook<sup>1</sup> which seeks to describe how resources available to the EITI International Secretariat can be allocated to support global strategic priorities and the objectives and outcomes they seek to deliver.

The strategic priorities and three-year outlook are key elements in the strategic framework within which the EITI International Secretariat can allocate resources, develop annual work plans, and measure outcomes against key performance indicators. To respond to board feedback asking for the linkages between these documents to be clarified and improved, the International Secretariat proposes to refine its strategic framework further with input from an external consultant.



**EITI strategic framework** 

<sup>1</sup> EITI (2024). Board Paper 60-6-A Three-Year Outlook 2024-2026.

## 3. Contextual analysis

### The EITI's strengths and unique role

Since its inception, the EITI has evolved through an iterative process to become **the global standard for good governance of oil, gas and mineral resources**. In the context of the energy transition and more broadly the EITI can continue to play a central role in addressing the economic and governance impacts of shifting demand for oil, gas and minerals. In **building trust**, including at a subnational and community level, and **ensuring the transparency of data** relevant to environmental, social and governance (ESG) metrics, the EITI supports the responsible production of extractives, helps mitigate potentially adverse impacts and contributes to development in countries and communities hosting extractives resources.

The EITI Standard provides a **comprehensive** framework for disclosure, multi-stakeholder oversight, company assessment and validation It includes requirements across the extractive sector value chain, including licensing, contracting, production, exports, beneficial ownership, revenue collection, state participation, and social and environmental commitments. These requirements provide information which can be used by countries to identify aspects of the value chain that are vulnerable to corruption, identify gaps in regulations, or other weaknesses in government systems that may result in revenue leakages and formulate recommendations for corruption mitigation.

Data published under the EITI Standard is widely disseminated at national and local level. Much of the data published under the Standard is free to access in open-format and **interoperable** using international codes and standards. In contrast to other proprietary data sets, EITI data covers all major extractives commodities, drawing on information from governments and companies.

The EITI has been an **adaptive** model that is implemented at scale by member countries and companies with a **shared commitment** to enhancing the transparency and governance of the extractive sector. The EITI operates in a wide range of environments, and has the greatest impact where implementation is aligned with national priorities to ensure relevance and impact.

EITI implementation includes a **robust approach to assessing progress** through Validation. The use of Validation to provide actionable recommendations for improving extractive governance is a well-established practice. The EITI Board has completed 65 Validations since October 2019 and will commence Validations under the 2023 EITI Standard in January 2025.

A further unique feature of the EITI is that **multi-stakeholder governance** is enshrined in global, national and in some cases subnational processes to further norms on extractives transparency and to oversee the reporting of data. The EITI has therefore offered a resilient model for engaging civil society voices in extractives governance, often providing a unique space for civil society engagement where it is not the norm, despite challenges to civic space globally and the impact of ongoing conflicts in countries where the EITI operates.

EITI supporting companies aspire to **high standards of corporate transparency and accountability** in line with EITI reporting requirements. Over the last three years, measures relating to corporate accountability have been integrated into the EITI Standard, with two <u>assessments</u> of progress

against the Expectations for EITI supporting companies, alongside a revision to the Expectations. These assessments provide data with potential value for ESG metrics and create an opportunity for corporate performance to evolve based on good practice.

The EITI retains significant convening power and has maintained and grown its relevance, recognition and authority as a global organisation focused on extractives governance. It has an established network of partner organisations and enjoys **strong legitimacy and support** from institutional partners and funders.

## Opportunities for the EITI

These strengths create opportunities for the EITI in the current strategic context, as countries move forward in implementing the 2023 EITI Standard.

Extractive sector transparency is essential to **tackling corruption** in the sector, by providing data and information, as well as a multi-stakeholder platform, to support the efforts of those working to combat corruption and close loopholes in governance and regulatory structures. As a platform for stakeholders to discuss how to identify corruption risks and enable access to relevant data to address those risks, the EITI has made a substantial contribution to anti-corruption efforts.

This role and unique contribution of the EITI has assumed greater importance and is recognised by partners and stakeholders. Revised provisions of the 2023 EITI Standard enhance opportunities for countries and companies to use the EITI platform to identify and address corruption risks. For example, anti-corruption objectives in EITI reporting are strengthened by integrating considerations on anti-corruption into the work of multi-stakeholder groups, introducing disclosures relating to the anti-corruption policies and practices of companies, including SOEs, lowering thresholds for beneficial ownership reporting and requiring disclosures of interests held by politically exposed persons.

The motivation for countries to implement the EITI often lies in the value of the organisation in enabling the extractive sector to make a substantial **contribution to domestic revenue mobilisation**, by attracting responsible investment in line with strong ESG principles, providing data to address corruption risks, and ensuring that revenues from the sector are transparent and reach their intended destination. The 2023 EITI Standard strengthened disclosures in this area, by improving the quality and granularity of data on production, exports and costs and the introduction of additional disclosures to shed light on risks and opportunities associated with public finances. The 2023 EITI Standard further strengthened revenue forecasting and disclosures on investments by SOEs through an encouragement to publish information on how SOE investment decisions are aligned with considerations relating to energy transition and climate risks.

