

# Extractives and Equity

An introductory  
overview and  
case studies  
from Peru,  
Angola and  
Nigeria

Edited by Tom  
Bamat, Aaron  
Chassy and Rees  
Warne

 CRS  
CATHOLIC RELIEF SERVICES

CASE STUDIES

CRS seeks to increase the equity of poor, vulnerable and marginalized people in political, economic and social systems and structures. The agency's concept of equity builds on three tenets of Catholic social teaching: a preferential option for the poor; subsidiarity; and the common good. This requires action by CRS' constituencies in both the United States and overseas. One of CRS' objectives in its peacebuilding work is to increase equity and address grievances.

"Where civil society effectively participates in decision-making related to the common good, corruption, manipulation and abuse can be mitigated." [CRS. *"CRS Peacebuilding and Justice Strategic Framework (Narrative Summary)" January 2007. (p. 2)*]

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## FOREWORD AND ACKNOWLEDGMENTS

This short volume has been long in the making. Authors, project partners and other CRS colleagues selflessly took on the challenges of this complex effort, adding to already considerable workloads. What has emerged is an important contribution to project-based learning.

Promoting equity has been a pillar of CRS' Justice and Peacebuilding strategy. This is because sustainable peace requires a foundation of justice. Working on conflicts associated with extractive industries has become a priority because the challenges related to oil, gas, smelting and mining operations are critical and growing ever more complex.

We are proud of the many initiatives of CRS and its partners in the pursuit of peace and justice. This volume is not, however, an exercise in self-congratulation or a presentation of astounding accomplishments.

It is a tribute to the people who are concerned with, and committed to, justice for the poor and the marginalized. It is also an examination of the difficulties of changing structures and systems to promote more integral human development. Finally, it is an opportunity to garner lessons from challenges and successes so we can improve the quality of our programming. We hope that donors and colleagues from other organizations will also find the text helpful.

Thanks are in order. First, we thank those around the world who have been engaged in the pursuit of equity and human dignity for all, those who "wrote" with their lives the cases included here and others like them. We also thank the authors who crafted the introductory essay and the case studies, the project staff who supported them, and those who carefully reviewed and critiqued the drafts, including Dorrett Byrd and David Leege of CRS' Program Quality and Support Department, Rick Jones of CRS Latin America, Father Robert Twele of the CRS Office of Legal Counsel, and our Church partners in Angola, Nigeria and Peru. Finally, a special expression of gratitude is due to Rebeka Martensen and her publications team for their help with photographs, cover design, proofing and the oversight of layout and printing. It was great working with you all.

—The editors

# ACRONYMS

ACERAC	Association of Episcopal Conferences of the Central African Region
AIDA	Interamerican Association for Environmental Defense
BBC	British Broadcasting Corporation
CAFOD	Catholic Overseas Development Agency
CCGP	Catholics Confront Global Poverty
CCJDP	Catholic Centre of Justice Development and Peace
CDC	Community Development Council
CEAST	Episcopal Conferences of Angola and São Tomé
CEDHA	Center for Human Rights and Environment
CEJP	The Catholic Episcopal Justice and Peace Commission
CELAM	Latin American Episcopal Council
CEM	Episcopal Conference of Mozambique
CICA	Council of Christian Churches in Angola
CIDSE	Catholic International Co-operation for Development and Solidarity
CONAM	National Environmental Council
CPI	Corruption Perceptions Index
CRS	Catholic Relief Services
CSCR	Center for Social and Corporate Responsibility
CSR	Corporate Social Responsibility
DFID	Department for International Development
DRC	Democratic Republic of the Congo
ECCR	Ecumenical Council for Corporate Responsibility
EITI	Extractive Industries Transparency Initiative
EJS	Economic Justice Sector
ERA	Environmental Rights Action
EU	European Union
FNLA	National Liberation Front of Angola
FPIC	Free, Prior and Informed Consent
GDP	Gross Domestic Product
GMOU	Global Memorandum of Understanding
GON	Government of Nigeria
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
IBEP	Integrated Inquiry of the Well-Being of the Population
IBP	International Budget Partnership
ICCR	Interfaith Center on Corporate Responsibility
IFC	International Finance Corporation
IMBISA	Inter-Regional Meeting of Bishops of Southern Africa
INDECOPI	National Institute for Defense of Competition and Protection of Intellectual Property



INE	National Institute of Statistics
LCBC	Lesotho Catholic Bishops Conference
LGA	Local Government Area
MEND	Movement for the Emancipation of the Niger Delta
MONDP	Movement of the Niger Delta People
MOSAO	Movement for Health of La Oroya
MOSOP	Movement for the Survival of Ogoni People
MPLA	Popular Movement for the Liberation of Angola
MSG	Multi-stakeholder Working Group
NCBC	Namibian Catholic Bishops Conference
NDDC	Niger Delta Development Commission
NDPVS	Niger Delta People Volunteer Service
NGO	Non-Governmental Organization
NOSDRA	National Oil Spill Detection and Response Agency
OBI	Open Budget Index
OMPADEC	Oil Mineral Producing Areas Development Commission
PAC	Partnership Africa Canada
PAMA	Environmental Adjustment and Management Plan
PWYP	Publish What You Pay
SACBC	South African Catholic Bishops Conference
SCD	Sustainable Community Development
SEC	Securities and Exchange Commission
SPDA	Peruvian Society for Environmental Law
SPDC	Shell Petroleum Development Company of Nigeria, Ltd
SPS	St. Patrick's Society for the Foreign Missions
UK	United Kingdom
UNDP	United Nations Development Program
UNES	Union for the Sustainable Development of the Province of Yauli-La Oroya
UNITA	National Union for the Total Independence of Angola
US	United States
USAID	US Agency for International Development (USAID)
USCCB	United States Conference of Catholic Bishops
ZCBC	Zimbabwe Catholic Bishops Conference



# Extractive Industries and Equity

by Rees Warne

## INTRODUCTION

Oil, gas, and minerals exploitation can fuel equitable development and help people raise themselves from poverty. Poorly managed exploitation of these valuable natural resources and inequitable appropriation of the enormous wealth they generate can mire a country in poverty and exacerbate underlying inequalities while fueling corruption and violent conflict. In too many developing countries, people living near the extractive industry operations see little benefit from the extraction of this national wealth. Instead they bear a disproportionate share of the costs: environmental contamination and health risks, degraded livelihood security, ruptured social fabric and conflict. However, none of these negative impacts are inevitable.

This essay provides an overview of extractive industries and CRS' involvement with the issue of oil, gas and mineral exploitation. It discusses common economic, governance, environmental, and public health impacts of poorly managed extractive industries at the local and national levels as well as their links with conflict. It describes the programmatic responses by CRS, the Church and other partners, including those detailed in this publication's three case studies, to address these impacts and improve equity. Finally, it provides examples of effective actions taken by CRS and partners to alleviate the negative effects of extractive industries.

## What are extractive industries?

When people talk about extractive industries, they are usually talking about oil, gas and mineral exploration and production as well as about the oil, gas and mining companies themselves<sup>1</sup>. Because oil, gas and minerals are non-renewable resources and may comprise a significant part of a nation's natural wealth, it is crucial that the government leverage them to achieve development goals for the common good.

Equity is the fair and just management of social, economic and political institutions, distribution of public services and collective goods, and formation and implementation of public policy.

*CRS. "CRS Peacebuilding and Justice Strategic Framework (Narrative Summary)" January 2007.*

<sup>1</sup> CRS and many other agencies also include logging and plantation forests as extractive industries. Even though forests can be renewable (over time), the dynamics of forest exploitation have many similarities to the dynamics found in oil, gas and mining exploitation. Meanwhile, water is increasingly being "mined" from aquifers faster than it can be replenished, and both access to and the quality of water can be under the control of large companies. As for land, there has been a recent growth in a practice commonly known as a "land grab," whereby private sector or foreign government interests make arrangements with a country's government for control over large swaths of land (typically for export agriculture or for bio-fuel production) while those who live and earn their livings on the land have little or no say in the matter and receive few or no benefits from the transaction. There are as yet no commonly accepted best practices for resettlement and compensation of the people who are forced off their land and from their communities by this practice.

## CRS and extractive industries

CRS works in 39 resource-rich countries — countries where the government collects more than 25% of its revenues or foreign exchange earnings from oil, gas or mining<sup>2</sup>. In the last ten years, 22 of these resource-rich countries suffered armed conflict involving the state's military<sup>3</sup>. (See Figures 1 and 2.) As a comparison, 14 *non*-resource-rich countries where CRS works were involved in armed conflict in the last ten years.

For more than a decade, CRS has worked with people affected by extractive industries to help ensure that they are heard by those in power and the exploitation of resources benefits them more and harms them less. CRS was among the first international development NGOs to take a public stance on issues related to extractive industries and equity. CRS' 2003 flagship publication, *Bottom of the Barrel: Africa's Oil Boom and the Poor*<sup>4</sup> was one of the first comprehensive examinations of the effects of oil exploitation on the most vulnerable in Africa. In the past five years alone, CRS has supported work on extractives issues in 16 countries (see map in Figure 3 below) that addresses: environmental and health impacts; impacts on workers, women, families and communities; regulations with national and international scope; restoring livelihood security; improving policies and practices of companies and international financial institutions; corruption; good governance; and access to accurate information<sup>5</sup>.

CRS has responded to the demand for assistance from local constituencies, the Church, and other CRS partners by supporting their efforts to transform the way extractive industries operate in their countries. With its partners, CRS has waged local, national and international advocacy campaigns, empowering those most affected by extractive industries to engage with governments and to insist that extractive industries operate responsibly and to benefit the common good.

Combined with the moral authority of the Church, Catholic social teaching provides a platform for raising awareness and for building a critical mass of support for the changes advanced by these advocacy efforts. The Church's broad and deep network of Justice and Peace Commissions includes leaders and active supporters from the national level down to parishes. These leaders ground CRS' work firmly in local knowledge and experience, and increase the credibility of the agency and its partners to engage with key decision-makers at the local, national and international levels.

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2 International Monetary Fund. "Guide on Resource Revenue Transparency," April, 27 (p. 62). Accessed September 2011 at <http://www.imf.org/external/np/pp/2007/eng/051507g.pdf>.

3 UDCP-PRIO Armed Conflict Database <http://www.prio.no/CSCW/Datasets/Armed-Conflict/UCDP-PRIO/Armed-Conflicts-Version-X-2009/> for 2001 to 2009, and New York Times for 2010-2011. This does not include localized violence, violent protests, or other forms of conflict.

4 Gary, Ian and Terry Lynn Karl. *Bottom of the Barrel: Africa's oil boom and the poor*. Catholic Relief Services, 2003. <http://www.crsprogramquality.org/publications/2003/6/16/bottom-of-the-barrel-africas-oil-boom-and-the-poor.html>.

5 In the last 5 years, CRS has supported extractives work in 16 countries: Angola, Cameroon, Chad, the Democratic Republic of the Congo, El Salvador, Ghana, Liberia, Kenya, Madagascar, Malawi, Nigeria, Peru, the Republic of Congo (Congo-Brazzaville), São Tomé and Príncipe, the United States, and Zambia.

**Figure 1: CRS works in 23 oil- and gas-rich countries**

<b>Angola</b>	Ecuador	Kazakhstan	São Tomé and Príncipe	Venezuela
<b>Azerbaijan</b>	Equatorial Guinea	<b>Libya</b>		Vietnam
Bolivia		Mexico	<b>Sudan**</b>	
Cameroon	<b>Indonesia</b>	<b>Nigeria</b>	<b>South Sudan**</b>	
<b>Chad</b>	<b>Iraq</b>	<b>Republic of the Congo</b>	<b>Syria</b>	
<b>Colombia</b>	Jordan		<b>Timor-Leste</b>	

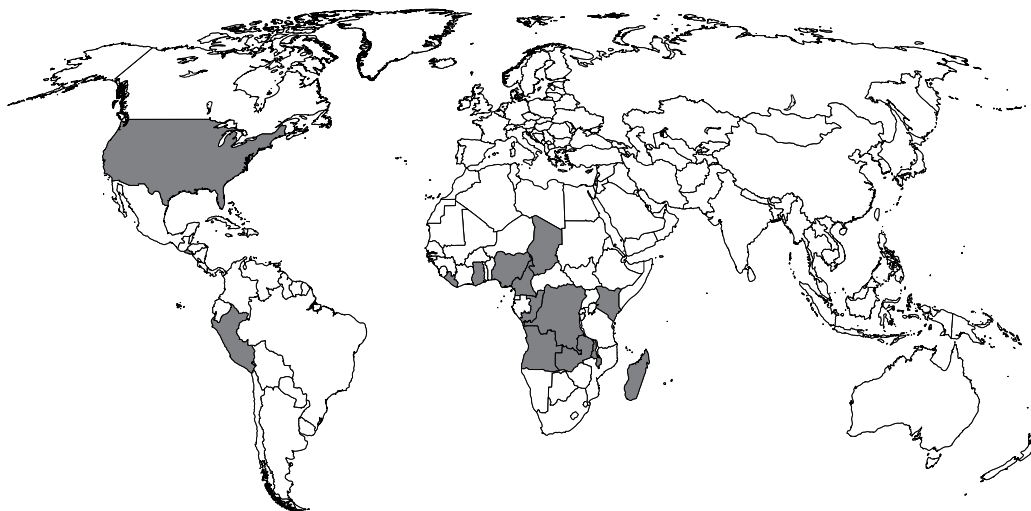
\* Countries in **BOLD** have been involved in armed conflict in the last 10 years

\*\* Revenue data is not yet available for these new countries

**Figure 2: CRS works in 16 mineral-rich countries**

<b>Botswana</b>	<b>Republic of the Congo</b>	<b>Liberia</b>	Mongolia	South Africa
<b>Central African Republic</b>	Ghana	<b>Kyrgyzstan</b>	Namibia	Uzbekistan
<b>Democratic Republic of the Congo</b>	<b>Guinea</b>	<b>Madagascar</b>	<b>Peru</b>	Zambia
		Mauritania	<b>Sierra Leone</b>	

\* Countries in **BOLD** have been involved in armed conflict in the last 10 years

**Figure 3: Countries where CRS supported work on extractive issues in the last five years**

CRS' focus on Integral Human Development (See IHD box) undergirds the organization's choice to expand its work on extractive industries. In CRS' early work on the impacts of the oil industry in Africa, it was deemed necessary to address the structures and systems that perpetuate poverty in resource-rich developing countries. Programmatic responses contribute not only to alleviating poverty but also to making changes in targeted structures and systems.

By their nature, structures and systems, including institutions, change slowly and with difficulty as those in power often have a vested interest in slowing or preventing such change. Changing the way that these structures and systems work requires well-designed advocacy with government and extractives companies and with people and institutions that hold power. It requires short- and medium-term strategies and carefully sequenced interventions that target key stakeholders and build a critical mass for change. Advocacy must be grounded in the local reality; in accurate, credible information; and in the aspirations of the people in affected communities.

### **Integral Human Development**

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Integral Human Development (IHD) is a central component of the CRS agency strategy and the work CRS does with its partners. The concept, founded in Catholic social teaching, affirms that human development cannot be reduced or separated into component parts. Rather, personal well-being can only be achieved in a world where all people are able to live to their full potential, meeting their basic physical needs sustainably, while living with dignity in a just and peaceful society. It is based on "right relationships." Three key elements of IHD include:

**Holistic:** IHD promotes the good of every person and the whole person; it is economic, social, political, cultural, ecological and spiritual. It also promotes the integrity of creation.

**Solidarity:** IHD promotes the rights and responsibilities of each person and of every person to one another.

**Justice and Peace:** IHD promotes a just and peaceful society that respects the dignity of every person.

## **CHALLENGES POSED BY EXTRACTIVE INDUSTRIES**

Many resource-rich developing countries suffer from what some call the curse of natural resources. In spite of high production, high demand and high prices, countries rich in oil, gas and minerals are often no better off than countries without these resources. Too many of them suffer from high levels of inequity, poverty, conflict and corruption and from water, air and soil contamination and the associated public health concerns. These tend to be coupled with low levels of education, access to health care, life expectancy, transparency, and citizen participation. While extractive industries may contribute to an increase in a country's gross domestic product (GDP), the economic benefits are unlikely to be equally distributed. Governments dependent on extractives revenues tend to allocate particularly low levels of funding to health, education, rural infrastructure and other basic services.<sup>6</sup>

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<sup>6</sup> For more information on the resource curse, see CRS' publication, *Bottom of the Barrel: Africa's oil boom and the poor*, by Ian Gary and Terry Lynn Karl.

## **INEQUITY**

### ***Resource allocation***

In many countries, immense wealth is acquired by the political and economic elite as a result of natural resource exploitation, while the rest of the population becomes more impoverished. Some countries have set up systems to channel a portion of revenues from extractive industries back into the regions – usually poor rural areas – where the resources are extracted. Even so, those benefits are all too often captured by elites before they ever reach the poor. It is all too common for the people who live closest to the sources of the country's natural resource wealth to be among its poorest citizens.

### ***Decision making***

A second type of inequity that characterizes the extractives issue is the lack of access to decision-making by those most affected by the exploitation of resources. Most decisions take place at high levels directly between governments and extractives companies, with little or no input from the people whose lives will be negatively affected.

### ***Social costs***

Third, the social costs of resource exploitation are also inequitably distributed. The poor are particularly vulnerable to the release of toxins into the air and water (for example, industrial contamination of surface water has a greater impact on people who don't have access to effective potable water treatment facilities or who cannot afford to buy water), deteriorating infrastructure, and reduced access to opportunities in the local economy. They are also least able to obtain reliable information on these risks, or to register their concerns with those decision-makers who can respond to their demands. The Environmental Justice movement raised public awareness about this issue in the U.S. and Europe decades ago, and this dynamic is becoming more widely recognized in developing countries. Other social costs include reduced social cohesion due to the influx of male workers and the attendant rise in prostitution and transmission of sexually transmitted diseases, including HIV (particularly in mining areas).

### ***Changes in the local economy***

In too many cases, local expectations for jobs and local economic growth, often fueled by a company's rosy assurances, far exceed the benefits generated by extractives companies' operations. Jobs available to local people may be menial, low paid, and depending on the company, especially in the mining sector, relatively dangerous. Extractive industries often attract labor from outside the area, which leads to additional challenges. As people come to the site of extractive operations to seek employment, they leave behind their own farms or businesses, putting themselves and their families in a less secure situation. The influx of people seeking work drives up local prices for food, water, construction materials and housing, making the poor even more vulnerable to external shocks.

## Displacement

Mines and mineral processing can require extensive land and water resources. People who have lived, farmed, grazed their animals, fished and held areas sacred may be displaced to make room for the machines, for blasting, and for ponds of toxic waste. In addition to the sites of the wells themselves, oil and gas are often transported through pipelines that cut a wide swath through the land and through people's lives.

In the late 1990s, CRS and the Catholic Church in Cameroon were asked to help people in communities that were in the path of the Chad-Cameroon Pipeline, which was being built to carry oil from Chad's oilfields to oil tankers on the coast of Cameroon. CRS helped members of the Church, local partners, and communities learn about the impacts of the pipeline on local people and on the national economy and to successfully advocate for changes at the local, national and international levels. (See Chad-Cameroon box.)

There are international best practices for the resettlement of people displaced by industrial projects such as mines, wells, and pipelines. One of the most widely known is the International Finance Corporation (IFC) Performance Standard on Land Acquisition and Involuntary Resettlement<sup>7</sup> which is also incorporated as one of the Equator Principles.<sup>8</sup> As a result of its pipeline compensation work in Cameroon, CRS has been invited to participate in reviewing a variety of IFC policies.

### **Equitable compensation for people displaced by the Chad-Cameroon pipeline**

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When a right of way for the Chad-Cameroon Pipeline was cleared, people were supposed to be fully compensated for the loss of their homes, agricultural land, trees, and other productive assets. However, many people felt that the method used to calculate the compensation severely underestimated the value of what they had lost. CRS staff and Church representatives worked with people whose homes and fields were in the path of the pipeline to develop their own set of standards for compensation. Since the pipeline was being partially funded by a loan from the IFC, CRS supported local Justice and Peace Commissions and the Church to advocate with the IFC to improve the compensation system. They succeeded in getting more equitable compensation for the affected people and contributed to improvements in the IFC's internal protocol for calculating compensation for resettlement. Because of the work of the Church, CRS, and other NGOs, the IFC created an International Advisory Group of high-level international experts to monitor the impacts of the project. For more information, see Gary, Ian and Reisch, Nikki. Chad's Oil Boom: Miracle or Mirage. Catholic Relief Services and the Bank Information Center. 2005.

7 International Finance Commission. Performance Standard 5 – Rev. .1, April 14, 2010. Land Acquisition and Involuntary Resettlement Accessed September 2011 at [http://www.ifc.org/ifcext/policyreview.nsf/AttachmentsByTitle/Phase2\\_PSS5\\_English\\_clean/\\$FILE/CODE\\_Progress+Report\\_AnnexB\\_PS5\\_Clean.pdf](http://www.ifc.org/ifcext/policyreview.nsf/AttachmentsByTitle/Phase2_PSS5_English_clean/$FILE/CODE_Progress+Report_AnnexB_PS5_Clean.pdf).

8 Equator Principles. "The Equator Principles," June 2006. Accessed September 2011 at [http://equator-principles.com/resources/equator\\_principles.pdf](http://equator-principles.com/resources/equator_principles.pdf).



## Quality of governance and regulatory frameworks

While some countries have managed their natural resource wealth in ways that invest in the future and promote sustainable economic growth and development, in other countries mismanagement and corruption have led to squandered funds, illicit transfer of cash to off-shore accounts, and ultimately increased poverty and withered development prospects for the majority of citizens. Competition for control of resource wealth can be a factor in election rigging, coups, and civil wars. The *quality of governance* appears to be one of the central factors in whether or not the citizens of a country benefit from the exploitation of their national natural resource wealth, an observation that is reinforced by the three case studies in this volume.<sup>9</sup>

Many developing countries' laws have not kept pace with emerging international environmental, health, labor and human rights standards or with the technologies currently used by companies. For instance, when a foreign company requested permission to open a uranium mine in Malawi, the national mining laws did not address the risks posed by uranium. The Church joined with several local NGOs and sued the government to stop the mine until legal reforms could be made. While the reforms were not made on the agreed timetable, this civil society action was successful in speeding work on improving the country's regulatory framework.

Even when countries do have robust laws and regulatory systems, enforcement can be sorely lacking. Corrupt officials may turn a blind eye to a company's infractions, either through lax inspection practices or by ignoring reports of infractions that they receive. The court system may not be impartial enough to uphold penalties imposed on a company. Where officials are committed to doing a conscientious job, they may lack the resources to do it. It is not uncommon for a mining ministry's local office to lack funding for its operational costs, such as gasoline for its vehicles or a computer for writing reports, or even a copy of the mining laws and regulations.

## Environmental and health risks

Negative environmental impacts are a frequent and sometimes serious problem with extractive industries. For instance, industrial use of water can reduce the quantity and the quality of water available for use by local people and businesses. Smokestacks and gas flaring can spew toxic smoke and particulates that affect the health of humans, animals and crops. Even the best of technologies can fail, allowing oil or toxic chemicals and heavy metals to escape into the air and into ground water and streams. Many companies are not using the best available technologies in their work in developing countries. (See Peru Box.)

