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Common Ground

A collective starting point for developing PWYP's next global strategy



PUBLISH WHAT
YOU PAY

About this document

This document presents an overview of the big questions and themes relating to natural resource extraction and governance today. It draws on research commissioned jointly by NRGi and Publish What You Pay, which combined desk research with over 30 interviews with experts from fields including political economy, climate policy, finance, the extractive industries and indigenous communities. This research will be published in 2024.

It aims to identify common ground and ideas to inform our global strategy development process, which will address how our network can best tackle the challenges of the future.

Where have we come from?

The Publish What You Pay (PWYP) network exists to advance fair and sustainable development. We have done this for 20 years by strengthening transparency and accountability in the oil, gas and mining industries to ensure those industries bring prosperity to countries rich in oil, gas and minerals.

In 2002 we began to tackle the 'resource curse' with campaigns to bring payments for natural resource extraction rights into the open. As our size and impact grew, this work evolved to look at contract transparency, company ownership and licensing.

Since 2012, we have moved to a broader strategy which prioritises accountability. This includes understanding and challenging the power structures behind decisions about whether or not to extract, the terms of these deals, social and environmental impacts, and who gets a say.

Historically, PWYP has worked within an extractives-based model of economic growth and development. This model is increasingly untenable if we want humanity to survive the climate crisis. Instead we need to transition away from fossil fuels. But it must be a *just* transition that protects the livelihoods of vulnerable people and communities who currently depend on oil, gas and mining.

PWYP members' vast experience at the crossroads of corruption, environmental safeguarding, human rights, and sustainable development has a critical role to play in navigating the path to a fair and equitable transition. Our global strategy development process will explore how we can do this.

The climate crisis is the context for development for the decades to come

The scale and scope of the climate crisis is becoming clear, with the most marginalised communities paying the heaviest price. From floods in Kenya and Sudan to wildfires in Argentina, extreme weather events have seen millions lose their homes, livelihoods and loved ones as a result of a crisis they did not create.

But while the [problems are accelerating fast](#), so are potential [solutions](#). In the last five years, global efforts to curb emissions that cause climate change have increased. All countries must create their own plan to meet their emissions reductions targets in line with the Paris Agreement, the legally binding United Nations treaty on climate change.

Energy transition is the primary global response

Fossil fuels – coal, oil and gas – [account for over 90% of carbon emissions](#), making them by far the biggest cause of the climate crisis. Transitioning the global economy to cleaner energy has emerged as the main policy response, endorsed by PWYP members in 2021 in their [energy transition positions](#).

Energy transition means moving away from fossil-fuel based energy to cleaner sources - like solar, wind and hydropower - which produce less harmful emissions.

These new, renewable energy sources require specific minerals which are finite and must be extracted. These minerals are often referred to as critical minerals or transition minerals. With demand soaring, competition between global powers to secure these critical minerals is already fierce and set to grow further.

Geopolitics and economics are being reshaped by this energy transition

The transition of energy systems contributes to and is influenced by wider disruption of the global political and industrial landscape.

The old model of a few global power centres dominating relations between states is breaking down. Alongside this, the big commercial players in fossil-fuel economies are set to lose power to companies building the energy systems of the future, like renewables and mining companies.

Against this backdrop, governments and companies are competing for revenues, energy security and power. This competition will intensify further in a global economy defined by renewable energy.

The transition poses fundamental questions of equity and justice

Historically, natural resource extraction has taken place at great cost to the health, environment and livelihoods of local people. The sector is hugely environmentally damaging and beset by corruption.

Likewise, the impacts of climate change are falling first and hardest on the lower middle-income countries (LMICs), who did least to cause them and have benefited the least from an era of fossil-fuelled economic growth.

At the same time, oil, gas and mining employ millions of people and provide core income for resource-rich countries. As fossil fuels go offline, [revenues could halve](#) by 2040, with significant knock-on effects for all citizens.

There is also a risk that the global supply of minerals is used up by richer countries to power their own transitions, further entrenching their power and the injustices of the past.

