

# Learning Brief: Lessons in natural resource governance from priority countries

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As part of the Embedded Evaluation of the BHP Foundation's Natural Resource Governance Program (NRG Program), the Sustainable Minerals Institute (SMI) undertook country case studies of the contextual factors shaping delivery of four projects in the Program Portfolio, namely:

- [Accountable Mining \(AM\)](#), by Transparency International (TI)
- [From Disclosure to Development \(D2D\)](#), by the International Finance Corporation (IFC)
- [Translating Resource Revenues into Effective Services and Infrastructure](#), by the Open Contracting Partnership (OCP)
- [Leveraging Transparency to Reduce Corruption \(LTRC\)](#), by the Brookings Institution and Results for Development.

The country case studies focused on Colombia, Nigeria, Ghana and Peru. At the time of writing, these were priority countries for the following projects:

- Colombia: OCP, D2D and AM<sup>1</sup>
- Nigeria: OCP and LTRC
- Ghana: AM and D2D
- Peru: D2D and LTRC

Study methods consisted of: i) Project-related document review and country-specific literature on natural resource governance; ii) interviews with 44 independent experts, in-country program partners and project stakeholders. Interviews were conducted online in 2020 and early 2021 due to COVID-19 travel restrictions.

## Context

Over the past 20 years in Nigeria, anti-corruption initiatives have been successful in increasing transparency, but less so in ensuring accountability for corruption at all levels of government. Interviews pointed out progress in resource governance reforms and diversification away from oil dependence. The

Petroleum Industry Act, 2021 should provide a stronger regulatory framework to make the most of Nigeria's remaining future earnings from oil and gas. There was also a renewed interest in developing the mining sector. Civil unrest in Lagos and insecurity of the Niger Delta signalled political governance challenges.

Colombia remains a deeply divided country after half a century of armed conflict and despite the 2016 peace agreement. Interviews spoke of long overdue land reform, disputes about political participation and repression of the rural poor. At the same time Colombia has technically proficient national government institutions, a progressive legal framework and constitution, strong social movements and transparency practices. Dependence on producing fossil fuels (including coal) and prevalence of illegal gold mining are serious challenges for resource governance.

Ghana has a long history of mining and a decade of petroleum production. Twenty years of civilian rule, political stability and democratic consolidation have seen Ghana make significant advances in open governance and reforms of the natural resources sector. Still, interviewees noted a significant gap between transparency and accountability in the extractive industries. Although Ghana has a mature mining sector, the industry has very little mineral processing capacity and largely exports its minerals without beneficiation. Plans for bauxite mining and an aluminium refinery have been controversial due to environmental concerns. Interviews raised a highly polarised debate about artisanal and small-scale gold mining (galamsey) in Ghana.

In Peru, corruption remains a divisive issue, more than twenty years after a high-level corruption scandal involving the mining sector in 1998. Interviews mentioned that four presidents have been investigated for corruption since then. During the Covid pandemic, the Peruvian government prioritised mining because of its fiscal contribution, while high levels of conflict over environmental and social impacts of mining continued.

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<sup>1</sup>Colombia was not a priority country for AM funding, but the TI country chapter used AM tools to engage on NRG.

## Highlights

OCP has documented [impact stories from Colombia](#), such as contributing to increased competition for tenders leading to improvements in Bogota's school feeding scheme. They showed how their open contracting strategies achieved systemic improvements in competition at the national and subnational levels, measured by the average number of bidders per tender.

D2D completed a [Natural Resource Data Assessment of Colombia](#) and a Mining Royalties Data report during the case study period. Their reports reveal gaps in a) data access, b) poor information dissemination strategies, c) limited municipal capacity on data literacy and skills, d) lack of disaggregated subnational level data and e) missed opportunities amongst the young generation of "digital natives" to apply their data skills to the natural resource governance space.

The [MACRA tool](#) was implemented by the TI chapter, Transparencia por Colombia (TpC). The AM project provided a significant entry point for TpC into natural resource governance.

In Nigeria interaction between the sub-grantees and stakeholders of the NRG Program was evident within the wider open governance community of practice. For example, the Open Contracting Data Standards (OCDS) of the OCP were a focal point for some of the interviewees. Several had engaged in building the [Budeshi.ng](#) and [NOCOPO](#) online platforms supported by the OCP to aid e-procurement in Nigeria.

The Lagos state government had begun using an E-procurement system, designed with support from OCP. State government representatives had reported using the portal for emergency health procurement related to COVID-19, pointing to emerging positive outcomes for the citizens of Lagos, contributed to by the project.

LTRC conducted two successful scoping trips to Nigeria by early 2020, connecting with key partners for co-creation workshops before project implementation was delayed by travel restrictions.

In Ghana AM's Mining Approvals Corruption Risk Assessment tool was implemented by the Ghana Integrity Initiative. They launched the [assessment report](#) in March 2020, then published a [mining licence process map](#) for Ghana. The project collected gender disaggregated data on the mining sector and adopted gender sensitive approaches to encourage equal participation by women in mining.

