

**NATURAL RESOURCE GOVERNANCE:
AN IN-DEPTH SUBFIELD MAPPING AND ANALYSIS**

Summary Brief¹

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¹ The full detailed report was submitted to the Revenue Watch Institute in March 2014.

INTRODUCTION

Since its incipient stages in the early 2000s, the field of natural resource governance (NRG) has greatly evolved and expanded, with new actors, approaches and target issues proliferating in recent years. Commissioned by the Revenue Watch Institute (RWI) as an input into its five-year strategy development process, this study maps and analyzes the work of RWI and a core group of other actors working on NRG.² Specific attention is given to identifying and detailing areas of overlap and potential synergy to inform programming, strategy and priorities moving forward. At the organizational level, the report examines how and why organizations focus their work in particular ways, the approaches they deploy, their self-perceived comparative advantages and their views of RWI's role in the field. At field level, it investigates the collective impacts of efforts to improve NRG thus far, emerging priority areas, gaps across the work that has been done to date and opportunities for greater coordination and collaboration. This summary brief reviews the basic analytical framework used in the report as well as some of the key findings.

WHO IS WORKIN ON WHAT, WHY AND HOW?

The organizations in question vary in terms of the **NRG problems** on which they focus, their respective **theories of change** for addressing these problems and their **approaches** to promoting better NRG.

Problems. Organizations working on NRG tend to focus on three broad categories of challenges to some notion of “good NRG”:

- **lack of will** among key public and private sector actors to “do the right thing” in terms of EI governance, which can manifest itself in a variety of negative outcomes, from corruption and conflict financing to exploitative contractual and financial arrangements³ to socially and environmentally damaging practices;

² Alongside desk research, interviews with representatives of the following organizations served as key research inputs for this project: AusAid, Canada DFATD, Cordaid, DFID, Bill and Melinda Gates Foundation, GIZ, Global Witness, Hewlett Foundation, NORAD, ONE, Open Society Foundations, Oxfam America, Publish What You Pay, Revenue Watch Institute, Swiss Agency for Development and Cooperation, USAID, and the World Bank/World Bank Institute. The group covers a sampling of key INGOs active in the field, major public and private donors undertaking and/or supporting NRG work, one international financial institution (IFI) and one public-private implementation organization. The sample is by no means random nor is it in any way intended to be representative of the field as a whole. Rather, it was compiled based on relationships with, and relevance to, work being done by RWI, as well as general placement in the field and availability during the interview period.

³ These situations primarily entail the exercise of lack of will among industry actors and their global networks and may also include host government officials who can be complicit in allowing these arrangements to emerge.

- **lack of capacity** of various stakeholders to effectively participate in EI governance processes, i.e. decision-making, planning, implementation, monitoring and enforcement along the length of the natural resources value chain; and
- **lack of information**, both in terms of availability and usability,⁴ as inputs into EI governance processes as well as for understanding the relative efficacy of different strategies to tackle EI governance challenges.⁵

Until quite recently, the bulk of work in the field focused on a specific type of informational deficiency: the details behind opaque financial transfers from companies to governments. Although most now recognize the importance and interdependence of a much broader range of NRG challenges across the three categories, organizations differ in terms of where they place their emphasis.

Of the organizations examined here, alongside work on improving transparency around revenue accumulation, efforts now increasingly aim to address **informational challenges across the value chain** as well as the current **dearth of knowledge about the effectiveness of different strategies to improve NRG**. Significant attention is also being devoted to addressing **challenges arising from the (in)capacity of host governments to effectively govern natural resources**. To a somewhat lesser but growing extent, some organizations are working to overcome the **capacity challenges facing non-state actors** and impeding their ability to be meaningful participants in NRG processes. Only a **small sub-group of organizations squarely focus on situations characterized by lack of will**, but support for such work, particularly around identifying and obstructing channels for illicit financial flows, is growing.

