

T09P01 / Natural Resource Governance in the Extractive Industries and Sustainable Development: State, Corporate and Civil Society Dynamics

Topic : T09 / Governance, Policy networks and Multi-level Governance

Chair : Jason McSparren (University of Massachusetts, Boston)

Second Chair : Evren Tok (Hamad Bin Khalifa University)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

Natural resource governance is a multifaceted and complex concept that demands continued analysis of the implications for public policy, corporate practices and civil society participation. This panel is specifically concerned with the activities related to non-renewable extractive industries which include the mining for metals and minerals and the exploitation of oil and natural gas deposits. Continued analysis of the policies, processes, programs, actual practices and outcomes is necessary to gain a comprehensive understanding of what natural resource governance is within our neoliberal world order as policy and products transverse the varieties of market and political systems that exist in reality today. In order to balance efficiency and equity – continued wealth creation and the promotion of sustainable development – scholars, policy makers, corporate executives and civil society actors need to evaluate the pros and cons of the policies and practices within the extractive industries that facilitate flows of product and the flows of revenue across the transnational, national, regional and sub-state levels.

This modern era of neoliberalism has had profound effects on social organization by privileging market mechanisms above state regulation. It is understood that power relations between transnational corporations and governments put developing states at a disadvantage to monitor extraction levels and claim a fair share of the revenues derived from the non-renewable extractive sectors. Moreover, political corruption has contributed to the distortion of economic equity in resource rich developing states at both the national and sub-national levels. Additionally, in many cases, community opposition to industrial resource extraction has been met with state- and private-sponsored repression leading to violence, property loss and dislocation of communities. Therefore, within the sector, it is necessary to analyze governance attributes of transparency, accountability and inclusion.

This panel welcomes analysis of natural resource governance at various political levels, across global regions, and specific sector and programmatic focuses which may be either interconnected or overlap the public, private civil society sectors. Relevant topics may include, but is not limited to: global governance regimes (i.e. Extractive Industries Transparency Initiative, the Voluntary Principles on Security and Human Rights, the African Mining Vision for instance), terms of trade within bi- and multi-lateral trade agreements, state laws and regulations regarding corporate taxation, revenue flows, and environmental and human rights protections, intra-state conflict, and corporate and state programs designed to enhance local beneficiation such as development of occupational skills, local procurement, down-stream and side stream economic diversification and the like.

Globalization and broad modernization processes produce increased demand for extractive minerals and fuels. Some benefit at the expense of others. The search for solutions to these conflicts of interest needs to continue. Moreover, the inhumane effects of wide-spread poverty need to be alleviated. The non-renewable natural resource extractive sectors are situated within the scope of these developmental issues and therefore, the governance of extractive resources must remain a focus of attention and innovation. This panel welcomes analysis of these elements of the amorphous concept known as natural resource governance.

CALL FOR PAPERS

This panel will analyze natural resource governance across multiple scopes of influence in search of best practices and policy recommendations as a means to promote sustainable development. Natural resource governance is a multifaceted and complex concept that demands continued analysis of the implications for public policy, corporate practices and civil society participation. This panel is specifically concerned with the activities related to non-renewable extractive industries which include the mining for metals and minerals and the exploitation of oil and natural gas deposits. Continued analysis of the policies, processes, programs, actual practices and outcomes is necessary to gain a comprehensive understanding of what natural resource governance is within our neoliberal world order as policy and products transverse the varieties of market and political systems that exist in reality today.

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Session 1

Friday, June 30th 13:45 to 15:45 (Block B 4 - 5)

Discussants

Jason McSparren (University of Massachusetts, Boston)

Evren Tok (Hamad Bin Khalifa University)

Subnational Governance of Extractives: A key for Addressing Local Challenges

NITISH ARORA (The Energy and Resources Institute)

Joyita Ghose (The Energy and Resources Institute)

Shilpi Kapur Bakshi (THE ENERGY AND RESOURCES INSTITUTE)

Many of the world's poorest and most fragile countries though joining the ranks of oil and gas producers, are facing critical policy questions about managing and spending their resource revenue in a way that would be beneficial to their citizens. When mismanaged, resource revenues have often been also cited as a key factor in triggering, escalating or sustaining violent conflicts around the world. Their governance in a way that does not exclude local communities in resource-rich areas from decision- and policy-making processes is extremely important for promoting growth, peace and stability. Evidence suggests that at least 20 resource-fueled civil wars since World War II, and several countries' political debates and elections have been largely influenced by local strife over the impact of extraction of natural resources. Countries often break up their government structure into smaller units to be able to better respond to needs across different geographic areas. What then becomes a challenge is the way in which the transfers of these resource revenues and general revenues to sub-national governments could be designed to maximize the benefits for the communities.

