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Striking Oil: Blessing or Curse?

Supporting civil society advocacy to ensure that the benefits are shared

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supported by Publish What You Pay Norway

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1. Introduction

A large oil discovery in a developing country is often seen as a blessing – a chance for countries to leap forward in their development to the benefit of all their citizens. But sadly, this is rarely the case. In '*The Bottom Billion*'[1], Paul Collier argues that abundant natural resources like oil are in fact a major impediment to development for many countries. They act as a 'trap' which stifles other economic activity and leads to bad governance, coups and conflict. Oil gives an added incentive for elites to capture power and keep the oil benefits for themselves at the expense of the wider population. Instead of improved incomes, health and education, the poor of oil-rich countries suffer from displacement, pollution, corruption, poor public services, and a lack of livelihood options. Meanwhile multinational oil companies frequently negotiate big tax breaks and concessions with host governments or use tax havens and global financial secrecy to minimise their tax bills in the countries in which they operate – again, at the expense of those countries' citizens.

But is this depressing scenario avoidable? What role can civil society play to produce different outcomes? How can the benefits of oil resources be shared more widely and fairly?

This Praxis Note seeks to capture the lessons learnt from one practical experience of capacity development with civil society organisations (CSOs) in seven African countries to promote greater transparency over oil revenues. After giving the background to the issue and describing the programme, we examine the lessons learnt about advocacy under four headings:

- Accessing information
- Raising public awareness
- Building community capacity
- Influencing governments.

Finally, we look at what has been learnt about the capacity building of CSOs in the process.

2. Background to the issue

Publish What You Pay (PWYP) is a civil society coalition that helps the citizens of resource-rich countries hold their governments to account for the management of revenues from oil, gas and mining industries.

Origins of Publish What You Pay
In 1999, the British-based NGO Global Witness published a report called 'A Crude Awakening', on the use and misuse of Angola's oil revenues during the 40 year long civil war. A fundamental aspect of this was the difficulty of accessing financial information about what oil companies were paying the government. The report concluded with a call on the oil companies operating in Angola to 'publish what you pay'.[2] In 2002, in view of the wider relevance of this issue, the Publish What You Pay (PWYP) campaign was formally launched, calling for all natural resource companies to disclose their payments to governments for every country of operation. PWYP members can be found today in nearly 70 countries.

[1] *The Bottom Billion: Why the poorest countries are failing and what can be done about it,* Paul Collier, Oxford University Press, 2007

[2] From www.publishwhatyoupay.org

PWYP participates in the Extractive Industries Transparency Initiative (EITI), which brings together governments, companies and CSOs promoting a global standard for companies to publish what they pay and for governments to disclose what they receive. The intended result of such transparency is that it becomes harder for elites to keep the benefits of oil wealth for themselves and easier to ensure that revenues are targeted towards poverty reduction in local communities and the country as a whole.

These are critical issues for CSOs in any country with oil reserves, but particularly in developing countries. The resources potentially available for poverty reduction from oil revenues can mean a huge increase in government budgets. The opportunities for accelerated social development presented by such resources are tantalising, while the risks of distortion and misappropriation are correspondingly immense.

3. The PWYP Norway Global Capacity Building Programme

The PWYP Norway Global Capacity Building Programme (2008-9) had as its goal:

> 'Civil Society Organisations in participating countries play an informed, competent and proactive role in representing their members' and target groups' interest towards governments and decision makers in their management and monitoring of natural resource revenues at a national level'.

This goal was with a view to achieving ultimately a '(j)ust, transparent and accountable management of extractive industries as a common good for all citizens.' This issue has a particular resonance in Norway given the importance that oil revenues have played in producing one of the highest human development index (HDI) rankings in the world. Consequently there is a sense that Norway's experience in utilising its oil resources for national development is worth sharing with other countries.

The programme attempted to equip African civil society actors with the tools to tackle the challenges mentioned above by providing them with:

- Technical knowledge of the oil sector
- Skills in advocacy
- An opportunity to exchange experiences and learning.

The programme was mainly funded by the Norwegian government's 'Oil for Development' initiative[3] and confined to civil society actors in participating countries, namely: Ghana, Mauritania, Mozambique, Nigeria, Sudan, Uganda and Zambia[4]. Of these, Ghana, Nigeria, Mauritania, Mozambique and Zambia are EITI 'candidate countries', which means their governments have publicly stated their intention to implement the EITI. The 27 CSO participants in PWYP Norway's programme were selected after an open application process that took into account both their individual experience and the commitment of their organisation.

