



Session Report

Please know you may design the structure of this report to better suit the session. It's important to capture the key outcomes and solutions proposed for the future.

Session Title: Why Fighting Corruption Is Urgent For A Just Energy Transition

Date & Time: Friday, 9.12.2022, 3.30 pm – 5:00 pm GMT -5

Report prepared by: Juliet Alohan, Editor, Extractive360.com

Moderated by: Uche Igwe, Visiting Fellow, Firoz Lalji Institute for Africa, London School of Economics (LSE)

Panellists:

- Matthieu Salomon - Acting Governance Programs Director, Natural Resource Governance Institute (NRGI)
- Carly Oboth - Director, Publish What You Pay, US
- Juliet Alohan - Editor, Extractive 360
- Tijah Bolton-Apkan - Executive Director, Policy Alert

Share the thematic focus of the session, it's purpose and corruption risks?

The global energy transition, including the adoption of renewables has not been happening in a governance vacuum. Corruption and inefficiency have not only worsened the climate crisis but also severely limited the options for the energy transition.

The session focused on deliberating on emerging trends, foster collaborations and propose workable approaches for countering corruption and governance inefficiencies that may potentially undermine the energy transition.

The session identified corruption risks such as the potential for worsening climate change, slowed-down decarbonisation and obstructed adoption of clean energy. Panellists also identified the lack of transparency with contracts and agreements and

peculiar corruption associated with the rise of transition minerals.

Summary of panellists' contributions & discussion points (please be as detailed as possible)

Tijah Bolton-Akpan - Executive Director, Policy Alert - *speaking on industry practices and regulatory trends in the extractive sector that have real or potential implications for either advancing or undermining a just energy transition summed that ...*

Despite the evidence from science and economics, the fossil fuel industry and national governments appear to be ramping up, rather than slowing down, as is the case with Nigeria.

A number of reports have shown that while the move from fossil fuels to clean energy will come at a substantial cost, those costs will be more than compensated for by the growth in renewables and the freed up resources from dirty investments. In fact, the International Renewable Energy Agency (IRENA) [calculates](#) that compared to current plans, a path to 1.5C would deliver an additional 6.4% in GDP growth by 2050, 3.5% more jobs and a 25.4% higher welfare index.

By one estimate, half of the world's fossil fuel assets will be worthless under a net zero transition by 2036, and the risk of overproducing in light of crashing demand could leave about \$11tn-\$14tn in stranded assets – resulting in serious financial disaster.

Corruption also happens in the form of regulatory capture, where policy changes that could help the country diversify its economy or even make the transition to a cleaner energy future are either blocked or watered down.

It is important that the design, approval and implementation of any contracts be conducted based on the most logical offer, not discretionally; this will require a lot of transparency to draw up a balance sheet of what is the most economical offer. That isnt happening right now.

Carly Oboth - Director, Publish What You Pay, US – *speaking on the specific ways in which corruption and governance inefficiencies in the extractive industry retard needed climate action and obstruct (or potentially obstruct) the energy transition summed as follows:*

Poor governance, and the corruption that it breeds, is one of the biggest challenges that could potentially stand in the way of a truly just and equitable energy transition

Large portions of the world's cobalt, nickel, copper, lithium, and rare earth minerals are mined and processed in countries that rank poorly in Transparency International's Corruption Perceptions Index

In the last decade, we've seen great progress in broadening the scope of transparency around extraction. Disclosures of payments to governments, contracts, and beneficial ownership, as well as transparency around state-owned companies

and commodity trading, have increasingly become global norms. But it hasn't yet been enough to fully thwart corruption, and the sector remains plagued by an inability to hold corporate actors meaningfully accountable.

Juliet Alohan - Editor, Extractive 360- *speaking on why an anti-corruption perspective is important for investigating and communicating climate risk and the energy transition, summarized that:*

The urgency of the climate change challenge today is one that is threatening the very existence of mankind, but despite this urgency countries and companies have not been able to firmly commit to decarbonisation efforts. Although some fossil fuel companies have rebranded to reflect the new reality on the outside, there are no tangible actions tying to their verbal commitments.

Without an anti-corruption perspective investigation and communicating climate risks and energy transition might go the way of the present fossil fuel regime where journalists risk their lives to seek accountability.

Without an anti-corruption element to energy transition, many countries, especially in the developing world whose economies are dependent on fossil fuel, will be left poorer when the world moves away from oil. Greater transparency is needed in how climate finance is disbursed from funding sources and utilised by the recipient countries.

It is important that an anti-corruption perspective be mainstreamed into the climate change and energy transition conversation to prevent a reoccurring of the mistakes made by resource-rich countries with the fossil fuel regime that resulted to a 'resource curse.'

Matthieu Salomon - Acting Governance Programs Director, Natural Resource Governance Institute (NRGI) - *speaking on how big a threat corruption poses to the global energy transition, in summary said:*

Corruption is the biggest threat to global energy transition and more broadly to fair and sustainable society. It is the single biggest obstacle to three intersecting objectives that are key to a fair and sustainable future namely; alleviating poverty disabling kleptocracies and securing a greener future.

Although these challenges are not new, there is now a new urgency to tackling corruption in the extractive sector if we want to see a successful and just energy transition. Because in mineral-rich countries a new boom to meet transition mineral demand risks an uptick in corruption—as we've seen in other commodity booms. And because in fossil fuel rich countries vested interests stand between us and a greener planet.