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<sup>9</sup> The quality of governance can be defined as the set of practices and processes that constitute an approach taken by government officials to improve the quality of life of a nation's citizens and the institutionalization of this approach throughout all state's structures to deliver and distribute the benefits of such improvements to citizens in an ethical, equitable manner.

### **Disseminating accurate information on environmental and health impacts in**

**Peru** The town of La Oroya, in the highlands of Peru, is the site of a smelter that served not only as the town's primary employer, but also as its primary polluter. The environmental problems caused by the smelter disproportionately affect the poor. The poor are the most likely to live in the most undesirable part of town, which is closest to the smelter. They have little access to accurate information about health risks, and they have limited access to health care. While concerns had been raised over many years, rigorous research and local monitoring helped to change the terms of the debate. Researchers from the Jesuit St. Louis University found high levels of lead, cadmium and other heavy metals in the blood of people who lived near the smelter and in those who lived much farther away. With support from CRS and others, advocates used this research, along with subsequent research by the government and air and water quality monitoring by local activists, to increase access to information that could be used to refute company claims; motivate other communities to get involved; influence the media's supportive coverage of the contamination; and pressure government officials to take action.

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*For more information, see the first case study in this volume: "Environmental Health as an Equity Issue: The case of La Oroya, Peru" by Barbara Fraser.*

Environmental and health impacts tend to be the most complex to monitor and understand, and they have strong potential to raise local people's fears. Tensions can escalate and mistrust of a company can deepen when negative upstream effects go unaddressed, especially when people have no way to be certain whether the water they are giving to their children is safe to drink.

### **Conflict**

Researchers have documented that dependence on exploitation of natural resources "substantially increases the risk of civil war." Examples abound. Diamonds were an important source of funding for warring parties in countries like Angola, Liberia and Sierra Leone. The government of oil-rich Chad has weathered numerous coup attempts, while the 2011 Arab Spring took place in several oil-rich countries. In the mineral-rich eastern Democratic Republic of the Congo (DRC), control over mines and transport routes help fuel the ongoing violence. Oil, gas and minerals can also fuel cross-border conflicts; the eastern DRC has been invaded repeatedly by its neighbors.

High levels of tension and concern in communities near extractive industry operations can fuel local-level conflict as well. Conflicts related to extractive industries have pitted poor communities against companies and against the state. Demonstrations, blockages of roads or access to company operating sites, and other protests have sometimes been met with violence by state or private security forces. The majority of the social conflicts registered in many regions of Peru, for example, is related to natural resource exploitation — particularly oil, mining, and logging.

Inequities within communities between those who bear more costs and those who receive more benefits, and competition for jobs and patronage, can also leave community members in conflict with each other. Both the Peru and the Nigeria case studies in this volume have intra-community conflict at their core. Reducing conflict and rebuilding *internal* social cohesion within the community is often a necessary step towards addressing the *external* problems caused by extractive industry activities. (See Nigeria box.)

### **Building the capacity of a community development council to unify the voice of a divided community in Nigeria**

The community of Umuechem in the oil-producing Niger Delta region of Nigeria had undergone more than a decade of strife with the oil company that operated nearby. Violent repression of protests against the company in 1990 weakened the community's traditional leadership structure. This exacerbated competition between groups within the community over access to potential benefits from the oil company such as jobs, and corporate social responsibility development projects, further fracturing communal relations. All of this left community members even more vulnerable to the ongoing deterioration of their natural resources, public health and livelihoods caused by the nearby oil extraction. CRS helped the Centre for Social and Corporate Responsibility strengthen the community's capacity to engage in dialogue with the company by helping them to design a community constitution. The constitution provided for a Community Development Council (CDC) with representation from the primary ethnic and interest groups in the community. The CDC process helped to reduce conflict and strengthen cohesion within the community and provided the means for the community to speak with one voice in negotiations with the oil company.

*For more information, see the third case study in this volume: "Increasing Equity in Nigerian Oil Communities: The Umuechem Community 2003-2010" by Joseph Shopade and Christopher O'Connor.*

## **RESPONSES**

The most effective solutions involve a collaborative response that puts the affected community's needs at the forefront. Issues related to extractive industries can rarely be addressed at the local, national or international levels alone. One of the unique aspects of extractive industries is the variety and scale of their impacts and of the kinds of responses that can be useful in improving those impacts. Stakeholders range from billion-dollar multinational corporations to individual families on the edge of survival in remote rural communities to, in one way or another, everyone on the planet. Improving the impacts of extractive industries requires work with local and national governments and may require work at the international level with multilateral development banks, industry organizations and even international diplomacy. Problems affecting communities usually require work with companies on site and in the country where the company is based, as the Peru and Nigeria case studies demonstrate. All work at the national and international levels is most effective when it is grounded in and informed by the reality of the local people who are most affected by the extractive industries.

## **Free, prior, and informed consent and the social license to operate**

Community members should be able to decide whether and under what conditions they want to live near extractive operations, and shape and access the benefits that companies provide. The premise of “free, prior, and informed consent” (FPIC) is that local people, especially indigenous peoples, should be able to make decisions *informed* by accurate information on potential economic, environmental and social costs and benefits. They should be *free* to do so, without coercion, and have the opportunity to do so *prior* to the start of the natural resource exploitation project or other project that may affect them. The principle of FPIC corresponds to the concept of subsidiarity in Catholic social teaching that states, “No higher level of government – or organization – should perform any function or duty that can be handled more effectively at a lower level by people who are closer to the problem and have a better understanding of the issue.”<sup>10</sup>

While FPIC was initially designed to apply to indigenous peoples, there is a growing call for governments and companies to allow all communities to make decisions about whether to accept extractive projects. Extractives companies are coming to recognize the importance of what has come to be called the “social license to operate,” in part as they find that its absence can be extremely expensive. The United Nations Declaration on the Rights of Indigenous Peoples calls for the “free, prior and informed consent” of indigenous people for a variety of activities that affect them.<sup>11</sup> In one of the most recent developments, in August 2011, Peru’s Congress passed a law requiring “previous consultation” for such projects on indigenous lands. While consultation is not the same as consent, this reform represents a major advance towards the ability of local people to have a say in their futures.

## **Corporate engagement**

### **Corporate social responsibility**

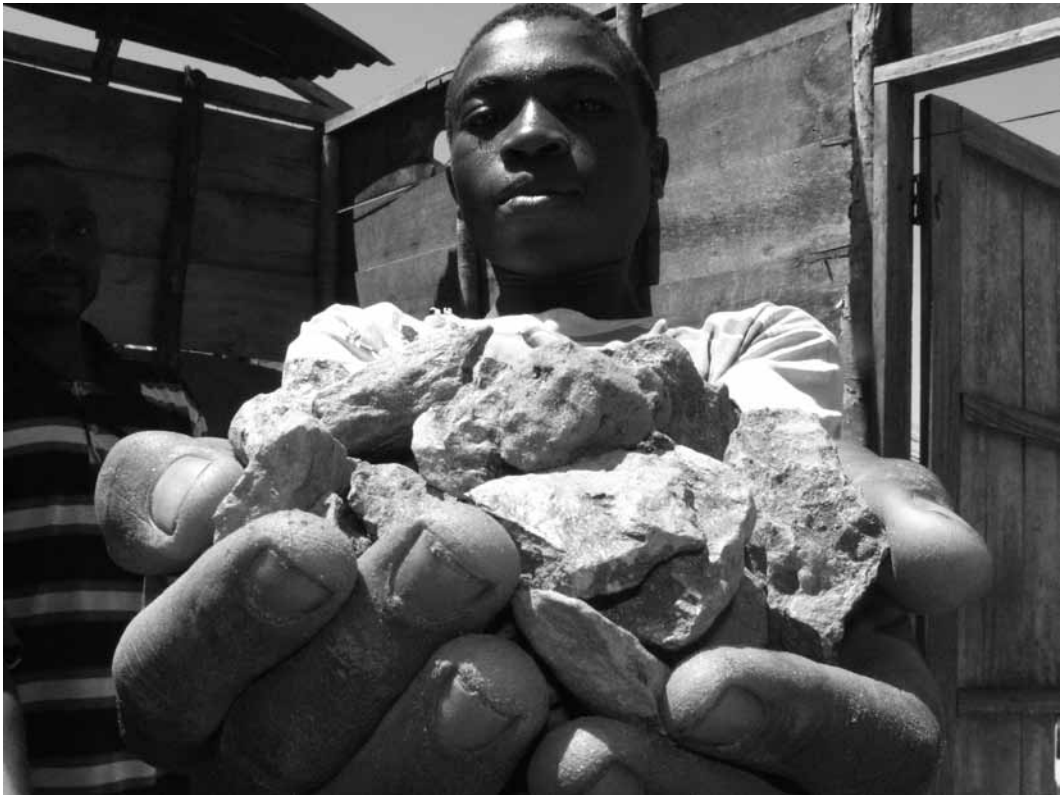
Many extractives companies include some level of corporate social responsibility (CSR) programming in their work plans. When implemented responsibly, CSR programs can provide tangible benefits to local communities and mitigate many of the local negative impacts. Poorly managed, CSR programs can be perceived as mere window dressing or a bribe, create or exacerbate conflict within and between communities, result in significant waste of resources, and squander the company’s good will.

Companies vary significantly in their approach to CSR. For some, CSR appears to focus more on public relations (e.g., providing sports equipment and painting homes) than on addressing tangible needs. Others focus on building the physical structures associated with basic services, such as education and health, without taking the necessary steps to assure that there will be teachers and health workers and basic supplies to make the structures

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<sup>10</sup> CRS. Guiding Principles. 2001.

<sup>11</sup> United Nations. “United Nations Declaration on the Rights of Indigenous Peoples.” March 2008. Accessed September 2011 at [http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf).



**A Congolese man holds up cassiterite (tin ore) that was dug at the Bisiyé mine, one of the Democratic Republic of the Congo's biggest and most fought over illicit cassiterite mines. Conditions for miners at Bisiyé are appalling, and many of the miners are children. CRS helped to design and get passed an important provision as part of the Dodd-Frank Wall Street Reform Act. It requires companies to report to the SEC on whether they are using conflict minerals (including cassiterite) whose extraction or transport benefits armed groups that are perpetrating human rights violations in the eastern DRC.**

functional. The best companies work in collaboration with communities to define needs and priorities and design projects that provide equitable benefits. They engage as needed with the government to assure that there is buy-in and support, and they support the community to make the impacts sustainable.

One of the most important things that companies can do is to adhere to the principle of "do no harm," which means ensuring that their operations do not negatively impact people, communities, or the environment. Respecting this principle would entail ensuring that:

- The community's land, water and air are safe for use (or at least maintained at the same level of quality as prior to the company's arrival)
- The community faces no added health risks from the companies' operations
- People's livelihoods are no less secure due to the company's operations
- The company is not creating or exacerbating conflict.

Finally, while it may be beneficial to the community to acquire basic social services and infrastructure from the company, this should not obscure the point that these are normally the responsibility of government. The revenues that the government receives from companies for exploitation of the country's natural resources should increase the government's means to provide such services.

Corporate social responsibility is a complex task. Typically, companies do not have the experience or skills to competently address complex community development challenges. It is often necessary to build both the companies' and the communities' capacity to engage effectively with each other. More experienced extractives companies are willing to consider CSR as part of the cost of doing business and not as an optional philanthropic gesture.

### **Shareholder advocacy**

Investors can use their shares in a corporation as a means to influence its policies and practices. Shareholder advocacy has been gaining ground as a useful tool for increasing the willingness of extractive company boards of directors and executives to pay closer attention to the negative impacts their companies may have. CRS and partners in Nigeria were among the first to work with shareholder advocates on extractive industry issues (see the Nigeria case study for additional information). Extractive industry issues have now become a common area of engagement for many socially responsible investors.

### **Transparency**

A report by the African Union in 2004 estimated that corruption siphons off about US \$148 billion from African economies each year, approximately 25 percent of the continent's GDP, and that the majority of these funds are invested abroad.<sup>12</sup> Corruption is a particularly serious problem in many resource-rich countries. In fact, most of the countries with the lowest rankings in Transparency International's Corruption Perceptions Index, which measures the level of corruption that citizens perceive their government to exhibit, are resource-rich.<sup>13</sup> Similarly, most resource-rich developing countries are found in the bottom third of the World Bank's composite governance indicator rankings.<sup>14</sup>

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12 Taiwo, Olumide and Nelipher Moyo. "Dime-wise, Dollar-foolish: The paradox of financial safe havens for African dictators," Brookings Institute, May 17, 2011. Accessed September 2011 at [http://www.brookings.edu/opinions/2011/0517\\_financial\\_paradox\\_taiwo.aspx](http://www.brookings.edu/opinions/2011/0517_financial_paradox_taiwo.aspx).

13 Transparency International. "Corruption Perceptions Index 2010 Results." Accessed September 2011 at [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results).

14 World Bank. Worldwide Governance Indicators. 2010. Accessed September 2011 at <http://info.worldbank.org/governance/wgi/resources.htm>.

### **Pastoral Message from the Bishops' Conference of Angola**

CRS accompanied the Bishops' Conference of oil-rich Angola to set up a unit to provide research and analysis on extractive industries and transparency. The Bishops' Conference produced and disseminated their first pastoral message linking extractives and economic justice, "Path Towards Hope," in 2004. In this message, the bishops underscored natural resources' contributions to both conflict and poverty reduction.

"Oil and diamonds, almost exclusively, fed the conflict we suffered for the last 25 years. And since the war has ended, many people have been very surprised that these same resources have not been able to feed our internally displaced people ... In this public examination of conscience, we ask the competent authorities correctly to inform Angola's citizens about the profits coming from the exploration of oil and other natural resources, as well as provide information about how they are used. ... It is essential that the exploration of oil and other natural resources leads to investment which can generate wealth for the country. If this does not happen, the country will become poorer still and will end up with no oil, no diamonds and no lasting benefit whatever."

*For more information, see the second Case Study in this volume, "Can Oil and Diamonds Serve the Common Good? Church advocacy for economic justice in Angola," by Sylvia Croese, Søren Kirk Jensen and Stephanie French.*

Transparency is a primary tool for combating corruption. When people know the amount of money that extractive industries pay to governments, that information can help them hold their government to account for how the funds are spent. With greater public scrutiny and participation, a government is more likely to spend revenues on investments that benefit all citizens through expenditures on education, health and basic infrastructure. (See Angola box.) This chain of reasoning is also consistent with the principle of stewardship in Catholic social teaching, which "requires ... that we use and distribute (resources) justly and equitably — as well as planning for future generations."<sup>15</sup>

#### **Contract transparency**

Contract transparency — making public key terms of the contracts between extractives companies and governments — is another important aspect of assuring that a country's natural resource wealth can appropriately benefit its citizens. Extractives companies acquire permission from the host country government (or in some places like the U.S., permission from landowners or whoever holds the mineral or hydrocarbon rights) to exploit natural resources. Oil, gas and mining companies sign a contract with the government that specifies the rights and responsibilities of each party. While these contracts can be enormously complex, they include three basic elements at their core:

- The location of the concession, the geographic area where the company will hold the rights to extract hydrocarbons or minerals

<sup>15</sup> CRS. Guiding Principles. 2001.

- How the companies' operations in that country will be regulated
- What the government will receive in royalties, taxes and other types of payments for allowing the company to remove the natural resources from the ground.

Terms of interest include the percentage of royalties and taxes and how they will be calculated; tax holidays; stabilization clauses (clauses that exempt the company from future changes, such as in environmental or labor regulations); and responsibility for site closure, environmental damages, health impacts, or other problems caused by the company's activities.<sup>16</sup> While some progress is being made in making contracts available after they are completed and signed, it is more important that the key terms of the contract are made publicly available before it is signed. With time for review and debate, parliaments and civil society organizations can advocate for contracts that are favorable to the people of the country and consistent with recognized best practices.

### **International "Publish What You Pay" campaign**

To help make revenue information available to the public, the Catholic Agency for Overseas Development (CAFOD) and five other NGOs launched Publish What You Pay (PWYP) in 2002. This transparency campaign called on oil, gas and mining companies to publish the amounts they pay each year to the governments of the countries where they operate. CRS and *Secours Catholique* were among the first organizations to join the campaign, and they continue to be strong supporters, providing funding along with technical support. There are now PWYP coalitions of civil society organizations in 26 countries and member organizations in 24 additional countries. CRS helped to establish eight of these coalitions (including the PWYP-U.S. coalition), has supported partners who are PWYP coalition members in 13 countries, and hosts the Coordinator of PWYP coalitions in Africa. All of these coalitions work to hold their governments accountable for the use of extractive industry revenues.

### **The Extractive Industries Transparency Initiative**

The Extractive Industry Transparency Initiative (EITI) is a voluntary initiative that was founded in 2002 by UK Prime Minister Tony Blair in part as a response to the PWYP campaign. Several CRS partners have served on the international Board of the EITI, as have staff members from *Secours Catholique* and CORDAID.

Implementing the EITI requires the following:

- The government forms a multi-stakeholder working group (MSG) consisting of representatives from the government, extractives companies and civil society to guide the work on transparency and to increase dialogue and accountability among the groups.

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<sup>16</sup> Some of the provisions of these contracts contain proprietary information, such as about the technologies the company will use. Those are not the subject of contract transparency requests.



- All extractives companies in the country report to the government what they have paid to that government.
- The government reports on what it has received from extractives companies.
- An independent external auditor compares what the companies say they have paid and what the government says it has received and details any discrepancies.

There are many official supporters of the EITI, including the United Nations, the Africa Union, international financial institutions, governments (including the U.S. government), and companies. The EITI can be a useful forum for engaging with these stakeholders about the conditions in countries implementing the EITI. Civil society membership in the MSG and engagement with the EITI are important means of reaching powerful decision-makers and increasing local people's participation. Many CRS partners have served on their country's MSG, and CRS serves as an MSG member in Madagascar.<sup>17</sup>

### **International partnerships**

Many extractives companies are powerful and well-connected, especially in comparison with local communities. They may have headquarters in a developed country where they are governed by one set of laws, and have operations in other countries where they are governed by different and often weaker laws. Because of this, it may be impossible to solve problems related to extractives industries by working at the local or national level alone. Local people often turn to the international community for support. Especially when there are large power disparities or where there is little space for civil society action, partnering with groups in other countries can provide essential information and resources. Useful partners include faith-based groups, NGOs, other groups involved in environmental, human rights, labor, health, or other relevant types of advocacy, and government representatives from other countries.

### **Legislation with international reach**

When resource-rich countries have yet to enact or enforce laws and regulations that adequately protect their citizens or where poor governance has excluded the majority of citizens from benefiting from the wealth generated from the exploitation of natural resources, other countries may be able to pass laws that can help. CRS local partners have traveled to the U.S. and in Europe to advocate for laws that would benefit the poor in their countries. The Kimberly Process to curb the trade in conflict diamonds offers one such example, and CRS and partners worked to support its enactment. In Canada, the Catholic organization Development and Peace and other faith-based and civil society organizations have been advocating for legislation that would, among other things, require Canadian mining companies to meet high standards for environmental impact when they are operating in other countries. Legislation was recently brought to the floor of the Parliament, but did not pass.

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<sup>17</sup> For more information on the EITI, including a list of countries that have signed on to implement the EITI and those that have had their company and government reports validated and approved by the EITI, see <http://eiti.org/>.

In July 2010, the U.S. passed legislation on extractive industry revenue transparency. (See United States Box) The European Union and South Korea are considering similar legislation. Hong Kong recently passed a law with some similar provisions. In July 2010 the U.S. also passed legislation (Section 1502 of the Dodd-Frank Act) that requires publicly traded companies that sell products that contain tin, tantalum (coltan), tungsten or gold, all known as “conflict minerals,” to research their supply chains to determine whether their purchases benefit armed groups that are perpetrating human rights abuses in the eastern DRC.

### ***International financial institutions***

International Financial Institutions such as the World Bank, the IFC, the African Development Bank, the Asian Development Bank, the Inter-American Development Bank and others have stated their interest in supporting transparency, good governance, and improving the impact of extractive industries. They have increasingly been seeking civil society consultation on their policies and have made some significant improvements. As a result of civil society advocacy, including that of CRS and local partners, the IFC recently increased its transparency requirements for the companies that it finances.

#### **United States’ extractive industry transparency legislation**

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As part of the push to make information on extractive industry payments to governments public, CRS worked with PWYP-U.S. to help design and encourage passage of the transparency legislation that was enacted in July 2010 in the U.S. Partners from several countries contributed to this work. The law, Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, requires all oil, gas and mining companies that are registered with the U.S. Securities and Exchange Commission (SEC) to include in their annual report to the SEC information on the payments they made to governments of the countries where they operate. As of this writing, the SEC had yet to publish the final regulations that will specify exactly how companies must report, but it is expected that the first reports will be available in early 2013. Civil society advocates will be able to use this information in their work to hold their governments accountable for the use of revenues from the exploitation of their nation’s natural resource wealth.

## **CRS AND PARTNER APPROACHES**

CRS has more than a decade of experience working with issues related to extractive industries. As noted above, in the last five years alone CRS has supported activities in 16 countries. While some of this work has been carried out with the organization’s own funds, CRS has also received funding from the U.S. Government, foundations, other grant-making agencies, other NGOs, and sister Caritas agencies. CRS expects that public donor funding for this type of work will grow in the future.

This final section of the introductory essay introduces the case studies of CRS-supported work on extractive industries in this volume, provides examples of approaches taken by the Church in public statements, and outlines the types of activities that CRS has supported.

## Case studies

Civil society work on extractive issues is a relatively new phenomenon, and most organizations are learning as they go. To facilitate this learning process, CRS has prepared three case studies that tell stories of how people confronted challenging situations by working together to transform inequitable structures and systems into ones that contribute more to the common good.

All these cases include some elements that are common to much of CRS' extractives work: advocating for change, strengthening peoples' voice, grounding calls for change in Catholic social teaching to increase their credibility, and engaging with government. Other elements included in two of the case studies are disseminating research and information, empowering the vulnerable to use their voice to influence decisions and policies that affect them, working with supporting partners in other countries, dealing with health impacts, organizing at the community level, addressing intra-community conflict, and engaging with extractive industry companies. Finally, all of the cases document projects that seek to build peace in environments characterized by conflict, tension, and limited experience with effective civil society advocacy. Each case study is structured to provide background on the conflict or situation, actions taken during the project, the effects of the actions, factors deemed responsible for the effects, and lessons learned.

The first case study is on the community of La Oroya in Peru, where a smelter's excessive emissions of smoke, sulfur dioxide, lead and other heavy metals has adversely affected the health of people across the community, especially and disproportionately that of poor children. This case, written by Barbara Fraser, describes work with a wide variety of stakeholders, many of them faith-based, in the community of La Oroya and the broader Mantaro valley, with the Peruvian government, and in the U.S. Activities included supporting a local environmental health movement that disseminated information on impacts and monitored emissions; advocating for the Peruvian government to enforce its environmental regulations; and coordinating with groups in the U.S., where the smelter's parent company is based.