The programme consisted of three modules over a one-year period:

Module 1	An initial seminar on 'Good Governance, Transparency and Accountability in the Management of Natural Resources' in Norway, organised by the International Programme for Petroleum Management and Administration (PETRAD), PWYP Norway and Norwegian Church Aid.
Module 2	A seminar in Ghana focusing on the African oil industry: petroleum revenue tracking and expenditure, legislation for environmental and for on and offshore management.
Module 3	A course on advocacy facilitated by INTRAC in Uganda plus determining what was learnt from the programme.

[3] See www.norad.no/en/Thematic+areas/Energy/Oil+for+Development for more information on the Oil for Development initiative.
[4] With Zambia, most experience to date is around copper, rather than oil extraction, although the issues are similar.

The final module included an opportunity to share experiences of what had happened and what had been learnt in the course of the programme. The methodologies included: questionnaires prior to the workshop; peer learning groups under the four headings[5]; using an expert 'doctor' panel to offer solutions to problems encountered; and finally a 'spider's web' to identify linkages for further learning. This forms the basis of the lessons learned highlighted below.

4. Lessons learnt about advocacy on this issue

a) Accessing information

The starting point for any advocacy campaign is to obtain the necessary information. We need to know precisely *what* needs to be changed, *where* the changes need to be made, *who* to target and *when*. It is hard to have influence without information on a government's negotiations and agreements with oil companies, including the financial aspects. Solid, credible data is needed for civil society to develop strong proposals for managing oil resources in a better manner. The stakes are high and if 'opponents' can point to an error (however minor), they can use it to undermine the overall case.

There are significant challenges here. The oil production business, including the fiscal and financial dimensions, is complex and not easily understood by ordinary citizens. Furthermore, some stakeholders (oil companies, governments) may prefer that the business remains opaque. That way, difficult questions can be avoided and the extent of profits, low levels of tax and royalties paid and environmental impact remain hidden.

A key learning from this programme is that it is usually more productive to **target governments** rather than the oil companies for information. Oil companies generally regard themselves as accountable to their shareholders, rather than to citizens in their countries of operation, and do not willingly impart information to CSOs. Furthermore, they are not obliged to, as the EITI is voluntary. Governments on the other hand are at least theoretically accountable to their citizens.

If a country has signed up, it makes sense to **exploit the EITI** to the maximum. CSOs can take advantage of EITI mechanisms like working groups, which can yield rich rewards in terms of information, as has been seen in Ghana. Even if there is no Freedom of Information Act, it is still possible to **use legal avenues** to access information. In Nigeria, the FOI coalition studied environmental legislation and found clauses on access to information. They used these to request information in writing from the government about a company's dredging activities in the Niger Delta.

Another approach is to **work with parliamentarians** and build their capacity to access information, using their formal powers of scrutiny of government. They can then influence legislation on natural resources coming before Parliament, as has been shown in Mauritania. Also, developing **informal one-to-one relationships with government officials** can uncover information via the 'back door'. In Zambia, the 'leak' of the Development Agreement with a company involved in the copper industry was exposed in the media, leading to a renegotiation of the agreement and a review of the relevant minerals act.

Finally, where there is a serious lack of transparency, another tactic is to tease information from the government by **publicising what is *thought* to be the state of play**. If the government claims it is wrong, CSOs can ask for the right information, which is then harder for the government to withhold. This has worked on occasions in Uganda.

b) Raising public awareness

Once armed with the facts, mobilising public opinion is a key advocacy strategy. Governments are often reluctant to involve CSOs in natural resource management and can seek to marginalise them, accusing

[5] Accessing Information, Raising Public Awareness, Building Community Capacity and Influencing Governments.

them of being politically motivated or backed by foreigners. However, it is much harder for governments to ignore mass movements involving their own populations. A shift in public opinion can affect public support for the government and swing votes at elections. Mass mobilisation is particularly appropriate where there is little tradition of CSO lobbying and where governments only bow to pressure when they must. A challenge here is that extractive industry issues are often very technical, both for CSOs working on the issue and even more so for ordinary members of the public. Simple and effective communication is therefore essential.

Starting from and **building on affected people's own experiences** provides a strong entry point. This is less practical in the early stages before production has started, but becomes powerful once local people start to see and experience the effects of oil extraction.

Another approach is to **bring in a knowledgeable outsider** (e.g. someone from another country as was done in Uganda) who can introduce a galvanising element of expertise and experience. A foreigner can demonstrate that there is not just one perspective on the issue, but there are other views and alternative courses of action that have been tried elsewhere. In other words, what the government and oil company is pushing is not the only option.

To stimulate debate, **town hall style meetings** can also encourage people who may be used to listening respectfully to their 'seniors' to analyse and take a more critical approach. It is important to ensure that such meetings are not manipulated by vested interests to present just their point of view, but that there is room for participants to question and to challenge.

