

## **Book Review: In Search of Breakthroughs in Resolving the Resource Curse**

**Indah Surya Wardhani**

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*Extractive Industry, Policy Innovations, and Civil Society Movement in Southeast Asia: An Introduction*

Editors: Amalinda Savirani, Hasrul Hanif, & Poppy S Winanti  
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Said innovative policy and influencing movements, the circumstance of governing natural resources has been changing in the last decade. Along with the wave of democratization in the late 1990s, the global norms of transparency and accountability reach new leverage today, including in Southeast Asia. The norms ignite the active participation of civil societies in controlling extractive governance – a praxis that never been occurred in two or three decades ago. Meanwhile, the governments require people active participation to advance people trust and political legitimation.

Innovative policy and influencing movements to overcome “resource curse” are standing at the central argumentations of this book. Through the global networks of the good policy and democratic governance proponents, the civil societies ignite the movement to promote transparency and accountability in the extractive sectors. Transparency and accountability are believed that they will be crucial pathways for making a “good choice” in these sectors. The transparency and accountability are required if the curse occurs due to the ignorance and “poor choices” caused by asymmetrical information and weak planning. Perceive as an

introduction, this book denotes contributions on the extractive industry governance by using the lenses of civil society movements to acquaint intricacy of the sectors. There is a “resource curse” or paradox of plenty refers to the paradox that countries with an abundance of natural resources tend to have less economic growth and worse development outcomes. Therefore, the civil society engagement has been perceived as a tool to ensure the benefit of extractive industries run for the greatest benefit of the people, as well as mitigates the risk and undesirable impacts of the extractive operations.

Throughout the selected articles, the book addresses on how civil societies lead the movements to promote transparency, accountability, and public participation in the extractive industries governance and through what mechanisms. Instead of outlining resource revenues management as the crucial aspects to be monitored by the citizens – like has many written, this book rather highlights political perspective to challenge conventional understanding that extractive industries are pure – exclusively – economic affairs. This book documented the civil society engagements in several locations consists of civil society organizations, academics, and government officers, oversees cross-issues such as revenues issues, socio-environmental impacts, and human right abuses in the extractive sectors. The evidence-based analysis of this book convinces that extractive industry is highly political since they draw elites into the core decision-making. The high intensity of money and high technology within sectors subsequently renders those activities beyond the reach of the public. Thus, strong civil societies with the active participation are required to undermine oligarch notions and miss use power of the extractive sectors.

The discussion of civil society engagements in governing extractive industries in this book is divided into two parts. First part mainly discusses on the engagement process on how do the civil society organizations initiated the broader alliance and through what mechanism. The second part primarily assesses the

result of sample movements. The selected cases depict experiences from the local, national, and transnational contexts enrich the discussion and provide civil society movements in a broader sense. The multi-governance perspectives are used to picture the multiple factors enabling the movements, including various challenges and opportunities for the engagements. The elaboration on the book's content will become the entry point to the more critical discussion in the subsequent of this review.

### **Assessment of the Civil Society Engagements**

The selected cases in this book provide evidences that there will be no single formula determining success of the movements among the intricacy of extractive industries governance. The different political contexts bring dynamic situations that end up with the various results. The dynamic movements in promoting transparency as well as active public participation at the local level are determined by the prominent roles of local political leadership as well as advocacy networks enhanced by the active citizenship. Subsequently, a committed government and trustworthy intermediaries are a considerably crucial combination at the national level to enable public engagement in monitoring the extractive industries governance. Meanwhile, at the transnational level, the civil societies' networks stand out for reforming extractive governance in Southeast Asia. Amid the standoff non-intervention norms between the ASEAN country members, the civil societies take an advantage of transparency and accountability initiatives to open alternative multiple-track of diplomacy in addressing crucial domestic issues in their respective countries.

