

Subject: [surf-hdr] CONSOLIDATED REPLY: Impact of Hydrocarbon Discoveries

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Reply-To: "NHDR Network Group" <surf-hdr@groups.undp.org>

Organization: United Nations Development Programme

To: NHDR Network Group <surf-hdr@groups.undp.org>

Dear Christopher, NHDR Bolivia Team and SURF/HDR Network Members

In answer to your query on the socio-economic impact of large hydrocarbon discoveries on a region, we have received messages from:

- **Moez Doraid, RBAS**
- **Christopher Pinc, Bolivia**
- **Herve Kouraogo, Burkina Faso**

Below, please find the summary of research conducted for the network, the full answers, as well as some resources and websites for your analysis. Hope they are useful. Thanks to all those who contributed. Shahrbanou

Original Query

Christopher Pinc, UNDP Bolivia (christopher.pinc@undp.org)

Greetings from UNDP Bolivia. We are presently working on a series of regional human development reports and are interested in obtaining information that could be helpful in our background research. Specifically, we are looking for information to support one of these reports that focuses on a region of the country where a large discovery of natural gas was recently made. We are performing an analysis of how this discovery may impact the society and economy of the region, and how the huge future tax revenues can best be used to promote human development. In this effort, we feel it would be very important to compare experiences with other parts of the world that have gone through similar processes. We therefore are interested in hearing from any other country office or National Human Development Report Team that has addressed the issue of the impact of large hydrocarbon discoveries on the region in which they are found. (We are not interested in the environmental impact per se, because many other organizations have already written on this topic here, or are in the process of doing so. We are more interested in the socio-economic impact.) We would greatly appreciate any information you could provide.

Summary of Research

Shahrbanou Tadjbakhsh, HDR Network/NHDR Unit

In addition to the Dutch disease mentioned by Herve and Moez, you may want to consider all the literature on long and short term environmental and social impacts of the oil and gas extraction industry, and the responsibilities of the corporations to the communities. I myself come from one of those doomed oil-rich countries, Iran, so the question of whether sitting on natural resources contributes to human development is close to home. There is a great saying in Tajik/Farsi: *Aabaad nemikoni agar, veyraan nakon maraa* Which means something like: If you don't help me grow/flourish, at least don't destroy me...

While the oil and gas industries provide significant opportunities for developing economies, they can bring substantial risks that need to be managed and mitigated by governments, investors, and communities. Avoiding the risks and taking advantage of opportunities of course depend on the will and capacity of leadership for planning on HD overall, and at the local level, the degree of integration of that region into the national economy, the degree of decentralization and the ability to make own decisions, and the knowledge and capacity of local communities to voice their demand. These are, of course, all questions of governance, which a sudden added

input, the flow of resources, exasperate.

Properly managed, oil and gas operations can provide major benefits to the communities in which they take place. These can include:

- a) increased local employment; wages for employees, etc
- b) the transfer of technical and commercial skills and development of local capacity;
- c) taxes and royalties to governments and local communities and a share in fiscal revenues at the local level (depending on the decentralization process)
- d) enhancement of local social infrastructure and improvement in the delivery of services, especially in areas such as health, education, transport and power as a result of increased public funds and investor contributions; and
- e) positive multiplier effects in and beyond the communities in which the extractive operations are located.
- f) Social responsibility: increased corporate sensitivity to social concerns at both project and management levels.

Some of the adverse social impacts of extractive industries include (we won't touch on the environmental impact, which as you mentioned, is covered by others): Where improperly or insensitively planned, developments can have adverse social impacts whose costs outweigh the gains. These risks, which are most acute in remote, poor communities, include:

