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**To: EITI International Board**

**From: Publish What You Pay Global Council**

**7 October 2020**

Dear Rt. Hon. Helen Clark and members of the EITI International Board,

Greetings from the PWYP Global Council. We would like to thank you for your continued work to improve natural resource governance around the world. We welcome the focus of the upcoming board meeting on the EITI's response to the energy transition and we believe that this comes at a critical moment for the extractive industries and the citizens of all countries, especially those that are resource-rich.

Announcements from governments and companies in the last month illustrate the growing, and necessary, momentum towards a low carbon future. Furthermore, increased public awareness and higher demands from investors and international financial institutions have set a clear expectation for an energy transition. The shock, disruption and subsequent health care crisis brought on by COVID-19 has accelerated and complicated this already transformative moment for the extractives industries. Lower oil demand and mining supply chain disruptions caused by COVID-19 provide a taste of what is to come as the climate crisis takes hold, which makes this an opportune moment for the EITI to examine its role in the future of energy, oil, and mining.

The transition to low carbon energy necessary to tackle the climate crisis can contribute towards a resilient post-pandemic recovery and secure sustainable development. But if governments, companies and civil society fail to prepare and manage the process, the energy transition risks being inadequate and unfair, undermining economic benefits and livelihoods, and weakening companies' social licence to operate.

We believe the EITI has a critical and unique role - through its focus on transparency, accountability, and its multistakeholder approach - to play to support producer countries and industry to ensure an energy transition that is fair and equitable. Further, we agree with the conclusion of the recent Chatham House report, that "EITI's response both to the current crisis and to longer-term climate and energy transition trends will be crucial to its continued relevance".<sup>1</sup>

As the worldwide campaign for open and accountable extractive industries, PWYP has also been considering how our global network can play a positive role in the energy transition. The majority of our movement works for the benefit of the citizens and communities who will be hit hardest by the climate crisis. These same stakeholders could also suffer greatly if the energy transition does not properly take their needs into account. We surveyed our members in the summer of 2020 and there was strong support for PWYP to use its position to ensure the energy transition is people-centred and that historically marginalized voices are heard in this process.

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<sup>1</sup><https://www.chathamhouse.org/sites/default/files/2020-06-17-transparency-in-transition-eiti-bradley.pdf>, page 29



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We also believe that PWYP and the EITI's long-standing work in advancing transparency standards points to the urgent need to develop a set of climate-risk-related disclosures via the EITI (and linked to other international mechanisms and fora).

To help ensure that it remains a robust and meaningful global standard, we call on the EITI to:

- Continue to consider how it can use its unique position to ensure an energy transition that is transparent, including advancing the disclosure of the economic and social impacts of the energy transition on EITI countries through the revision of the EITI standard. This should include data that will help identify diminishing revenues or potentially stranded assets affecting both operating companies and producer country governments.
- Ensure that the trends and economic consequences of the energy transition are understood and this knowledge is shared among implementing countries and extractive companies.
- Support MSGs to engage on the issue of the energy transition, including through capacity building and peer-learning among governments, industry and civil society members focusing *inter alia* on climate risk disclosure.
- Engage openly and widely with civil society to understand the risks and concerns around the energy transition, including with historically marginalised groups (indigenous peoples, women, and oil- and mining-affected communities) who have experienced the worst impacts of resource extraction.
- Consider the governance implications of the energy transition for countries rich in so-called 'transition minerals' and the type of disclosures needed to support transparent and accountable management of these minerals.
- Consider how to encourage leadership by the countries and companies that have historically contributed the most to global emissions, and ensure support for developing countries to plan and implement energy transitions that benefit their citizens.

The acceleration of the energy transition, particularly in the context of the COVID-19 pandemic, is a critical moment to ensure natural resources benefit and do not harm citizens. We thank the EITI for timely attention on this subject.

Yours sincerely,

PWYP Global Council

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