

Policy pointers

■ Local civil society

organisations (CSOs) can be a major force in promoting transparency, accountability and responsible practice in the oil, gas and mining industries.

■ Government and industry

should create policies to support civil society empowerment, as CSO action is in their interest.

■ Involving CSOs and

communities in decisions on project development and social investment spending will encourage sustainable outcomes.

■ CSOs' greater access to

information will ensure constructive debates and prevent polarisation of viewpoints.

■ Dialogue between local

CSOs and key stakeholders from government to industry is important.

■ International networks for

exchange of experience are needed, as is an independent clearing house to help local CSOs understand available tools, guidance and information.

■ Independent case-study

research is needed to demonstrate how workable accountability tools are in practice.

Taking control: how citizens can hold industry to account

The oil, gas and mining industries look set to remain major players in global development, despite urgent efforts to end the world's fossil fuel dependency and diversify energy sources. The activities of the extractive industries often impinge directly, and sometimes harshly, on communities and the environment. But local people are rising to the challenge. From Azerbaijan to Nigeria, Kazakhstan, Mali and Mongolia, citizens are working to promote transparency, accountability and responsible practice in these industries. A lack of skills and resources can impede crucial progress – so knowing the tools that work to make industry accountable is key.

Groundswell: local challenges to oil, gas and mining

In resource-rich countries, the oil, gas and mining industries are still very much part of the landscape. Any extractive industry involves disruption, and in low- and middle-income countries in particular, dramatic social upheaval often ensues. Communities may respond by mobilising, as local citizens join forces to address the environmental and human issues, such as pollution and conflict, that come in the wake of industrial development.

Local civil society organisations or CSOs may have different priorities, perspectives and approaches from the larger, louder international environmental and human rights organisations in the North. They also invariably have greater legitimacy in directly negotiating with developers than any outside groups. Yet all too often, local CSOs lack the resources, skills, knowledge and technical equipment to secure a place at the negotiating table or to ensure their views are represented in the key international debates.

Getting local CSOs' voices heard where they will count may be a way to avoid some of the polarisation of viewpoints so common in the oil, gas and mining industries. And as shown by the experience of groups in a number of African countries, as well as emergent economies in the South Caucasus and Central Asia, progress can be made in the most challenging of situations.

In western Africa's Niger Delta, for instance, kidnappings and violent unrest continue to destabilise the region. This is an area of vast oil and gas reserves, yet over half of Nigeria's population live on less than a dollar a day, and around 70 per cent have no access to modern energy services. Gas flaring continues to damage people's health and livelihoods in the delta.

Social Action, Living Earth Nigeria Foundation and a number of other local CSOs are focusing on pragmatic solutions to the ongoing problems in this region. The groups work to reform public policy and engage with industry to eradicate gas flaring, and utilise this gas to provide power to local communities.

In 2007, major oil and gas reserves were discovered off the shores of Nigeria's close neighbour, Ghana. Ghanaian CSOs, including the Centre for Public Interest Law, have considerable experience – both positive and negative – of the gold mining industry in their country. In an effort to avoid the inequity and conflict that have blighted Nigeria's oil industry to date, these groups are now seeking to learn lessons from international practice, studying the development of the oil and gas industries in other countries.

Events in Mali are another case in point. This West African country is Africa's third largest gold producer after South Africa and Ghana. Here, people are concerned about the lack of equity in distribution of benefits among local communities, particularly as the industry is also evicting entire villages and leaving environmental pollution in its wake. Local CSO

Groupe d'Etude et de Recherche en Sociologie et Droit Applique is now seeking to build the capacity of Malian citizens to make use of the law to hold their government and locally operating companies to account.

Taking control: how citizens can hold industry to account

Azerbaijan – a former Soviet state in the South Caucasus – is another nation juggling resource wealth with instability, facing the challenge of managing its huge oil and gas revenues within a notoriously corrupt regime. Azerbaijani

NGOs, including the Public Finance Monitoring Centre, have been using the Extractive Industries Transparency Initiative (EITI) as a platform to promote responsible distribution of revenues within the country.

Azerbaijan was one of the first countries to sign up to EITI, a coalition of CSOs, companies, investors, governments and international organisations working towards improving governance in resource-rich countries through verification and publication of company payments and government revenues from the extractive industries.

In another former Soviet state, vast Kazakhstan in Central Asia, Atyrau Province is one of its poorest regions, despite producing much of the country's significant oil and gas resources and enduring the attendant environmental impacts. Local CSOs and academics are now working to build understanding of the ways in which investment contracts between oil companies and the government can guarantee benefits to communities and protection of the environment. They are intent, too, on carrying this further by seeking to share their experience with CSOs from other Central Asian states and Mongolia, focusing on oil, gas and mining.

