

# **THE ROLE OF CIVIL SOCIETY ORGANISATIONS IN REGIONS WITH EXTRACTIVE INDUSTRIES**

Achieving sustainable development in  
regions with extractive industries

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# OUTLINE OF PRESENTATION

- Theoretical /philosophical bases for civil society role in governance
- Specific challenges faced by countries with extractive industries
- Policy frameworks for civil society involvement in regions with extractive industries
- Development issues and gaps of host communities
- Strategic approaches for civil society involvement
  - Case studies
  - Applying lessons to civil society in Trinidad's southwest peninsula

# CIVIL SOCIETY - DEFINITION

- *Civil society refers to the arena of voluntary collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, family and market, though in practice, the boundaries between state, civil society, family and market are often complex, blurred and negotiated. Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power.*
- *Civil society often includes organisations such as registered charities, development non-governmental organisations, community groups, women's organisations, faith-based organisations, professional associations, trade unions, self-help groups, social movements, business associations, coalitions and advocacy groups.*

- Adapted from London School of Economics Centre for Civil Society

# CIVIL SOCIETY AND THE EVOLUTION OF THINKING ON DEVELOPMENT

- 1972 – 1980s. Development as more than economic development
- Proponents – Dudley Seers, Mahbub ul Haq, Amartya Sen
- Development that includes measurement of human welfare, employment, equality

# CSOs/NGOs AND GOVERNANCE

- 1992. Agenda 21, the final document of the United Nations Conference on Environment and Development (Rio Earth Summit) accords specific roles to NGOs :-
  - “Environment issues are best handled with the participation of all concerned citizens at the relevant level. To advance such participation, emphasis should be placed on (1) access to information; (2) access to process; and (3) access to justice. “

# CSOs/NGOs AND GOVERNANCE

- 1994. Programme of Action of the Global Conference on Sustainable Development of Small Island Developing States advocates partnerships among governments, international organisations and NGOs
- 2002. CARICOM Heads of Government hold their first consultation with CSOs from across the region

# **CHALLENGES OF COUNTRIES WITH EXTRACTIVE INDUSTRIES**

# CHALLENGES OF COUNTRIES WITH EXTRACTIVE INDUSTRIES (EIs)

- The “**resource curse**” or “**paradox of plenty**”
  - The failure of resource-rich countries to benefit from their natural wealth
    - » George Soros (2007); Stijns (2002); Auty (2001)
- The 3 components of the resource curse:-
  - The Dutch disease
  - Fluctuation in commodity prices
  - The effect on political conditions



# **ECONOMIC CHALLENGES ASSOCIATED WITH THE RESOURCE CURSE**

- **“Oil-led dependence”** –
  - Terry Karl (2007)
- **“Rent-seeking”** –
  - Humphreys et al (2007)

# **SOCIAL AND POLITICAL CHALLENGES IN COUNTRIES WITH THE RESOURCE CURSE**

- De-agriculturisation
- Comparatively low levels of investment in education and health
- Corruption
- Weak or inefficient public institutions
- Failure to diversify the economy

# ALTERNATIVE ANALYSES OF THE EXPERIENCES OF RESOURCE-RICH COUNTRIES

- “The commanding heights of the economy”
- Nationalization of EI corporations in Latin America and Trinidad in the 1960s-1970s reversed the power imbalance between these states and EIs and conferred on the state the authority to represent the public interest with regard to income from EIs

# ALTERNATIVE ANALYSES– MINERAL WEALTH≠ RESOURCE CURSE

- Canada, Norway among mineral rich countries which have experienced high social and economic development
  - Karl (2007); Hujo (2012); Humphreys, Sachs, Stiglitz (2007)