At the local level, the experience of Bojonegoro confirms that the combination of committed political leader has yielded reliable extractive industries governance. *Bupati* has institutionalized the transparency and accountability initiatives through a number of local laws that are enabling civil societies to step in the monitoring,

enforcement, auditing, and reporting of the extractive industries. To mention some of the local laws are regulations on local content, transparency in the oil and gas industries, and corporate social responsibilities, which have provided fundamental bases for civil society engagement in the producing region that supports around 20 percent national oil production. Furthermore, one of the key implementations is communities are able to access and monitor Local Government Financial Statement, which posture of local fiscal is determined by the revenue sharing (*Dana Bagi Hasil/DBH*) sourced from oil and gas revenues. According to the Indonesian Forum for Budget Transparent (2010, p.37), Bojonegoro is the only regency over 41 districts that have authorized the community to conduct monitoring though such financial statements. This was inevitably evidenced to put forward Bojonegoro over the other resource-rich regions in Indonesia in advancing accountability extractive industries governance.

In another case, transparency values open more opportunities for the public to be more aware on the deteriorations impacts of the coal mining exploitation in Samarinda. Through these opportunities, some civil society organizations has broadened the alliance by convincing the social-religious leaders and lawmakers as well as middle-class and urban communities to speak about the harmful impacts of the coal mining operations to people's lives. For spinning the issues, this alliance spread the information through social media as well as mobilized local and national media to support their movement. This movement uses the term 'citizen' rather than 'civil society organizations' to highlight the issues they are addressing concern not only CSOs but also broaden citizens. This coalition for reform has successfully put forth the civil lawsuit against the local government over the deteriorations impact of mining exploration. The citizen lawsuit that won the court in 2014 enforced the local government to evaluate all policies related to coal mining do not simply prioritize extraction, including assessing licensing and monitoring companies to ensure they fulfilled obligations.

At the national level, Cambodia and Indonesia as resource-rich countries have similar expectations to construct responsible oil and gas industries through Extractive Industry Transparency Initiative (EITI) frameworks. Both national governments, with the support of NGOs, attempt to implement EITI by issuing sets of national laws, fiscal policy, and regulations for enhancing openness. Nonetheless, these two countries show divergent challenges in the way ensuring people's right to information access. Cambodia has been still struggling to undermine political dynasty of patronage retaining opacity. Despite the central government has entitled Extractive Industry Transparency Initiatives (EITI) activities since 2006 and a number of trans-national oil companies proposed their commitments, the Royal Government of Cambodia (RGC) insists not officially disclose relevant industry information, including the names of companies to which it has awarded oil and gas explorations right (p. 67). This politically influential institution even announced that Cambodia would not joint EITI in 2007. The absence of transparency in Cambodia has brought some implications that have ended up with no a single drop of oil has been extracted from the earth until this day. The agreements between foreign oil companies and the government regulatory body has been failed, whereas some current crucial issues that need to be clearly addressed before extraction launches have never been concluded, such as land titling and land conflict; administrative management of local and indigenous people; and illegal artisanal mining.

Conversely, the EITI has been implemented with less significant challenges in Indonesia despite its slow working performances. The current practice of transparency initiative even has paced project-level disclosure on payment and revenues as such an improvement from merely sectors-based exposes. These obligatory points of reporting were not only encouraged by the CSOs but also urged by local government from resource-rich districts (p. 94). This particular disclosure at the project level was claimed as beyond transparency in achieving a greater goal, which is ensuring the

revenues is received by the governments, overcome the asymmetric information between national and subnational governments. This breakthrough enables the industries to optimize their work as well as analyze the risk to improve the effectiveness. All of these efforts aim to empower citizens to get involved in ensuring the fair revenue sharing accountably manageable and its use for the greatest benefit of the people - (p. 107).

At the regional level, the stand idea of transparency becomes a nodal point to consolidate actions in promoting and advocating common issues at the trans-national governments, primarily in ASEAN country members. Some proponents have not only been pushing their national governments to adopt transparency initiatives as part of the extractive industries policies but also engaged in various cross-border activities advocating the formal adoption of this framework at the regional level. The networks entail a commonly shared knowledge among involved parties and aim the common goal of advancing the accountability of extractive industries governance. Within the particular networks, EITI is one of the most adopted frameworks by the ASEAN country members.