Climate solutions, like energy transition, will need to address these historical wrongs if they are going to work.

What does this mean for oil, gas and coal?

For developed economies with heavy reliance on fossil fuels, the transition necessitates a radical transformation. For LMICs, the questions are just as significant, but more about development and justice.

How can countries implement energy transition strategies which phase fossil fuels out and introduce renewable energy for the maximum benefit of their citizens? And what is the fastest, fairest way to manage this transition globally? There are a number of questions to consider here:

- **How fast, and who first?** Which countries should be allowed to produce the remaining allowances of fossil fuels, in what order, and how quickly? Some [argue](#) that oil and gas development and infrastructure should be phased out quicker in higher income, developed economies than in LMICs.
- **How to manage economic risks?** Meeting climate goals will leave [\\$1tn in future fossil-fuel assets](#) “stranded”. Yet right now, major companies [are doubling down](#), with many projects in LMICs. How do these economies avoid locking into unsustainable pathways and failing to benefit once more?
- **Winding down fossil fuel projects is also risky:** Decommissioning old fossil fuel projects brings further social and environmental harm to local communities. Without sustained attention the risk that the burden of these consequences once again falls mostly on LMICs is high.
- **Old problems have not gone away:** Responsibly and safely phasing out fossil fuels will if anything require even more focus on the accountability of the oil and gas industries, ensuring every development avoids the corruption, social and environmental problems of the past.
- **Attention is shifting away at the crucial moment:** Government and philanthropic interest in hydrocarbon governance appears to be diminishing. Pulling away sharply without a clear, safe plan in place overlooks the need for a well-managed transition that avoids the impacts on communities and environments long associated with these industries. History tells us these impacts increase dramatically unless monitored closely.

What does this mean for minerals?

Fossil fuels will phase out but mining is not going anywhere. The IEA says the energy transition will require more minerals than ever before - lithium demand will increase 40 times compared to current levels by 2040, while copper demand will more than double by 2035.

As ever, these potential benefits of mining bring with them significant challenges - copper has been touted as the new oil, and it is a similar picture for nickel, cobalt, lithium, rare earths and others.

This vast economic and geopolitical shift is hugely relevant to PWYP's remit and experience. Some of the key areas for consideration are:

- **Social and environmental risks are very high:** One [study](#) found 54% of 5,097 mining projects related to 30 different minerals are on or near indigenous lands. Additionally, operations often encroach upon key biodiversity areas. It is no coincidence that areas stewarded by indigenous people are often also rich in biodiversity.
- **Community participation and consent will come under more pressure:** Robust initiatives are needed to avoid mining consultation and environmental safeguards replicating the box-ticking exercises of the past as the transition and its effects gather pace. As fierce competition grows for minerals so do the attempts to bypass community consent.
- **New mining frontiers in the OECD:** A critical minerals boom will see increased mining in OECD countries, adding new fronts to the fight for representation and justice. Recent examples include the mega-lithium deposit found at [McDermitt Caldera](#) which lies on the Nevada-Oregon border and the [Barroso lithium project](#) in Portugal.
- **Mining has a long history of fuelling corruption and entrenching poverty:** A 2022 [NRGI report](#) says 30-40% of the mineral production needed will be sourced from countries with “weak, poor and failing resource governance.” Without safeguards the rush to extract means revenues risk again being lost to corruption. This would do great damage to national economies, slow investment that could drive sustainable growth, and threaten global supplies of critical minerals.
- **It is key that consumption in the higher income countries is brought down and redistributed:** Global consumption patterns have historically seen natural resources taken from LMICs to higher income countries. As things stand, many LMICs are being positioned as the raw materials provider for electric cars and renewable energy in the higher income countries, reinforcing and perpetuating these structural injustices.
- **Circular economy strategies can be part of the solution:** [WWF](#) research suggests up to 18% of critical mineral demand up to 2030 can be met by reusing materials from old mines. Meanwhile efforts to [recycle the vast amounts of waste](#) generated by the process of transitioning to clean energy will be critical.