The second case study is from Angola, where oil and mining revenues account for nearly 60 percent of the country's GDP and nearly 60 percent of the people live on less than US\$2/day. Authors Sylvia Croese, Søren Kirk Jensen and Stephanie French describe some of the work carried out at the national level under the Angola Economic Justice Program between 2004 and 2011. Through this program, the Angolan Bishops' Conference strengthened its institutional capabilities in policy analysis and communications. They conducted research on extractives, economic justice and equity issues and used the analysis to speak out more effectively in support of human dignity and equitable development. A dedicated unit for this work, created by the Bishops Conference, produced and disseminated information on transparency, natural resources and the national budget for use in a pastoral letter and a pastoral message by the bishops, as well as broader advocacy.

The third case study, written by Joseph Shopade and Christopher O'Connor, discusses the work carried out by the Centre for Social and Corporate Responsibility in a community in the oil producing Niger Delta region of Nigeria between 2004 and 2010. This study looks at initiatives in one community and its response to the adverse impacts of oil wells and pipelines. The case study outlines where there were serious tensions between the community and the oil company and among groups within the community, exacerbated by inequities in access to the few benefits the company provided. Two types of activities that are examined are: 1) supporting the community to form a new representative community governance structure to help unify their voices; and 2) partnering with shareholder advocacy groups in other countries to complement their local advocacy with efforts by other stakeholders.

### **Using the Catholic Church's voice at national and international levels**

Worldwide, the Catholic Church is increasingly making its voice heard at all levels to call for sustainable management of natural resource wealth and the use of that wealth in ways that benefit all people, especially the most vulnerable. Not only does this call for justice fit squarely within the tenets of Catholic social teaching, but it also reinforces a role that the Church is uniquely placed to play. Actions taken by priests, Justice and Peace Commission members and a variety of lay people form the core of the vital work on extractives issues done by Catholics around the world. Statements made by Bishops' Conferences merit specific attention. Bishops in each country have a unique role in setting the tone of the work undertaken in their countries. When they are able to speak with one voice, they can have tremendous influence in debates on national policies.<sup>18</sup>

Pope John Paul II spoke to bishops about the importance of using their voices in the struggle for justice and equity. He called on them, when "faced with situations of injustice," to continue "spreading the social doctrine of the church, founded in the gospel, and defending the weak, giving a voice to those who have no voice in order to award them equal rights." (John Paul II, apostolic exhortation, *Pastores Gregis*, 67). In his encyclical *Caritas in Veritate*, Pope Benedict XVI said "The Church has a responsibility towards creation and she must assert this responsibility in the public sphere." Below are some of the many examples of Bishops' statements that call for the sustainable management of extractives resources and equitable allocation and use of the wealth they generate in their own countries. In Africa, the Church has focused on equity, with calls for governments to use the revenues from natural resources for the common good of all citizens, to be more transparent in their handling of those revenues, and to ensure that the local impacts of extractive industries are appropriately regulated and well managed. In Latin America, the Church has focused on care for creation, human rights, and the value of human life in its work on extractive industries, especially in protecting the dignity and welfare of those people living in or near where extractive industries are located.

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<sup>18</sup> Many Bishops' Conferences, as well as individual bishops, priests and Justice and Peace Commissions, have spoken out on these issues. Several examples are provided here. A fuller compendium of Bishops' statements may be useful to support the Church to explore possible approaches to work on extractive industries issues in their own countries.

It is the combination of moral authority and an ability to use its voice in the public sphere that makes the Church uniquely influential in the public and private sectors. This influence is equally significant in the United States as it is in developing countries. In their 2001 “Call to Solidarity with Africa” the United States Conference of Catholic Bishops (USCCB) stated, “Africa’s wealth in natural resources—which should be such a rich source of blessings—has sometimes become a source of tremendous suffering.” The Bishops went on to enumerate the many links between natural resource extraction and violent conflict across the continent.

The use of natural resources in ways that protect the environment and benefit the poor is one of the seven pillars of the current Catholics Confront Global Poverty (CCGP) campaign run by the USCCB and CRS. As the CCGP “backgrounder” on Natural Resources<sup>19</sup> puts it, in explaining this priority:

Catholic social teaching calls on Catholics to uphold the life and dignity of every human person, to be in solidarity with our brothers and sisters worldwide, and to care for God’s creation. Therefore, natural resources should be used in ways that sustain the natural environment and contribute to human development. Since the extraction of oil, gas, minerals and timber affects the poor most acutely, the Church has been closely involved in addressing issues with extractive industries around the world. Catholic agencies and affected populations are engaged in advocacy with their own governments, international financial institutions, and extractives companies, urging changes to reduce the negative impacts of resource extraction on people and the environment and to increase benefits for the poor most especially.

The importance of the Church’s voice has been underscored by Pope Benedict XVI. In his public address in resource-rich Angola in March 2009, he called attention to the importance of revenue transparency in extractives, stating:

Social and economic development in Africa bring into partnership national leadership together with regional initiatives and international resolve. ... In this regard, there are a growing number of effective initiatives which merit support. Among them are ... the “Publish What You Pay Coalition” and the “Extractive Industries Transparency Initiative.” Their common goal is to promote transparency, honest business practice and good governance.

The Bishops’ Conference of Cameroon and parish priests in Chad and Cameroon carried out high-profile Church-led advocacy on extractive industries at the international level. They spearheaded advocacy to mitigate the impacts that the construction of the Chad-Cameroon pipeline would have had on the people in its path. The Bishops of the Republic of the Congo (Brazzaville) were among the first to issue a public statement calling for equity involving extractive activities. In 1999, they wrote, “How can one understand that during the last three

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<sup>19</sup> United States Conference of Catholic Bishops and Catholic Relief Services. Catholics Confront Global Poverty: “Natural Resources.” February, 2011. [http://old.usccb.org/sdwp/globalpoverty/pdfs/Natural\\_Resources.pdf](http://old.usccb.org/sdwp/globalpoverty/pdfs/Natural_Resources.pdf) (accessed in September, 2011)

decades, the frequent start-up of oil wells, always important, has not been accompanied by any kind of visible sign of economic transformation or rectification of the social situation of our population? Our oil must be an instrument for the life and not the death of our people.”

The Bishops' Conference of El Salvador issued the following pronouncement as part of their work related to mining:

Our small country is the space where God the Creator called us to life. This is the portion of the world that he has entrusted to us so that we may care for it and use it according to his will: “Fill the earth and govern it” (Genesis 1:28). But this blessed land that we love deeply, suffers a merciless and growing deterioration. We are all responsible for conserving it and defending it because the environment is “everyone’s home”: the future generations’ and ours. ... [W]e affirm that, since human life is in danger, even though some economic benefits could be had, precious metal mining should not be permitted in El Salvador. No material benefit can compare to the value of human life.<sup>20</sup>

Churches have joined together across regions to amplify their voices. For instance, the Association of Bishop’s Conferences of the Central African Region (known by its French acronym, ACERAC) published statements on the need for natural resource exploitation to serve the common good in 2002 and 2005, and summed up their advocacy work in a 2008 document, “The Church and Poverty in Central Africa: Advocating greater humanization in the management of natural resources (lessons and the way forward).”<sup>21</sup> When Bishops held their Synod on Africa in Rome in 2009, their final propositions included two (*Propositios* 22 and 29) that were explicitly focused on natural resources and extraction.<sup>22</sup> In addition to calling for improved legislation to regulate extractives companies to be passed in Africa and internationally, the Synod drew a clear link between natural resources and armed conflict.

More recently, the Episcopal Council of Latin America (known by its Spanish acronym, CELAM), convened a July 2011 conference on extractive industries. Their concluding document contains 49 points that cover issues such as national regulations, free and informed consent by affected peoples, and dialogue to reduce conflict. Throughout the document, CELAM stresses the rights of affected people, and it “reaffirms its commitment to full and complete dissemination of information regarding the complex extractives industry, as well as the benefits and risks it entails, through its radio and media network [so that] the public can be informed and make well-founded and critical decisions, as well as develop alternative proposals and defend their rights through dialogue.”<sup>23</sup>

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20 Catholic Bishops' Conference of El Salvador. “Let Us Care for Everyone’s Home; A pronouncement of the Catholic Bishops’ Conference of El Salvador on the exploitation of gold and silver mines.” San Salvador, May, 2007.

21 The Association of Bishop’s Conferences of the Central African Region. “The Church and Poverty in Central Africa: Advocating greater humanization in the management of natural resources (lessons and the way forward).” Bangui, July 2008.

22 Second Africa Synod of Bishops. “Synodus Episcoporum, Il Coetus Specialis Pro Africa, Elenchus Finalis Propositionum.” Rome, October, 2009.

23 Episcopal Conference of Latin America (CELAM), “Concluding Document” of the International Conference: Extractive Industries (Mining and Hydrocarbons), the issue of non-renewable natural resources in Latin America. Lima, July, 2011.

## Effective practices

A common thread in most of the work on extractives that CRS has supported is fairly straightforward: *Build the capacity of all stakeholders to better understand issues and to work together to solve them.* Below are examples of the types of activities that CRS and its partners have taken to help people increase the equitable distribution of benefits from natural resources extraction and reduce negative impacts. All have at their heart the aim of improving life for society's most vulnerable.

### ***Provide direct support to affected people and communities***

One of the most effective approaches is to help people learn about the issues that affect them and to take action themselves. Communities often benefit from capacity building and direct support to assume responsibility for overcoming the challenges they confront. Examples include:

- Support communities to understand potential and actual positive and negative impacts and the rights they actually have
- Support community-level monitoring of impacts and compliance with regulations
- Strengthen community capacity to plan their future
- Empower communities to engage with and be heard by government and corporations
- Facilitate dialogue and negotiations within communities and between communities and companies and the government
- Help people engage with local government on issues of common concern (e.g., local positive and negative impacts of corporations)
- Demand fair treatment during resettlement or other remediation
- Encourage clergy and religious leaders to raise their voices.

### ***Make clear and accurate information available***

Information is vitally important for people whose lives are being impacted. Clear, accurate information in a format easily understandable by diverse audiences is not often readily available. Technological and environmental impact issues can be complex, and those on different sides of a conflict may have an incentive to manipulate information so that the conclusions appear as favorable to them as possible. People who are not technical experts can find it very difficult to assess the veracity and applicability of information provided by project proponents. Examples include:

- Provide balanced information on potential and actual impacts of extractives to the media and communities
- Develop programs for Church-led radio and other media that promote economic justice and good governance, and educate listeners on extractives issues
- Educate journalists on extractives issues
- Conduct research and monitor impacts for advocacy and action (centers for theological reflection, Diocesan Justice and Peace Commissions, etc.)

- Set up and support Church-led think-tanks or other programs to produce reliable research as a basis for informed advocacy
- Leverage links with universities to get support for research and publishing of results
- Design training materials and case studies
- Provide information to groups in other countries advocating on issues with local/national impact
- Organize and/or participate in national and international meetings and conferences

### ***Work with corporations***

One of the most challenging aspects of this work is engaging corporations. This can be particularly difficult for communities to successfully initiate, so close support, accompaniment, and mentoring can be particularly helpful in early stages of work with companies. Often, a company's staff needs support to learn how to engage with communities. Examples include:

- Monitor social, environmental and other impacts
- Build the capacity of communities to engage effectively with companies – and the capacity of companies to engage effectively with communities
- Support communities to communicate with and negotiate with corporations on impact remediation and benefit sharing
- Serve as a bridge to facilitate community work with companies to improve corporate social responsibility implementation
- Conduct corporate/community relationship assessments
- Engage in direct advocacy with corporations to address problems related to their operations such as environmental impact, labor standards, worker safety, etc.
- Conduct shareholder advocacy with corporations
- Address potential problems during extractives project planning phase.

### ***Conduct advocacy***

Effective advocacy is at the core of successful work on extractive industries issues. It is important to identify what changes are desired, what changes can be made, by whom they can be made, who change agents can be influenced by, and what messages and means of transmitting those messages might be most effective. A primary concern is making sure that advocates have identified potential risks and have designed their strategy and actions in ways that do not put people at risk. It is impossible to overemphasize the importance of accurate, evidence-based information for those who are engaging in advocacy. If they get the facts wrong or rely on less than impeccable sources, they can severely undercut their own credibility and that of their message.



Examples include:

- Provide training and mentoring in advocacy campaign strategy design and execution, targeting and engaging with decision-makers, message development and communication, media relations, and policy communication
- Engage in anticorruption and transparency work
- Advocate for (and possibly facilitate) enforcement of existing laws, including providing results of impact monitoring
- Formulate and propose reforms in national laws that regulate extractives companies
- Support bishops to issue pastoral statements on broad problems or on specific national issues or policies or to conduct direct advocacy
- Convene religious leaders to work together at regional levels and to issue joint statements
- Network with churches in other countries to learn from their activities and to collaborate on advocacy campaigns
- Support national PWYP coalitions or individual coalition members
- Advocate with international financial institutions to improve policies and impacts
- Propose and advocate for improved international standards and their application
- Use principles and statements of Catholic social teaching to underscore the moral and ethical foundations of advocacy messages and the widespread backing for them.

## **MOVING FORWARD**

Awareness of the importance of modifying the structures and systems that maintain entrenched poverty is growing, particularly in the area of natural resource governance and investing the wealth those resources can generate. The new transparency legislation in the U.S., along with similar legislation under development in Europe and elsewhere will make critical information available to those who seek to hold their governments accountable for how their national natural resource wealth is spent.

Parliaments and legislatures are exploring how to improve the way their countries regulate extractive industries and the returns they are receiving from the exploitation of natural resources. Standards such as Free, Prior and Informed Consent are being increasingly adopted by both companies and governments. The United Nations has published recommendations for business compliance with human rights. The World Bank's support for the EITI is increasingly taking into account the important role that civil society needs to play. Increased attention by consumers and shareholders, too, is affecting how companies operate.

Perhaps most importantly, as the global demand for oil, gas and vital minerals continues to grow, new areas are being opened up for exploration and exploitation. This new scramble for

natural resources can be a destructive force that throws more people into poverty or it can lead to new opportunities, increased equity, and improved lives.

The current moment may be a critical tipping point. Work on extractive industries and equity is a relatively new field. While CRS has been in the forefront in many aspects of this work, it is still learning. The agency intends to continue to support local partners to confront these issues and create positive changes at the local, national and global levels. Over the next few years, CRS will build on its successes and its experience. It will evaluate its extractives projects to harvest lessons learned and disseminate best practices, and it will seek funding for new projects. CRS will strengthen the institutional capacity of its partners and continue to support people who are striving for good governance and equity.

## **ABOUT THE AUTHOR**

Rees Warne, after five years as CRS' Issues Advisor for Extractive Industries, is now CRS' Senior Technical Advisor for Resource Governance. Over the last two decades, her primary focus has been complex multi-stakeholder conflicts, such as those related to extractive industries. She is completing a doctorate in Development Sociology at Cornell University.

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# PERU: ENVIRONMENTAL HEALTH AS AN EQUITY ISSUE

## The case of La Oroya

by Barbara Fraser



## INTRODUCTION

Residents of La Oroya, Peru have lived under a cloud of smoke, sulfur dioxide, lead and other heavy metals since 1922, when the U.S.-based Cerro de Pasco Copper Corporation opened a smelter and refinery complex to process ore from mines in the central Andes. Nearly a century of sulfur dioxide and heavy metals pollution has left a legacy of health and environmental problems, while the economic, psychological and political dependence created by the dominance of a single major industry makes it difficult to challenge poor environmental practices and address health concerns.

Virtually no one in La Oroya, a town of about 32,000 people, is unaffected by the smelter complex or its problems. Much of the town's economy depends, directly or indirectly, on the plant. Many people have relatives or friends who work for Doe Run Peru, the company that operates the smelter, or for a supplier or contractor. Others have small businesses whose customers or relatives are plant employees. Although other economic activities have sprung up in La Oroya, which is on an important transportation route from the central highlands to the coastal capital of Peru, it is still very much a company town.

Failure by the complex's three consecutive owners — Cerro de Pasco Copper, state-owned Centromin, and Doe Run — to address environmental problems has affected poor people disproportionately. They are least likely to have access to information about health hazards, access to good health care, or the ability to move away from the source of pollution. They are also likely to work in the informal economy, making their situation more precarious. Children and pregnant women and their fetuses are at highest risk of harm from exposure to toxic substances like heavy metals.

Because there has never been a comprehensive study of the long-term health effects of exposure to the pollution, (especially the heavy metals) the true impact on the population is unknown. Lead exposure is known to cause serious neurological, cognitive and



developmental problems in children. Most experts now agree that there is no safe exposure level for children. Even small amounts lower IQ to a measurable degree. Those impacts have generally been ignored, however, and no scientific study has been carried out.

These factors make La Oroya a case of both environmental health and environmental justice in which national, regional and local government officials, private enterprise and civil society organizations have played a role. But although the hazards are well-documented and various studies exist, a comprehensive, lasting solution has been elusive.

## **BACKGROUND**

Located 3,700 meters above sea level in a narrow stretch of the Mantaro River Valley about 150 miles east of Lima, La Oroya is surrounded by hills left barren by decades of acid rain. After several studies in the 1990s found dangerously high levels of lead in the blood of children living closest to the smelter, some residents organized to press for a cleaner environment, especially a reduction of lead to safe levels.

In response, company executives and government officials hinted or stated outright that cleaning up the environment would jeopardize jobs. This polarized the situation, pitting proponents of environmental health against those concerned about jobs and making it difficult to find a middle ground that would meet both needs.

The smelter and refinery complex was nationalized in the 1970s, and then sold to a private owner again in 1997. Although about half the jobs were eliminated with the privatization, it remained La Oroya's largest employer, with about 3,500 people on the payroll and another 2,000 contract employees. Many other people worked for businesses that provided services to Doe Run, and the employees' paychecks turned the wheels of commerce for many small merchants.

Because the atmosphere in La Oroya is that of a "company town," grassroots campaigners and non-governmental organizations (NGOs) found it easier to mobilize international support than national and local interest. Polarization in La Oroya between those concerned about environmental health impacts and smelter employees made it difficult and dangerous to campaign in the town, and the company waged a strong propaganda campaign and wielded influence with local and national government officials, which was difficult for environmental groups to counter.

A grassroots movement emerged in 2002, and various Catholic and Protestant church groups and NGOs have been working since then to improve environmental health in La Oroya, but their progress has been limited by the nature of the problem and the balance of power in the community. Catholic Relief Services (CRS) collaborated by sponsoring a visit to Peru in February 2008 by U.S. Cardinal Theodore McCarrick of Washington, who met with representatives of the Peruvian Conference of Bishops, U.S. Embassy and Archdiocese of

Huancayo; a visit to the United States in June 2007 by an interfaith delegation of Peruvian religious leaders, to meet with church leaders, the media and company officials; a visit to La Oroya in September 2007 by winners of a CRS-sponsored journalism competition, to learn about (and report on) the issue; and a local advocacy and peacebuilding project, based in the Archdiocese of Huancayo.

The fact that Doe Run is privately held made it impossible for environmental and grassroots groups to pressure through shareholder meetings, but they mobilized partners and media in the United States, especially in St. Louis, where Doe Run's parent company is based. The Presbyterian Joining Hands Against Hunger network became involved, and later the Jesuit archbishop of Huancayo, the Roman Catholic archdiocese that includes La Oroya, arranged for a health study by experts from Jesuit-run St. Louis University. Those activities, along with a case currently before the Inter-American Commission on Human Rights, highlight the importance of international support for efforts to address environmental health problems in La Oroya.

The situation in La Oroya reflects various inequities. A representative of the governmental ombudsman's office noted that the two main actors in the conflict over environmental health have been a small, relatively weak organization of people affected by the emissions, and a much stronger and better-organized group of employees, supported explicitly and implicitly by the company and, at times, local and national government officials.

This fundamental power imbalance is accompanied by inequities in resource distribution and access to information, media, and health care. The people most affected are the poorest residents of La Oroya, who live closest to the smelter and are unable to move away or send their children to places farther from the source of the emissions; children, who are most sensitive to exposure to heavy metals; and pregnant women, who cannot protect their unborn children against exposure to hazardous levels of heavy metals in the womb.

The Peruvian government is responsible for safeguarding the health and welfare of citizens, especially the most vulnerable. But it has historically failed to demonstrate that responsibility in La Oroya, now that the smelter is in private hands and when it was operated by the state-owned mining company.

Throughout the struggle for a cleanup of La Oroya's environment, company executives and government officials cast the situation as a choice between jobs and development or a healthy environment. At least one government official admitted that the government neglected its citizens and failed to safeguard human rights. Government officials could have changed the way the situation was framed by invoking the precautionary principle and seeking solutions that would pose the least risk to jobs while ensuring the health of workers and residents.

This case study will examine the inequities in La Oroya, as well as actions taken by civil society and church organizations and activists, their impact, their shortcomings, and lessons that can be learned from a complex and intractable conflict. The study is based on a literature



review and interviews with key stakeholders from the Catholic and Presbyterian churches, NGOs, grassroots groups, and local, regional and national government agencies. It is hoped that this information will provide insight for future actions in other communities facing serious environmental health problems like those in La Oroya.

## **NATURE AND COURSE OF THE CONFLICT**

After decades of operation by the U.S.-based Cerro de Pasco Copper Corporation, the La Oroya smelter and refinery complex was nationalized by the Peruvian government in 1973 and operated for more than two decades by the state-run Centromin mining company. In 1997, it was sold to the Doe Run Company, a subsidiary of the U.S.-based Renco Group, amid a wave of privatizations during the administration of then-President Alberto Fujimori (1990-2000).

In the central highlands around La Oroya, once-powerful labor unions, especially in the mining industry, had been debilitated by political violence in the 1980s and early 1990s, in which the Maoist Shining Path assassinated grassroots and labor leaders or tried to co-opt their organizations. Unions were further weakened by job losses and erosion of labor rights during the privatizations. The political violence pitted the Shining Path and the Marxist Tupac Amaru Revolutionary Movement against government security forces, with both sides accused of human rights abuses, especially in rural areas. The conflict left a legacy of distrust of the political left, human rights organizations and NGOs with leftist leanings, as well as public tolerance of government crackdowns on protests.

The courting of private investment continued into the first decade of the new millennium, spurring economic growth that reached 10 percent annually, but was accompanied by very inequitable distribution of resulting wealth and benefits. Catholic Archbishop Pedro Barreto of Huancayo, whose jurisdiction includes La Oroya, attributes the conflict there to Peru's economics-driven approach to development and a mindset that gauges development solely in terms of economic growth and "places the economy ahead of health."

The 1990s were also a time of growing environmental awareness in Peru. The first environmental legislation was passed in that decade, and grassroots groups and NGOs began to monitor environmental issues. The UNES Consortium, consisting of three NGOs working in La Oroya (CooperAcción, Filomena Tomaira Pacsi and EcoAndes) was formed to raise awareness about and seek ways of addressing the environmental and health problems in La Oroya. This was one of the first such environmental campaigns in Peru.

La Oroya's environmental and health problems have a long history. Newspapers wrote about the "smokes of La Oroya" shortly after the smelter began operating in the 1920s, and acid rain, discharge of contaminated wastewater and deposition of heavy metals in the soil date to that time. During more than 70 years of operation by Cerro de Pasco Copper Corp. and Centromin, there was little public awareness of, or little attention paid to, pollution-related health problems. Company executives and government officials have repeatedly pointed out

that Doe Run is not responsible for all the accumulated environmental impacts in La Oroya.