An accountability toolkit: how citizens can do it for themselves

As these CSOs are finding – along with others in tough circumstances arising from activities of the oil, gas and mining industries round the world – there is no scarcity of effective, workable and adaptable solutions. Together these constitute a 'toolkit' of techniques for promoting greater transparency, accountability and responsible practice in the extractive industries. A key array has now been identified, assessed and documented, as follows.

Access to meaningful information This is the first step to better environmental governance, empowering citizens to exercise a degree of control over resources and institutions. The 'right to know' is the basis for citizen involvement in environmental decision-making processes that affect their lives, their communities and the development of their country. Large parts of society are unaware of their procedural and substantive rights, and there are often unrealistic expectations about

the country's future wealth from extractive industry operations. Greater access to information will ensure the informed participation of all stakeholders in debates, resulting in more constructive engagement.

Investment contracts The basic terms for foreign direct investment in major extractive industries projects are often defined by privately negotiated contracts between companies and governments. Tensions may exist between commercial and public interests – for instance, between the need to protect confidentiality and the need for public scrutiny over decisions that have major implications for people and the environment.

By using opportunities offered by entry points in the negotiation and implementation of these contracts (from parliamentary ratification to participation in arbitration proceedings), local civil society can play a useful role in scrutinising dealings in order to maximise their contribution to sustainable development.

Social investment Social investment represents the voluntary or mandatory contribution of skills and resources that companies make to local society, over and above their core business investment.

In some circumstances, social investment is a mandatory component of the negotiated agreement between investor and host government. In these agreements, transparency is often an issue; funds may be mismanaged; pressure may be applied to support politicians' 'pet projects'; and cronyism can influence the selection of contractors. A lack of long-term thinking and community participation in decision-making has resulted in dependency on charitable support. Increasing transparency and the involvement of CSOs and communities in decision-making and monitoring of social investment spending would enhance the effectiveness of that spending.

Revenue transparency Civil society groups are calling for greater transparency in the distribution of revenues by governments within countries. Along with EITI, Publish What You Pay is a voluntary global initiative seeking to encourage governments and industry to be transparent about oil, gas and mining revenues by catalysing dialogue between civil society, industry and government.

The World Bank recently launched EITI+, which is looking to extend support beyond revenue transparency and promote good policy and practice throughout the resource development process, including contract negotiation and management. While governments and industry have been critical of this new effort, local CSOs will need support to manage their own campaigns around this topic.

Cost-benefit analysis The results of economic assessments, such as cost-benefit analyses, that have been undertaken in relation to major industrial projects are not generally made public. This is in contrast to the



IStock

Flare-up: extractive industries such as oil can create environmental pollution that in turn triggers social unrest

results of environmental and social impact assessments. Information on the potential economic benefits of projects tends to be vague and generalised.

More, and more specific, information would allow communities and local CSOs to better understand and assess the expected economic benefits that they themselves are likely to receive.

International human rights The activities of the extractive industries in natural resource-rich middle- and low-income countries are increasingly subject to critical scrutiny in relation to human rights, sustainable development and issues of equity and fairness in balancing risks and rewards over time. Numerous sources of human rights law contain provisions relevant to the treatment of local communities affected by the work of oil, gas and mining concerns.

State obligations to ensure human rights also have indirect effects on private actors. Because international law depends on national implementation, those jurisdictions with evolving legal systems or legal systems under intense political pressures tend to have poor environmental and human rights records.

Greater access to tools that empower CSOs to exercise fundamental human rights will lead to fairer and more sustainable investment decisions.

Land rights Securing access to land is a key stage in many extractive industry projects. Land is also a major source of livelihoods, for instance in much of rural Africa, and large-scale investment can increase land

competition and dispossess poorer groups. Effective support from CSOs can help local groups secure their land rights, and use these rights as a basis for leverage in negotiations with government or the private sector.

IIED's 'legal tools' initiative is a case in point. This harnesses a range of approaches, tools and methods – from legal literacy training to paralegal programmes – to help local groups that are facing threats to their land access. The initiative has helped build the capacity of local CSOs to empower communities in understanding and asserting their rights to land and resources in the face of mining developments in Mali.