Around the Projects

- Accidents that cost lives: spills, gas flaring and improper disposal of waste resulting in dangerous toxic releases. When accidents occur, either from mining and drilling or from operations, the impacts on poorer communities and poorer countries are more severe. In poor countries with weaker environmental standards, less oversight and virtually non-existent enforcement capacity, the likelihood of oil spills, toxic emissions, and contamination is greatly increased, while governments and communities are less equipped to limit their damage.
- Oil and gas exploration often happens in regions which are often home to isolated local and indigenous people. It is often in such remote areas that local populations receive little sustainable benefits, governments and local communities have the least capacity to deal with new developments.
- Tendency to engage in small scale and isolated economic projects, encouraged by companies, which are not sustainable, not long terms and do not contribute to regional development.
- Workers in the extractive industries are often migrant workers, living without their families and within disrupted social contexts. As Herve pointed out, this situation can contribute to a high prevalence of HIV/AIDS and other communicable diseases at or around extractive industries developments. Often, HIV infection rates in mining communities dramatically exceed national averages.
- Other health risks from local environmental pollution (malaria for example)
- Loss of livelihood when local populations are forced out of traditional productive activities;
- Rise in prices of basic goods and pressure on livelihoods
- Disruption of local populations and culture, especially indigenous populations, through forced resettlement or in- migration;
- Human rights abuse as a result of forced relocation, the brutal suppression of those who demand fair compensation and pollution clean-ups, and poorly supervised security operations
- Dependence and lack of preparation for the inevitable oil field or mine closure.
- Conflict: There are enough examples around the world of major and minor that remain unresolved regarding exploration for and/or exploitation of fossil fuels and hard minerals on indigenous lands.

Long term issues:

- Mismanagement or diversion of revenues intended for distribution at the local level; industry enclaves are often surrounded by poor indigenous communities receiving little sustainable benefits from the development directly, or the redistribution from any national growth

- Lost opportunity from failing to build up other industries
- Rent-seeking behavior prevalent in natural resource-rich, which leads to inequities and inefficiencies, and hampers growth in the long run, let alone growth with equity.
- Competition over the right to exploit by various interests, domestic and international can lead to serious corruption
- Inequitable development that ignores the local communities and destroys other natural resources, including forests, agricultural land, clean air and clean water.

What would it take to balance economic, social and environmental goals? Roles and responsibilities:

For Corporations:

The Responsibility to broaden the benefits of wealth creation and to avoid negative consequences through assessing the impact of the projects:

- The establishment of transparency and accountability with respect to revenues earned and their disposition;
- consultation with communities and civil society generally, of clear and appropriate policies on social impacts; This requires an effective local consultation in project design, implementation, operation and monitoring.
- Detailed social impact assessments (SIAs) as part of project preparation, including plans for addressing all areas of concern;
- Continuous monitoring and evaluation of social impacts as operations proceed;
- Clear provisions for compensation in the event of any harm, and investor social funds to proactively address social concerns;
- Serious attention to building local institutional capacity.

For the governments:

To avoid the 'paradox of plenty,' when the potential benefits of oil riches are squandered through inefficient investments, government waste and corruption. In such cases, the large rent flows do not translate into long-term growth in human and physical capital, needed for sustained growth, or the equitable distribution and investment in HD.

- Consult with principal stakeholders in developing plans for the use of resource revenues;
- Encourage a socio-economic cost benefit analysis or an Environment Impact Assessment, prior to licensing of exploration
- Ensure the incorporation of the results into contractual obligations, and monitor them during the entire project

For communities

To be aware and to voice their concerns

- Industry operations are perceived as an intrusion to their habitat, but also, as an opportunity to obtain goods and services that states are not providing them.
- The long term responsibility towards communities is still in the hands of local and national governments, although companies may offer attractive quick solutions. Communities should play their role in using this opportunity to advocate for long term human development benefits.
- Knowledge: communities to seek information on environmental risks, legal rights and potential costs and benefits

Finally consider the following argument:

Tapping Natural Resources Doesn't Guarantee Sustainable Growth (from a Friends of the Earth Report)

"There is no body of statistical evidence demonstrating that fossil fuel and mining investments substantially enhance GDP for most developing countries, or that these projects deliver measurable benefits to human development for the poor. Developing countries which depend on fossil fuel and mining projects fall low on the HDI list. These same countries have barely made a dent in their poverty levels and fall low on the Human Poverty Index (HPI-1) on "absolutely poverty." As Jeffrey Sachs and Andrew Warner have pointed out, "One of the surprising features of modern economic growth is that economies with abundant natural resources have tended to grow less rapidly than natural-resource-scarce economies." Sachs has argued that "the world's star performers have been the resource-poor economies of East Asia- Korea, Taiwan, Hong Kong and Singapore, while many resource-rich economies such as oil-rich countries of Mexico, Nigeria and Venezuela have gone bankrupt." On average, countries with a high value of natural resource-based exports to GDP tend to have a lower growth rate."