The world needs to wind down its fossil fuel production – yet the oil sector is the lifeblood of many countries, including cronies and kleptocrats who are vested in staying the course. Corrupt ruling elites fueled by oil have little personal incentive to help bring producers or consumers off fossil fuels. Such corruption is not limited to the fossil fuel sector. But I'll come back on the mining sector later.

Main outcomes of session (include quotes/highlights and interesting questions from the floor)

The outcomes from the session includes the provision of an opportunity for extensive deliberations about the prospects of a successful transition to renewable energy by many resource-rich countries.

Panelists underscored the need to urgently mainstream anti-corruption perspectives in the development of national transition policies in the interest of the people, particularly in the developing world, whose lives and livelihoods are directly negatively impacted by fossil fuel extraction.

The session provide room for proffering of recommendations and actionable steps countries can take to ensure a just energy transition.

Some remarkable quotes from the session include the following:

“In the Niger Delta where I live and work, communities and the ecosystem continue to suffer the negative impacts of oil and gas extraction while regulators routinely look the other way. The resulting lack of corporate accountability for criminal negligence and socio-ecological crimes by these companies allows them to discount the true cost of their operations thereby posting otherwise impossible profits. With such corrupt profits, no company will be in a hurry to pull out of the dirty business.” –

Tijah Bolton-Akpan

“International cartels working with local officials and security networks are making a killing from stealing Nigeria’s crude, costing the country billions of dollars that could be have been invested in diversifying the economy away from oil. In the first seven months of this year alone, crude theft is estimated to have cost Nigeria \$10 billion, the exact amount the Nigerian government is shopping for to kickstart its recently launched Energy Transition Plan.” –

Tijah Bolton-Akpan

“Trust is a huge currency for the energy transition to get the buy-in of citizens. One of the reasons for failure of future funds despite their potential for financing the transition is lack of trust. Citizens want to consume everything right now because they are not convinced that if government keeps something aside, one politician is not going to loot all of it overnight.” -

Tijah Bolton-Akpan

“From experience in my line of work, grassroots support for energy transition is conditioned on the presentation of a clear and predictable roadmap for righting the wrongs that fossil fuels have done to extractive communities. From the community perspective, a just transition means transparency, fair play and sanctions for bad behavior.” -

Juliet Alohan

“There is a lot more information needed to help stakeholders fully understand companies’ transition plans and the economics behind which projects go ahead. Having this information would enable more effective advocacy from civil society and communities likely to be impacted by extraction to oppose risky projects.” -

Carly

Oboth

“When it comes to the risks associated with transition minerals, we need to push for a fundamental change in how companies think about extraction, mineral processing, and their supply chains.” - Carly Oboth

Participants who attended the session asked some interesting questions such as:

1. Are African leaders ready for energy transition?
2. There are reports that fossil fuel companies are divesting in Nigeria to avoid responsibility for environmental cleanup in the build up to energy transition, what can be done to ensure such companies don't escape liability?
3. What can African leaders do to avoid continuous exploitation by western companies?
4. What are the solutions to stop political capture?
5. How can companies engaged in illegal mining be made to face responsibility?
6. What tools are there for a country like Nigeria, that lacks political will, to hold corrupt companies to account? What global experiences can be shared?

Key recommendations for the future and concrete follow-up actions

1. Greater transparency is needed in the disbursement and utilization of climate finance.
2. Civic space should be created and marginalized voices harnessed in developing a clear and predictable roadmap for righting the wrongs that fossil fuels extraction have done to extractive communities
3. Countries must urgently act to implement stronger anti-corruption measures, including in legislation and regulations, bilateral and multilateral partnerships, and trade agreements.
4. The design, approval and implementation of contracts in a just energy regime should be conducted based on the most logical offer, not discretionally.
5. Big countries, companies and funders must be made to stop the hypocrisy of adopting a dual track approach of funding renewables while still funding fossils.
6. There should be institutional strengthening and implementing strong sanctions against those who undercut the capacity of the countries to finance their energy transition.
7. Countries should support the rights of civil society, journalists, whistleblowers and other anti-corruption actors to continue to play the important role of defending transparency
8. Countries must explicitly identify corruption risks and mitigation plans in any energy transition mineral strategies, activities and operations.
9. Political elites must be prevented from capturing unfair opportunities by requesting Beneficial ownership reporting
10. There should be consequences for corrupt actors through effective enforcement and accountability measures, with a focus on the victims of corruption

What can be done to create opportunities for scaling up the solutions discussed in the session? And by whom?

1. Climate finance funds, especially, to developing countries must be fully disclosed by the funder. By this, the receiving country is forced into full disclosure and the funds' utilisation easily tracked. This requires a joint work by the donor/funding organisation/country, the civil society and media.
2. New civic spaces should be created for the engagement of critical change agents such as young people under 30, women and artificial intelligence engineers. This responsibility falls within the scope of civil society with support from donors.
3. Countries should quickly review, or create new enabling laws to set the right foundation for transition to renewable energy. This is the responsibility of parliaments at the national and sub-national levels, with the civil society and media applying advocacy and pressure.
4. The space and rights of civil society, journalists and rights activists must be protected to encourage accountability. This is the responsibility for countries security outfits, the UN and other global defenders of defenders'.

Rapporteur's name and date submitted

Juliet Alohan, 10.12.2022