The wide acceptance of EITI to both the government and corporations in the ASEAN country members relates with the broad space of negotiation brought by this framework. EITI is the much more moderate instruments enabling to be adaptive with the two diametrically opposing camps (pro- and anti-mining); generate negotiation space to meet the specific countries' policies; as well as open discursive space for negotiation of the new ideas and experiences (p. 130). In turn, EITI framework has been compatible with ASEAN framework that has been working based on the principles of consensus and non-intervention among the country members.

On the one hand, those characteristics put EITI is appearing at "politically neutral" and flexible framework rather than a compelling working scheme to both government and corporation since the framework does not convince any political interventions to

the domestic affairs of its compliances. The flexibility on the other hand ensures the vitality of flowing ideas in which EITI open to an alternative political channel for transnational civic engagement. By doing so, the further transformation of this engagement is conceivable turning into advocacy communities in addressing broader and more diverse political issues in their respective countries: such as democracy in Myanmar, justice process for Khmer Rouge war crimes in Cambodia, and the settlement of human right violations in Indonesia (p. 133). It is true that government-to-government engagement in ASEAN is bound by principles of consensus and non-intervention thereby those certain issues are less likely to enter inter-government discussion agendas. Meanwhile, civil societies are relatively less bound by these principles and thus permit discussions addressing trans-national civil society networks as a part of advocacy strategies in respective countries.

Henceforth, various modes of the civil society engagements in governing the extractive industries might have brought diverse results. This book provides two sample cases at two different level of governance to give broad picture of the results. Aceh, once a resource-related conflict zone, is the perfect example to provide picture of how civil society movement has been successfully enforcing a strong asymmetrical government through the status Special Autonomy Region. Using this political status, Aceh is able to manage the natural resources autonomously. Meanwhile, the mainstreaming transparency framework in ASEAN regional level is resulting on how this particular instrument addresses problems related to the extraction process as well as protects rights-based access to resource. There is an evidence that transparency framework has been able to generate capacity of civil society organizations in promoting people' sovereignty over energy, food, and other resources adhere to international human right standards and conventions.

## **What is Beyond the Movements?**

The utmost contribution of this book is providing so-called an evidence base documentation on how civil societies lead the movements to boost transparency initiatives in the extractive sectors within the multi-level governance contexts. This book has brought a broad sense of extractive industry governance, which is more political and not separable from the global norms influences and the shifting waves of democratization. It should be noted that this book has been written through the agenda of mainstreaming transparency initiatives condemned by transparency advocacy networks lead by the Publish What You Pay. Therefore, it is understandable that this book limitedly address critical perspective on transparency, which assumes transparency is such a new institutional tool to discipline the utilization of natural resources using control of the market. It has to bear in mind that the global norm of transparency has brought a two-edged sword. Transparency may reveal the opacity and undermine the oligarchy in the extractive sectors at the one side. On the other side, transparency initiative simultaneously opens the interventions of the market to the certain commodities such as oil, gas, gold, and coal whereas these resources have strategic and political values since they are crucial to determine the national energy policy. Therefore, this review aims to highlight that those natural resources require political commitment imposed by the national strategic energy-plan rather than plainly comply the global frameworks.

This is not to say that transparency initiatives do not important to institutionalize the utilization of the resource governance, but the institution of the resource governance needs to scrutinize bias in the global interest in determining the priority problems to be faced. Therefore, this review aims to bring to mind that the institutionalized governance contains set of knowledges, including technicalities and practicalities to broaden the “good choice” for easy being adapted by national and local government. These are conceivably vulnerable to make the movements in promoting transparency will lose its vitality

and its ability to generate new ideas for advancing the accountability resource governance.