See below, though for a Report from the World Bank that can find "no reason to assume a causal relationship between a dominant mining sector and overwhelming economic ills..." Keep digging further...

Answers in Full

1) Moez Doraid (moez.doraid@undp.org), Bureau for Arab States

I would like to refer you to the recently released Arab Human Development Report accessible through the UNDP website. In its examination of the HD issues pertinent to the Arab world, the AHDR discusses the impact of revenues from hydro-carbon exports on development given the centrality of the subject to the Arab region. One message of the AHDR is that because of sub-optimal use of oil revenues, the Arab region is now more rich than developed. Despite their great contributions to enhancing human capabilities, oil revenues have been used more to create physical infrastructure than to enlarge human choices.

In some cases, large oil revenues allowed the emergence of rentier polities where governments bought the populace's allegiance thru pecuniary benefits (funded by these oil exports) rather than thru democratic legitimacy and participation.

Apart from the AHDR, you might find the so-called Dutch Disease of relevance to your subject matter. The economics literature examines this phenomena that occurred in the Netherlands decades ago when a booming hydro-carbon sector caused an appreciation of the currency and as a result rendered non-hydro-carbon exports uncompetitive.

For your purposes, the problem of the above references is that they deal with countries as their unit of analysis while your question seems to refer to a region within Bolivia. Perhaps you might want to check experiences from Nigeria where intra consequences of hydro-carbon discoveries might be more apparent.

*Type "Dutch Disease" in google.com for a lot of case studies. Also see the Paper **Human Development and Poverty in the Arab States** (March 2000)*

by Moez Doraid, delivered at the Third Meeting of the Development Mediterranean Forum (MDF), Cairo, Egypt (March 2000)

<http://www.worldbank.org/mdf/mdf3/papers/labor/Doraid.pdf>

2) Herve Kouraogo (herve.kouraogo@undp.org), Burkina Faso

I Just want to share some ideas coming from Burkina Experience concerning your Query. Do hope they could be useful.

1) Of course, Dutch disease literatures are abundant in analyzing these kinds of events. They concentrate on the changes coming from non tradable and tradable sectors. Cumulatively they have a look on the movement of workers between these sectors not on the withdrawal of children from school from regions to the "booming" region. The withdrawal of children from school within the "booming" region can also be noticed. This is because these kind of events raises immediately the opportunity cost of education.

2) Cumulatively, the movement of workers can be followed immediately or lately by the movement of the family and decrease the quality of education system in the host region if anything is anticipated in the education supply side.

3) At a country level, the workers movements must be analyzed in an international migration perspective with its cultural confrontation sides and unhappily with prostitution and HIV/AIDS issues. Some gold fields discoveries in Burkina came with the degradation of social and cultural values (respect of elder people, honesty,...) in the host region and generated some rush conflicts and insecurity.

3) Omar Noman, HDRO, New York

You may find it useful to be in touch with the James Baker Institute at Rice University. They did a series of papers on this issue , and one of the authors, Amy Jaffe, came to a UNDP conference on Central Asia a few years back.

<http://www.rice.edu/projects/baker/> (see for example Paper: *The Political, Economic, Social, Cultural, and Religious Trends in the Middle East and the Gulf and Their Impact on Energy Supply, Security and Pricing*, Conference Report, September 1996)

<http://www.rice.edu/projects/baker/Pubs/workingpapers/persiangulf/SCRFact.html>

Resources

Resources to help the analysis in your NHDR are organized in three categories: a) assessments and critiques, especially the Oxfam Report, b) Resources from the World Bank/IFC which cover the reforms to address the critiques and c) cases studies.

a) Assessments and Critiques

Industry as a Partner for Sustainable Development: 10 years after Rio: the UNEP Assessment. May 2002

A UNEP Report prepared for the 2002 WSSD, calls for the use of “best practices” that bring “triple dividends” – economic, environmental and social; greater integration of environmental and social criteria into mainstream business decision-making; and improving the implementation and monitoring of voluntary initiatives and industry self-regulation. See the Overview Report

<http://www.uneptie.org/outreach/wssd/publications/publications.htm>

as well as the oil/gas one from the 22 Industry Sector Reports:

<http://www.uneptie.org/outreach/wssd/sectors/oil-gas/oil-gas.htm>.