This paper considers the international experience with mineral resource revenues, how they are collected and disbursed, particularly to the sub national governments, and the extent to which they benefit regional and remote communities. The authors propose to make a comparative assessment of different mechanisms that have been put in effect for sharing revenue with sub-national governments, whether they have been effectively implemented and to what extent the sub-national governments have the requisite tools and capacity to address known resource revenue challenges. It is also crucial to understand which wealth-sharing arrangements can be integrated with general fiscal decentralization and mainstream budgeting in the country. Further, the transparency and oversight mechanisms which will improve the chances that resource revenue sharing will reduce conflict and enhance generation of fair benefits for the communities will also be looked at in this paper. The learning from the comparative assessment will be contextualized for Afghanistan and Myanmar. The focus on Afghanistan stems from the fact that in 2010, large mineral deposits were discovered in the country, and the appropriate management of revenue generated from these resources could augment socio-economic growth in the country. Further resource revenue sharing is likely to play a central role in historic shift away from centralized power to democratic institutions. In context of Myanmar, the decentralization of resource is expected to improve service delivery to some of the neediest parts of Myanmar and help redress over five decades of perceived marginalization of ethnic minorities.

Sustainable Development Framework & District Mineral Foundations – A new governance policy Approach in India to address the issues of equity and sustainable mining: A Reexamination

ROHIT JAIN (Tata Institute of Social Sciences - Tuljapur Campus)

Sustainable Development Framework & District Mineral Foundations – A new governance policy Approach in India to address the issues of equity and sustainable mining: A Reexamination

Mining in India contributes 2% - 3% to India's GDP. India produces 89 minerals (4 fuel, 11 metallic, 52 non metallic and 22 minor). In spite of the fact that mining being one of the oldest sectors in India, it has faced tremendous challenges and controversies. The mining sector has been plagued by poor regulations, weak institutions, inadequate monitoring and feeble enforcement. On top of this, the mining sector in India has one of the poorest environmental performances. Most mining areas suffer from devastating environmental degradation and high levels of pollution. Many coal mining districts in India were identified as critically polluted areas by the Central Pollution Control Board, India.

In addition to this most mining districts in India are also the poorest. The Sustainable Development Framework report of 2011 by the Ministry of Mines, Government of India acknowledges the fact that mining activity in India has resulted in little local benefit. The Planning Commission of India Poverty estimates for the year 2011 -12 states that in the three top mining states of Chhattisgarh, Jharkhand & Odisha, the percentage of population below poverty line is nearly 40%. The situation is far worse in rural area of mining states.

Policy response to the above issues by the Indian state has been in the form of the National Mineral Policy, 2008, the Mines and Metals Development and Regulation Bill, 2011 (MMDR Bill, 2011). The unique feature of the MMDR bill was the integration of Sustainable Development Framework, thus providing a legal basis. The Bill also proposed the setting up of District Mineral Foundations for benefit sharing with the mining affected communities. Unfortunately the MMDR Bill, 2011, which was introduced in the parliament in 2011, lapsed in 2014. As a remedial action, the current government introduced an ordinance to amend the MMDR Act, 1957 to address some of the issues discussed above. The ordinance was signed by the President on 12th January, 2015.

The proposed paper will attempt to discuss whether the present ordinance can address the issues of sustainable mining and equity by setting up institutions like District Mineral Foundations and have an Sustainable Development Framework. This is especially important in the light of growing Left wing extremism in many of the mining districts in India. Different states where mining is going on have initiated the process of setting up District Mineral Foundations and the mining companies have also started depositing their share in the Foundations. Some of the questions, which the paper will like to address is whether the current policy approach can address the issues of benefit sharing, environment degradation and pollution, participation of civil society actors and reduce conflict and have a more inclusive approach.