**POLICY FRAMEWORKS FOR CSOS  
IN REGIONS WITH EXTRACTIVE  
INDUSTRIES**

- “The coming of the ALNG plants saw an immediate increase in construction opportunities and small opportunities for more stable employment after the plants were built. There has not been a direct socio- economic benefit for Point Fortin in the areas of infrastructure and services e.g. 24-hour gas stations, the construction of a general hospital, publicly known Emergency Response Plan, a community development fund for the borough of Point Fortin and La Brea that is derived from on-land and off shore incomes; a faculty of Engineering and Construction arm of the University of West Indies and a structured manner for providing funding to community organizations who have excelled nationally and internationally. Tornadoes steel orchestra, Jeunes Agape, Maishazuri Choir, Duncan music school, Civic Centre Football club and so on would not be struggling for sponsorship coming from the oil and gas capital of Trinidad and Tobago.”

- **Point Fortin Resident**

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- The challenge before governments, extractive industry corporations (EIs) and civil society is to avoid the determinism of the resource curse and elaborate a development framework for converting resource wealth into effective and sustained economic and social development
  - (Columbia University 2010; Asfaha 2012)

# FRAMEWORKS FOR CSO ENGAGEMENT WITH EIs

- The overall objective is to achieve sustainable development in countries/communities with EIs via structured opportunities which may be led by EIs or government



<b>ISSUE</b>	<b>FRAMEWORK</b>	<b>OBJECTIVES</b>	<b>DISCUSSION POINTS</b>	<b>IMPERATIVES FOR CSOS</b>
Sustainable investment in extractive industries	Corporate Social Responsibility programmes; Mineral Development Agreements	Addresses development issues impacted by EIs e.g. local content, environmental protection, consultation with host communities	Should responsibility for investing in and maintaining social infrastructure in the host community be built into contracts?	To develop clarity and consensus about desired social infrastructure
Monitoring contract implementation	Multi-stakeholder governance arrangements	Independent monitoring by CSOs of compliance on the part of either government and/or EI	Will civil society involvement delay operations?  Does civil society have the capacity to perform this task?	To be proactive in relation to developing institutional capacity for acting as watchdogs
Application of best practice standards	Multi-stakeholder governance arrangements; tri-sector partnerships	Potentially applicable to: contract monitoring, environmental compliance, auditing, anti-corruption measures	Is there a clear role for civil society organisations when the roles of other stakeholders are clearly defined?	To bring local knowledge to bear on effective application of standards
Transparency of documents and processes	Extractive Industries Transparency Initiative Standard and relevant programmes by e.g. Revenue Watch Institute, Publish What You Pay	Ensure disclosure of contracts and revenues	Would disclosure of additional documents such as social impact assessments and feasibility studies deepen the effectiveness of CSOs involvement?	Participation in EITI initiatives with a view to building the CSOs' awareness of EI issues

# SUSTAINABLE DEVELOPMENT CHALLENGES IN REGIONS WITH EIS

- Workforce
- Local Suppliers and local content
- Health
- Housing
- Access to water
- Electrification
- Legal Frameworks
- Food Supply
- Primary education
- Community Development
- Biodiversity
- Resettlement

– COMMDEV, International Finance Corporation

# STRATEGIC APPROACHES BY CSOs TO SUSTAINABLE DEVELOPMENT ISSUES

- Act as intermediary between local community and EI
- Maintain a physical presence in the geographic area
- Refer to provisions of internationally agreed standards as the basis for requests/demands
- Form institutional frameworks for collaboration
- Promote CSO involvement in all aspects of decision-making

# CSO-led initiative/case study

**TRACE** (Transparency and Accountability in Extractive Industries)

- Developed and implemented by Publish What You Pay, Norway and Norwegian Church Aid
- Trains CSO representatives from Trade Unions, the media and CSOs involved in EIs in developing knowledge products on EIs
- Facilitated by EI experts in Norway plus use of participatory methodologies

# TRACE

- Successes – participants deepen knowledge of EI issues and acquire skills to more effectively pursue their organisation's efforts in their home countries
- Challenges – underwriting cost of participation by international participants in Norway