Extractive Sectors and the Poor, an Oxfam America Report

October 2001

<http://www.oxfamamerica.org/pdfs/eireport.pdf>

Developing countries that rely heavily on oil or mineral exports suffer higher rates of poverty and child mortality, and spend more on their militaries than similar countries with more diverse economies, according to a study released today by Oxfam America.

Poverty and health problems are worse in countries dependent on oil or mineral exports than in countries with more diverse economies. Infant and child mortality is higher; life expectancy is lower. These nations also spend a far higher percentage of their budget on their military. Most of the world's mineral-dependent states - 13 out of twenty-five - are concentrated in sub-Saharan Africa. Eight of the 25 oil-dependent states are in Africa.

Botswana is listed as the most mineral-dependent state and on the UNDP's Human Development Index (HDI) which measures a combination of health, income and education. The HDI is available for 174 countries.

Botswana ranks 122. Sierra Leone, which follows as the next most dependent on minerals, is at the very bottom ranking 174. "Our analysis," the report says, "finds the more that states rely on exporting minerals, the worse their standard of living is likely to be."

Oil-rich Angola tops the list of oil-dependent states. No nation in this category is ranked lower than Angola at 160, although Nigeria, which is seventh on the list of 25 oil-dependent nations, has an HDI ranking of 151. Across the globe, the report notes, an average of 26.5 children per thousand are malnourished. But in oil-rich Nigeria the number rises to 37.7 per thousand. Oil and mineral wealth even "heightens the risk of civil wars in various ways," the report

claims. Such wealth sometimes fuels separatist sentiments, especially in poorly-governed areas. "Rebel groups may also finance themselves by looting or selling off natural resources, as in the case of Liberia, Sierra Leone and the Congo Republic." And one consequence is that governments spend more money on the Military. The report indicates some differences between dependency on mineral extraction as dependency on oil extraction, although both dependencies, "tend to reduce the rate of economic growth." Both are also "strongly correlated" with poor health and high rates of child mortality."

Oil rates seem more correlated with high rates of child malnutrition than mineral dependency. Oil dependency is also correlated with low enrollment in primary schools and low rates of adult literacy. Mineral dependence is more strongly correlated with income inequality than is oil dependence. In fact, the report found, when it used an alternative measure - the fraction of the population living below the poverty line - "a higher level oil dependence is associated with less poverty." But the report qualifies its assessment noting that data on this measure is available for only 51 states so "we believe these findings are less reliable."

The study reveals that oil- and mineral- dependent countries have significantly worse records on poverty indicators than states with similar levels of income but little or no oil and mineral wealth. For example:

- The more that developing countries rely on exporting minerals, the worse their standard of living is likely to be, according to a United Nations measure that factors per capita income, health, and education; Zambia, Zimbabwe, and Kazakhstan showed marked declines in the 1990s.
- Oil- and mineral- dependent developing countries have higher infant and child mortality rates, than other countries with similar income levels. In these cases, oil dependency is linked to malnutrition. Worldwide, an average of 26.5 children per thousand are malnourished. In oil-rich Nigeria, the rate is 37.7 per thousand, and in oil-rich Yemen it is 51.7, one of the highest rates in the world.
- Developing countries that are dependent on oil and mineral wealth face a much higher danger of civil war than resource-poor nations in any given five-year period. They spend a far higher percentage of their budgets on their militaries, diverting funds from programs that directly address the needs of the poor.

"These findings are especially worrisome for countries like Chad and Kazakhstan, which are almost certain to become more oil dependent in the next decade, in part with encouragement and financing from the World Bank," Slack said. The report expressed uncertainty as to the exact cause of these relationships, offering several possibilities, "although economists have not reached a consensus." Among them: declining terms of trade for oil and minerals, the boom and bust nature of extractive industries, the "foils" of long-term planning, and high levels of corruption. It does appear, according to the Oxfam report, that when countries are dependent on oil and mineral exports, "they have difficulty diversifying their economy and promoting sectors like agriculture and manufacturing... [this dependence] becomes an obstacle to pro-poor types of economic activity."

