

## Extractives Hub Pitch; National Innovation Exchange, Global Conference, EITI, 2019

- To be delivered by Daniel Gilbert at side-hall to the Global Conference – the National Innovation Exchange, as suggested by DFID (Rhona Birchall) and the EITI Secretariat
- Very short introduction: Extractives Hub, especially as an extractives think-tank
- EITI: identified<sup>1</sup> as most successful in consolidating transparency as a global norm in extractives sector, and as a brand
- Trying to judge it against development goals have foundered on the rocks of “goals that are over-inflated compared to what the initiative formally seeks to achieve”<sup>2</sup>
- But these goals matter. Link to Extractives for Development agenda, critical importance of local (to resource-rich districts and regions, not just at a far-off national level) benefit. Ultimately, in most countries, subsoil resources are natural endowments for the benefit of the people, held in stewardship by government
- Suggested area for innovative development: how can (or, can?) EITI consolidate local benefit as a global norm in the extractives sector, just as it has for transparency?
- Recasting back to Sydney 2013 Beyond Transparency Agenda: Transparency -> Accountability – Governance. Progressively harder to achieve and demonstrate
- Also, progressively more directly relevant and higher impact on local benefit:
  - Transparency is neutral, on its own it just shows where money went, e.g. see Chatham House publication title (N. Shaxson, 2009) “Nigeria’s EITI – just a glorious audit?”; <https://eiti.org/document/nigerias-eiti-just-glorious-audit>
  - Accountability is different – accountable governments are responsive to the stated needs of their citizens, notably regarding local economic development
  - Governance is harder to define, so perhaps a better place to start is its added value? Consistent implemented legality and anti-corruption measures can be seen to have wider societal benefit in and of themselves, and as a means of elevating the rule of law more widely. But laws that don’t benefit local communities are unlikely to be popular, however robust the adherence. Ultimately, extractives sector laws, policies and regulations must facilitate local benefit if the social license to operate is to be genuine and secure.
- Illustration 1: Extractives Hub TA delivered April 2019 regarding oil and gas pipelines to Turkana County Government focused extensively on local content and local benefit themes
- Illustration 2: 1<sup>st</sup> October 2012 event *Nigeria’s 52<sup>nd</sup> Independence Anniversary Symposium*, Aberdeen, UK. The event was meant to focus on a wide range of aspects of the country’s petroleum sector, but all of the Q&A discussion focused on just one topic presented: Local Content. Bede Nwete, CEPMLP alumnus LLM, made the following presentation: *Reforming the Nigerian Petroleum Industry: Between Local Content and*

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<sup>1</sup> Rustad, Siri Aas & Le Billon, Philippe & Lujala, Päivi, 2017. "Has the Extractive Industries Transparency Initiative been a success? Identifying and evaluating EITI goals," Resources Policy, Elsevier, vol. 51(C), p. 151

<sup>2</sup> Ibid., p.151

*Globalisation*<sup>3</sup>, which topic (local content -> local benefit, potential benefits and practicalities thereof) dominated all discussions, including any follow-up to the talk of renowned Professor Alex Kemp of the University of Aberdeen

- I (presenter = Daniel Gilbert) have delivered or part-delivered four different extractives sector stakeholder engagements, including Petroleum Sector Local Content in Kenya (2018/9), and have direct experience of how important local benefit issues are to different stakeholders
- My other three stakeholder engagements tell the same story:
  - Malawi Online Mining Map Cadastre implementation (2017); <http://goxi.org/m/blogpost?id=5786733%3ABlogPost%3A104902> - Civil Society representatives consistently emphasised the importance of the Cadastre in allowing quick, accurate and straightforward access to see which miners had mining rights in which localities (i.e. transparency), as a starting point to hold them accountable regarding environmental protection and with regards to local mining sector employment opportunities
  - UK Onshore Natural Gas extraction engagement (2016) with elected politicians in three different UK regions: north-west England, overlapping proposed natural gas extraction license areas; north-eastern Scotland, in a region adjacent to Scotland's natural gas-rich Midland Valley to the; and London, the UK capital where many of the relevant natural gas extraction companies had either their national or international headquarters. The responses of politicians varied considerably in line to the proximity of their constituencies to the areas of likely natural gas extraction, the expectation consistently of those politicians outwith the capital was that any benefits would accrue to the country as a whole but that any costs would be bourn locally
  - *Malawian Voices, Malawi's Natural Resources Extractive Industries Listening Exercise (2015)*; <https://www.eisourcebook.org/cms/March%202015/Malawian%20Voices.%20Malawis%20Natural%20Resources.pdf>  
32 interviews conducted nationally across all three Malawi's regions regarding the nation's mining and petroleum sector, including with two former Ministers of Mining, senior civil servants, industry, international development partners, and NGOs. The main conclusion of the listening exercise was that respondents were generally positive about the mining sector, which was seen as having the potential of delivering substantial local benefit, but suspicions of the development of an upstream petroleum sector, since the perceived environmental risks to, in particular, the fragile and iconic Lake Malawi, were seen as too high.
- Innovation Challenge for EITI is therefore, as above: how can (or, can?) EITI consolidate local benefit as a global norm in the extractives sector, just as it has for transparency?
- Extractives Hub, as an applied research think-tank, can help facilitate and drive forward this conversation and EITI policy innovation
- Oxford University academic Theodore Zeldin on conversation: "Conversation is a meeting of minds with different memories and habits. When minds meet, they don't just exchange facts: they transform them, reshape them, draw different implications

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<sup>3</sup> Available online:

<https://www.eisourcebook.org/cms/Feb%202014/Nigeria%20Local%20Content%20Between%20Local%20Content%20and%20Globalisation.pdf>

from them, and engage in new trains of thought”;  
<http://www.gurteen.com/gurteen/gurteen.nsf/id/when-minds-meet>