ROHIT JAIN
Associate Professor
Tata Institute of Social Sciences
Tuljapur Campus, India

Global Governance frameworks and multi-level learning processes: Are Extractive Industry Transparency Initiative (EITI) compliant states 'learning' to practice transparency, accountability and plurality?

Jason McSparren (University of Massachusetts, Boston)

The Extractive Industries Transparency Initiative (EITI) is designed to address certain governance failures, specifically corruption and fiscal mismanagement. This is done through the creation of a multi-stakeholder working group meant to monitor the revenue flows between corporations and governments, plus disseminate this information and promote pluralistic discourse about optimizing revenue allocation. The latest version of the EITI Standard encourages implementing the program at the sub-state level as well as the national level. An analysis of the EITI Standard through the single-loop, double-loop and triple-loop learning frames (Pahl-Wostl 2009) will inform about the degree of social learning, or change, in relation to the practices of good governance promoted through the EITI Standard.

Coal Mining Development in Tharparkar, Pakistan Under Contested Federalism, Policy Regime Restructuring, and the China Pakistan Economic Corridor

Mohammed Rehan Malik (Karachi School of Business and Leadership)

The paper captures the dynamics of coal mining developing in the Tharparkar region of Pakistan during 2009-2016. The analysis captures the evolution and acceleration of Thar coal exploitation and the policy regime dynamics generated due to the interplay of truncated and then contested federalism, policy regime restructuring across governance tiers, and Chinese influence in energy policy under the China Pakistan Economic Corridor.

The paper captures the evolution of governance structures at the provincial level and the initial friction between

the federal and provincial government. Both agency and structure are explored in a dynamic governance regime undergoing energy policy decentralization to the provincial level while retaining some federal role. The paper captures the positive influence of Pakistani business leaders and key public and private organizations in shaping and accelerating Thar coal development. The paper also analyzes Chinese strategies in aligning project stakeholders through different policy instruments before and after the formal launch of the China Pakistan Economic Corridor. The paper is grounded in extensive fieldwork at the provincial and federal level and data collection with key stakeholders. The paper identifies the objectives of different stakeholders and how the strategies they employed in their pursuit.

Inclusive governance, poverty reduction and sustainable development in Niger Delta Region

Adebusola Odedina (Babcock University)

High level insecurity occasioned by militancy and other forms of criminal activities including bunkering and oil theft had rocked the oil rich Niger Delta region since the 2006 and has continued after few years of respite following the introduction of amnesty in 2009. The reasons adduced for the crisis, include environmental degradation occasioned by reckless oil spillage and gas flaring by the oil companies; as well as insensitivity on the part of government. Government's efforts to pacify the host communities through establishment of commissions and agencies had failed to accomplish expected results as a result of application of double standards and adoption of divide and rule approach. Bureaucratization of policies, underfunding of critical programmes, and lack of political will had hindered poverty reduction and sustainable development. The study investigated factors that would result in poverty reduction and attainment of sustainable development in the Niger delta region. Historical and descriptive survey designs were adopted. Using stratified random sampling technique, 600 respondents were selected from the three core Niger Delta states; Bayelsa, Delta and Rivers of Nigeria. Questionnaire was used to collect data and 97% response rate was achieved. Data was analyzed using descriptive and inferential statistics. Hypotheses were tested using chi-square at 5% level of significance. The results revealed significance relationships among the variables of participatory decision making ($T_c=2.259 > T_t=1.96$); poverty reduction ($T_c=7.941 > T_t=1.96$) and sustainable development in the region. The study found that Nigeria's introduction of amnesty in 2009 helped in restoring peace to the troubled region, but this was fraught with poor inclusion of youths from some sections of the region as a result of non-involvement of indigenes of the host communities in the decision making processes. The study recommends that attain effective poverty reduction and sustainable development, there should be adoption of inclusive governance in processes of policy formulation and implementation from the bottom to the top.