Broader traps, opportunities and threats

Other global issues will have a bearing on the effectiveness and fairness of the transition.

Global discussions of energy transition have largely focused on switching the source of electricity from fossil fuels to renewable energy. However, there are 770 million people who live without access to electricity, [mostly in Africa and Asia](#). Solutions to expand cleaner electricity access and affordability need to be found to address the needs of LMICs.

Nations shouldn't have to choose between ending poverty and saving the planet. So, high income countries must unlock sufficient climate finance for the LMICs, with the right terms and oversight. Cancelling the sovereign debt which weighs down many less developed economies will free up funds to accelerate their own transitions and use the green energy revolution to right historical wrongs.

Fossil fuel subsidies from governments to companies were worth 7.1 percent of GDP [in 2022](#). These subsidies artificially keep prices low and demand high, propping up the fossil fuel industries and holding back the transition to cleaner energy sources. Subsidies for renewable energy will be just as critical in accelerating the expansion of cleaner energy. Governments must focus on diverting and reversing fossil fuel subsidies intelligently to speed up the transition.

Other forms of green finance will also be important. The fossil fuel and industrial agriculture sectors in the LMICs receive 20 times more financing from banks than governments are receiving for climate solutions.

Lastly, geopolitical disruption cannot be ignored. Democracy is declining globally, along with safe spaces for civil society to do their work. There are [now more](#) closed autocracies than liberal democracies in the world. Authoritarian tendencies pose a fundamental challenge to many of the transparency and accountability approaches that PWYP members use.

Questioning what we do and how we do it

The biggest question for our network - both historically and still today - is how to drive sustainable development.

This document accompanies an invitation to all PWYP members to participate in shaping the next global strategy. To spark that thinking, in addition to the reflections above, we have distilled some of the foundational assumptions that have guided our work to date. Assumptions are facts or beliefs that we do not question on a regular basis because we take for granted that they are correct.

Initiating the development of a new strategy is an important moment to question our assumptions. The assumptions below are not unanimously held by every PWYP member, but they have been held by a large enough number to guide the strategic choices of the network over the past two decades. The question we must all ask ourselves is do these assumptions still apply to the context outlined in this document, and if so how?

- **Natural resource extraction can bring benefits to citizens:** With good governance and the right mix of policies and laws, extraction of natural resources can benefit citizens in resource rich countries.

- **The primary benefit to be derived from natural resources is financial:** Less attention has been paid to other potential benefits, like domestic energy access.
- **Revenues lead to economic growth:** Increased income to national governments from oil, gas and mining will translate into national economic growth and local economic growth for host communities.
- **Growing economies are necessary for prosperous societies:** Economic growth will lead to increased investment into the infrastructure and services people need to live better lives.
- **Oil, gas and mining are a priority** because of the amount of rents they generate. Other resources such as forests, water, fisheries and agriculture have generally not been in scope of the PWYP network. Nor have natural sources of energy such as wind, wave, solar, hydro.
- **Transparency can lead to greater accountability:** Our original focus on transparency has evolved to include a stronger emphasis on accountability and participation in decision making, but disclosure of information is still a bedrock of our work.
- **Participation and community consent is critical:** Communities and civil society need a meaningful say in what happens to natural resources - including whether they are extracted or not - and this participation will lead to better outcomes.
- **Engaging in multi-stakeholder and/or consensus building mechanisms should be prioritised** over other forms of achieving change (e.g litigation, protest, others).
- **Unequal power between stakeholders in multi-stakeholder mechanisms can be mitigated** or overcome in order to achieve meaningful change.
- **A global, networked approach is needed** to campaign on the extractive industries and organising into national coalitions is an effective approach to do this campaigning.

Next steps

Over the next 12 months, a series of consultations will take place to inform how PWYP's vision and mission, theory of change, advocacy goals, and governance and leadership model will evolve to respond to the current and future context. Your voice will be critical in helping shape the PWYP network into a powerful force to tackle the challenges of the future. Please use this document to support you when responding to requests for input via surveys and other consultations, and email any additional reflections you have to strategy@pwyp.org.