The media too often has a limited knowledge of what is happening. Therefore it can be useful to **involve journalists directly in the programme** and not just see them as external targets to influence. Identifying sympathetic journalists, as shown in Sudan, gives them the necessary insights to report sympathetically and accurately on a complex topic. Using **radio programmes** linked with direct community interactions over a period of time is useful in raising awareness and mobilising people, as found in Zambia. Radio is a particularly good medium for accessing rural communities, although it was noted that urban people are less likely to tune in.

c) Building community capacity

The local community – those people and their representative institutions most directly affected by oil extraction – are essential elements of the advocacy process. They are the main source of evidence on which CSOs can develop and substantiate their arguments about the environmental and social impact of oil extraction. Unless local people are at the forefront of advocacy campaigns, then the issues raised can be dismissed by the authorities as groundless and unrepresentative of the local reality.

Once a local community (and its institutions) is aware of the issue and ready to undertake action, it needs support and guidance on how best to influence the management of the oil sector.

However, local communities can often be suspicious of CSOs and their intentions. As was found in Nigeria, they may also have unrealistic expectations of benefits in the form of 'hand outs' from CSOs. Therefore it is essential to **build trust with local communities** at the outset by patiently and repeatedly giving clear explanations of the issues, the potential benefits to communities of advocacy, what will *not* be provided and the role of CSOs in the work.

Questions may be raised about the legitimacy of civil society actors and who they represent. To counter this, **mass mobilisation events** campaign (e.g. mass meetings, concerts with famous stars etc), demonstrated that there is a strong constituency behind a campaign as has been seen in Zambia. To achieve mass mobilisation, it can be useful to **link up with trade unions** which tend to be well organised and able to organise large numbers of people, as found in Ghana. Again, it is advantageous to see trade unions as partners in a campaign and not just external stakeholders to be influenced.

As observed in Nigeria, there is a resistance to **recognising the gender aspects** of oil extraction, and the low participation of women can be the result. Analysis of how women specifically are affected by oil extraction is important (e.g. how it affects their livelihood options). Targeted approaches such as women only meetings and working through church women's groups can achieve higher participation.

There may be laws restricting public assembly, which opponents will seek to exploit. Ways to get around this include involving unions, who can work within their existing legal rights and agreements, or **identifying superior laws** (e.g. the constitution) that contradict a restriction on public assembly, as was found in Nigeria.

In view of the sensitivities involved, it is important to be honest about and have contingency plans to **deal with the risks** of mass mobilisation campaigns. Given the value of oil revenues, the incentive for opponents to crush advocacy work by any means possible is high. The risks of a backlash, its likely nature and its consequences need to be carefully weighed and discussed with participants. Mutual solidarity networks (including international partners) can provide some level of protection.

d) Influencing governments

Ultimately, the success of an advocacy campaign will be measured in terms of its success in influencing governments and companies. Governments are often reluctant to make the management of natural resources transparent, or even downright hostile. Given the value of natural resources, governments tend to want to monopolise control. Negotiations with extractive companies are generally kept secret (under the smokescreen of 'commercial confidentiality') and civil society participation in the process is frequently resisted or dismissed.

Case study – Ghana

In Ghana, civil society has engaged with the issue of how best to use the resources generated by gold mining since the inception of the Ghana EITI in 2003 and have been seeking to extend that experience to the oil and gas sector. Opposition parties tend to be more open to critiques about what is happening with the revenues from natural resource extraction, as they can use this to challenge the government. As a strategy, civil society therefore worked with the then opposition party National Democratic Congress, to commit itself in its manifesto to transparent and accountable governance of the country's natural resource sector.

After large quantities of oil were discovered in Ghana in 2007 (reportedly to generate at least US$1 billion in revenues per year for the next 20 years), a round table was organised to discuss the extension of EITI to the oil and gas sector.

This brought divisions within civil society about whether and how to engage with EITI, because it was seen as donor driven and initiated by the UK Blair Government, rather than by Africans. However, the view of a number of CSOs was that while EITI was limited in some respects, the best approach was to work from the inside and seek to broaden and deepen its scope.

Participation in EITI working groups yielded useful information and gave civil society more leverage. The Integrated Social Development Centre (ISODEC) became a reference for CSOs on the issue. The PWYP Norway Global Capacity Building Programme came at an opportune time to strengthen civil society's ability to engage, particularly at the technical level. ISODEC and other CSOs also carried out awareness raising workshops at the community level.

Partly as a result of having been lobbied while in opposition, the new President, Professor John Atta Mills (who took office in January 2009) publicly recognises the importance of transparency. The Government agreed to put abridged versions of Profit Sharing Agreements online, including the fiscal terms. CSOs are now pressing for follow-up (including the full versions) and also for civil society participation in discussing the proposed Petroleum Revenue Management Bill.