In 1999, the UNES Consortium began monitoring air, water and soil for lead and carried out a human study that found high blood lead levels in children and pregnant women, especially in La Oroya Antigua, the neighborhood closest to the smelter. Although subsequent studies by NGOs, Doe Run and the Health Ministry confirmed those findings — and despite all that is known about the hazards of heavy metals to children’s development, beginning in the womb — those responsible for safeguarding the health of La Oroya’s residents failed to react quickly and appropriately.

When Doe Run purchased the complex, it had to file an Environmental Mitigation and Management Plan (PAMA, for its Spanish initials). Legislation passed in 1993 required environmental impact statements for new industrial projects and PAMAs for existing operations. The purpose of the PAMA is to identify existing and potential environmental impacts and define mitigation measures. The law gave most mining operations five years to comply with environmental regulations, but two old smelters with outdated technology — the one in La Oroya, and one in Ilo, on the south coast — were given 10.

The measures described in the PAMA for modernizing the plant and reducing emissions were not sufficient to guarantee a safe environment. Even if emissions were reduced to zero, heavy metals would remain in the soil and household dust. Small children, who play on the ground or floor, are at especially high risk of ingesting these particles. Many houses in La Oroya Antigua have dirt floors and adobe or brick walls on which heavy metals have been settling for decades.

A 2006 World Bank study found that while Peru’s environmental legislation was fairly good, enforcement was weak (World Bank, 2006). This was exacerbated in La Oroya, a company town whose economy historically revolved around the smelter, and where residents had become dependent, to some extent, on the smelter’s operator. When this was combined with the traditional vertical decision-making structure in Peruvian society, a highly centralized government and a paternalistic style of patronage politics, the result was a town with little grassroots organization and no real history of mobilizing to question authority or fight for rights beyond labor rights.

Some stakeholders believe corruption involving government and the corporation has played a significant role in the evolution of the conflict. According to a 2008 survey by the non-profit organization Proética and the Ipsos polling firm, 82 percent of Peruvians believe the country is corrupt or very corrupt (Proética 2008).

## **History of events**

In 2001, Oxfam America sponsored a meeting of grassroots organizations and NGOs in La Oroya to discuss environmental health problems. A year later, the Movement for the Health of La Oroya (*Movimiento por la Salud de La Oroya*, MOSAO) was formed to raise awareness and lobby for measures to address health problems and reduce emissions.

The organization included local residents and representatives of neighborhood groups and NGOs (particularly the UNES Consortium), the local Catholic parish, and the Presbyterian Church's Joining Hands Against Hunger network. To avoid overshadowing the grassroots representatives, the NGOs withdrew from MOSAO and formed a technical working group to support the grassroots movement.

MOSAO would become the strongest grassroots force involved in the fight for environmental justice in La Oroya, although it was smaller and weaker than the labor organizations that fought back, accusing MOSAO of wanting to close the smelter and put their members them out of work. The Catholic Church's participation eventually expanded into an effort to clean up the entire Mantaro River Valley.

The Presbyterian Church linked residents of La Oroya with Presbyterians in St. Louis, Missouri, where Doe Run was headquartered. Activists in St. Louis mobilized U.S. media and legal and scientific experts, and put La Oroya activists in touch with residents of Herculaneum, Missouri, where emissions from another Doe Run smelter had caused lead poisoning in children. International solidarity efforts reached a high point in 2002, when U.S. activists testified at a hearing in the Peruvian Congress about Doe Run's actions in the United States.

Meanwhile, new data indicated that the health impacts from smelter emissions were more serious and widespread than previously believed. A study by the National Environment Council (*Consejo Nacional del Ambiente*, CONAM) found that emissions from La Oroya drifted as far as Huancayo, showing that the pollution was a regional problem. Until then, authorities in La Oroya argued that the town's problems should be solved in the town, and resisted outside interference. Satellite photos also showed possible effects of acid rain, possibly caused by sulfur dioxide emissions from the smelter.

In 2005, researchers from the St. Louis University School of Public Health carried out a study of heavy metals in La Oroya residents' blood and took dust samples from homes. The lead findings were similar to those of previous studies, but this was the first study to test for other heavy metals, finding cadmium and others. The researchers also found higher than normal lead and cadmium levels in a control group in La Concepción, about 45 miles from La Oroya, which has no apparent point source of heavy meals emissions.

In December 2005, two years before the scheduled completion of its environmental mitigation plan, or PAMA, Doe Run asked the Peruvian government for an extension, claiming the process was more complicated than it had initially appeared. Activists in the United States and Peru lobbied for the Peruvian government to reject the request. Although there was no provision in Peruvian law for granting such an extension, on Dec. 29, the Ministry of Energy and Mines issued a resolution allowing mining and metallurgical operations to request an extension. Critics said the measure was made to order for Doe Run, because no other company had failed to meet its deadline. A ministry official who opposed the resolution resigned under pressure.



**The smelter and refinery complex in La Oroya, Peru.**

Because the Renco Group is privately held, it was impossible to pressure the company through shareholder actions, and there was little access to the company's financial information. An analysis of filings with the U.S. Security and Exchange Commission, however, showed Doe Run had repatriated significant profits to its U.S.-based parent company. Renco eventually established Doe Run Peru as an independent company, creating a debt, at least on paper, to the U.S. company.

The Ministry of Energy and Mines approved the PAMA extension in May 2006. Although the decision was a blow to Peruvian and international activists, the company did not get everything it wanted. The ministry extended the deadline by only two years, to October 2009, instead of the requested four years. The company was required to create an escrow fund as a guarantee against possible non-compliance and was prohibited from repatriating profits to the United States until the PAMA was completed. The extension applied to construction of a plant for capturing sulfur dioxide and converting it to sulfuric acid, which would be shipped to the coast and sold. The smelter produced 100 tons of sulfur dioxide a day, contributing to respiratory problems and acid rain (Cederstav & Barandiarán, 2002).

In 2006, the National Environment Council (CONAM, forerunner to the Environment Ministry that would be established in 2008), approved an air-quality plan for La Oroya, including contingency measures to be taken when emissions exceeded a certain level. Although the contingency plan was never fully implemented, because of lack of local government follow-up, it constituted acknowledgement of the seriousness of the problem in La Oroya and its effects

on communities downwind.

Also in 2006, in a case filed by the non-profit Peruvian Environmental Law Society (*Sociedad Peruana de Derecho Ambiental*, SPDA), the Constitutional Tribunal, the Peruvian court responsible for ensuring that the country's constitutional safeguards are not violated, ordered the Peruvian government to take immediate action to protect the health of La Oroya's residents. The ruling was a landmark, but implementation was weak. The Ministry of Health signed an agreement with Doe Run to provide chelation treatment for the children with the highest blood lead levels, transport those under age 6 with more than 40 micrograms/deciliter from the city to a school farther from the smelter during the day, and provide regular blood monitoring.

Critics called the agreement a greenwashing effort. The program was largely funded by the company and staffed by company physicians, and most of the people who sought care had some relationship with the company. In addition, including only children under age 6 and those with more than 40 micrograms of lead not only left out many affected children; it also created the impression that lower levels were safe. The only testing done of children involved blood lead levels — there have been no scientifically rigorous study of cognitive or neurological functions or development to determine harm that has been done. Experts agree that simply lowering blood lead levels does not undo developmental harm that has already occurred.

Other provisions of the court's ruling, such as an epidemiological base line study in La Oroya, were not implemented. The court does not monitor enforcement, and activists did not return to the court to complain. Several people involved in the case attributed this to a lack of legal expertise and the fact that the SPDA, which specializes in environmental law, had opted to focus on international venues, such as the Inter-American Commission on Human Rights.

In August 2009, the Inter-American Commission on Human Rights agreed to consider a case filed by AIDA, Earthjustice and the Human Rights and Environment Center (*Centro de Derechos Humanos y Ambiente*, CEDHA) in Argentina, and the SPDA on behalf of 65 La Oroya residents. The commission said there was evidence that the government had failed to enforce environmental health regulations and oversee Doe Run. The case is still under consideration. If the commission rules in the plaintiffs' favor, it could obligate the government to take more effective measures to control environmental health impacts.

A group of private law firms in the United States filed suit against Doe Run in Missouri on behalf of more than 30 children in La Oroya. The case is being heard in federal court in St. Louis.

In 2009, the worldwide economic crisis affected Doe Run Peru's liquidity. The company purchased mineral concentrates from mining companies in Peru and abroad, processed them, and sold the refined product. It financed its purchases with revolving credit from several banks. In February 2009, those banks cut off the company's credit, saying its financial situation was too risky. The company sought another PAMA extension, despite

protest from environmental and grassroots groups and some media.

In late March, government officials announced a deal under which Renco would capitalize a \$156 million debt Doe Run claimed to owe its parent company, and creditors, who were mainly Peruvian mining companies, would provide ore on credit. Officials also said the company would put up all its shares as a guarantee of compliance with its environmental commitments, although it was not clear whether this meant the Peruvian government would take over the company if it failed to comply. The deal fell through when Renco refused to capitalize the debt until the other creditors put up funds, and the mining companies refused to provide credit until the Doe Run/Renco debt was covered.

In June 2009, Doe Run closed the smelter, keeping workers on the payroll at reduced pay. In mid-September, a special commission recommended a 20-month extension of Doe Run's PAMA. President García's Cabinet sent the measure to Congress for approval. Doe Run executives called for a 36-month extension, and on Sept. 22, company employees blockaded the Central Highway to support the company's position. Prosecutors charged 22 people — including two Doe Run managers and the head of one of the workers' unions — in connection with the death of a police officer, who was struck by a rock and killed during the protest. Justice Minister Aurelio Pastor blamed the company for provoking the unrest.

On Sept. 24, 2009, Congress approved a 30-month extension — ten months for the company to arrange financing, and 20 months to build the sulfuric acid plant and upgrade the copper processing system. Although Doe Run waged a public relations campaign through newspaper ads, promising that it was trying to reopen the smelter, the July 27, 2010, deadline for restarting operations passed with no financial deal.

The company was reportedly negotiating with the Swiss-based commodities trader Glencore International AG for financing, but Doe Run's creditors, mainly Peruvian mining companies, had petitioned the government to start legal proceedings that would lead to the restructuring or liquidation of Doe Run Peru. Glencore was reportedly unwilling to commit to financing unless the creditors withdrew their petition. On Aug. 16, 2010, the Peruvian government announced the start of the restructuring proceedings.

Meanwhile, company employees and local residents suffered tension and uncertainty. The workers were in limbo; every few months, Doe Run extended its agreement to continue paying them 70 percent of their wages. In August 2010, the pact was extended through October 2010, with the possibility of a one-month extension. National government officials offered to retrain workers for other jobs in mining or other industries, but workers were reluctant, because it would probably mean moving away from La Oroya, and because they could not envision life without the smelter.

La Oroya city officials said some workers and other people had moved away from the city

in search of other employment. They estimated that the city's population had dropped from 32,000 to as low as 20,000 and said they had to cut social services because of lost tax revenue. In August 2010, the mayor said he had asked the national Economy and Finance Ministry to cover the shortfall, but had received no response.

Some analysts questioned whether the plant could ever reopen. Accumulated debts and the need to invest in environmental upgrades that had not been completed made it unattractive to potential buyers. One former Ministry of Energy and Mines official estimated that it would cost about \$200 million to build a brand new state-of-the-art multi-metal smelter, far less than the amount of Doe Run's debts and pending investment.

Nevertheless, the year since the smelter was idled had not been used for planning a possible future without the plant. City officials lacked studies showing the real economic impact of the smelter or analyzing other economic options for the town, and admitted that their medium- and long-range development plans were outdated, because they had assumed that the city would continue to receive revenues from the plant. Although the possibility of a permanent shutdown had been looming for nearly two years, in mid-2010 La Oroya was still unprepared.

In early 2011, the National Institute for Defense of Competition and Protection of Intellectual Property (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual*, INDECOP), the government agency that oversees corporate reorganizations, convened Doe Run's creditors and began proceedings to determine whether the company would be reorganized or liquidated. The criteria used to identify creditors made the holding company the largest creditor, which critics said gave it undue power in the process. Critics argued that disputed debts for back taxes and fines owed the Peruvian government should have been considered when determining the amounts owed creditors.

In early 2011, Doe Run Peru and the Renco Group also took Peru to international arbitration under the rules of the U.N. Commission on International Trade Law, claiming that Peru had violated the terms of the Peruvian-U.S. free trade agreement in its dealings with the company. Both that case and the INDECOP proceedings were still underway in mid-2011.

### **Inequities in the La Oroya situation**

Because of the country's social and political context and the events related to the sale and management of the smelter, the situation in La Oroya has been marked by a series of inequities. While many people have suffered environmental health impacts, children, women and poor residents are disproportionately affected.

The relationships among the government, civil society and the company reflect a power imbalance. Since the 1920s, La Oroya's economy has revolved around the smelter, making employees and their families, as well as providers of ancillary services, dependent on the company.

This gave Doe Run significant leverage over both employees and the government, which did not want to risk the social and economic upheaval that could result from a plant shutdown. The company's threats to close the smelter if its demands were not met was very effective in gaining concessions from the government and turning employees against the environmental health movement, which they perceived as a threat to their jobs.

The new and fairly small MOSAO, meanwhile, faced off against the company, its employees and, often, government officials. Despite the justice of its demand for a healthier environment and protection for those affected by the pollution, it lacked the leverage of the company and the unions.

These inequities were reflected in unequal access to information, or to media channels for disseminating information. Until national and international NGOs became involved in the La Oroya case, there was virtually no public access to information about emissions, health effects of pollution, the company's finances, or possible legal recourse.

Reports reflecting Doe Run's version of events appeared regularly in local and national media, but it was more difficult for environmental health activists to find outlets for their messages. CooperAcción purchased air time on a La Oroya radio station for a program in which concerned citizens aired their views, but people who protested publicly were often harassed. As a result, the strongest media campaign was in the United States.

Access to health care was also unequal. La Oroya had a public health center, available to all citizens, and a new Social Security hospital was under construction. The public health center lacked the staff and equipment to diagnose or provide specialized care to people suffering from heavy metals poisoning. The new Social Security hospital will serve only people covered by people who are employed in formal businesses and covered by a health insurance plan, estimated at only 30 to 40 percent of the local population.

Concerned citizens have had little opportunity to participate in decisions related to environmental health, the smelter and the town's future. Partly because of Peru's limited history of democratic governance, public participation in decision making is weak. This is changing with mechanisms for decentralizing government, but opportunities for participation are still limited, especially for traditionally marginalized groups, who were the ones most affected by the pollution.

Women, children, the elderly and the poor suffer disproportionately from pollution in La Oroya. Many low-income families in La Oroya Antigua, the neighborhood closest to the smelter, are headed by single women who support their families with low-income service work, such as washing laundry or selling food. Pregnant women are doubly affected by heavy metals, which cross the placenta and affect the fetus. Prenatal and early childhood exposure to lead and cadmium can cause irreversible damage to developing neurological systems. In addition, children and elderly people are more vulnerable to airborne particulates than most working-age adults.



Poor people are least able to protect themselves against the effects of pollution and are most likely to live in the most-affected areas, such as La Oroya Antigua. They are also least likely to be able to afford to move away from the most polluted neighborhoods or send their children away.

## **NATURE OF THE INTERVENTIONS OR ACTIONS**

The groups most involved in actions to address the problems in La Oroya were the Movement for the Health of La Oroya (*Movimiento por la Salud de La Oroya*, MOSAO); the Technical Working Group of NGOs; and two church organizations, the Catholic Archdiocese of Huancayo and the Presbyterian Church's Joining Hands against Hunger program in Peru.

The Presbyterian Church organized the first solidarity group in St. Louis, Missouri, to assist and support MOSAO. The Archdiocese of Huancayo established further ties in St. Louis, established an Environmental Dialogue Round Table (*Mesa de Diálogo*) to address environmental issues throughout the Mantaro River Valley, and launched the El Mantaro Revive project to address negative environmental impacts in the watershed. Within the archdiocese, CRS supported an advocacy program aimed at building a culture of peace.

The stakeholder groups based their actions on different but complementary theories of change. Although not stated explicitly, MOSAO and the Technical Working Group operated out of a belief that changing the attitudes of key stakeholders would change the way that stakeholders evaluated costs and benefits and lead to a more just outcome. They also believed that making political structures more just, by increasing transparency and participation, would contribute to the results they sought.

The three church stakeholders — the archdiocese, CRS and the Presbyterian Church — shared those beliefs, but also directed their efforts toward change through building a culture of peace. This is a longer-range goal that involves changing attitudes toward conflict and developing skills and mechanisms for finding alternative solutions to problems.

### **MOSAO and the technical working group**

Established in 2002, MOSAO originally consisted of a small number of members of grassroots groups and concerned citizens, along with church workers and NGOs working on environmental, labor and health issues in La Oroya. The NGOs formed a Technical Working Group to provide technical and legal assistance. The church workers, NGO representatives and government officials who participated in the group developed a close working relationship and strong sense of trust.

The Presbyterian Church's Joining Hands against Hunger Network teamed its presbytery in St. Louis, Missouri, where Doe Run is headquartered, with the church in La Oroya. Collaboration between the two groups became a model for North-South solidarity, and provided important technical and public relations assistance. Activists from

Herculaneum, Missouri, where a Doe Run smelter had a similar emissions problem, visited La Oroya, and members of MOSAO visited Herculaneum.

Members of the Presbyterian Church in La Oroya mobilized technical experts to provide advice and test samples and encouraged journalists to cover the story. International media coverage led some national media to look more critically at La Oroya.

MOSAO and the Technical Working Group provided information about environmental health to local residents; trained volunteer environmental monitors; sponsored a radio program; participated in a public hearing in the Peruvian Congress, where activists from Herculaneum testified; held peaceful demonstrations; circulated a petition asking the Ministry of Energy and Mines not to extend Doe Run's PAMA; researched the company's finances and publicized their findings; and helped researchers from St. Louis University obtain samples of blood and household dust.

Initial contact with the Jesuit-run university's researchers was made by Presbyterian Church activists in St. Louis, and Archbishop Barreto later took the lead in promoting the study. The Catholic Church's credibility was important in obtaining government authorization, and Archbishop Barreto, who had recently been named to head the Huancayo archdiocese, played a key role in raising awareness and getting environmental issues onto the public agenda.

Although preliminary results of the study of blood levels of metals were released in Peru in late 2005, as of mid-2009, full results, including data from the dust analysis, still had not been released, for reasons that are not clear. Failure to release results of studies, especially locally, weakened the impact of the study and led to some disillusionment among local activists. Nevertheless, the study's scientific rigor made it virtually impossible to question the findings, spurred awareness that the emissions from La Oroya were probably affecting a larger population, and pointed to the seriousness of the problem and the need for further study of health impacts.

MOSAO's efforts came at great personal cost to activists in La Oroya, who were harassed by company employees. The company's argument, openly or tacitly supported by government officials, was that MOSAO and the NGOs were opposed to development and employment and sought to close the smelter, putting thousands of people out of work. The claim kept MOSAO on the defensive. Over time, the number of active members dwindled, although more people in the town began to sympathize with the movement.

By early 2009, when Doe Run announced that it was in financial trouble, residents of La Oroya were speaking more openly about the health problems. Even some union members began to call for Doe Run to "step aside" and turn the smelter over to new management. In October 2009, however, the government granted Doe Run a 30-month extension for meeting its environmental obligations.

MOSAO was hampered by the company-town dynamics in La Oroya, the fact that it was a small and young organization, and constant hostility from government officials, company executives, workers and local media. Over time, many NGO representatives who had had participated in the

Technical Working Group became less involved, either because of other commitments or because their organizations' funding priorities changed.

Some activists said the movement lost impetus after the first PAMA extension. Others, however, say the campaign simply moved into a new phase of longer-term, less-intensive activities. Despite the difficulties, MOSAO continues to function. It is considerably weaker, partly because of threats against and harassment of members and partly because of attenuation over time. Nevertheless, it has played an important role in raising awareness about environmental health in La Oroya, making the issue visible and lobbying local, regional and national government officials to take action.

### **Environmental Dialogue Round Table (*Mesa de Diálogo*)**

In 2005, Catholic Archbishop Pedro Barreto proposed a round-table dialogue on environmental issues in the Mantaro River Valley. Rather than focusing exclusively on La Oroya, the dialogue group aimed to provide a comprehensive solution to a range of environmental problems, including water pollution and solid waste disposal, throughout the watershed, which extends from Lake Junín, some 4,000 meters above sea level, to the Amazon basin.

Because of Archbishop Barreto's leadership, the group incorporated a vision based on social teaching of the Catholic Church, which has been increasingly outspoken about environmental issues since the 1990s.

The Environmental Dialogue Round Table brought together a broad base of stakeholders and organizations, including representatives of local and regional governments and national government agencies, NGOs, businesses, grassroots groups and academics. Although the goals were not clearly defined, organizers hoped that each district would also establish a dialogue group to address local environmental issues, reflecting the goal of change through modification of political structures.

**“The universal destiny of goods demands solidarity with both the present and future generations. Because resources are ever more limited, their use must be regulated according to a principle of distributive justice, while respecting sustainable development.”**

— *Concluding Document of the V General Conference of the Latin American and Caribbean Bishops' Conferences, held in Aparecida, Brazil, in May 2007. #126. (The V General Conference of the Latin American and Caribbean Bishop's Conferences held in Aparecida, Brazil, in 2007 was the most recent of these summits that the Church organized to review the context of the sub continent and judge it in light of the gospel and Catholic social teaching to be able to respond to the challenges of each time and place. The previous conferences were held in the Dominican Republic in 1992, in Puebla, Mexico, in 1979, in Medellin, Colombia, in 1968 and in Rio de Janeiro, Brazil, in 1955.)*

The initiative was the first to involve stakeholders throughout the watershed. It got off to a strong start, but participation waned over time, partly because the group's decisions were not binding. Nevertheless, the group spurred local governments to look more closely at environmental issues.

The main participants now are the regional Dialogue Group for Combating Poverty, some NGOs and some local mayors, as well as interested individuals. Some observers question whether it was necessary to establish the Round Table, when other multi-stakeholder groups already existed, but the Environmental Dialogue Round Table headed by Archbishop Barreto had higher visibility than most other groups.

Because the group's decisions are not binding, it is difficult to gauge its impact. One indicator, however, is that several months after the Environmental Dialogue Round Table was established, Doe Run opened a public relations office in Huancayo to provide what it called "true information" about the company's activities. Never before had it felt the need for a public relations campaign in the regional capital.

Stakeholders involved in the La Oroya case have mixed feelings about the dialogue group's strategy. Some say it was important to encourage a broader base of support and put the La Oroya situation in the context of the entire watershed, while others say that by addressing a wider range of issues, it diluted attention to the critical environmental health concerns in La Oroya.

Many stakeholders said the Environmental Dialogue Round Table's effectiveness has decreased. Although some archdiocesan projects include funds for Round Table activities, the group lacks its own funding and has not updated its operating plan.

### ***"El Mantaro Revive"***

Archbishop Barreto was instrumental in arranging a \$1.2 million donation from the Italian government for a project to clean up the Mantaro River Valley. The river, which runs through a rich agricultural area, is seriously polluted by heavy metals from mines in the area, and also untreated wastewater and solid waste.

The El Mantaro Revive project (2006-2008) took a three-pronged approach, with monitoring of air, soil and water quality; a health and nutrition program for children in La Oroya; and support for the Environmental Dialogue Round Table.