Although Oxfam thinks poor nations should avoid extractive industries altogether, it recognizes that such a radical step is not likely to be taken. There are some measures it proposes should be applied: removal by OECD states of tariff barriers that block export of processed minerals and petroleum products, transparency of loans to governments, aid only to states committed to democracy and fighting poverty, and careful monitoring of revenues.

"Extractive Sectors and the Poor" comes on the eve of a new yearlong World Bank review of its oil, gas, and mining investments. The report contests the conventional economic wisdom that developing nations prosper by extracting and exporting their oil and mineral wealth. "Oil and mining investments are highly profitable for the World Bank, but our research shows they do little to help the poor," said Keith Slack, policy advisor for Oxfam America. "This report should encourage the World Bank and other development institutions to re-think their approach to oil extraction and mining as poverty reduction tools."

Oxfam America recommends that international financial institutions such as the World Bank take a number of

measures to address these problems, including:

- Helping poor countries diversify their economies to make them less dependent on oil and mining;
- Only supporting oil and mining projects in countries that are democratic and committed to using revenues for poverty reduction purposes;
- Supporting the creation of mechanisms for transparent monitoring and controlling of revenues

Position Statement on the Involvement of the World Bank Group in the Oil, Gas and Mining Sectors, December 14, 2001

Strong statement by Oxfam America and call for reform of the WB

<http://www.oxfamamerica.org/art682.html>

Says: "As an international development organization dedicated to supporting efforts by marginalized populations, especially indigenous groups, in the developing world to find long-term, participatory, and sustainable solutions to poverty, Oxfam America recognizes the significant threat that oil, gas and mining operations can and do pose to the long-term interests of the poor in the developing world. We also recognize that due to, among other reasons, debt, poverty, and lack of capacity and awareness of alternatives, governments of developing countries often believe that in order to develop they have no option but to extract their non-renewable natural resources.

In the last decade the activities of extractive companies (principally oil, gas and mining concerns) in the developing world have come under increasing scrutiny from human rights and environmental activists. Transnational EI companies (EICs) have been involved in high-profile cases of complicity in human rights violations or extreme environmental degradation in Nigeria, Colombia, Ecuador, Indonesia, Burma and elsewhere. The amount of global EI activity has increased in response to greater demand for hydrocarbons and mineral-based products and improved resource extraction technology. Linked to increased extractive activity has been a global process of liberalization of investment regulation promoted by Northern governments and the international financial institutions, which in many cases has induced national governments to weaken existing environmental and social regulations in order to attract foreign investment. Additionally, extractive companies themselves have used their political and economic clout to pressure developing countries to liberalize regulations in their favor, often to the detriment of environmental and social concerns.

Extractive companies in collusion with national governments, have violated local communities' rights under international and local law to be consulted on whether and under what circumstances extractive activity should take place in their native territory. In some cases local communities have been completely unaware of the imminent encroachment of an extractive company into their area. Oil exploration in the Amazon region offers numerous examples of such cases.

By supporting liberalization of investment regulations, sectoral reform and investments in extractive industries, the World Bank Group has played an important role in promoting this situation and the larger extractive-based economic paradigm. Additionally, the Bank has not always adequately enforced its own environmental and social safeguard policies in its extractive-related operations and has not adequately demonstrated the poverty reduction and sustainable development benefits of its support for extractive industries.

Given the above considerations, Oxfam America supports calls by international environmental organizations and others for the World Bank Group to review its involvement in the oil, gas and mining sectors. We believe the Bank Group must publicly acknowledge the serious negative impacts that oil, gas and mining sectors can have on poor and marginalized populations in the developing world. The Bank must reform its involvement in these sectors and increase its support for environmentally and socially sustainable development alternatives based on renewable resources and traditional sustainable livelihoods."

The rest is the specifics of what Oxfam proposes the WB should do..