# OXFAM'S GLOBAL EXTRACTIVE INDUSTRIES CAMPAIGN

- Guided by 4 principles :-
  - Communities affected by oil, gas and mining projects are informed organised and networked to influence decisions in order to protect their livelihoods and cultures
  - Financial institutions, companies and governments recognise and uphold the rights of communities to free, prior and informed consent with regards to extractive industry projects that may affect them, and take proactive measures to comply with their obligations in this respect

# OXFAM'S GLOBAL EXTRACTIVE INDUSTRIES CAMPAIGN

- Extractive industry companies and governments disclose meaningful information about potential and actual local impacts, provide appropriate mitigation measures to lessen negative impacts, and compensate communities when damage occurs
- Governments adopt policies using transparent processes and enforce laws that protect communities from the impacts of extractive industries while ensuring maximum local benefits from operations

– Atkinson and Scurrah 2009, 126

# **OXFAM'S CAMPAIGN IN PERU – the Tintaya mine in Cusco**

- A national NGO working with the Cusco community documented contamination of land, human rights abuses in relation to mining activities
- Oxfam International translated the document to English and forwarded it to the mining ombudsman in the home country of the EI
- The mining ombudsman visited the site and did a report



# **OXFAM'S CAMPAIGN IN PERU – the Tintaya mine in Cusco**

- Successes – the EI company agreed to the following:-
  - Compensation of land to the affected communities
  - Creation of a joint environmental monitoring and early warning process
  - Agreement for compensation on verified human rights abuses
  - Guarantees for the company's contribution to the community's sustainable development
- Challenges – The Peruvian NGO was criticised for agreeing to negotiate with a mining company

# BEST PRACTICES FROM CSO-LED INITIATIVES

- Basic training in and knowledge of extractive industries is key to effective CSO participation in the monitoring of the operations of EIs
- Strategic collaborations add to the range of resources available to civil society organisations
- Advocacy emerges as a key strategy available to civil society for structured initiatives in relation to the operations of EIs
- Advocacy may be directed at EI corporations as well as governments in the latter's performance of their regulatory and oversight roles of EIs
- Funding of civil society initiatives is a critical part of effectiveness. Only robust, well-organised civil society groups can participate effectively in EI issues

# **APPLYING BEST PRACTICE TO CSO INVOLVEMENT IN EIs IN TRINIDAD'S SOUTHWEST PENINSULA**

- The impact of EIs on the social and economic development of the main communities of the southwest peninsula has been mixed, even after 100+ years of oil exploration and more recently, production of gas
- The Survey of Living Conditions 2005 found that the southwest peninsula was one of two poorest regions in Trinidad; 24.6% of persons in the Borough of Point Fortin were poor

# OPPORTUNITIES

- Civil society organisations of all types exist throughout the region – professional associations, village councils, farmers’ and fishing organisations etc.
- Included among these CSOs are organisations whose experience and mandate are specifically related to extractive industries – The Oilfield Workers Trade Union, the Energy Chamber, and at the national level, EITI

# GAPS

- To embrace this role would require that CSOs make a conceptual shift in their self understanding:-
  - Toward having a valid role in governance and development in relation to EIs
  - Move beyond the role of passive recipients of ad hoc funding from EIs and embrace the role of partners with and watchdogs of EIs and other stakeholders
- Many CSOs in the region may actually be community-based organisations lacking the institutional capacity for sustained activity required

# **A WAY FORWARD FOR CSOs IN THE SOUTHWEST PENINSULA**

- Designating a focal point or convenor organisation for CSO involvement in EIs perhaps outside of the EITI framework
- Identifying CSOs with the capacity, experience or mandate for work related to EIs, sustainable development, environmental protection and communications
- Working toward developing an institutional framework for collaboration among such CSOs
- Lobbying for funding support to build capacity and train CSOs for these tasks