El Mantaro Revive got off to a slow start because of administrative problems that required a complete restructuring of the team. Once under way, it provided training for local residents who monitored air, water and soil quality, learning to collect and analyze samples. Partial results were released in 2008, but the budget did not include funds for analyzing data, so most of the data gathered still has not been processed.

The nutrition and health program targeted children under 12, in an effort to fill the large gap

left by the program operated by the Health Ministry and Doe Run, which served only children under 6 with extremely high blood lead levels. The mothers met to prepare a cereal mix together, providing an opportunity for organization, formation and education. These mothers eventually became informal environmental health promoters, and may form the nucleus of a future women's ministry at Cristo Rey Parish in La Oroya.

The El Mantaro Revive nutrition program reached a group that had not been involved in other awareness-raising activities, as many of the mothers in the program were extremely poor and had no connection with either the smelter or other community organizations.

The third component of El Mantaro Revive provided funding for the Environmental Dialogue Round Table. Once El Mantaro Revive ended, the dialogue group had little funding for activities, although it continued to meet. Its long-term sustainability should be assessed. The second phase of El Mantaro Revive began in July 2010, with more than \$1 million in funding to finish processing soil and water data, test crops for heavy metals, continue the child nutrition program in La Oroya and engage in political advocacy with local and regional public officials.

Although El Mantaro Revive suffered from administrative problems at the beginning, it gathered a large body of data, raised awareness, and served as a means for educating and organizing low-income women in La Oroya whose children were affected by emissions from the smelter

## US church solidarity

**“Solidarity likewise springs from our faith in Christ as a permanent attitude of encounter, brotherly and sisterly spirit, and service, which is to be manifested in visible options and gestures, primarily in defence of life and of the rights of the most vulnerable and excluded, and in continual accompaniment in their efforts to be agents for changing and transforming their situation....”**

— *Concluding Document of the V General Conference of the Latin American and Caribbean Bishops' Conferences, held in Aparecida, Brazil in May, 2007. Aparecida 394*

The Presbyterian Church's Joining Hands against Hunger (known in Peru as Joining Hands against Poverty) program chose La Oroya for one of its partnership projects. The partners were Presbyterians in St. Louis, Missouri, who facilitated technical support and U.S. media coverage of the La Oroya case, visited La Oroya and arranged for community leaders from La Oroya to visit Herculaneum, Missouri, the site of a smelter owned by the St. Louis-based Doe Run company.

In Peru, the partnership was coordinated by a Presbyterian missionary from the United States. When he left the country in 2007, the relationship attenuated, although that also

coincided with the decrease in the movement's activities after the first PAMA extension.

CRS organized North-South solidarity activities and provided support for the Environmental Dialogue Round Table and the El Mantaro Revive project.

In June 2007, CRS coordinated a visit to the United States by an interfaith delegation of Peruvian religious leaders. The goal was to meet with Ira Rennert, whose Renco Group owns Doe Run Peru. The group was unable to meet with Rennert, but met with various faith-based solidarity groups. In September 2007, CRS sponsored a visit to La Oroya by winners of a CRS-sponsored journalism contest, who reported on the case.

In February 2008, CRS sponsored a visit to Peru in February by U.S. Cardinal Theodore McCarrick of Washington, who met with representatives of the Peruvian Conference of Bishops, the U.S. Embassy and the Archdiocese of Huancayo.

CRS also sponsored a local peacebuilding and advocacy project through the Catholic Archdiocese of Huancayo. Once El Mantaro Revive began, stakeholders noted that it lacked an advocacy component. The advocacy program sponsored by Caritas and funded by CRS was meant to fill that gap by supporting the Environmental Dialogue Round Table and El Mantaro Revive, but it had a limited impact. The goal was to influence public policy, but the project mainly focused on raising public awareness. Stakeholders noted that its goals were overly ambitious for the small, inexperienced team, and that the meaning and scope of "advocacy" were not well defined.

## **EFFECTS OF CIVIL SOCIETY ACTIONS**

Stakeholders noted that it is difficult to gauge the success of civil society efforts in a case like that of La Oroya, because there is no scale against which to measure them. People involved in the efforts have not been able to stop all the pollution or effectively protect the population's health. They have raised awareness of the issue, however, and pressured government officials to take monitoring more seriously, although government action still falls short of the measures needed to protect health and the environment.

The groups involved in efforts to clean up La Oroya implemented various strategies, most of which evolved over time. They achieved some goals, but fell short on others. In retrospect, many stakeholders say they lacked a long-range plan with concrete proposals for solutions — such as a workable plan for relocating the residents of La Oroya, or a comprehensive health plan to challenge the government-company agreement — that would have defused claims that they sought to have the smelter shut down.

In assessing impacts, it is important to remember that this was one of the country's first environmental movements, and it emerged in a company town under extremely complex circumstances.

## Accomplishments

The environmental health movement in La Oroya raised awareness. People now realize there are a number of local and regional environmental problems, from air pollution to solid waste to heavy metals in the river, which must be addressed. In La Oroya, people are more likely to speak out on the issue.

“You find people who think about things more than they did before, and who speak and express opinions differently,” a church worker said. People have also become aware of the connection between the environment and health. When the regional government hold focus group discussions with local residents, officials say, the environment is now one of the people’s priorities.

Environmental issues are now on local governments’ agendas, as well. The St. Louis University study and a government report on air quality made officials in the town of La Concepción, about 45 miles from La Oroya, realize that emissions from the smelter affected health and agriculture in their district. Participation in the Round Table helped raise local governments’ awareness of other environmental problems, such as solid waste disposal and water quality.

Increased access to information has been a key accomplishment. When the Technical Working Group and the Joining Hands Network began disseminating information about the situation in La Oroya, it affected the balance of power.

“The company had to think twice about putting information out, because we could refute it,” an activist said. Pressure from grassroots groups and research by NGOs increased transparency by making information about pollution more available, although information about the company’s financial situation remained less transparent because the company is privately held.

Access to information allowed activists to pressure government officials for action. The PAMA extension approved in 2006 was shorter than the extension sought by Doe Run. By the time the company sought a second extension in 2009, media that had supported the company in the past objected to the new measure, partly because of the amount of information available about the situation in La Oroya.

International support was important, and the case forged North-South solidarity, especially between church groups. As a church activist from the United States said, “The La Oroya situation opened a door to North American and Peruvian Christians recognizing the global ties that connect them.”

Widening the scope of action from La Oroya to the entire Mantaro River watershed helped place environmental issues on local and regional political agendas. The Environmental Dialogue Round Table gave local communities a model for organizing to address environmental issues. Some communities set up local round tables, while others established

governmental environment commissions, although the degree to which they function varies from district to district.

The El Mantaro Revive project's technical team developed a significant degree of expertise and credibility in the community. Young people who received training as volunteers with the program are now taking jobs in local government agencies, reflecting the importance of the Catholic Church's role in education and formation.

In La Oroya, the project's nutrition and health program enabled poor women to participate in educational activities, discuss their problems, and organize. This helped counterbalance Doe Run's control of other grassroots organizations and this group may serve as the basis for further work on social issues and women's rights in the community. Some of the women involved also participated in radio programs, giving them a channel for publicly expressing their views.

### **Shortfalls**

Although the La Oroya case has gained visibility, increased public awareness has not led to effective, concerted public action. There is a lack of national and local political will and public commitment. For example, the local government's contingency plan for air emergencies was never really implemented because of a lack of government and company commitment, and grassroots groups were unable to pressure the government to implement an effective, comprehensive health program for people affected by air pollution in La Oroya.

Relocation of the families living closest to the smelter — the solution Doe Run was forced to implement near its smelter in Herculaneum — was never seriously pursued. Government officials say residents resisted relocation, but that was at least partly because no detailed plan was offered. Nevertheless, that is the only way to ensure that children will not be constantly exposed to heavy metals from dust in their homes. Preventive measures, such as taking children farther from the smelter during the day, have a limited effect if the children return to a contaminated environment in the evening.

There still are no concrete proposals for cleaning up La Oroya and protecting the health of residents, especially children, and pregnant women and their fetuses. This lack of effectiveness has led to attrition in community groups. One NGO staff member said, "(The) greatest defeat was the inability to strengthen MOSAO," so it could act more forcefully and independently of its NGO partners.

The Environmental Dialogue Round Table began with broad support, but has also weakened over time. Attendance is uneven unless Archbishop Barreto personally calls a meeting. One government official who participated in the Round Table said, "(Its) rhetoric ... was out of proportion to its real capabilities." Others noted that its mission and goals were not well defined at the start, that it was overly ambitious, and that some people participated more out of special interests than out of a shared interest in environmental problems.



There was also confusion between the roles of the Environmental Dialogue Round Table and the El Mantaro Revive project. The project was supposedly designed to reinforce the Round Table's work, but the Round Table as a whole did not participate in designing the project, and the project had a much larger budget than the Round Table. Some stakeholders felt that the El Mantaro Revive project eclipsed the Round Table at times.

Some goals of the Environmental Dialogue Round Table, the El Mantaro Revive project and the CRS advocacy program were poorly defined or overly ambitious. Once a project begins, however, it is often difficult to redefine the goals because of donor requirements.

Neither El Mantaro Revive nor the St. Louis University researchers presented full results of their studies. El Mantaro Revive failed to budget funds for data analysis, so it has presented only very preliminary results of soil and water studies, and has not issued a full report or presented air-quality data. Project organizers are seeking funding to complete the data analysis, and it will still be useful as a baseline, but scientific and advocacy usefulness of data changes as time passes. The St. Louis University School of Public Health presented a preliminary report of metals in blood, but has not followed up with the results of the analysis of dust in homes.

Doe Run plant workers also faced high health risks, but activists were unable to frame the situation in such a way that workers became their allies. There are several reasons for this. The company played a role in framing the case as one of progress, development and jobs against a small group of anti-job environmental activists. Health researchers who have studied cities with similar environmental problems have also found that parents who work in industries that emit pollutants that could endanger their children tend to deny the risks because they are unwilling to admit that their work could jeopardize their families' welfare. In the long run, however, any plans for the future of La Oroya, with or without the smelter complex, must include the plant's workers, as well as all other economic and social sectors.

## **FACTORS RESPONSIBLE FOR THE EFFECTS**

Outcomes in this case have been shaped by socio-economic factors in La Oroya, the Peruvian policy and regulatory environment, and official attitudes toward development.

Environmental awareness and activism are still relatively new in Peru. Both government officials and citizens are still learning about environmental issues, and enforcement of environmental legislation is still weak. Policy in recent years has tended to favor industry, especially foreign investors, and government officials often refer to groups defending the environment as obstacles to development. This was a major challenge in La Oroya, where strong government action, especially from the central government, was needed to address an urgent health problem and force Doe Run to comply with its environmental obligations.

La Oroya posed specific challenges because it is a "company town" with a single large

employer. Employees who depended on the smelter tended to side with Doe Run, insulting or threatening activists and blocking the Central Highway various times to pressure the government to agree to the company's requests. After a round of layoffs, unions sought assistance from the Catholic parish of Cristo Rey. That gave the pastor of Cristo Rey access to stakeholders who generally were not available to environmental and health activists.

Government officials and company executives repeatedly cast the situation in La Oroya as a choice between jobs and health. Parents were forced to choose between their immediate economic needs and their children's long-term welfare and future possibilities.

Most residents know there is a health problem, but do not fully understand the seriousness of the impact of heavy metals on their children's cognitive and motor development. Parents may also ignore negative health impacts from pollution related to their workplaces, because they do not want to believe their work could harm their children. As one activist said, "You have to figure out how to reach people who are in denial."

These factors created an environment in which it was difficult for organizations to gain support. Townspeople also tended to be suspicious of solutions proposed by outsiders, particularly if they thought the goal was to eliminate the pollution source by shutting down the smelter, the town's largest employer. Suspicious townspeople combined with traditional political and social rivalries between the capital and provinces, affected relationships among local and national organizations working on the pollution problem in La Oroya.

### **Policy and regulatory environment**

Although Peru's national environmental legislation is fairly good, enforcement is weak, and regulators have historically been tolerant of pollution from the La Oroya smelter. The Ministry of Energy and Mines is responsible for promoting industrial development in mining as well as approving environmental impact statements, creating a real or potential conflict of interest. Oversight is divided among several agencies, fragmenting efforts and making it more difficult for community groups to monitor a company's compliance with environmental regulations.

High personnel turnover in government is an obstacle to enforcement. There is also considerable crossover of professionals between government to industry, which contributes to a lack of transparency and the potential for conflicts of interest.

Local environmental policy is less effective, and local governments often lack the technical expertise and political will to act strongly on environmental issues.

Health policy in La Oroya was especially ineffective. Public health care infrastructure in La Oroya is inadequate for the nature and scope of the environmental and occupational health problems there. A new hospital, operated by the public social security system, will serve only insured workers – at most, 40 percent of the population. Others must rely on

the local health center, which lacks specialists and a laboratory capable of testing for metals in blood.

The design and implementation of the Health Ministry's health program was heavily influenced by Doe Run, and many of the doctors were paid by the company. As a result, most of the people who participated were connected with the company, and many of the poorest families, who were most affected, did not receive care.

The program also targeted only children with very high lead levels who were under age 6, ignoring the proven hazards of lower lead levels, denying care to children over age 6, and creating the impression that the "danger" level for lead was 40 micrograms per deciliter.

### **Civil society**

When Doe Run purchased the smelter, environmentalism was new in Peru and there were few models of effective advocacy. The complexity of the problem required technical expertise, but many civil society stakeholders lacked training in labor issues, occupational safety and health, environmental health, and other technical areas that could have made their initiatives more effective.

Community groups also lacked the strength and expertise to adequately monitor the company's compliance with its commitments. As one person said, "Instead of civil society monitoring the company, the company monitored civil society." Grassroots organizations had also been battered by two decades of political violence. "We were too easily cast as anti-capitalist rabble rousers, and we didn't have the impact that we wanted," an activist said.

MOSAO members suffered threats and harassment, and the group suffered from public distrust of NGOs, which has been sown by corporate executives and government officials in Peru. Since the 1990s, there has been harassment of NGOs, especially those involved in human rights and environmental issues. Accusations range from being opposed to development to being terrorists, and some of the most outspoken organizations have been audited.

### **Church leadership**

The Presbyterian Church forged important bonds of international solidarity, while involvement of the Catholic Church, under Archbishop Barreto's leadership, gave greater weight and visibility to civil society initiatives. Archbishop Barreto also had the power to convene key stakeholders at critical moments.

### **Industry**

For companies, "corporate social responsibility" tends to mean development projects in communities near their operations. Their budgets, which often dwarf those of governments or NGOs, enable them to sway public opinion and silence critics.

There are no consistent criteria for assessing company-run development projects, to determine whether they meet local needs or are simply greenwashing. Doe Run has provided training workshops and infrastructure, reforestation and agriculture projects as examples of corporate responsibility, while failing to adequately address far more serious health problems.

## **LESSONS LEARNED**

The case of La Oroya offers lessons useful for civil society organizations facing environmental health issues in other parts of the country.

### ***About framing environmental issues***

- The environment vs. jobs or environment vs. development argument is still common in Peru. Once workers were convinced that environmentalists wanted to close down the smelter, leaving them jobless, it was virtually impossible to find common ground. Some stakeholders suggest it might have been possible to develop a better relationship with smelter workers by focusing on occupational health and workplace justice issues earlier, although that might not have been sufficient to offset the company's influence.
- The line between corporate social responsibility and greenwashing is not always clear. Local communities sometimes consider the company more generous than the government, which often has little presence in rural areas. If the company receives tax breaks and other incentives for development projects, however, that is a form of indirect government assistance. Peru needs open debate about corporate behavior – what it means to have a social license, codes of ethics, terms and conditions for investment in local development, and relations with local governments, communities and grassroots groups.

### ***About organization***

- A multi-stakeholder alliance involving grassroots groups, NGOs and churches provides broad scope and solidity. Joint efforts can be difficult, however, because these groups sometimes work at different paces. Because local stakeholders may have different visions, it is also important to identify commonalities and divergences that could affect strategies.
- Long-range actions, such as the Dialogue Round Table or the multi-pronged El Mantaro Revive project, need clear goals, adequate funding and plans for sustainability, so as not to leave supporters frustrated.
- When a project includes data gathering, as El Mantaro Revive did, it is important to budget realistically for data analysis. It is also important to present the results of studies to stakeholders; failure to do so can lead to distrust and discouragement at the grassroots.
- International solidarity can provide access to technical expertise, pressure foreign-owned

companies and give an issue more visibility than it receives in local and national media.

### **About the role of church**

- Churches can play a role in peacebuilding and conflict transformation and provide a moral and ethical framework for analyzing inequities and environmental injustice. Church involvement gave the La Oroya movement credibility, while the emphasis on the human dignity of the poorest and neediest people — who were most affected by and vulnerable to pollution — gave it moral authority.

**“This broad concern for human dignity is the source of our anguish over the millions of Latin American men and women who cannot lead a life that responds to this dignity. The preferential option for the poor is one of the distinguishing features of our Latin American and Caribbean church. Indeed, addressing our continent Pope John Paul II stated that for the Christian people of America conversion to the Gospel means to revise “all the different areas and aspects of life, especially those related to the social order and the pursuit of the common good.”**

*— Concluding Document of the V General Conference of the Latin American and Caribbean Bishops’ Conferences, held in Aparecida, Brazil in May 2007, #391.*

### **About leadership and empowerment**

- Leadership development is crucial, both to avoid burnout and to ensure that the departure of a key person does not leave a leadership vacuum. Technical program components — such as training of environmental monitors or the child nutrition program — are opportunities for leadership development and empowerment.
- Training in conflict management and transformation is important. At the grassroots level, formation that includes values and self-esteem gives people tools for confronting complex situations. Training for government officials may not have a lasting impact, because of high turnover in government posts and the tendency for top officials to send subordinates to training sessions.

### **About strategies**

- Many of the efforts in La Oroya were reactive, which exhausted campaigners. As one person said, “The company gets you involved in its dynamic, and you have to respond.” It is important to have a strong local stakeholder that can be proactive in making proposals for policies or solutions. One stakeholder said, “You have to have a proposal that gets people’s attention and offers solutions. It is important to denounce (violations), but it is also important to make proposals. People have to be able to visualize a different way of living.”
- Activists who are threatened and harassed need active accompaniment and solidarity.

- Participatory environmental monitoring complements government oversight, builds local capacity, and increases public confidence in data. Budgets must match the scope of planned activities. Before launching a monitoring program, it is important to review existing studies to determine what baselines exist and make methodologies as consistent as possible, so data can be compared. It is also important to adequately fund community monitoring efforts, so technical expertise is available. An all-volunteer monitoring program like the one designed for La Oroya may be unsustainable, as it can become so time consuming that it is impossible for community members to continue participating.

### **About policy**

- A non-responsive government can stymie the entire process. The Peruvian government was generally permissive and tolerant of violations. Civil society stakeholders have mixed opinions about whether more could have been done to pressure the government, because they lacked leverage with both the company and government officials. “There has to be a sense that the government can change and will change, but we didn’t believe it would,” an activist said when the 2009 debate over another PAMA extension arose. “The government has proven us right.”
- Zoning and urban planning are tools for preventing and mitigating environmental problems. La Oroya grew up around the smelter with no planning. Although studies exist, no comprehensive plan was designed for relocating the most-affected families. Relocation inevitably meets initial opposition, but government officials must not be allowed to use that as an excuse for not protecting residents’ health.
- The most advanced environmental legislation is of no use if unenforced. In countries with relatively weak democratic institutions, environmental strategies require a dual approach: pressuring the company to clean up, and pressuring the government to enforce the rules. Corruption makes both tasks even more complex.

### **LIST OF INTERVIEW RESPONDENTS\***

- Dr. Germán Amado, physician in charge of the La Oroya Health Center
- Archbishop Pedro Barreto, Catholic archbishop of Huancayo
- Raúl Chacón, former member of the technical task force assisting the Movement for the Health of La Oroya, Lima
- Maribel Chávez, coordinator of La Oroya program, CooperAcción, La Oroya
- Isabel Córdova, industrial and environmental engineer, member of the Environmental Dialogue Round Table (*Mesa de Diálogo*)
- The Rev. Joseph Deardorff, Catholic pastor of Cristo Rey Parish, La Oroya
- Hunter (Alejandro) Farrell, former coordinator of the Joining Hands network in Peru.
- César Gutiérrez, mayor of La Oroya
- Adolfo Ibarra, director of the Huancayo office of the governmental Ombudsman’s Office (*Defensoría del Pueblo*)

- Iván Lanegra, assistant ombudsman for environmental issues and indigenous people in the Peruvian Ombudsman's Office (*Defensoría del Pueblo*), and former natural resources manager for the Junín Regional Government, Huancayo
- Ana Leyva, executive secretary of the Red Muqui, a network of organizations involved in mining issues, Lima
- Walter López, Natural Resources Manager, Junín Regional Government, Huancayo
- Paula Meza, coordinator of the El Mantaro Revive project, Huancayo
- Carlos Morán Auque, Environmental Affairs Manager, La Concepción District Government, La Concepción.
- Vicente Nalvarte, coordinator of health and nutrition program of the El Mantaro Washington Mori, coordinator of the Environmental Dialogue Round Table (*Mesa de Diálogo*), Huancayo
- Juan Ospino, expert in watershed issues, member of the Environmental Dialogue Round Table (*Mesa de Diálogo*)
- Carlos Rojas, former director of the office of the National Environment Council (*Consejo Nacional de Medio Ambiente*), Huancayo
- Nilda Velapatiño, expert in environmental sustainability, member of the Environmental Dialogue Round Table (*Mesa de Diálogo*)
- Bertha Villaverde, lawyer, member of the Environmental Dialogue Round Table (*Mesa de Diálogo*)
- Yolanda Zurita, former director of the human rights office, Cristo Rey Parish, La Oroya

\*The positions of Doe Run were presented publically in various ways but no case study interviews were carried out with representatives of the company.

## ABOUT THE AUTHOR

Barbara Fraser is a freelance journalist who has lived in Peru since 1989. She mainly covers environmental, public health, social and church issues.

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# **ANGOLA: CAN OIL AND DIAMONDS SERVE THE COMMON GOOD?**

## **Church advocacy for economic justice**

by Sylvia Croese, Søren Kirk Jensen and Stephanie French



## INTRODUCTION

This case study of the work on economic justice carried out with the Catholic Church in Angola aims at distilling lessons from its approach and achievements to contribute to CRS' efforts to strengthen its work with Church partners on equity throughout the world. Equity has been defined as “the fair and just management of social, economic and

Post-war economic growth has not been translated into comparable improvement in the quality of life of its citizens. There is a feeling of disconnect between the ruling elite and the people.

political institutions, distribution of public services and collective goods, and formation and implementation of public policy”.<sup>1</sup> The Angola Economic Justice Program (EJP) has sought to increase the Church's capacity to promote equity in a country that is rich in natural resources, but as a result of a prolonged civil war during the nearly four decades since independence, and subsequent socio-economic and political dynamics, ranks among the countries with the worst human development and governance indicators worldwide.

