Key governance issues in Natural Resource Management

Sumedh Rao, Research Fellow, GSDRC
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Key issues

• ‘Resource curse’
• Complexity and multi-level governance
• Decentralisation and local governance
• Trade regulation
• Transparency and wider governance reform
• Sustainable and inclusive growth
‘Resource curse’

- Evidence is inconclusive
- Poor economic management is the cause of poor economic performance.
- Natural resource abundance contributes in different ways to the onset, duration, intensity and type of civil wars.
- Natural resource abundance can prevent cultural and social changes that facilitate democratisation.

Rosser, 2006
‘Resource curse’

• Do not assume a deterministic relationship between natural resource abundance and negative developmental outcomes.

• Many suggestions not politically feasible

• Should focus on:
  • Change at the international level
  • Helping poor countries cope with international commodity price instability

Rosser, 2006
Complexity and multi-level governance

- Operate under:
  - Uncertainty
  - Unpredictability
  - Information deficit

- Past behaviour not predictor of future behaviour

- Rapid, fundamental, and possibly detrimental change

Duit et al, 2010; Steffer et al, 2004
Complexity and multi-level governance

• Requires:
  • Complex System Perspective
  • Both flexibility and stability

• ‘Adaptive Governance systems’
  • Self-organising social networks
  • Draw on various knowledge and experiences
  • Creative co-operative management efforts

Voss et al, 2006, Folke et al, 2005
Complexity and multi-level governance

- GoverNat
  - Multi-level Governance of Natural Resources
  - Water and biodiversity resources in Europe

- Analytical and participatory processes improve multi-level governance

Governat, 2010
Complexity and multi-level governance

To improve multi-level governance processes:

- Manage expectations of participants
- Adapt to context
- Interact with multiple actors
- Involve bottom-up initiatives
- Recognise and share benefits and costs

Governat, 2010
Decentralisation and local governance

- Natural resources are a source of revenue and power
- Various types of local governance arrangements
- Competing for control of various resources including natural resources
- Decentralisation can create space for political negotiation at a district level

Joshie et al., 2008
Decentralisation and local governance

• Local natural resource management can:
  • Legitimise local authorities
  • Engage local people with local government
  • Promote representative, accountable and equitable processes

Joshie et al., 2008
Decentralisation and local governance

- Mixed evidence on impact on resource availability:
  - Bhilwara District of Rajasthan, India: greater biomass availability in the commons governed by the village institutions (Joshie et al., 2008).
  - Andhra Pradesh, Madhya Pradesh and Karnataka, India: Decentralisation has not significantly increased the rural poor’s access to natural resources (Baumann and Farrington, 2003)
Trade regulation

• Natural resources account for approximately 15% of world trade

• Many resource producers dependent on resource exports for:
  • foreign exchange
  • fiscal revenue

• Regional and international trade rules impact on domestic and local governance of natural resources

Collier and Venables, 2009
Trade regulation

• Unlike other goods, natural resources are:
  • Immobile
  • Depletable
  • Require long-term discovery and development projects
  • Produce rents (i.e. profit), which investors and consumer countries get a disproportionate share of

• Natural resource regulation should be distinctive from other trade regulation

Collier and Venables, 2009
Trade regulation

• Natural resource trade regulation should:
  • Allow cartels
  • Allow resource revenue-funded ancillary industries
  • Promote commitment to extraction
  • Promote technologies for extraction and contingencies
  • Improve the process of selling extraction rights

Collier and Venables, 2009
Trade regulation

- Export taxes, import tariffs and subsidies may be justified to address:
  - Volatility of commodity prices
  - Dominance of natural resources in a domestic economy
  - Shifting economic rents:
    - from the exporting to the importing country (import tariffs)
    - shift rents from the extracting company to the government (export taxes)
    - from the future to the present (export quotas)

WTO, 2010
Transparency and wider governance

- Extractive Industry Transparency Initiative (EITI)

- EITI countries showed:
  - Improved business climate
  - Markedly improved voice and accountability

- Links between transparency and wider governance are unclear

Aaronson, 2008
Sustainable and inclusive growth

• Namibia and Kenya study in rural sustainable livelihoods:
  • Occasional fit between NRM initiatives and sustainable rural livelihoods
  • This varied from context to context

Catacutan et al., 2001
Sustainable and inclusive growth

• Factors affecting success and sustainability of local NRM in Philippines:
  • Clear local financial investment
  • Enhanced local technical capacity
  • Sound political culture conducive to natural resource management
  • A supporting National Mandate

Catacutan et al., 2001
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