Given the ramifications and high stakes involved, it makes sense to **build a coalition with a range of actors,** as demonstrated in Zambia. This can include community groups, NGOs, the media and unions. Different actors can play different roles with some more confrontational, others more accommodating, but working in a coordinated fashion with a coherent message. They can bring different skills (research, mass communication, mobilisation) to different parts of the process. By working together to highlight how much the country was losing in revenues, the tax regime was changed.

Given the abuses that sometimes occur, there is the understandable tendency on the part of civil society to treat the government as 'the enemy'. However, more can sometimes be achieved by **not always being against the government**, developing relations with sympathetic officials and politicians and using them to get information and knowledge of where and how to exert pressure for change. This does not mean compromising on the fundamental position for greater transparency.

Carefully **planning meetings with government officials** can also bring better results. Participants from a number of countries observed that interactions often fail as CSOs are ill-prepared and base their arguments on unsubstantiated evidence. They can criticise without having alternative solutions. Officials can use this to undermine the case being made, as well as employing a range of evasive tactics. Lessons learnt on how to address this include:

- A CSO delegation should include both more conciliatory members and more challenging members ('good cop – bad cop').
- CSOs should listen to and acknowledge what the government is saying and not just launch into their own position.
- Arguments should be framed in similar language to that used by the government.
- Present the case on the basis of properly compiled financial information on how much authorities are losing through lost royalties and tax revenues.
- Alternative proposals from civil society should indicate how the government will benefit (e.g. in terms of improved popularity).
- Always end a meeting with a clear follow-up agreed. This might be a further smaller bilateral meeting with officials to discuss technical matters.

Developing a 'shadow report' with a range of allies can be a useful tool to instigate change. In Mauritania, this contributed towards the adoption of EITI by the Mauritanian Government.

5. Lessons learnt about the capacity development of CSOs

Looking at the PWYP programme itself, there are a number of lessons about how to support CSOs on this issue, which also have wider application. The **recruitment of the 27 participants** deliberately included a dynamic mix of trade unionists, journalists, NGOs, and gender/women's rights organisations. While having an interest in the same issue, many of these people within the same country had not collaborated with each other previously. Through the programme, cooperation has developed, and in Nigeria participants have formed a new group. In Zambia, different participants played to their strengths to achieve the same goal: one participant adopted a more directly challenging approach through radio programmes on an independent station, while a journalist on a government newspaper tends to approach the issue in a more low key fashion. Conversely, in Sudan and Mozambique, which each had just one participant, it was more challenging to make progress during the programme period.

Another positive aspect of the recruitment process was that the conscious effort to involve more women resulted in the **gender dimension** of oil extraction being raised.

Also the **range of countries selected** enabled the exchange of knowledge and experiences from across Africa. The scope for this was enhanced by the fact that some of the participating countries such as Nigeria and Mauritania have been producing oil for many years, while others are about to start production (Uganda) and yet others are at the incipient stage of issuing licences to prospecting companies (Zambia, Mozambique). The cooperation was enhanced by participants themselves arranging exchange visits (from Nigeria to Zambia; from Zambia to South Sudan).

The **structure and content of the programme** was generally found relevant and useful. The participants by the selection criteria already had some degree of experience of advocacy around oil extraction. However, all acknowledged that they had learnt more through the process, particularly in introducing tools to help negotiate the technical aspects of fiscal and financial analysis, which equipped them to develop more effective advocacy. The first module in Norway provided a 'success story' to underline what is possible. The second module in Ghana emphasised that there were experiences in Africa on which to draw, and went into selected issues in greater depth. Finally, the third module in Uganda strengthened participants' advocacy skills and allowed consolidation of learning. The fact that there was a gap of several months between each module allowed scope for implementation and reflection on experience gained.

6. Conclusion

Most of these lessons learnt do not apply exclusively to the issue of advocacy on oil, or even the extractive industries more broadly. As such, these practitioner reflections are to a large extent reaffirming what has already been discovered in other areas of advocacy.

But while not ground-breaking, what this has shown is the importance of reflecting on experience and applying the lessons learnt in the complex context in which oil extraction policies are negotiated and implemented. CSOs have often been accused of oversimplifying their advocacy work ('increase aid', 'cancel debt' etc) and hence their arguments have been dismissed as naïve and unrealistic. The urge to dismiss is even greater when the question at issue is who benefits most from the lucrative oil industry.

Hence civil society needs to work continuously to build its competence and expertise if it wants to be taken seriously and have real impact.

It has been observed that oil tends to erode the principles of democracy. When a state depends on oil revenues rather than citizens' taxes, this can change the very social contract between state and its citizens. While advocacy has resulted in some successes, much more is required to achieve full transparency and the optimum utilisation of oil resources for the people as a whole. As such, there is a continuing need to learn from the experience of further advocacy work in this area, to identify what works best.