Actually, this thought is not completely free from the discussion of this book. Despite not clearly articulated, this book has implied that the most challenging situation of the movement in promoting transparency today is entering a phase of depoliticization due to the advanced institutionalized resource governance, primarily at the regional and national level. Clare Birchall, who developed thought of radical transparency, has warned the depoliticization due to over technicalities. She argued that advancing transparency initiatives through technology and instruments for data mining, such as search engines would create “data-fetishism” that has tendency to be complicatedly transparent. In turn, transparency is getting more concern with the availability of government and corporate data, which are risky becoming divorced from the circumstance in which it is employed. The most critical aspect of data visualization is being first and foremost a theatre for the logic of necessity that offers no orientation within the social totality.

The particular argument on the other side of transparency initiatives movement can be developed by using two approaches to look at this book. First, this book mostly put on the institutional approach to elaborate some features in the civil society engagements. Using the Vivien Lowndes’ perspective on institutionalism approach, there are some of the variables determined the movements to promote transparency initiatives. Those variables are an aggregation of individual roles, which are a local leader and social-political influencing actors; asserted the formal political institution such as government, a private company, and other prominent stakeholders in extractive industries governance; and rules that guides or constrains the behaviour of individual actors. This approach is denoted by the Bojonegoro’s experience in institutionalizing transparency initiatives through local regulations; Cambodia case in struggling against patronage; as well as asymmetrical decentralization in Aceh that granted authority and special autonomy for self-government in

managing revenue from oil and gas industries.

Correspondingly, certain chapters in the book contain interpretive theory approaches within the policy networks. Steve Buckler elaborated some inquiries to interpret political notions that can be used to understand the motives beyond the movement, some of them lay on the reasons and belief system constitute the engagement, such as questioning why the actors are involved in a particular way; and the values shared in the system to construct the common goal. The case of Civil Lawsuit in Samarinda and perceiving EITI framework as a nodal point in Southeast Asia have reflected this particular approach.

Using this second approach, this book tries to step out from the mainstreaming agenda of transparency to merely disclose revenue management in extractive industry. Instead, this book places transparency in the broad sense of global initiatives that can be placed in every phase of decision chains. Samarinda case strongly reframed transparency initiatives has a perfect opportunity for cross-elements of civil societies urge to step at throughout process of extractive decision chains, from deciding to extract or unearthed, getting a good deal, managing revenues, as well investing for development, including the enhancement to mitigate social and environmental impacts of the operation.

The last approach eventually more critical to be implemented within the decentring government and intricacy of resource governance in complex subnational governance setting like in Indonesia. Something that absence in this book is the critical perspectives on seeing the other side of transparency movements that requires more political commitment to complement institutional frameworks such as EITI.

The experience of Ghana that was examined by Jerome Jeffison, Yaw Ofori, and Paivi Lujala shows that information disclosure does not automatically translate into transparency, and later on, transparency cannot simply transform into the improvement of the public participation in extractive industry government.

The main barriers for acquiring information are people's lack of capacity and willingness to acquire such information. Furthermore, transparency can be perceived differently, not always data disclosure but can resembles to the development and other situations refer to welfare distribution. This implies that the movement to promote transparency requires set of strategies to translate transparency framework into more direct advantages to the citizens.

In other words, to what extent transparency is relevant to reveal data from the country's real problems remains questionable. Hadiz and Robinson (2005) urged that transparency and other principles of good governance dedicated to reform politics and market in the newly democratic country work by the old political structure rather creating a new institutional path to reform. Thereby, the transformation brought by the good governance was ambiguous and uncertain. Predatory alliances of state and business oligarchies stamped their ascendancy in the economics and political spheres that ironically supporting the applied good governance in many sectors, including the extractive industries. At the time the transformation has been stuck, more recently blame has been laid on poorly developed regulatory institutions, lack of state capacity, or civil society with inadequate social capital to support markets instead of reframing transparency initiatives to be more conceivable with the citizens really need.