Angola represents a challenging context for projects that support civil society participation and advocacy. These concepts have their roots in societies with a long democratic tradition of openness and dialogue in the policy-making process and are relatively new to Angola. The legacy of Portuguese colonialism and the one party socialist model adopted after independence in 1975 means that the political system is traditionally very closed.

Although the post-war Angolan government is increasingly asserting itself as democratic and the political process as multi-party, the state remains characterized by a lack of accountability and transparency. Democratic institutions are weak, the party in power is largely in control of the country's private sector, and post-war economic growth has not been translated into a comparable improvement in the quality of life of its citizens. For example, to date 91% of all urban dwellers live in inappropriate housing conditions, and 77% of all rural dwellers don't have access to clean drinking water.<sup>2</sup> This exacerbates a disconnection between the ruling elite and the people.

The Catholic Church is the most visible and dominant religious body in Angola, with a moral authority widely respected among the population. Towards the end of the 1990s, the Church was at the forefront of a civil society movement that aimed to promote a negotiated rather than military solution to the war. After the end of the war in 2002, the Bishops Conference of Angola and São Tomé (CEAST) started to focus more and more on the socio-economic situation of the country and the need for a better use of the country's natural resources.

The EJP has been implemented by the Episcopal Commission for Justice and Peace (CEJP) of

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1 CRS Peacebuilding Technical Commission, *Case studies guidance on equity* (Working draft, 2008).

2 INE (National Institute of Statistics), *Inquérito Integrado sobre o Bem-Estar da População 2008-2009* (IBEP -Integrated Study of the Well-Being of the Population) (Luanda, August 2010).

the Episcopal Conference of Angola and Sao Tome (CEAST). The first phase of the Program ran from 2004 until 2007 and was characterized by the establishment of a unit focused on research on extractives issues, and a focus on economic justice issues as a priority for the Bishops Conference. The second phase began at the end of 2007, and has an anticipated end date of September 2011. The second phase continued the work of the first but sought to build the capacity of the CEJP to function more independently from its donors, and to use the research products for advocacy.

The EJP is jointly funded by CRS and five CIDSE-Caritas member organizations. CIDSE is an international alliance of Catholic development agencies, and the activities in Angola are supported by Trócaire, Cordaid, Misereor, Secours Catholique and Cafod.<sup>3</sup> CRS manages the project and works directly with the CEJP, in close collaboration with Trócaire, the only other of these agencies with representation in Angola.



The overarching aim of the EJP is to address the inequities in Angola, by advocating for transparent management of the revenues generated through resource exploitation, and a fair allocation of these resources. For CRS and its partners, the fundamental question explored is, “how can we best support Church institutions to effectively advocate for equity?” This case study describes how this was carried out and to what extent it has been effective.

The case study initially built on an external evaluation carried out in March 2007, as well as a review of background documents, correspondence and notes. The former program manager/technical advisor to the CEJP carried out a series of stakeholder interviews in Angola in October and November 2008 (see list of interviewees in annex 1). These interviews

<sup>3</sup> Until 2008, these organizations constituted an Angola Working Group that coordinated and discussed program activities in all sectors. Originally this group included Cafod, Caritas Switzerland, Cordaid, CRS, Misereor, Trócaire and Secours Catholique. Caritas Switzerland has brought its activities in Angola to an end and Secours Catholique, CAFOD and CORDAID are implementing exit strategies.

were conducted following a semi-structured interview guide and took the form of informal conversations rather than formal structured interviews. Statements from the interviews used in the report have not been attributed to the individuals making them. The draft report that was the result of this work was reviewed in 2010 by the current technical advisor to the partner, drawing on her experiences with the partner and on an external evaluation of the second phase of the project, carried out in April-May of 2010.

The case study opens with an analysis of the conflict in Angola and a look at the dynamics of wealth, power and inequalities. The next section looks into the role of the Church in Angola and the nature of the interventions of the first and second phases of the EJP, as well as the resulting actions. The following section looks at the impacts and the key factors responsible for them. The final section outlines a number of lessons learned that will hopefully be of use broadly to a range of stakeholders, particularly those working in research and advocacy with faith-based partners, and those engaging in long-term capacity-building projects.

## **A LEGACY OF CONFLICT, POWER, WEALTH AND POVERTY**

The armed struggle for independence of Angola from Portugal started in 1961 and featured three competing movements: the *Movimento Popular de Libertação de Angola* (MPLA), the *Frente Nacional de Libertação de Angola* (FNLA) and the *União Nacional para a Independência Total de Angola* (UNITA). After a coup in Portugal in 1974, the new Portuguese regime began negotiations with independence movements in their overseas colonies. In 1975, the Alvor agreement was signed by MPLA, UNITA, FNLA and the Portuguese government, granting Angola independence on November 11 and establishing a transitional government with MPLA's leader António Agostinho Neto as its president. However, civil war between the three liberation movements soon ensued. FNLA enjoyed the support of Zaire, but MPLA was stronger as it controlled the country's oil and was aided by the Soviet Union and Cuba while UNITA controlled the diamond areas and received support from the United States and South Africa. The Bicesse accords of 1991 paved the way to a multi-party democracy in Angola, but MPLA's victory in the elections of 1992 was contested by UNITA, plunging the country back into war which eventually lasted up to April 2002.

Angola began producing oil onshore in 1956. Over the years it shifted to shallow waters and in the post-war era to deep waters, thereby significantly increasing its output to 2.1 million barrels a day by 2009.<sup>4</sup> The majority of the exploration takes place along the coast of the enclave and province Cabinda, which lies north of Angola between Congo Brazzaville and the Democratic Republic of Congo (DRC). Currently, Angola rivals Nigeria as Africa's largest oil producer. Angola's oil and gas production is managed by the state-owned company Sonangol.

Diamond mining started in Angola at the beginning of the twentieth century, but it is difficult to estimate the overall output throughout the years due to the informal market that developed

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4 US Energy Information Administration, <http://www.eia.doe.gov/cabs/Angola/Oil.html>

during the war as a result of artisanal mining and mining by UNITA, which funded much of its operations from diamond profits and put Angola on the map as one of the African countries with “blood diamonds.” Currently, Angola is the largest diamond producer in Africa after Botswana and South Africa, with official exports of 7.39 million carats in 2009<sup>5</sup>. Diamond production is controlled by the state-owned company Endiama. The country now adheres to the Kimberly Process, which ostensibly certifies diamonds as being conflict-free. However, the sector is plagued by accusations of environmental destruction and human rights abuses, particularly of artisanal miners, and even more particularly of Congolese immigrants working illegally in Angola.

Apart from Angola’s mineral resources, the country has huge agricultural resources, water (with potential for irrigation and hydroelectric power plants), dense forest and rich coastal waters.<sup>6</sup>

Between 2004 and 2008, Angola experienced double digit GDP growth as a result of increased oil production combined with high oil prices on the international market. The country’s GDP grew ten times between 1997 and 2008, reaching nearly US\$85 billion.<sup>7</sup> The extractive industries, dominated almost entirely by the oil sector, still account for a significant portion of the country’s GDP, 59.4% in 2008,<sup>8</sup> and a substantial portion of government revenues.

Between 2003 and 2009 poverty, measured as the percentage of people living on less than \$UDS 2 a day, decreased from 67.9% to an estimated 58.9% of the population.<sup>9</sup> However, with a Gini coefficient of 58.6 (0 for maximum equality and 1 for maximum inequality) in 2009, inequality is high in Angola and is among the highest even in southern Africa, where most countries have relatively high inequality.<sup>10</sup> Inequalities can be found horizontally as well as vertically but are particularly high between the Angolan elite class that has links to the political party in power and the rest of the population. They are also present along a geographic divide between the capital and coastal areas and the interior and central highlands of the country.<sup>11</sup> The Human Development Index for Angola has improved somewhat in the post-war era, but is still very low: it occupied the 143<sup>rd</sup> place out of 182 countries in 2009 against the 166<sup>th</sup> place out of 177 countries in 2002.<sup>12</sup>

The legislative elections of 2008 consolidated the power of the MPLA, which has been the ruling party since independence. With 82% of the seats in the National Assembly, the MPLA dominates the political landscape. Power is centralized in the executive led by the president,

5 Partnership Africa Canada, Diamonds and Human Security Annual Review 2009. [http://www.pacweb.org/Documents/annual-reviews-diamonds/AR\\_diamonds\\_2009\\_eng.pdf](http://www.pacweb.org/Documents/annual-reviews-diamonds/AR_diamonds_2009_eng.pdf)

6 World Bank, *Angola Country Economic Memorandum. Oil, Broad Based growth and Equity* (Report No. 35362-A0: 2006), p. 28.

7 World Bank, *Angola data sheet* (<http://data.worldbank.org/country/angola>)

8 Ministry of Finances of the Republic of Angola, *Relatório de Fundamentação 2009* (2008). *Official figures for 2009 were not publicly available when this went to print.*

9 Centro de Estudos e Investigação Científica, Núcleo de Macroeconomia - Universidade Católica de Angola, *Relatório Económico de Angola 2009* (2010), p. 233.

10 UNDP, *Human Development Report 2009. Overcoming barriers: human mobility and development* (2009).

11 Centro de Estudos e Investigação Científica, Núcleo de Macroeconomia - Universidade Católica de Angola, *Relatório Económico de Angola 2009* (2010), p. 47.

12 UNDP, *Human Development Report 2002. Deepening Democracy in a fragmented world* (2002) and UNDP, *Human Development Report 2009.*

José Eduardo dos Santos, who is also president of the MPLA and commander-in-chief of the armed forces. He celebrated 30 years in power in 2009.

Although significant investments have been made by the Angolan government to reconstruct and develop the country through infrastructural projects and the rehabilitation of basic services, huge challenges remain. The majority of the population lives in informal settlements and depends on the unregulated informal economy to provide its primary source of living. Figures from the first nation-wide survey held since the war indicate that only 57.9% of the urban population and 22.8% of the rural population have access to drinking water, and over half of the entire population (59.6%) to basic sanitation. Primary school enrolment is on the rise (77.2%), but many children drop out prematurely and few make it to secondary school (20.6%). Child mortality rates, an important indicator for development, remain extremely high (193 under-five per 1,000 live births against 250 in 2001).<sup>13</sup>

Angola constitutes a typical example of a country plagued by the 'resource curse'.<sup>14</sup> It has abundant natural resources, but the majority of its people are very poor. Some progress has been made over the last few years with regard to transparency: accounts of oil revenues have been published; a financial management system to track government expenditures has been instituted; Sonangol has been audited; and a 'zero tolerance policy' with regard to corruption was announced by the president. However, levels of corruption, clientelism, rent-seeking and inefficiency remain high and widespread in public administration and in society as a whole. Revenues continue to be controlled centrally, so the state doesn't rely on domestic taxation or economic diversification to function. There are many opportunities for self-enrichment by the elites and few instruments for the public to hold them accountable. The political environment is closed and secretive. All in all, few incentives exist for those who hold political and economic power to bring about true change and development, and there has been little space for mobilization of civil society to demand it.<sup>15</sup>

## CHURCH ACTION IN ANGOLA

The Catholic Church has been present in Angola for more than 500 years and is the most visible and dominant religious body in the country. It has the longest history, strongest organization and presence, and claims the highest number of members amongst the churches.<sup>16</sup> There are currently 19 Catholic dioceses in Angola. While the diocese is the key

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13 INE, *IBEP 2008-2009*.

14 Resource dependent countries are characterized by 'boom-bust' cycles linked to revenue volatility and excessive borrowing, "Dutch disease" (lack of competitiveness due to high real exchange rate that creates incentives to import rather than invest in domestic productivity which harms agriculture and other sectors), corruption and rent-seeking. As a consequence they are prone to grow less rapidly over time than non-resource rich countries.

15 See Human Rights Watch, *Transparency and Accountability in Angola: an update* (April 2010): <http://www.hrw.org/en/reports/2010/04/13/transparency-and-accountability-angola-0>

16 Angola is estimated to have about 18 million inhabitants. The Catholic Church claims to have almost 14 million members, followed by the Council of Christian Churches (CICA – combined protestant churches) with 5 million, the Christian Evangelical Church with 1 million, the Methodist Church with 190,000 and the Baptist Church with 90,000. However, these data must be relativized as different criteria and practices are used to count, eg. the number of Catholics is kept up to date by subtracting the number of deaths against the number of baptized and adding the number of new baptized regardless of whether they are actively practicing the religion or not. See Søren Kirk Jensen and Nelson Pestana, *The role of the churches in poverty reduction in Angola* (Christian Michelsen Institute: 2010), p. 12.

geographical unit of authority within the Roman Catholic Church, all the Bishops of a given territory belong to an Episcopal Conference. The geographic borders of a given Conference are usually identical to a country but Conferences can also include neighboring countries, as is the case with Angola and São Tomé (CEAST).

In 2009, Angola had 208 Catholic parishes served by a total of 587 diocesan priests. In addition, there were 97 religious institutes counting 423 priests, and 1,926 nuns running 136 missions and 15 missionary centers. In total, the Catholic Church had almost 3000 priests and nuns at its service in Angola.<sup>17</sup>

### **The emergence of the peace movement**

The relations between the Christian churches and the Angolan state were affected by the adoption of a Marxist-Leninist ideology after independence in 1975, and it was not until 1992 that freedom of religion was enshrined in the country's constitution.<sup>18</sup> During the war the Catholic Church kept a low profile and focused much of its efforts on providing emergency relief through Caritas, the Catholic Church's humanitarian organization.

However, toward the end of the 1990s, a peace movement emerged with the objective of promoting a negotiated rather than military solution to the war. Churches were at the forefront of this civil society movement, the first of its kind in Angola. For the first time the Catholic Church came together with the main Protestant churches, with the formation of the Inter-Ecclesial Committee for Peace in Angola (COIEPA) in 1999. This movement was comprised of CEAST, the Angolan Evangelical Alliance and the Council of Angolan Christian Churches and was also supported by the private media, civic organizations, associations or NGOs, and a coalition of 14 Civil Opposition Parties. The movement understood 'peace' as the creation of "an equitable and just society, including inclusive political structures, accountable and transparent government, economic and social development, freedom of opinion and association, the safeguarding of human rights, [and] the elaboration of a representative national constitution."<sup>19</sup>

The appeals of Church leadership for peace with justice were often met with angry reactions from the state, accusing it of abusing its position in society to interfere in political issues.<sup>20</sup> For this reason, the Bishops took care to take into account both sides to the conflict in order to avoid being viewed as partisan (and accused of being an ally of the opposition).

Like most peace movements the Angolan movement faced an uphill struggle. The MPLA leadership was not willing to change its conflict strategy and continued seeking a military

<sup>17</sup> Jensen and Pestana, *The role of the churches in poverty reduction in Angola*, p. 16.

<sup>18</sup> Jensen and Pestana, *The role of the churches in poverty reduction in Angola*, p. 14.

<sup>19</sup> Michael Comerford, *Alternative voices: the Angolan peace movement*, see: <http://www.c-r.org/our-work/accord/angola/alternative-voices.php>

<sup>20</sup> Jensen and Pestana, *The role of the churches in poverty reduction in Angola*, p. 20 refer to CEAST (1998): *A Igreja em Angola Entre a Guerra e a Paz – Documentos Episcopais 1974 – 1998* and Comerford, Michael G. (2005): *O Rosto Pacífico de Angola – Biografia de um Processo de Paz (1991 – 2002)*.

solution, which it achieved in 2002. The complete military victory of the MPLA put it in a position to dictate the terms for peace, and lead Angola into the post-conflict phase without any concessions to the defeated rebel movement UNITA (now an officially recognized political party). Since the objective of the peace movement was more than the end of warfare, however, the Church maintained its commitment to promote the creation of a more just and equitable society.

### **Addressing the resource curse and transparency issues**

While CEAST was engaged in its country's peace movement, the Catholic Church in neighboring countries was beginning to address issues of equity and economic justice, influencing CEAST's own engagement. For example, in 2001, the Inter-Regional Meeting of the Bishops of Southern Africa (IMBISA), which brings together CEAST, as well as the bishops of Lesotho (LCBC), Mozambique (CEM), Namibia (NCBC), South Africa, Botswana and Swaziland (SACBC) and Zimbabwe (ZCBC), convened to discuss 'Poverty and Economic Justice in Southern Africa in the New Millennium'. The aim was to "involve the whole Family of God in Southern Africa in solving our problems of poverty and economic injustice in a spirit of freedom and corresponsibility in order to build a better world on the solid foundation of sound ethical and spiritual principles".<sup>21</sup> A CIDSE-sponsored visit in 2002 by Bishop Portello of the Bishops Conference of neighboring Congo Brazzaville to Angola to discuss their active engagement in promoting transparency<sup>22</sup> further stimulated the interest of the Angolan bishops on this issue.

Much like their peer Bishops conferences, CEAST started, after the end of the war in 2002, to focus more and more on the socio-economic situation of the country and the need for a more equitable and productive use of the country's natural resources. In March of 2004, this was reflected in the Pastoral Message, 'The Path towards Hope', which articulated the CEAST's expectations for development in post-conflict Angola.<sup>23</sup>

The overall message of the 2004 Pastoral Message is that the end of the war had fostered an "explosion of hope" that represented a unique opportunity not to be wasted. Positive signs that fed the hope of the Bishops are mentioned, but are followed by a list of negative signs such as the lack of peace in Cabinda, extreme poverty amongst Angolans, the increase of numerous diseases, deterioration of roads and other public services, public disorder, the limited right to information and a lack of administrative transparency, especially with regard to oil. The Bishops expressed their hopes regarding peace in Cabinda, living standards, health, education and oil. This message was notably the first time that the Catholic Bishops had

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21 IMBISA, *Final Communiqué of the Plenary Assembly*, held from 30 July-8 August 2001: <http://www.imbisa.org.zw/html/pleanry2001.html>.

22 Association of Episcopal Conferences of the Region of Central Africa, *The Church and Poverty in Central Africa: The Case of Oil* (2002): <http://www.relufa.org/programs/economicjustice/documents/AfricanBishopsStatementonOilandPovertyEnglish.pdf>

23 The Bishops of CEAST meet twice each year for their ordinary general assemblies and like bishops elsewhere issue Pastoral Messages from time to time that address societal issues of concern to the Church. The Bishops Conference is where the Church's 'policy line' is defined in relation to national issues.



publicly addressed the issue of oil and the resource curse. The letter asks for “administrative transparency” on the part of the government, but also asks oil companies to “publish what they pay” in royalties, taxes and signing bonuses to the government—information that was usually secret at this point in time—in order to “work together with the people in the fight against poverty, by means of a just and productive use of these resources”.<sup>24</sup>

### **Promoting transparency and equity – EJP 2004-2007**

Catholic development agencies’ exploration of ways to support work on transparency in Angola had been initiated in 2002 within the CIDSE Peace and Conflict Coalition, but the main vehicle for developing the idea further soon became the CIDSE-Caritas Angola Working Group. As mentioned in the introduction, this group, which was active until 2008, consisted of CRS, Trócaire, Cordaid, Misereor, Secours Catholique and Cafod.

In 1987 the bishops of CEAST created the Episcopal Commission for Justice and Peace (CEJP). In the exploratory phase of its work, CIDSE supported exchanges between the Justice and Peace Commissions of Angola and Congo-Brazzaville, as well as the aforementioned visit by Bishop Portello. This visit was considered a success, and a key reason for the resulting statement on oil in the 2004 pastoral letter.

The CIDSE-Caritas Angola Working Group consulted CEAST on next steps following the 2004 message, and expressed its desire to get a better understanding of the technical issues related to transparency and the resource curse before engaging in more direct advocacy. A central question became how the Bishops could obtain this kind of information.

Such felt needs and questions formed the basis for the creation of the EJP, which began as a group of committed clergy and lay people connected to the CEJP on a voluntary basis without much external support. In 2005, the program became a CRS-CIDSE funded unit called the Economic Justice Sector (EJS) composed of salaried staff: a coordinator (and later two analysts, one for extractive industries and one for the national budget), and an expatriate technical adviser/policy analyst. The original volunteers then formed an advisory group to provide strategic guidance. An executive team was also created to provide daily guidance and report to CEAST on CEJP activities.

The first phase of the EJP focused largely on research, with the eventual goal of using the outputs for advocacy. In order for the Bishops to advocate on issues of economic justice in a credible way, they needed to inform themselves via research and analysis. The EJP focused on research and monitoring of the extractives industries (oil and diamonds) and the national budget (revenues and expenditures). It produced and presented to CEAST policy and position papers, letters and briefings, with transparency and pro-poor policies as the cross-cutting themes of analysis, so that CEAST could use the data for public

<sup>24</sup> CEAST (2004): *Angola no Caminho da Esperança*, Luanda, March 2004 . The letter can be found online , for instance on: <http://www.evangelizatio.org/portale/adgentes/chieselocali/chieselocali.php?id=19>

advocacy. The culmination of this ongoing research and monitoring and the pinnacle of the EJS' work in the first three years was the production of a new Pastoral Message in the name of CEAST, "For Economic Justice," which consolidated much of the acquired research. CEAST launched this message in October 2006.

This first phase of the Program was almost entirely dedicated to capacity-building rather than actual outputs or products. The stated goal was to: "*Build the capacity of the Catholic Church in Angola to take part in an increasingly vibrant and participatory civil society engaged in the national decision-making process with government on the use of Angola's national resources (tax revenues, royalties and payments from extractive industries, national debt and other national income)*". The specific objectives were all focused on increasing the knowledge of CEAST or the skills base of the EJP.

In order to achieve these specific objectives, the following elements were central to the approach of this first phase of the Program.

**Professionalization and organizational legitimacy:** There was a need to transform the structure of the EJP from a voluntary basis to a sustained and systemic effort with professional, full-time staff as well as a managerial board and an advisory board providing expert advice on specific issues.

**A technical adviser/capacity builder:** In a country where research capacity is weak, the program provided an external resource person, known as 'the technical advisor,' with experience in extractives and advocacy. It was agreed that this person would transfer knowledge about the technical issues to the Program team, and accompany them in the process of increasing their capacity to advocate for change.<sup>25</sup>

**Learning-by-doing and mentoring:** As there was no tradition or much experience with research-based advocacy and policy analysis within CEAST, a learning-by-doing principle was adopted. To make this approach successful, mentoring was important. In this case, it was done by the technical advisor through facilitation of brainstorming sessions, research planning, literature reviews and close supervision – from the identification of a problem to be analyzed to the final draft of policy papers and its dissemination. In this way capacity building of the team could occur over time with ongoing follow-up and a focus on results.

### **Promoting transparency and equity – EJP 2007-2010**

In 2007, an external evaluation was carried out on the first phase of the project. This led to a proposal for a second phase that started in October 2007 and was to be concluded in September 2010, but which was extended for an additional year. The second phase sought to

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<sup>25</sup> The role of a technical advisor or 'accompanier' is used in different CIDSE-funded programs throughout the world and was thought to be appropriate for the Angolan context. The technical advisor tends to focus on the strengthening of only one partner and is in this way different from many CRS Program Manager positions.

take the project to a higher level, continuing the focus of informing CEAST on issues of equity and transparency, but also establishing the CEJP as a recognized civil society institution doing research and advocacy in Angola. The five specific objectives and planned activities of the second phase built on the foundation laid down in the first three years, and reflected the recommendations made by CEAST in their 2006 Pastoral Message.