Phase 1 of the D2D project in Ghana focused on supporting young digital entrepreneurs in the use of natural resource data and digital skills transfer. Capacity building activities were held in the capital Accra and the resource-rich Takoradi region, including an Oil, Gas and Mining Data Challenge and an Incubation Program for tech entrepreneurs.

In Peru, D2D conducted digital literacy training in Moquegua and published a report on "[Transparency for Impact: Lessons from IFC Projects in Peru's Natural Resources Sector](#)" in January 2020. The IFC convened a series of multistakeholder working group meetings for the D2D project and held national and subnational validation workshops with the Ministry of Finance.

LTRC hosted co-creation workshops in Lima and Cuzco during the country case study period to identify opportunities to test interventions for transparency, accountability and participation (TAP) in line with the project's [TAP-Plus approach](#).

## Civil society gains and losses

In Colombia and Nigeria, violence and repression against social movement leaders was consistently cited as a barrier to public participation in open governance initiatives. Political upheaval in Peru brought the risk of regression in citizens' participation and freedom of expression. In line with rapid political shifts, the mining sector saw rapid changes in key government positions that limited the continuity of work involving government agencies.

In Ghana, limited communication amongst civil society organisations was seen as a stumbling block to progress in natural resource governance. Lack of independence of key anti-corruption agencies, such as the Special Prosecutor was perceived as a barrier to greater accountability.

The strength of civil society in Colombia and the priority afforded by the country's resource dependence were supporting factors for successful natural resource governance interventions. In Peru, the decentralisation of resource governance to the subnational level provides a buffer against national instability. Nigeria has considerable press freedom compared to other countries in West Africa and a vigorous media that exposes corruption in the extractives sector and in public expenditure. The depth of knowledge and breadth of alignment between stakeholders in the governance space meant that Ghana was seen as fertile ground for connecting global projects to local changemakers.

## Governance gaps and opportunities

In Colombia, the case study highlighted opportunities to use the convening power of the NRG Program to facilitate dialogue across the spectrum of polarised views about the extractive industries. More support would be welcome for citizens' oversight at other stages of the minerals value chain besides licensing and public procurement.

In Nigeria, interviewees felt there was room for more engagement at the subnational level and with local communities, while most development partners focus interventions on federal agencies. The business and human rights framework remains pertinent to the struggles of environmental defenders in the Niger Delta, and for addressing harm to communities and sharing the benefits of resource extraction broadly. The Nigerian government's diversification strategy is an opportunity to focus more on the mining sector, and specifically on mine licensing and approvals, which is still an opaque area of governance.

In Ghana, civil society capacity building is needed to strengthen the 'demand side' of accountability. For example, there is a missing link between transparent data on beneficial ownership and use of that data to demand accountability. There is a gap between initiatives aimed at the large-scale mining sector and ASM. For example, there is an opportunity to convene dialogue about the interface between LSM and ASM in Ghana and elsewhere.

The case study of Peru during a turbulent period of political upheaval and health crisis suggests an opportunity to support further work on building resilience of resource-rich countries and mining host communities.

## Implications for the NRG Program

Natural resource governance can be a crowded space in countries with a long history of resource dependence and vigorous social movements against corruption. Impactful projects need to be inclusive of local actors and well informed of governance gaps and emerging opportunities. Strong communities of practice on open governance provide a receptive local capacity for innovation and collaboration. At the same time, the NRG Program needs to partner strategically to maximise impact in these and other priority countries with a similar profile.

The global transition away from fossil fuels is changing the resource governance debates very quickly in Colombia, Nigeria, Ghana and Peru. This places new pressures on oil, gas and coal producing regions to make the most of their dwindling assets, on the one hand, and to diversify to other sectors and commodities, on the other. A positive effect of this change is that it highlights new spaces and topics for engagement by the NRG Program.

Stakeholders interviewed for the case studies were open to collaboration and shared learning from other jurisdictions dealing with the need for a just transition away from carbon polluting industries. Further learning from the case studies included to:

1. Use the convening power of the Foundation to facilitate cross-sectoral learning about NRG between petroleum and mining stakeholders in contexts where the energy transition threatens resource revenues and jobs.
2. Explore with Program partners how to address the issue of artisanal and small-scale mining within the Program Strategy and Theory of Change, as highlighted in case studies of Ghana and Colombia, but also relevant to many other resource-rich countries.
3. Provide long-term funding commitment to projects that consistently engage with weak or fragile governments, taking into consideration that their efforts are unlikely to follow a linear path towards the Program's measures of success.
4. Support human rights-based work addressing threats to life and freedom of expression that hinder participation and accountability in natural resource governance.
5. Require project teams to have significant in country presence throughout the life of the project.
6. Encourage information-sharing and knowledge transfer between project partners and their stakeholders operating in the same country context.

Find out more about the [BHP Foundation](#) and the [NRG Program](#).