Theories of Change. Once problems have been identified, rationales for how to go about redressing these should be developed in order to guide the selection and deployment approaches to improving NRG. Surprisingly, however, few of the major organizations working in the NRG field have explicit and well-developed theories of change underlying their work.

At a very basic level most of the organizations examined by this study share two broad sets of assumptions regarding what is needed to improve NRG: *more information* presented in accessible and usable ways; and a *broadening and strengthening of stakeholders* participating in NRG processes. In short, **if you put the right information in the hands of the right people and provide them with the appropriate capacity and opportunity to use it, (somehow) this**

⁴ Information limitations occur both in terms of availability and usability: some facts/data are simply unavailable, or have not been gathered; or facts/data are available but inaccessible because they have not been translated or presented in a way that can be readily understood and deployed by various stakeholders and practitioners.

⁵ The locations and ownership of mineral deposits, the details of concession assignments and contents of contracts, the composition of ownership structures, the distribution and flow of natural resource revenues and their intended/actual budgeting and use, analyses of anticipated and actual social and environmental impacts of specific projects, and even the efficacy of different strategies intended to promote better NRG, are all areas in which there is a serious lack of information.

will produce better NRG outcomes. Although fairly simplistic, this formulation marks a significant evolution from the field's even vaguer version emphasizing revenue transparency as (somehow) being the key to better NRG by expanding notions of what should be transparent and recognizing the importance of actors capable of using information and participating effectively governance processes.

With the exception of a small handful of organizations working in the field (RWI among them), few have moved much beyond this very vague formulation. Indeed, many theories of change, to the extent to which they exist, are underdeveloped, do not draw on a systematic evidence base, and vary in terms of points of emphasis from one organization to the next. This is problematic both at the individual organizational level and for wider coordination across the field. At the organizational level, a well-developed theory of change is the underlying rationale for why an actor does what it does – without such vision, and the thought that goes creating it, a critical piece of the foundation for that organization's work is missing. Similarly, when taken as a group, actors with varying assumptions about the world of NRG and different thoughts on the mechanisms through which different outcomes are achieved, will face challenges in trying to coordinate their work or complement that of others. A lack of clarity around these assumptions and notions simply exacerbates such challenges.

Approaches: Tools and Strategies. How organizations go about attempting to improve NRG differs considerably across a range of variables – available organizational resources, type of activity, target actors, target challenges, geographic reach, value chain focus, etc.

With regard to the tools and strategies organizations use to implement their approaches, the ones examined in this sample try to enhance NRG through advocacy at various levels, expert advising, grant-making and targeted funding, technical assistance, capacity development, creation of multi-stakeholder dialogue opportunities, investigative reporting, data collection and dissemination, research and knowledge production, policy analysis and framing, coalition and movement building, and efforts around the development of international norms and standards. With the exceptions of NORAD that does implementation and DFID's incipient work on information management and use, most bilateral donors tend to work on improving NRG primarily through *funding*, typically for *host government capacity development and technical support*. Like the bilateral donors, the sole IFI in the sample, the World Bank largely focuses on *host government capacity development*, although, perhaps with greater expert support and guidance from headquarters and increasing attention to non-state actors. The World Bank Institute is also beginning to take a more active role in *knowledge production and dissemination* as well as participating in creating and supporting *global-level frameworks*, alongside many of the other organizations examined here.

NGOs and the sole implementation organization in the sample, tend to contribute through their *expertise, investigative skills, advocacy, and issue/policy framing*. As might be expected, the NGOs are the sub-group of organizations most directly and consistently active in *advocacy* at national, regional and international levels and also terms of *civil society technical support and capacity development*.

Of the three private foundations in this sample, two devote significant resources to improving the *information and capacity of non-state actors* to participate effectively in NRG. These are also the two foundations most active in trying to *improve information on and participation in the NRG field itself*. Through funding and partnerships with implementing organizations like RWI, the third private foundation is focusing on trying to bring about improved development outcomes from NRG in very specific locations, using *context-driven strategies for enhancing host government capacity*.