1. **Internal capacity building:** this objective was based on the continuous need for professionalization of the Program and focused on developing and sustaining the capacity of the members of the EJS in policy analysis and advocacy through the identification and organization of training opportunities (both local and international), visits from experts and 'exchange of experiences.'
2. **Research:** this objective aimed to deepen the knowledge of the bishops and also the wider public on extractive industries and the national budget, and continue producing policy and position papers, letters and briefings as a basis for advocacy.
3. **Social monitoring:** this component was a new element in the second phase of the program and responded to the call made by the bishops in their 2006 Pastoral Message for the monitoring of all public investments and expenditures. It was planned to train diocesan teams to use the Public Investment Program of the national budget for their province to identify an infrastructure development project and monitor and document the progress in the implementation of the works. The data collected at the diocesan level would subsequently be brought together in a report by the EJP team. This would reinforce efforts at the national level and be a strategic way to create demand for addressing economic justice at the local level. The method was simple, participatory and results-oriented. This component necessitated a new position, a social monitoring official.
4. **Information sharing:** this objective was mainly about further disseminating the 2006 Pastoral Message and other research products among authorities, civil society and church actors at local, provincial, national, regional and international levels in order to create synergies and advocate for and influence the socio-economic policies of the country.
5. **Networking:** While the EJS did engage in networking in the first stage, it was established as a discrete priority in this second phase, in order to strengthen strategic alliances with other actors both within and outside the Catholic Church on issues related to economic and social justice and to raise the profile of the CEJP.

Employed implicitly throughout the project design of the second phase of the project are three distinct theories of change:

1. *A theory of root causes and justice:* If advocacy leads to greater transparency about public revenues and expenditures, then there will be a corresponding decrease in corruption, a more equitable distribution of resources and a reduction of poverty.
2. *A theory of institutional development.* If public institutions become more respectful of human rights and economic structures more equitable, the wellbeing of all Angolans will improve.
3. *A theory of the elites.* If the Bishops Conference, a body with significant moral authority, publically calls for greater economic justice, political elites will respond by generating sustainable structural change.

Important to note about the proposal for the second phase of the project is that it stipulated a gradual decrease of the expatriate technical advisor support of the project, in order to safeguard its sustainability and promote local partner ownership. It therefore indicated that by the end of the second phase (originally scheduled for September 2010) the technical advisor would be working at a maximum of 50% level of effort.

In the external evaluation of the second phase of the project, from May 2010, it was noted that of the five objectives, the first two were those that met the highest number of performance indicators. The last three, which were the newly-introduced elements, met comparatively few. These achievements, and the lack thereof, are described in the following section.

## **EFFECTS OF THE EJP**

### **Pre-program period**

This period was crucial as it laid the foundation for a larger-scale program and provided needed initial momentum.

- After the end of the war in 2002, CEAST began to focus more on issues of equity and economic justice. International exchanges like the visit by Bishop Portello, promoted and supported by CIDSE, were considered a key factor for the resulting statement on oil in the 2004 pastoral letter.
- The 2004 Pastoral letter's reference to oil as a potential curse was significant. It was the first time the Church had spoken out about the way the country's resources are administered.
- The momentum established through this reference to oil encouraged the CEJP to push for a new Pastoral Message to follow up on the 2004 version, and establish a clear position on the need to address the resource curse and work towards economic justice.

## EJP 2004-2007

This period increased and sustained the momentum of the pre-program period and was marked by the most significant project achievements. The external evaluation of the first phase of the EJP, carried out in March 2007, concluded that: *“The overwhelming consensus regarding the Angola Economic Justice Programme is that it is an excellent programme that has achieved a great deal in terms of placing the issue of economic justice on the agenda of the Catholic Church in Angola and increasing the capacity of a unit within the Church to provide objective well researched sound analysis for the Bishops on the issues of transparency, national revenues and the national budget.”*<sup>26</sup>

- The briefing papers on transparency, extractive industries, the National Budget and international economic relations produced by the EJP demonstrated the quality of the EJS’ work; and became the main vehicles for reaching the Bishops and raising their awareness about economic justice.
- When a third briefing paper was submitted to the Bishops Conference in November 2005, the EJS was invited to a question and answer session at their assembly. Afterwards, the Bishops for the first time publically used the phrase “economic justice” in their official communiqué (not a Pastoral Message). This confirmed the Bishops’ commitment to speak publically on such matters, and that the strategy to reach and inform them was having a positive effect.
- For the March 2006 assembly the CEJP decided to organize a visit similar to that of Bishop Portello in 2002 in order to build further momentum, and invited the Secretary General of the Zambian Bishops Conference, Father Joseph Komakoma. His visit proved extraordinarily positive as throughout his stay the team gained from strategic advice based on his vast experience in the field of social and economic justice.<sup>27</sup>
- At the end of the March 2006 assembly, the EJS team was tasked by CEAST to prepare an outline for a pastoral letter on economic justice, to be published after the October assembly of the Bishops. It was a research project and the strategy was to take elements of Catholic social teaching and relate them with the socio-economic reality of Angola, forging a strong vision for economic justice based on both moral values and hard facts.
- The Pastoral Message “Towards Economic Justice” was published by the Bishops Conference in October 2006, and was the most significant achievement of the Program. The message put forward the vision of the Church and concretely called for:
  - the use of the revenues from natural resources to combat poverty for present and future generations
  - the equitable, efficient and transparent utilization of public resources

<sup>26</sup> Walsh, *Report of the External Evaluation of the Angola Economic Justice Programme*, March 2007, p 4.

<sup>27</sup> Before becoming the Secretary General of the Zambian Bishops Conference Fr. Joe was National Coordinator of the Justice and Peace Program in Zambia as well as the first Director of the Catholic Centre of Justice Development and Peace (CCJDP), which combines the programs for Justice, Peace and Development, for 10 years.

- the use of the National Budget to the benefit of the education, health and agriculture sectors as well as provinces and households
- social monitoring of all public investments
- an open, transparent and participatory management of the economy – extractive industries as well as the budget process – and a decentralized and less bureaucratic structure
- the publication of the payments made by oil and mining companies to the Angolan government, as well as the conditions of the contracts that regulate their activities
- attention to conserving the environment in the exploitation of natural resources<sup>28</sup>

The launch of the 2006 Pastoral Message did not get much media coverage in the state-controlled press. The Church's own *Rádio Ecclesia* and some private newspapers did provide substantial coverage, but they reached only the capital of the country. To overcome this, an illustrated version of the Message was designed and printed in Portuguese, English and French, and was actively used in social monitoring trainings.

There was a lost opportunity regarding the dissemination and advocacy strategy designed by the CEJP in collaboration with the technical adviser. A planned series of meetings to present the Pastoral Message to government officials and representatives of oil and diamond companies

## Milestones of the EJP

### 2002

Visit of Bishop Portobello of Congo-Brazzaville

### 2004

CEAST produces Pastoral Message "Path Towards Hope"

### 2005

CEAST uses term "economic justice" in official communiqué

### 2006

Visit of Father Komakoma, Secretary General of Zambian Bishops conference

CEAST produces Pastoral Message "Towards Economic Justice"

CEJP produces analytical report on National Budget

### 2007

CEJP is co-publisher of "Diamonds and Human Security" with Partnership Africa Canada

CEJP produces thematic report "The Oil Sector and Transparency"

### 2008

CEJP produces the Open Budget Index with International Budget Partnership

### 2009

CEJP is co-publisher of "Diamonds and Human Security" with Partnership Africa Canada

### 2010

CEJP produces thematic report "The Diamond Sector and Transparency"

CEJP produces the Open Budget Index with International Budget Partnership

<sup>28</sup> The original version of the 2006 Pastoral Message in Portuguese can be found online, for instance on: [http://storico.radiovaticana.org/por/storico/2006-11/101950\\_por\\_uma\\_justica\\_economica\\_mensagem\\_pastoral\\_dos\\_bispos\\_da\\_conferencia\\_episcopal\\_de\\_angola\\_e\\_sao\\_tome.html](http://storico.radiovaticana.org/por/storico/2006-11/101950_por_uma_justica_economica_mensagem_pastoral_dos_bispos_da_conferencia_episcopal_de_angola_e_sao_tome.html)

was not implemented as planned. The reasons were both practical and programmatic. By the time the Message was launched, the Program had reached its final year and the focus was on planning and fundraising for the next three years, as well as delivering on other Program objectives. In addition, there was little experience with communication strategies and public advocacy.

## **EJP 2007-2010**

This most recent period sought to maintain momentum and to solidify the position of the church as a leading actor for economic justice in Angolan civil society. Despite certain achievements, internal and external circumstances and factors created serious obstacles.

### *Internal achievements within CEAST and CEJP*

- Between 2007 and 2010, much effort continued to be expended on internal capacity building and research, the first two objectives for this phase:
  - Partnerships with international organizations gained importance, and the second technical advisor of the Program played an important role in this regard.
  - Team members participated in various trainings and workshops, both in and outside the country.
  - Members of the EJS team gave numerous presentations to other church-based and civil society groups, and prepared radio programs on economic justice (broadcast on the CEJP's "Citizen and Justice" show on *Rádio Ecclesia*, CEAST's radio station).
- Reports were produced on the oil and the diamond sector respectively, as well as two "Open Budget Index" (OBI) questionnaires, in partnership with the International Budget Partnership (IBP).<sup>29</sup> The team worked together with the IBP on a "Six Questions Campaign" that aimed to test whether certain requested information had been made available to members of the public. It also received a grant to carry out research on the sub-national budget of the health sector in Huíla province. Briefing notes continued to be prepared for the Bishops twice a year.
- The research produced was of good quality and of importance for the Bishops. The information received through the briefing notes was shared by the Bishops in regional spaces like IMBISA and internationally it even reached the Vatican, as was made clear in the content of the speech Pope Benedict XVI delivered when he visited Angola in 2009.<sup>30</sup>

### **External effects on public policies**

As mentioned in the first section of this study, some progress has recently been made by the Angolan government with regard to transparency. For instance, the Ministry of Finance has

<sup>29</sup> The Open Budget Initiative of the International budget partnership is based on the data from statistically-analysed questionnaires of 120 questions evaluating the level of transparency in national budgets of over 80 countries. The CEJP has twice completed the OBI questionnaire for Angola, and Angola has been given very low scores based on the answers submitted.

<sup>30</sup> *External evaluation* (March 2007), p. 10 and Murielle Mignot, *Evaluation of the Economic Justice Project of the Episcopal Commission for Justice and Peace. 2nd phase – 2007-2010. Final Report* (2010), p. 14-15.

published more and more information on its website, including information about revenues from the oil and diamond sectors and the National Budget proposal – a recommendation of the policy paper on budget openness of December 2006. The government has also increased the overall budget allocation to “social sectors”, which was one of the recommendations of the Pastoral Message.

Demonstrating that such “external” policy changes are the result of this or any other program or project, however, runs into the general problem of attributing advocacy success to the work of one organization, and is methodologically problematic. Some of the people interviewed by the first technical advisor and the consultant that carried out the 2010 evaluation have suggested that the degree of influence of the Bishops on those in positions of political power is quite high, and that the work of the Church had had a significant impact on government policy, at least at the level of discourse. Others have argued to the contrary that the Pastoral Messages have been underutilized, regretting the lack of a coherent CEAST strategy to disseminate and advocate on the basis of the Messages. In fact, although information sharing and the dissemination of the 2006 Message was a specific objective of the program between 2007 and 2010, this objective was not systematically registered, making it difficult if not impossible to measure its impact.<sup>31</sup> The same applies to the thematic reports produced by the project team; all were officially launched to the public but they lacked strategic follow-up.

More could have been achieved with regard to networking, too, as few alliances were made with actors in or outside the Church. The 2010 evaluation notes that the objectives of the Program were inter-related, and that the work done on internal capacity building could not make up for the lack of external alliances, which in turn may have affected overall team output.<sup>32</sup>

### **Effects of social monitoring**

Social monitoring entails training the diocesan teams to use the Public Investment Program of the national budget to identify an infrastructure development project and monitor and document progress in its implementation. The data collected at the diocesan level would subsequently be brought together in a report by the EJS. The full implementation of this component has been continually delayed for external and internal reasons, and no concrete results are available at the time of printing.

- Pilot trainings on social monitoring had been carried out in the Archdioceses of Luanda and Lubango in the first semester of 2007 as CEAST had called for this in its 2006 Pastoral Message. However, the implementation of the social monitoring was subsequently postponed by the Bishops for at least two reasons. First, they requested an analysis of the feasibility of doing social monitoring *inside* the Church. The Bishops were essentially requesting suggestions on how to strengthen their own transparency in order to be more solidly positioned to criticize the government. Second, the decision was linked to the political environment in a period just months before elections were

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31 Mignot, *Evaluation of the Economic Justice Project of the Episcopal Commission for Justice and Peace* (2010), p. 11.

32 *Idem*.



to be held. At that point in time it was difficult to approve official communication to the authorities about social monitoring because of tensions characterizing the electoral process. And as powerful interests linked to the government are involved in public works, the Bishops felt that their initiative should wait until after the elections.

- Competing priorities contributed to keep social monitoring off the agenda of CEAST, which makes official pronouncements only twice a year. Pope Benedict visited Angola in March 2009, and the African Synod was held in Rome in October 2009. In the second half of 2009, the trainings were taken up again in the dioceses of Luanda, Lubango and Uíge, under provisional approval from the bishops of these dioceses.
- It was only at the CEAST general assembly in March 2010 that the Bishops conference gave full episcopal authorization to “give body to ‘Social Monitoring’ in the framework of the Economic Justice project”.<sup>33</sup> So during the second phase of the Economic Justice Program, activities in the area of social monitoring on the diocesan level did not go beyond the first stage of training.

To summarize, it is clear that the majority of the effects of the EJP have been *internal to the Church* and that numerous factors have limited the external effects of the program:

- In the post-war period, the CIDSE working group contributed to CEAST’s efforts to put economic justice on the agenda.
- With the official creation of the EJP, CEAST started to receive research-based briefings on issues related to economic justice and they were translated into two Pastoral Messages. Much was done to accompany, transfer skills and build the capacity of the EJS and to facilitate exchanges in the field of economic and social justice.
- This capacity building continued in the second phase of the program and led to successful collaboration with international organizations like PAC and IBP.
- However, information sharing and networking turned out to be relatively weak points of the Economic Justice unit, contributing to limited dissemination and advocacy based on the Pastoral messages, as well as the thematic reports produced.
- Finally, the delays imposed in the area of social monitoring meant that the shift from research and advocacy preparation to actual implementation of advocacy beyond CEAST did not take place as originally planned.

The people interviewed for this case study by the first technical advisor (see list of interviewees in annex 2) had used words like ‘pioneering’ and ‘vanguard’ to describe the work carried out by the EJS, highlighting the novelty of the approach in Angola. There was a consensus that the approach had added value to the work of the CEJP, and that as a result the CEJP had gained credibility amongst other civil society organizations both domestically

<sup>33</sup> Final Communiqué of the General Assembly of CEAST, held from 2 -9 March 2010, see: <http://www.agencia.ecclesia.pt/cgi-bin/noticia.pl?id=78273>

and internationally as an actor with a strong technical capacity. However, the second phase of the program, despite some solid research outputs, struggled to sustain the momentum established and affect change outside of the church. The factors responsible for both the positive effects as well as the limiting factors are discussed in the next section.

## **FACTORS RESPONSIBLE FOR THE EFFECTS**

The Angolan Bishops' commitment to the economic justice agenda was strong and growing during the first two years of the EJP, which culminated in the publication of the Pastoral Message of 2006. The members of the Economic Justice team were pioneers, in the sense that they helped introduce the economic justice theme and show that institutions in Angola other than the government or international civil society organizations could have a say about issues related to the use of natural resources.

However, as noted above, not all of the expected outcomes of the second phase of the Program were met. A number of factors help explain both achievements and shortcomings.

### **Context**

The country's first parliamentary elections in 16 years, held in September 2008, may have been responsible for a decline in the Bishops' sense of urgency or willingness to address economic justice issues publically. In other contexts an electoral event might have been seen as a welcome opportunity to press issues on the agendas of the politicians campaigning. Yet, CEAST has been a careful actor, conscious of its position in Angolan society and the political sensitivities involved in advocacy. The overriding priority of the Church in the run up to the elections was to get through them in a peaceful manner, as a step in the normalization of a democratic process in the country.

The sense of urgency felt before the elections did not seem to return after they were over. Going from policy positions and statements to concrete, results-oriented activities in a politically sensitive environment can be time-consuming and challenging. Civil society was strengthened in the advocacy process and such strengthening can sometimes be considered an end in itself, not just a means to an end.<sup>34</sup> However, over the last couple of years a number of other civil society organizations have managed to implement advocacy activities on transparency issues. In this sense, CEAST's strength or potential strength as an important and respected actor in Angola may unintentionally have been weakened.

### **Church partnership**

CEAST is a 'political' organization in the sense that it adopts policy positions (for example, in the shape of the Pastoral Messages), and Bishops inevitably have diverging positions on

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34 Claire McGuigan (2003) *Closing the Circle: From Measuring Policy Change to Assessing Policies in Practice. Overview of the Current Literature Regarding the Impact Assessment of Advocacy* (Save the Children UK, London), p. 9

different issues. As is common with many political and church organizations, endorsement of certain issues can take a long time, and collective statements may not be produced if members' opinions are too divided. In the adoption of public positions on sensitive issues, the church leadership normally determines the strength of the language.

In this circumstance, it was helpful to have a persuasive ally with close ties to the Bishops. The role of the CEJP and especially the commitment and support of the General Secretary of the CEJP, Fr. Belmiro Chissengueti, were very important for the achievements realized. Particularly in the first phase, the commitment and dedication to economic justice demonstrated at the management level was crucial.

In the context of partnership, it was also important that the overall objectives, expectations and responsibilities of all the actors involved in the project--CEAST, CEJP, EJS, CIDSE-Caritas--were clear to everyone.

On the positive side, partnership with the sister agencies in the CIDSE-Caritas working group was a factor contributing to the good results achieved. These partners were forthcoming with feedback on key programmatic decisions and the annual meeting of the working group was an important forum to share ideas about the program. They also contributed with significant private funds in a very flexible manner. For CRS it was important to appreciate the ways that "small can be beautiful". This type of project is not "big ticket" in terms of financial resources, but it can be strategic in that it builds relationships and the technical quality of the work of partners.

## **Capacity**

The presence of a technical advisor for the CEJP, and the Economic Justice Sector's learning process was an important element in the relative success the program experienced, especially in its first phase. In this regard, the proactiveness of the technical advisor and the trust and positive working relationship that evolved between him and the coordinator of the Economic Justice team, as well as the Commission, were crucial.

The challenge with external accompaniment is to find the right balance between helping and letting the local team do the work. This balance becomes easier as the individual members of the team gain experience, but the accompanier approach is also vulnerable to staff turnover.

A central finding in the external evaluation of 2007 was that the program was overly dependent on two individuals: the technical advisor and the coordinator of the Program. In the second phase both the technical advisor and the coordinator changed. The fact that the program survived this transition was initially seen as a very significant achievement by the CEJP management.<sup>35</sup> In the second phase, however, not only did the technical advisor and coordinator change, but staff turnover in the rest of the team was high. At a stage in which expectations are rising after years of capacity building and accompaniment is decreasing,

<sup>35</sup> Interview, October 31, 2008.

good human resource management is fundamental, and it should have been addressed much more carefully by the CEJP.

On the current team, only one member from the first team remains: the former extractive industries analyst who became the coordinator. The other members are relatively inexperienced and still studying or recently graduated from university. This helps to explain the weak output of the team in terms of research and networking, and has contributed to diminishing communication, confidence and trust. There is thus a growing tendency of the CEJP management to take over control of the Program.

## **LESSONS LEARNED**

As stated in the introduction, the overarching aim of the EJP was to address the inequities in Angola, by advocating for transparent management of the revenues generated through resource exploitation and a fair allocation of these resources. In this context, for CRS and its partners the fundamental question was: “how can we best support Church institutions to advocate effectively for equity?”

Linking the factors of context, partnership and capacity that were central to the results of the Program described above and to the initial assumptions and objectives, a number of lessons emerge.

### **Context**

At the start of the Economic Justice Program, it was clear that it faced a very challenging context in Angola but CEAST’s interest in putting economic and social justice on the agenda presented promising ground for research and subsequent advocacy for equity. Neither the CEJP, nor the technical advisor nor the donors anticipated that the initial urgency in the commitment of the Bishops could be affected by external factors such as the elections. Furthermore, the CEJP had few models to follow or colleagues from which to learn; there were few other local actors doing research-based advocacy in Angola during the first five years of the program. So:

- A particular period of momentum does not provide guarantees for the future.
- Being a ‘pioneer’ in a given area provides exciting opportunities for impact and recognition, but with a lack of other actors in the area, momentum can be difficult to sustain.

### **Partnership**

The initial underlying assumption for the research-advocacy based approach was based on the notion that the Church had a certain need, and that after building this research capacity, advocacy would follow. The structure of CEAST and how it functions had not been fully examined and prepared for in the project design. Thus:

- When working with the Church, a thorough understanding of the internal dynamics of

the institution is needed, and timelines should be adapted accordingly.

- If approval from bishops is needed for implementation of a diocesan activity, it should be sought well before engaging at the local level, to avoid delays in progress.
- The role of implementing actors in a project needs to be clearly defined; for example, are they to produce research for higher-level authorities to use in advocacy? May they engage in advocacy or make public statements on their own or not? And so on.
- In order to broaden support and awareness within the Church, it is important to work on both the national level with the Bishops Conference and on the local level with dioceses and parishes as well as clerics, religious communities and different organizations.
- Research, even when intended primarily for advocacy targeting central-level decision makers, should also be disseminated at the local level in order to build awareness and encourage local level participation.
- When working largely at the central level, care must be taken to avoid top-down engagement and communication with actors at the diocesan level.
- Even when working to build capacity within and to leverage the power of the Catholic Church, attention should be paid early on to networking beyond church constituencies in order to increase influence and relevance in society. The partnerships to be cultivated should be vetted early on with church authorities in order to avoid any potential conflicts.

## Capacity and capacity-building

Capacity is perhaps the area that has generated the most discussion and questions regarding the impact and sustainability of the project. A technical advisor was included in the project because the existing research capacity needed to be strengthened. The second phase of the project foresaw a phasing out of the technical support, but as this process occurred the productivity of the team fell dramatically; the external support had not produced a team capable of working on its own. The external evaluator of the second stage of the project stated that that stage of the project was too ambitious for a period of three years, particularly in the Angolan context, though this alone could not explain that less than half of all intended results were achieved<sup>36</sup>.

The authors of this case study, as the former technical advisors, struggle to affirm if the lack of achieved objectives was the result of: ineffective or inefficient technical support, overly ambitious goals given the capacity of the CEJP, or a combination of both. However, all three technical advisors agree that while their intent and scope of work was to provide technical assistance on research and advocacy, they all spent too much time assisting in

<sup>36</sup> Mignot, *External Evaluation*, May 2007, p 4.

project planning and management, and teaching basic composition rather than research and advocacy techniques. When they pulled back, activities were not completed or completed poorly. The CEJP also agrees that several of the staff recruited were not capable of producing high-quality research, even with assistance.