The robust approach of the EITI can contribute to creating benefit from the responsible production of minerals for which the **energy transition** has created increased demand, enabling the integration of ESG considerations to help mitigate risk, measure performance, and increase transparency.

Revised provisions in the 2023 EITI Standard speak directly to this opportunity. For example, the 2023 EITI Standard requires multi-stakeholder groups (MSGs) to document expedited or "fast-

tracked" license awards or transfer processes, which can help identify and mitigate corruption risks in the context of high demand for transition minerals. Similarly, understanding of the implications of new mining activity for communities can be strengthened through new disclosures to improve understanding of community consultation procedures and requirements for free, prior and informed consent, as well as the requirement to publish environmental, social and gender impact assessment, monitoring reports and permits and licences. The publication of disaggregated employment data further promotes understanding of the impact of extractive sector operations on employment and the representation of women and other marginalised groups.

The EITI also has an established presence in many new and emerging oil and gas producing countries and is supported by private and national oil companies. The EITI publishes data that can support **well-evidenced policy responses, in line with national and regional policy objectives regarding the energy transition**. For example, disclosures on energy transition commitments, policies and plans, as well as carbon pricing mechanisms, subsidies and reforms, as identified in the 2023 EITI Standard, provide data to support policy development as market conditions evolve.

Leveraging these opportunities requires **inclusive governance**, namely the open and active participation of all stakeholder groups, including civil society, in determining national or subnational priorities for EITI implementation and setting global standards. The representation of diverse groups, including women, in decision making, employment and economic opportunities, as well as in consultation processes, is a priority integrated into the 2023 EITI Standard.

A further enabler of EITI impact is the **use of data** generated by the EITI and the **availability of data in open formats**, including through systematic disclosures from governments and company sources, where this is feasible. Reporting and data reconciliation has been at the core of the EITI since it was established, but could be better tailored to country needs and context for impact. For this reason, the EITI Board approved a data strategy in 2023, which is in the early stages of implementation.

Finally, **measurement and evaluation of the impact** of the EITI is essential to ensure that the organisation adopts a learning culture and takes a responsible and responsive approach to allocating resources within a dynamic and complex operating environment. The proposed strategic priorities therefore seek to integrate a culture of learning as an enabling priority, drawing on an independent evaluation of the relevance, effectiveness, impact and sustainability of the EITI undertaken in 2022. The EITI's learning culture includes a focus on ongoing capacity building and implementation support for national stakeholders, as well as a focus on policy work to contribute to global norms around transparency and governance.

## 4. Proposed EITI strategic priorities

### A. Core priorities

#### Addressing corruption risks

A core purpose of the EITI is to address corruption risks by publishing data and providing a platform for dialogue to identify potential channels for corruption. EITI reports can serve as diagnostic tools to identify loopholes and weaknesses in systems and policies, thus providing a

basis for multi-stakeholder groups (MSGs) to recommend measures to close these gaps. The EITI further provides contextual information relevant for those seeking to identify and prosecute corruption cases, including parliamentarians and civil society, and contributes to raising national norms. The 2023 EITI Standard requires data disclosures that offer specific tools to address corruption risks, for example on beneficial ownership, contracts, and licensing processes as well as commodity trading and state-owned enterprises.

Support from the EITI International Secretariat can focus on responding to demand from national stakeholders through guidance, capacity building, data analysis, raising awareness on emerging risks in the sector, and documenting best practices in tackling corruption through EITI implementation. It can also work with companies to promote and strengthen anti-corruption policies.

#### **Revenue mobilisation**

The contribution of the extractive sector to domestic revenues remains a priority for supporting national development and public expenditure priorities, especially through the energy transition and volatile commodity price cycles. Mobilising revenue from the resource sector is critical for countries to achieve the UN Sustainable Development Goals (SDGs). Across the value chain, there are opportunities for countries to improve revenues and ensure their efficient allocation and use.

There are opportunities for countries to draw on provisions of the 2023 EITI Standard, using disclosures to improve the mobilisation and monitoring of revenue through the energy transition, develop capacity to improve understanding of fiscal regimes and contract terms, and seek to improve revenue mobilisation through anti-corruption efforts. The emphasis on each of these activities may vary depending on national priorities.

#### **Energy transition**

The energy transition is reshaping the extractive industries, presenting both opportunities and challenges for resource-rich countries. Supporting stakeholders to navigate these changes speaks directly to the EITI's core mandate. The energy transition has implications for public finances and the extractive sector's economic contributions, presents new corruption risks, and may lead to new or increased impacts on community livelihoods and the environment.