Approaches: Issue Areas. Although the field was traditionally associated with a focus on transparency of revenue accumulation, over the years a growing range of concerns related to NRG have been identified. These concerns are often mapped across one or another version of a “value chain” or “decision chain”, heuristic tools for organizing issue areas according to major NRG process points.

In terms of value chain⁶ focus, almost all the organizations included in this study recognize the importance of working across the value chain rather than simply focusing on revenue transparency or another single issue. As the World Bank recently pointed out, if the entire value chain is not covered, problems and leakages will simply shift to areas that are not being addressed. Nonetheless, given practical constraints on how much any one organization can do, areas of emphasis vary from one organization to the next and often change over time.

While several organizations still devote a significant amount of their attentions to transparency and capacity of governments to effectively oversee *revenue accumulation*, many are turning their attention elsewhere. A number of organizations – NGOs, bilateral donors, IFIs and foundations among them – have indicated an interest in issues related to *contracting and licensing* phase in the near term while for others *revenue management* is becoming a high priority. Bilateral donors and RWI have been particularly active in promoting improved institutions and capacity related to *regulation and monitoring* of natural resource operations. One NGO emphasizes the importance of the *post-wind down/closure* impacts of natural resource projects, a potential dimension of the value chain unaddressed by many others, and another organization includes *regional harmonization* to its own expanded version of the value chain.

⁶ For this analysis, I am adapting the World Bank version of EI value chain.

Approaches: Stakeholder Targets. Although long associated with the actions of governments, governance is increasingly recognized as implicating a wide range of supply- and demand-side stakeholders. Beyond ministries of oil, gas, mining and finance, there is growing awareness of the myriad of other actors – ministries of the interior, health/safety, labor, and the environment, judiciary bodies, auditing agencies, etc. – who can directly impact the quality and efficacy of the supply of NRG. On the other side of the equation, the participation of well-informed and active NGOs, civil society, community groups, academics, media, parliamentarians and technical experts is increasingly seen as critical in monitoring natural resources and demanding better, more accountable governance. International resource companies, state-owned companies, commercial banks, industry associations and other private sector actors can impact both sides of the governance equation, and therefore represent another set of potential partners or targets of engagement.

The traditional *de facto* division of labor had INGOs and foundations generally focusing on *civil society and communities*, while bilateral donors and IFIs worked predominantly with *host governments*. Despite a continuation of these general trends, there have always been important exceptions and relatively recently the role of a wider array of stakeholders in NRG has come to light. RWI and OSF have been active in working with governments, civil society, media and parliamentarians a number of years, while several other organizations from all categories have expanded their activities across multiple stakeholders listed in the preceding section.

Comparative Advantages. As one would expect, no two organizations were quite alike in terms of their self-identified niche or comparative advantage with the NRG field. All bring different configurations of resources and expertise to their work on NRG. Although detailed by organization in an annex of the full report, the list of self-identified comparative advantages includes:

- **financial resources** through which to support the work of others in this field
- **tenacious investigative networks** to reveal NRC problems and dynamics
- experience and necessary access for **high-level advocacy** to shape national and international NRG policy frameworks
- **strong technical expertise** to help address technical capacity impediments facing a wide variety of actors and to serve as knowledge hubs for the field as whole
- **direct and multi-faceted experience** in successfully governing their own natural resources as the basis for advising and supporting others
- **extensive on-the-ground presence in specific localities and/or across the world** to undertake direct in-country implementation and information gathering (while organizations with lesser field presence are better suited to advance global and macro-level initiatives)

- **willingness to operate in highly unstable settings** sets a few organizations apart from the rest and allows those who may well have the greatest need but also greatest challenges to entry for external actors, to receive some attention and support
- **credibility and strong relationships with governments and/or industry** allows certain organizations to work directly with these powerful stakeholders to improve NRG from within
- **the ability to openly criticize and oppose governments and/or industry** that allows other organizations to highlight the highly problematic practices of some government agents and companies