Friends Of The Earth International Position Paper: Phasing Out Public Financing For Fossil Fuel And Mining Projects

September 2000

<http://www.foe.org/international/omg/foeiomg.html>

Business & Human Rights: A Resource Website

<http://www.business-humanrights.org/>

Click on countries and sectors for cases, documents, etc.

b) World Bank/IFC Sources

These sources are quite comprehensive and useful, and obviously, quite aware of the criticism, hence quite good on tools for socio-economic impact assessments .

Treasure Or Trouble? Mining In Developing Countries

World Bank/ International Finance Corporation (IFC) 2002

http://www.worldbank.org/mining/images/79284_worldbankrv.pdf

From the Introduction by James Bond, of the Mining Department, World Bank Group: “Can countries consider their mineral wealth an asset, to be used to stimulate or enhance their economic growth potential, or are there reasons to steer an economy away from the development of the mineral sector? Reviewing the cases of 51 “mining countries” in the developing world, three conclusions can be drawn:

- "First, in more cases than not, mining countries appear to fare better than other countries in their respective regions.
- "Second, where they do fare well, their good performance appears to be associated mostly with institutional stability and overall good economic management, particularly that relating to the management of revenues from the mining sector and the management of the sector itself.
- "Third, the need to build institutional stability and improve economic management is most urgent in countries where the mining sector dominates an economy and where poor economic management and weak institutions are persistent features.

In contrast to some analyses, this paper can find no reason to assume a causal relationship between a dominant mining sector and overwhelming economic ills. Nonetheless, it acknowledges the need to take special steps to prevent vested interests from expropriating mining and mineral resources that could otherwise be used to create economic assets for future generations. To these ends, the paper emphasizes the need for policymakers to design and strengthen general economic policies and institutions for financial management, as well as specific frameworks and institutions for the mining sector. The challenge is to turn the national endowment of mineral resources into national wealth. In this regard, there are lessons to be learned for other mining countries from both the “worst of class” and “best of class” performers profiled in this study.

Best Practices in Dealing with The Social Impacts of Oil and Gas Operations

Collaborative Work of the WB with NGOs and oil companies “committed to the protection of the environment and mitigation or elimination of any adverse social impacts from oil and gas operations.”

<http://www.worldbank.org/ogsimpact/cpoverview.htm>

See specific topics as well as key reference documents on: 1) Participation and Consultation, 2) Management of Government Revenues , 3) Governance and Human Rights, 4) Environmental and Social Impact Mitigation Practices and 5) Private Sector Social Investment

<http://www.worldbank.org/ogsimpact/maintopics.htm>

The IFC/World Bank site “Oil and Gas and Chemicals”: Social and Economic Impact

A site with tools for facilitating dialogue and participation, case studies and publications

<http://www.ifc.org/ogc/socialandeconomicimpact.htm>

Integrating Social Concerns into Private Sector Decision-making: A Review of Corporate Practices in the Mining, Oil, and Gas Sectors

Aida Davy , Kathryn McPhail , World Bank Discussion Paper No. 384 (March 1998)

This paper contains two separate but intimately linked reports that deal with corporate social responsibility. The first explores the critical success factors supporting the integration of social concerns into the planning and

implementation of privately financed projects in the mining, oil, and gas sectors. The second reviews corporate practices with respect to social and environmental assessment, and the integration between the two.

(You have to buy this, it is not posted!)

c) Selected Case Studies:

Positive Cases:

Revenue management. In *Brazil*, for instance, oil and gas revenues are mandated by law to be shared with local communities. In Campos, revenues received by the city are used to construct hospitals and clinics, roads are paved, modern sewer systems are built and children removed from the streets and a life of child labor and placed in schools. This oil and gas revenue helps liberate a region of Brazil from financial risk. Similarly, in *Alaska*, a substantial proportion of government revenues from North Slope oil production goes to local native communities.

Negative Cases:

The Niger Delta, a region which accounts for over 90 percent of Nigeria's oil production of more than two billion barrels per day, but most of the community lacks access to basic services. Chevron's huge Escravos terminal, for example, has loaded countless millions of barrels of oil for 30 years, yet the 15,000 people living in the concession right next to it have no running water, no gas, no electricity and no medical services. It is this perverse underdevelopment that too often is associated with fossil fuel exploitation and mining in developing countries. As a result of the pollution and inequities in the region, peoples' movements such as the Movement for the Survival of the Ogoni People (MOSOP) have called for their environment to be restored and for equity when taking resources from their land and communities. In response to the threat of lowered oil production caused by some protests, Human Rights Watch notes that Mobile Police of the Nigerian Government and multinational oil companies such as Chevron have responded with oppressive violence and harassment of local communities.