Stakeholder demand to use the EITI to advance transparency and good governance in the energy transition has increased substantially since 2020 when the Board approved this policy. With the revisions to the EITI Standard agreed in June 2023, energy transition considerations are now an explicit component of EITI implementation. Building capacity to implement these requirements is a priority for the Secretariat in the period to 2028. In addition, the Secretariat will continue efforts to mainstream energy transition considerations across other thematic areas, including anti-corruption, domestic revenue mobilisation, gender and community engagement. The Secretariat will further continue to allocate proportionate effort to support for countries wishing to cover the renewable energy sector in EITI reporting, and in responding to organisations seeking to apply lessons from the EITI's experience in extractive sector governance to similar challenges in the renewable energy sector.

## B. Enabling priorities

To make progress on the core priorities identified above, the Secretariat recommends a focus on three enablers:

#### **Inclusive governance**

The multi-stakeholder governance model is a core strength and unique aspect of the EITI. In an environment where risks of geopolitical conflict and the potential for infringement of stakeholder rights may increase, inclusive multi-stakeholder governance can help build collaborative and resilient approaches to resource governance.

Building on the recommendations of the independent evaluation of the EITI undertaken in 2022, the Secretariat recommends a focus on active support for MSGs to increase their role in data analysis, informing policy decisions and promoting public debate. Through its implementation support, the Secretariat can guide MSGs in their evolution, taking into account pluralistic and diverse representation. This may include sub-national representation or integrating feedback from affected communities in MSG discussions. Responding to stakeholder feedback on the significance of the work of the EITI on gender representation, this priority also envisages a focus on the participation of women and diverse groups in decisions, employment and economic opportunities, and consultations concerning the extractive sector.

The independent evaluation identified an opportunity for the EITI to engage more deeply at a subnational and local level. To address this recommendation, the EITI could consider how subnational EITI structures, where these are relevant, could be used to strengthen subnational dimensions of resource mobilisation, contribute to credible data relevant to local communities, and build awareness of governance and transparency mechanisms.

#### Data access and use

This EITI's data strategy seeks to advance the generation of timely, systematic disclosures at source, in accessible ways that meet the needs of key audiences, and to catalyse their use of data for strategic purposes. More timely and comprehensive data can inform decision making and contribute to reforms in the sector. The data strategy has three main objectives: to catalyse the regular use of EITI data by target stakeholder groups, to improve the quality and public availability of structured open data to meet the needs of key audiences and their access preferences, and to support the transition to timely systematic disclosures of information required by the EITI in alignment with national priorities. The 2023-2026 three-year outlook therefore includes these objectives and allocates resources for activities to take them forward.

#### Monitoring and learning

Monitoring the impact of the EITI is essential for the organisation to allocate resources effectively in a dynamic context. It can support EITI stakeholders in identifying what actions are effective to achieve impact and in improving results. It is necessary to show the benefits of supporting the EITI and to demonstrate relevance and impact. Without the development of a culture based on learning, the EITI risks becoming less relevant over time, as conditions in the sector and the drivers for stakeholder participation evolve. Through a robust approach to Validation against the EITI Standard and a positive improvement cycle underpinned by the identification of corrective actions from each Validation, countries are supported in making process improvements to result in greater transparency, improve stakeholder engagement and deepen impact. Similarly, regular assessments against company expectations support continuous learning and sharing of good practice.

## 5. Measuring progress

The EITI's measurement framework currently includes indicators in three groups, namely Secretariat effectiveness, country outcomes and global performance. Indicators of country outcomes and global performance are most relevant in tracking progress on global strategic priorities. Measures relating to global performance are currently under review, and it is recommended that they are simplified and updated in line with these strategic priorities once agreed.

Further, progress against key performance indicators identified in the 2024-2026 Outlook will enable the Board to track how effectively the resources of the EITI International Secretariat have been allocated to support activities led by the Secretariat to make progress against these priorities.

## 6. Next steps

In response to Board feedback, the Secretariat has engaged external consultancy support to review the Secretariat's strategic planning framework and ensure that linkages between the global strategic priorities and the three-year outlook are clear and result in actionable and budgeted work plans for the International Secretariat.

Following board approval of the strategic priorities, the Secretariat will take steps to socialise the priorities through regular implementation support, updating guidance where needed, and encouraging countries to integrate strategic priorities into their objectives and work plans where relevant to their context. It will seek to prepare an information paper for EITI stakeholders globally in pursuing these priorities.

Public communications materials on the EITI's strategic priorities will be updated and feedback will be provided to partner organisations which participated in consultations on the priorities.

Ongoing monitoring of progress on the strategic priorities, the three-year outlook and EITI Secretariat annual work plans will continue to be undertaken by the Board and communicated in annual progress reports.

In light of a rapidly evolving strategic context and possible variations in the speed at which EITI implementing countries are able to make progress in implementing the 2023 EITI Standard, a mid-term review of the strategic priorities may be necessary.