Organizations also vary in terms of the **breadth of their substantive focus** from those focusing on a specific type of natural resource to those covering all natural resources to those embedding their NRG work in broader substantive frames reaching beyond natural resources, e.g. transparency and accountability, sustainable development or illicit financial flows more generally. Although there is currently no evidence to suggest the benefits of one type of substantive scope over another, one could imagine that these differences result in different types of contributions to the field. Organizations with a narrower focus would in theory be better positioned to acquire deeper specialization and expertise in their given area, while organizations using a broader framework of which NRG is only one component are well-positioned to “smash silos” and make linkages across fields (e.g. to tax justice or environmental fields) when there might be some specific advantages to doing so.

Similar observations could be made regarding **the breadth of functional scope** of organizations – there is a broad range and no easy way to determine what relative costs and benefits of different variants might be. Some adopt a **specific functional niche** – be it bringing problems of NRG to light or focusing on transparency-related advocacy or focusing on capacity development for host governments – which in theory allows them to become experts in that type of activity. The problem with this is that if the success of each of these narrow slices in promoting better NRG is reliant on other activities being undertaken by other actors, and these interactions with other pieces of the puzzle are not explicitly stated and coordinated, there is a risk of this type of work being done on disparate tracks and not having the ultimate intended effects.

WHERE DOES RWI FIT IN?

In many ways, RWI stands apart from the other organizations examined here. It engages a broader range of problems than any other single organization, has a more developed theory of change than most, and deploys a wider array of tools and strategies targeting a broader group of actors and issues than almost anyone else. Of the organizations examined, RWI also has one

of the most developed frameworks for explicitly integrating the rationales for its work with specific programmatic undertakings, i.e. **identifying the problems it seeks to address, developing theories of change for tackling individual problems, and using these theories to guide implementation approaches.**

Interviewees identified **RWI's comparative advantages** as: serving as a major **intellectual hub** for the field; providing valuable **technical assistance and capacity development** for **state and non-state actors** alike; participating actively in selected areas of **high-level advocacy; engaging concerns across the value chain**, and functioning as a **network hub** (i.e. a central player in the field, active in coordinating other actors and resources and keeping track of the field as a whole (alongside the Open Society Foundations)).

WHERE HAVE WE BEEN AND WHERE ARE WE GOING AS A FIELD?

Impacts. Among the most often-cited major impacts of the field are the passage of **mandatory disclosure regulations in the US and EU**, and the **creation and expansion of the membership, implementation and coverage of EITI**. Other commonly mentioned areas of collective impact include bringing about **greater awareness of NRG issues** more broadly and the creation of **increased opportunities for civil society and community engagement in NRG debates and dialogues.**

Despite these successes, it remains unclear whether or not the normative and practical developments they entail have actually improved the NRG problems they were ultimately intended to resolve. To some extent, this lack of clarity is simply due to the very recent and sparse emergence of impact assessments, i.e. we know very little about how the field has been impacting NRG beyond conjectures based on narrow empirical and anecdotal examples. This is somewhat unsurprising given the relatively brief history of the field and the lack of explicit NRG goals and rationales for achieving them that characterized many initial efforts. However, what little we do know suggests that adjustments are needed to how the field works to improve NRG.

Of the handful of major analyses have been completed to date, much attention has focused on assessing activities related to EITI. Some preliminary findings from these assessments suggest that while transparency around revenue accumulation and other points across the value chain is increasing, the information coming out of these initiatives is not directly translating into better NRG as many had hoped (or implicitly assumed). This is sometimes framed as the problem of getting from transparency to accountability and suggests that more attention needs to be given to understanding the mechanisms through which different governance outcomes

are actually achieved. The development of evidence-based theories of change and on-going impact assessments should help individual organizations refine their approaches and help the field achieve deeper impacts in improving NRG.