Pipeline explosions due to unauthorized access are also a frequent occurrence in the Niger Delta. In the past few years, there has been an endless stream of oil pipeline explosions killing at least 2,000 people.

Latin America: In Colombia, the indigenous U'WA people have threatened mass suicide due to uninvited oil exploitation by Occidental Petroleum on their sacred lands. In the Amazon region of Peru, one of the most pristine and biodiversity rich places on earth, ExxonMobil is seeking to explore for oil and gas in over 350,000 acres of rainforest where the Yora, Amahuaca and Mashco-Piro indigenous peoples reside (the last nomadic villages of the Peruvian Amazon whose survival depends on them obtaining their full legal territorial rights). These indigenous groups oppose exploration on their lands.

Getting there: New Countries, Oil and Gas, New Opportunities or New Headaches

The Caucasus

The resource-rich states of the Caspian Basin today face the very real prospect of unprecedented revenues from the sale and transport of oil and natural gas, and from mining. Until now, most attention has focused on how these resources will come to market and which companies and which national interests will benefit. But if we look beyond the pipeline routes, swap deals and mining concessions, there are even more fundamental questions for these countries: Who will control the resources, and how will they be used? (Quote from Eurasia project, below)

Azerbaijan:

Azerbaijan NHDR 1996 looks, very briefly, at how the share of oil and oil related products in exports has increased but has been accompanied by a decline of non-oil exports over the same period. Very brief discussions in various NHDRs Azerbaijan.

<http://www.undp.org/rbec/nhdr/1996/azerbaijan/contents.htm>

Georgia

With the accelerating development of oil and gas in the Caspian Region in the 1990s, Georgia found itself in the role of a critical transit country for oil and gas exports. However, its economy has not traditionally been focused on oil and gas, and public institutions were greatly weakened by civil disorder and economic collapse following the break-up of the Soviet Union.

Pocketing Caspian Black Gold: Who are the Real Beneficiaries of Oil Infrastructure Development in Georgia and Azerbaijan?

CEE bankwatch , April 2002

The report is published by CEE Bankwatch Network, in the framework of the Energy Project, which is a network of NGOs from Africa, Asia, Central and Eastern Europe and Latin America. The project focuses on sustainable development, changing the energy sector policies of Multilateral Development Banks (MDBs), and on alternatives to fossil fuel based energy projects.

<http://www.bankwatch.org/downloads/oilrevenues.pdf>

Caspian Revenue Watch: A program of the Eurasia Policy Forum.

The Central Eurasia Project, a program of the Open Society Institute (Soros Foundations), sees the transparent use of revenues generated by the sale and transport of Caspian natural resources as an issue of great importance for regional development and the promotion of civil society. The Caspian Revenue Watch policy program (CRW) aims to generate and publicize research, information, and advocacy on how revenues are being invested and disbursed and how governments and extraction companies respond to civic demands for accountability in the region. CRW seeks to help ensure that existing and future revenue funds in the region be invested and expended for the benefit of the public, such as poverty reduction, education, and public health - through the promotion of transparency, civic involvement, and government accountability.

http://www.eurasianet.org/policy_forum/crw.shtml

East Timor

“ East Timor: The Way Ahead” NHDR 2002

writes: “ Progress in human development in East Timor will also mean setting out on a new economic path, making agriculture more productive and developing other opportunities, such as tourism and oil and gas. But economic development will have to focus firmly on bringing clear benefits to the majority of East Timor’s people.... One of the major determinants of East Timor’s longer-term economic future will be the way it uses revenues from oil and gas. The challenge will be to resist the temptation to spend these revenues on current consumption, but to invest in human development and stimulate private enterprise. Some of the most urgent decisions facing East Timor concern economic development. The final test of all these decisions – whether on agriculture, tourism, or oil and gas – is whether or not they will directly improve the lives of poor families.”

http://www.undp.east-timor.org/National_Human_Development_Report_2002.html

END

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