Company-community engagement and conflict resolution Corporate tools include large framework tools, such as Anglo-American's Socio-Economic Assessment Toolkit (SEAT) as well as targeted tools, such as community grievance procedures. Further toolkits and guidance have been developed by industry associations (for example, the International Council on Mining and Metal's Community Development Toolkit) and NGO or multi-stakeholder coalitions (such as the Framework for Responsible Mining).

There has been limited utilisation of these tools and many remain in the pilot stage; they generally need to be adapted to local contexts. More independent case-study research is needed to demonstrate the effectiveness of the tools in practice.

An independent clearing house would help local CSOs to make sense of the range of available

tools and guidance, and hold companies to their 'best practice' standards.

Measuring impact Companies tend not to assess the broader livelihoods impacts of their activities, including poverty alleviation and socio-economic development beyond the life of a project. The World Business Council for Sustainable Development and the International Finance Corporation are developing approaches to measuring the impact of business activities on society, including indirect project impacts and the overall contribution to local development.

A Unilever/Oxfam project focused on the potential links between international business and poverty reduction. CSOs can benefit from understanding about the effectiveness of such initiatives and learning how to employ similar tools and approaches themselves, including the practicalities of cost, complexity and acceptance of results by industry and government.

Communication and advocacy CSOs are increasingly using innovative new communication technologies combined with more traditional distribution media. From 'Green Hotlines' in Nigeria where text-messaging is used

to post details of ecological and human rights abuses, to the use of participatory global positioning technology to assist indigenous groups in mapping out tribal land rights, new combinations of technologies (or 'mashups') are improving citizen empowered journalism, direct collaborative action, and the visibility and outreach of CSO messaging.

These mashups often benefit from the rapidly increasing availability and affordability of mobile phones across the developing world. Acceptance and impact are enhanced by combining their use with more traditional communications formats and sensitivity to local context and culture. CSOs need to be well informed of the communications and advocacy tools that are being used and understand when it may be appropriate to use particular tools and how to introduce them so they are accepted and adopted by the local community.

■ EMMA WILSON, CHRISTOPH SCHWARTE,
LORENZO COTULA, BEN GARSIDE AND LINDA
SIEGELE

Further reading & websites

Garside, B. 2009 (in production). *Towards community-centred information technologies*. IIED Briefing. IIED, London. ■ Cotula, L. 2007. *Strengthening Citizens' Oversight of Foreign Investment: Investment law and sustainable development*. IIED, London. See www.iied.org/pubs/display.php?o=17012IIED. ■ Cotula, L. 2007. *Legal Empowerment for Local Resource Control: Securing local resource rights within foreign investment projects in Africa*. IIED, London. See www.iied.org/pubs/display.php?o=12542IIED. ■ Schwarte, C. 2008. *Access to Environmental Information in Uganda*. FIELD/IIED, London. ■ Schwarte, C. and Wilson, E. 2009. *Building Public Trust: Transnationals in the community*. IIED Briefing. IIED, London. ■ Anglo-American SEAT: www.angloamerican.co.uk/aa/development/society/engagement/seat/. ■ Centre for Public Interest Law: www.cepil.org.gh/index.htm. ■ Extractive Industries Transparency Initiative (EITI, including EITI+ +): <http://eititransparency.org/>. ■ Framework for Responsible Mining: www.frameworkforresponsiblemining.org/. ■ IFC (measuring impact): www.ifc.org/ifcext/media.nsf/Content/IFC_Results_Measurement. ■ ICMM Community Development Toolkit: www.icmm.com/page/629/community-development-toolkit. ■ Living Earth Nigeria Foundation: www.livingearth.org.uk/africa_programmes/nigeria/nigeria_back.html. ■ Public Finance Monitoring Centre: www.pfmc.az/. ■ Unilever/Oxfam project: <http://publications.oxfam.org.uk/oxfam/display.asp?isbn=0855985666>. ■ WBCSD Measuring Impact Framework: www.wbcds.org/web/measuringimpact.htm.

The International Institute for Environment and Development (IIED) is an independent, nonprofit research institute working in the field of sustainable development. IIED provides expertise and leadership in researching and achieving sustainable development at local, national, regional and global levels. This briefing has been produced with the generous support of Danida (Denmark), DFID (UK), DGIS (the Netherlands), Irish Aid, Norad (Norway), SDC (Switzerland) and Sida (Sweden).

CONTACT: Emma Wilson
emma.wilson@iied.org
3 Endsleigh Street
London WC1H 0DD, UK
Tel: +44 (0)20 7388 2117
Fax: +44 (0)20 7388 2826
Website: www.iied.org



International
Institute for
Environment and
Development