Priorities. Interviewees were asked to reflect on the near-term priorities of their organizations as well as the most pressing areas for greater coordination and collaboration across the field. The following were mentioned as priorities over the next 24 months for multiple organizations:

- pushing for new **international transparency regulations** and helping to implement existing ones;
- continuing work around the **adoption and implementation of EITI**, particularly in light of the expanded EITI Standard;
- paying more attention to the **beginning of the value chain**, i.e. concerns related to tendering, licensing and contracting;
- increasing transparency around **illicit financial flows**, with special attention to **beneficial ownership** arrangements; and
- improving **data availability and use**.

Interviewees also identified pressing and/or promising areas for coordination and collaboration moving forward, including:

- promoting more **country-level interaction and coordination across organizations**;
- **partnering with actors working on NRG-relevant concerns in other fields**;
- actively **preparing to process, manage and disseminate “the avalanche of data,”** current and anticipated, emerging from EITI and international transparency regulations; and
- undertaking systematic and rigorous **assessments of existing efforts to improve NRG** in order to help identify more and less promising strategies and directions.

Gaps. An array of gaps in the field’s coverage were also identified by interviewees and provide important insights into the types of work organizations could be considering in the medium-term. Some of the major areas of weakness or gaps in coverage included the need for:

- **better geographic coverage**, e.g. more attention to engaging China, the MENA region, Francophone developing countries and more “challenging countries”
- work that squarely targets **a wider range of substantive concerns**, from addressing broad problems of political will and political power, and the enormous and complex relationship between NRG and the environment, to narrower challenges related, e.g., to government payments to companies and the dynamics of oil/commodity trading

- more efforts to support and engage **stakeholders beyond host government ministries**, i.e. civil society, media, parliamentarians, private sector actors, sub-national governments, domestic coalitions advocating for better NRG, etc.
- the collection and dissemination of more **information about who is doing what and where across the field of NRG, more baseline country-level information and more attention to use of information coming out of transparency initiatives;**
- more explicit attention to **NRG challenges arising at the very end of the value chain, i.e. the wind-down and post-closure** phase of EI projects; and
- mechanisms and opportunities to **allow local, regional and national actors to play a larger role determining the NRG agenda and providing input into strategies to enhance NRG.**

A MORE COORDINATED AND COLLABORATIVE NRG FIELD FOR THE FUTURE?

Addressing many of the gaps and priorities listed above will require a lot work by a lot of actors working together or at least trying to complement each other's efforts. Moving forward, the prospects for improving coordination and collaboration, and avoiding duplication, in the NRG field could be greatly enhanced by improvements both within organizations and across them. The field as a whole would benefit greatly from individual organizations taking the time to specify clearly: how they define good NRG; the specific NRG challenges they are try to address and why they are prioritizing these; their underlying rationale for how to redress these challenges and the evidence on which this is based; how approaches they offer can contribute to implementing their theory of change; and their specific areas of comparative advantage, i.e. how and where they can make the most valuable contribution to advancing their ultimate goals (whatever these might be). Several organizations are already making important progress on these issues.

Once these individual organizational fundamentals have been resolved there is greater basis for fostering coordination and collaboration among the various actors operating in the NRG field. Focusing on areas of shared priorities and/or greatest demand⁷, key parties can begin to reach across organizations in hopes of increasing the coverage, effectiveness and/or efficiency of work being done around specific issue areas, functional areas or geographies. Actors or institutionalized mechanisms to facilitate coordination around specific initiatives would likely increase the practical feasibility of sustained cooperation. A process framework for facilitating greater coordination is briefly outlined in the full report.

⁷ Alternatively, collaboration could be organized around common geographies or functional strategies or prioritize new areas (from coordination/collaboration and/or gaps lists above) around which work has not ramped up yet.