While the reasons for lack of better results may not be entirely clear, lessons can be drawn regarding capacity:

- Partner strengthening is a long process and an important independent outcome of a program, but technical support is only useful if matched by the right steps towards partner action and sustainability.
- The profiles of team members hired must correspond to the objectives of the project. Staff members that are unable to produce at the intended level must not be retained, or the success of the project will be jeopardized.
- Technical support is effective but has its limitations. If a partner is unable to recruit or retain staff capable of producing the intended results, objectives and expectations should be adjusted to the capacity of the team.
- It is necessary to develop an efficient policy not only to manage and retain human resources, but also to maintain the institutional memory of a project.

### **Where do we go from here?**

The EJP started with great momentum and success but began to diminish in its later years. While it presents a series of challenges and lessons that may be somewhat disheartening, hope and opportunity still exist. The Bishops of Angola made a public statement in October 2010 that they intend to engage in more advocacy with parliament. This statement is a result of post-African synod priorities and the participation of a member of the Economic Justice advisory group in a Catholic Parliamentary Liaison Office exposure training in South Africa. The bishops of the Southern African region (IMBISA), of which CEAST is a member, have collectively decided that natural resource management and good governance will be two of their top priorities for the coming years. Angolan NGOs and associations are showing increased interest and activity in budget and social monitoring, and the CEJP was invited to present its work at a national civil society conference in November 2010 to a very enthusiastic audience. Dioceses have expressed interest in engaging in local initiatives like social monitoring. The CEJP has a recently-produced report on the diamond sector that is still relevant for use in advocacy, and the bishop of the diamond-producing diocese is willing to speak out for equity. Furthermore, the International Budget Partnership is still supporting the CEJP to produce research for advocacy in their sub-national budget study.

In sum, the momentum to drive this project forward may no longer be coming directly from CEAST or even from the Economic Justice project itself. However, the context in which the CEJP works has changed and there is no shortage of resources and momentum that they can leverage in order to use the final year of the project to produce some lasting results

and identify opportunities for future initiatives. The challenge is to demonstrate the agility and organizational will to take advantage of these opportunities and to remain relevant in a dynamic and challenging context.

## **LIST OF INTERVIEW RESPONDENTS (October-November 2008)**

1. Dom Damião Franklin, Archbishop of Luanda and President CEAST
2. Fr. Belmiro Chissengueti, General Secretary, CEJP
3. Fr. Zeferino, Advisory Group member and head of the Society of the Divine Word Congregation in Angola
4. Joaquim Kalesi Amandio, ex-coordinator of the Economic Justice Unit, CEJP
5. Ernesto Kambali, Coordinator of the Economic Justice Unit, CEJP
6. Ana Celeste, Advisory Group member and freelance consultant
7. Brother Mario Rui, Director Mosaiko and head of the Dominican Congregation in Angola
8. Fr. Mauricio, Director Radio Ecclesia
9. Sérgio Calundungo, Director ADRA
10. Elias Isaac, Country Representative OSISA
11. Miguel Bastos de Almeida, Communications Advisor, Ministry of Finance
12. Elena Mondo, Program Coordinator, Open Budget Initiative, International Budget Partnership
13. Belisario dos Santos, Program Director, Development Workshop

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# **NIGERIA: INCREASING EQUITY IN OIL COMMUNITIES**

**A case study of the Umuechem community  
2003-2010**

by Joseph Shopade and Christopher O'Connor



## INTRODUCTION

The Centre for Social and Corporate Responsibility (CSCR) and CRS' experiences promoting collaborative and participatory action for sustainable development in the Umuechem community, located in Nigeria's Niger Delta, offer lessons learned on how CRS can more effectively work to further equity and advance community rights in vulnerable communities where extractive industries have a large footprint. As a host to Shell Petroleum Development Corporation (SPDC) oil extraction operations, the Umuechem community has suffered many of the ill effects of oil extraction, while receiving few of the benefits.

In an effort to build peace and security throughout the Niger Delta, including in Umuechem, CRS and CSCR worked to improve the relationship between relevant stakeholders (the Umuechem community, SPDC, and government), fostering equity through increased access to decision making and resource allocation. This case study illustrates how equity-inspired programming can build the capacity of a disenfranchised host community<sup>1</sup> so that its members can dialogue with extractive industries and government institutions to promote peace and development. Simultaneously, this case study highlights the limitations of interventions aimed at building local capacity and equity in an environment of asymmetric power dynamics: the community gained a voice, but an often inconsistent and weak one. This case study documents the achievements, challenges encountered, and lessons learned by CRS, through its partnership with CSCR, in advancing equity and community development in an oil host community in Nigeria.

Located in Etche, Rivers State, the Umuechem community hosts more than fifty (active and capped) oil wells and two oil-flow stations that belong to SPDC. Over the past five decades, Umuechem, along with many of its neighbors throughout the oil and natural gas rich Niger Delta region of Nigeria, has been plagued by a series of adverse effects, unjust relations and inequity linked to oil extraction, including environmental degradation resulting from oil spills and gas flaring; extreme poverty and hunger; high maternal and child mortality; high levels of inter- and intra-communal violent conflict; proliferation of small arms, light weapons and armed groups; and weak community governance.

Nigeria's return to democracy in 1999 opened up space for civil society and faith-based organizations to improve equity for the poor and marginalized people in political, economic and social systems and structures throughout host communities in the Niger Delta region.

### Timeline of projects

This case study covers CSCR's two projects supported by CRS and other international Catholic organizations between 2003 and 2010. While these projects covered many communities, this case study takes a narrow perspective focusing only on the community of Umuechem, because

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1 Host community is a term that is used differently in the Niger Delta to refer to human settlements that either have oil fields, or that house oil or gas facilities.



it has exhibited all of the adverse effects of oil extraction, including violent militarism, while also demonstrating that interventions can successfully improve equity. The case study strives to provide a detailed portrait of program achievements and shortcomings so as to best inform lessons learned and better guide future work on promoting equity.

In November of 2003, CSCR launched the “Global Project on Collaborative and Participatory Action for Sustainable Development, Environment Intervention, and Access to Justice in the Niger Delta,” with a total budget of approximately \$750,000.

### ***Project goal***

- Improve peace and security for the people of the Niger Delta.

### ***Specific objectives***

- Improving the relationship between stakeholders in the Niger Delta, and increasing the lawful administration of justice for people.

### ***Intermediate results***

1. The identified needs of 10 target communities in the Niger Delta are addressed through successful collaboration of stakeholders (oil companies, government and community leaders).
2. Increased collaboration between CSCR and the Ecumenical Council for Corporate

Responsibility (ECCR) and regional stakeholders improves practices in Shell Operations in the Niger Delta.

CRS/Nigeria and Trocaire jointly funded the project's sustainable development and access to justice activities while Cordaid provided funding for the environment intervention work. CRS provided additional technical support during the course of implementation. CSCR commenced work with ten Niger Delta host communities –Umuechem, Bodo, Biara Biseni, Batan, Gbarantoru, Gbarain, Oloibiri, Okoloba and Ogbodo. Prior to this, some CSCR staff members had been involved in oil host communities in a more limited fashion. Two mutually reinforcing pillars of CSCR's project throughout these communities were their efforts to form and/or support local representative organizations known as Community Development Councils (CDCs) and their efforts to apply international shareholder leverage on Shell Petroleum Development Corporation. CSCR assisted both parties to negotiate Memoranda of Understanding as a result of dialogue and discussions on how to address key issues. This project ended in 2007, after a several month extension.

A second project, "Increasing Collaborative and Participative Action for Sustainable Community Development in the Niger Delta", was designed by CSCR with the technical support of CRS. This three-year project valued just over \$1,200,000 ran from October 2007 to September 2010.

### **Project goal**

- Promote sustainable community development and peace in the Niger Delta.

### **Specific objectives**

- Stakeholder partnership in the implementation of GMOU in selected clusters of SPDC and CNL host communities in the Niger Delta increased.

### **Intermediate results**

1. Increased result-based dialogue among stakeholders involved in oil extraction business in the Niger Delta.
2. Commitment of oil companies to sustainable community development (SCD) increased.
3. Enhanced compliance of oil companies to regulatory standards and best practices in corporate social responsibility (CSR) and company transparency.
4. Increased oil host community commitment to non-violent conflict transformation approaches.

Funding and support from CRS, Trocaire and Cordaid continued during this second stage, with additional funding coming from Misereor. CSCR activities expanded to fifty-two local communities in 2007 when the Global Memorandum of Understanding (GMOU) was introduced by SPDC. The GMOUs are the most recent incarnation of SPDC's CSR development projects. Through the GMOUs, SPDC approached CSR development on a large scale negotiating with clusters of communities, each cluster containing approximately ten communities.

The interventions of the CSCR were designed to change personal attitudes and behaviors of stakeholders – community, (oil) company, and government – in the Umuechem community.

Relevant theories of change included:

1. If community members receive training in conflict management and have improved mechanisms for local governance, community social cohesion will improve and intra-communal conflict will be less violent.
2. If linkages between conscientious shareholders of oil companies and local, credible monitoring groups are established, oil companies will be more open to mediated dialogue with local communities.

The projects supported conflict handling mechanisms and addressed relational patterns of communication, cooperation and decision making within Umuechem community, and between its stakeholders, SPDC and agencies that belong to the Federal and River State governments. The fundamental question explored throughout this case study is, “how can we give voice to vulnerable communities so that they can pursue equity?” The Umuechem case study explains how asymmetric power dynamics hindering equity were reduced, and to what extent.

Data for the case study were collected through key informant interviews, review of documents such as project proposals, annual reports, specialized reports, CSCR video-documentaries and observation. Key informants were drawn from representatives of CSCR, government agencies, SPDC and the Umuechem community. Access to stakeholders was facilitated by CSCR, and included the provision of ‘stakeholder hospitality,’ a term for light refreshment provided during meetings with community stakeholders.

Following the Introduction are sections on the “Nature and Course of the Conflict,” which includes some historical background; the “Nature of Interventions, which documents CSCR intervention strategies and actions; “Effects of the Actions;” and “Factors Responsible for the Effects.” The final section documents the lessons learned through this project.

## **CSCR**

The community of Umuechem provided the historical background for the emergence of CSCR and helped shape the mission of the Centre as a human rights-based organization committed to waging peace through development. The 1990 attack by the Nigerian Mobile Police Force on the community of Umuechem and the resulting instability galvanized Father Kevin O’Hara, CSCR’s founder, to become engaged in human rights work in Umuechem. A video documentary on the incident in Umuechem was produced by Father Kevin, and, as part of international advocacy on the situation, aired on Channel 4 of the British Broadcasting Corporation (BBC) in London. This increased global attention to the inequities, marginalization, lack of social amenities, and environmental degradation in the Niger Delta region, especially in Umuechem community.

As violence continued, Father Kevin responded to the need – and newfound opportunities - for more advocacy and intervention in the region by founding the Centre for Social and Corporate Responsibility in Port Harcourt in 2001. Designed as a civil society peacebuilding<sup>2</sup> organization rooted in Catholic social teaching, CSCR sought to support the most vulnerable people in the Niger Delta by responding to the conflicts triggered by poor management of the extraction of oil and gas. CRS began its involvement with CSCR work in Umuechem starting in 2002.

## NATURE AND COURSE OF THE CONFLICT

Nigeria is the most populous country in Africa and the eighth most populous in the world. It has an estimated population of 158,423,000<sup>3</sup> that is sharply divided along ethnic and religious lines. Nigeria has six geo-political zones, made up of thirty-six states and one Federal Capital Territory which are further sub-divided into 774 Local Government Areas (LGAs). The plethora of states and LGAs reflect the turbulent history and difficulties of managing heterogeneous national entities in Nigeria. Oil extraction has only complicated these issues.

In the 1970s, before oil revenues became the country's economic mainstay, Nigeria had a poverty rate of just 35%. By 2007 an estimated 60% of the rural population and 40% of the urban population lived in poverty.<sup>4</sup> Despite an average growth rate of about 6% between 1999 and 2009, Nigeria has not witnessed appreciable declines in the unemployment and the poverty rate. Other development indicators are equally disheartening. In 2009 the infant mortality rate was 86 deaths per 1000 births.<sup>5</sup>

Nigeria is the largest exporter of crude oil in Africa and the sixth largest producer in the world, with proven reserves of approximately 30 billion barrels in its oil producing region, the Niger Delta. Over the last half century Nigeria has earned in excess of \$350 billion from oil revenue.<sup>6</sup> The oil sector accounts for over 90% of foreign exchange earnings and 80% of government revenue.<sup>7</sup>

Enmeshed in the *paradox of plenty*,<sup>8</sup> Nigeria's poverty levels actually increased rather than decreased with the introduction of oil revenues. Nigeria is plagued, amongst other things, by corruption and conflict. No region in the country understands this dichotomy of oil wealth and poverty better than the host communities in the Niger Delta.

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2 For further clarifications on the perspectives of faith-based peacebuilding and as reinforced by the Catholic social teaching, see, David Steele, "An Introductory Overview of Faith-Based Peacebuilding" in *Pursuing Just Peace: An Overview and Case Studies for Faith-Based Peacebuilders*, ed. by Mark M. Roger, Tom Bamat and Julie Ideh (Catholic Relief Services, Baltimore, 2008)

3 United Nations, Department of Economic and Social Affairs: Population Division, Population Estimates and Projection Section: World Population Prospects: The 2010 Revision: Nigeria (<http://esa.un.org/unpd/wpp/unpp/p2k0data.asp>).

4 National Bureau of Statistics, *Poverty Profile of Nigeria*, (Abuja, Nigeria: National Bureau of Statistics, 2007).

5 World Health Organization, Global Health Observatory Data Repository, Child Mortality Indicators, (<http://apps.who.int/ghodata/?vid=160#>).

6 See Catholic Secretariat of Nigeria, *Nigeria: The Travesty of Oil and Gas Wealth*. A Statement of the CBCN (Abuja, Nigeria: Catholic Secretariat of Nigeria, 2006).

7 UNDP, *Human Development Report Nigeria, 2008 – 2009*, p. 27. (UNDP, 2010).

8 For further clarifications on the misery of the paradox of plenty and understanding of the absurdity and contradiction of poverty in the midst of abundance, see Ian Gary and Terry Lynn Karl, *Bottom of the Barrel: Africa's Oil Boom and the Poor*, (Catholic Relief Services, June 2003)



The Niger Delta region of Nigeria consists of the nine oil producing states of Abia, Akwa-Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers, with a total population of 27,165,456 in 2006, comprising about 19.3% of the Nigerian population. Akwa Ibom demonstrates the continued marginalization of this region with a poverty rate of 71.7% in 2007.<sup>9</sup> Despite being the source of much of the country's wealth, the host communities in the Niger Delta are worse off than other communities in Nigeria, having received limited development in return for all the adverse consequences of a large-scale extractive industry. The oil producing communities within this region have generally been excluded from the decision making processes, as far as they concern the benefits and adverse effects of oil extraction. Approximately 49% of the South South region, where most Niger Delta states are located, does not have access to an improved water source. Rivers State has one of the highest incomes per capita in Nigeria, but it is tied for third in disparity with a Gini coefficient of 0.5. It also has the lowest life expectancy in the country at 44 years.<sup>10</sup> Based on 2008 statistics, Rivers State also has the fifth highest unemployment rate at 27.9%.<sup>11</sup>

Inequities in the Niger Delta go well beyond high poverty rates and limited economic development projects. Contamination of the Niger Delta environment is extreme. From 1976 to 2001 there were a reported 6,817 oil spills in the Niger Delta releasing over three million barrels of oil into the environment.<sup>12</sup> Oil and gas extraction practices in the Niger Delta also emit about 35 million tons of carbon dioxide per year, and almost 6 million tons of methane is spewed into the air every day.<sup>13</sup> Many water sources are no longer potable. Rivers no longer provide livelihoods linked to fishing. The cumulative effect of damages and the development and economic inequities has created instability throughout several of the Niger Delta states. Local traditional governing structures have broken down, while violent militancy has emerged.

The 2006 population census in Nigeria puts the population of Rivers State at 5,198,716, with Etche LGA having a total population of 249,939. Umuechem is one of the largest communities in Etche LGA, comprising just over one third of the population. Umuechem community itself is divided into three main sections – Umuogo, Umunwantu and Umuoga. Each section is considered by the people of the community to be semi-autonomous, and has a traditional institutional structure that is regulated by the larger Umuechem traditional institution.

The Umuechem community exemplifies all of the adverse effects of the oil extraction in the Niger Delta. It is a marginalized, if resource rich, community that has emerged as a focal point for the armed expression of the resultant grievances. Umuechem's traditional governing institutions were unable to cope with the challenges and inequity presented by oil extraction in the long term. In the local language of Etche indigenous people of the Niger Delta region, Umuechem means "home of hospitality". More recently however, it has been a

9 National Bureau of Statistics, *Poverty Profile of Nigeria*, (Abuja, Nigeria: National Bureau of Statistics, 2007).

10 UNDP, *Human Development Report Nigeria, 2008-2009*, p. 91-94. (UNDP, 2010).

11 National Bureau of Statistics, *Social Statistics in Nigeria*, p. 238. (Abuja, Nigeria: National Bureau of Statistics, 2009).

12 UNDP, *Niger Delta Human Development Report*, p. 76. (UNDP, 2006).

13 Catholic Secretariat of Nigeria, *op.cit.*

center of conflict. It experienced four different serious communal crises over leadership and representation between November 1990 and May 2009, which left scores dead, property destroyed, and the traditional governing institutions incapacitated. Moreover, these incidents significantly eroded the trust that had existed in Umuechem. They also undermined the limited trust between the community and the government. The cycle of violent conflict from which Umuechem is still struggling to break free was initiated by that first crisis, community demonstrations against operations of SPDC in 1990, which were forcefully repressed. During the crackdown, eighty people, including the traditional ruler and his two wives were shot dead, and 495 homes were destroyed by a mobile unit of the Nigerian Police Force.<sup>14</sup> A community with shared brotherhood and a history of commonality and ancestry became fragmented over community leadership and representation and divided into different hostile camps.

The Nigerian government has a stake in SPDC, and suppressed the demonstration to keep SPDC smoothly operating in Umuechem. During this suppression, the traditional leader of Umuechem was killed. The Umuechem sub-communities fought over how to replace the deceased leader. While fighting over succession, the sub-communities started to fight over the benefits provided by SPDC. The other community crises were the direct result of this power vacuum, and the subsequent struggle over access to SPDC benefits.

There is a long history of political conflict in the Umuechem community that has repeatedly found expression in armed struggle, through revolutionary campaigns and insurrection movements against the government and transnational oil corporations in the Niger Delta. This violence commenced in 1965 when Isaac Jasper Adaka Boro launched an armed campaign known as the Niger Delta Peoples Volunteer Service (NDPVS) in response to the perceived marginalization of the Ijaw nation by the Government of Nigeria and the degradation of Niger Delta environment by oil extraction. Following the Umuechem massacre in 1990, Ken Saro Wiwa established the Movement for the Survival of Ogoni People (MOSOP). Both leaders met violent ends. Isaac Boro was killed in controversial circumstance during the Nigerian Civil War in May 1968, and Ken Saro Wiwa was hanged by the Government of Nigeria (GON) in November 1995.

More recently, the political legitimacy crises following the 2003 general elections in Rivers State gave birth to the Niger Delta Peoples Volunteer Force (NDPVF), led by Asari Dokubo. Ateke Tom established the Niger Delta Vigilante Movement (NDVM) as an insurgency and rival group to NDPVF. Several other armed militias subsequently emerged in the Niger Delta to challenge the Government of Nigeria, with all having a strong base in Umuechem community, as a result of the community's persistent marginalization. They include Movement for the Emancipation of the Niger Delta (MEND), Movement for the Niger Delta People (MONDP), and Martyrs' Brigade.

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<sup>14</sup> For details, see, Hon. Justice Inko-Tariah O., Chief Ahaikwo J.A., Alamina B.A., Chief Godwin Amadi, *1990 Commission of Inquiry into the Causes and Circumstances of the Disturbances that Occurred at Umuechem in the Etche Local Government Area of Rivers State in the Federal Republic of Nigeria*.

The political crisis in the Niger Delta has contributed to the proliferation of small arms and light weapons throughout the region, including in Umuechem. There have been several instances of kidnapping, hostage taking, and economic sabotage in the community of Umuechem. Members of the community have engaged in the destruction of oil and gas facilities, and oil bunkering, a term used for stealing and selling of crude oil to a cartel, for money or for arms. The instability in Umuechem and other communities in the Niger Delta has undermined the business environment for oil companies so much that it has created instability in the global oil market, helping to drive up the price for crude oil between 2003 and 2008. This instability also made it more difficult for CSCR to operate in Umuechem, because it had to be concerned about the safety of its staff and consultants.

In developing the proposals for its CRS-supported projects in 2003 and 2007, CSCR conducted problem analysis, stakeholders' analysis, and gap analysis for the target communities, including the community of Umuechem. The assessments revealed that the 1990 attack by the Nigerian Police Force on the Umuechem community changed the bonds within the community, and amongst the community, SPDC, and the (federal and state) governments of Nigeria. The traditional leader was killed, sparking internal rivalries within Umuechem, while undermining the community's ability to resolve internal conflicts and to negotiate effectively with SPDC or the government.

Violent conflicts have occurred in three forms in Umuechem community: intra-community conflict, community-company conflict and community-government conflict. At the community level, there are problems of internal governance and violent displacement. The killing of the traditional ruler of Umuechem community in the 1990 attack by the Nigerian Police Force created gaps in community leadership and representation, from which Umuechem had difficulty recovering. This void in turn generated deep-seated animosity among the three community sections of Umunwantu, Umuoga and Umuogo. Previously, the traditional governing structure had managed dispute resolution between the groups. It had also negotiated with SPDC. After the 1990 attack, there was no unified body that resolved intra-community conflicts, nor was there a unified body that negotiated with SPDC on behalf of the entire Umuechem community.

The absence of internal community governance in Umuechem was accompanied by intra- and inter-communal violent conflicts over access to oil resources and benefits from SPDC. These led to the displacement of approximately 100 households from the Umuechem community. The Umuogo section of the community of Umuechem was worst hit by these displacements, occurring intermittently from 1990 to 2006. An alliance was established between the Umunwantu and Umuoga against Umuogo because they perceived the Umuogo as disproportionately benefiting from SPDC's assistance. CSCR attempted to create a structure, the CDC, where all three sub-communities had an equal voice.

The second dimension of conflict in Umuechem is the hostile relationships between community members and SPDC, the only multinational oil company that operates in the community. SPDC

commenced business in Umuechem in 1957, and as previously stated, has over 50 capped and active oil wells and two flow stations in the community. Central to this often violent conflict are the sharply divided needs, interests, and positions of SPDC and community stakeholders. This has been complicated by an asymmetric power dynamic in which the Umuechem community used to have almost no representation or voice and limited leverage.

From the community's perspective, SPDC is lax in its commitment to corporate social responsibility (CSR) and the implementation of community development projects based on Global Memorandum of Understanding (GMOU) process.

Before CSCR's intervention, there were major obstacles to community participation in CSR processes. SPDC's development projects had little or no community input. CSR projects had typically been designed and implemented without community consultation, and with limited participation. SPDC chose the CSR projects. Additionally, community members expressed frustration at their inability to initiate a constructive dialogue with SPDC, in part, as a consequence of their weakened representative structures. Prior to CSCR engagement, the Umuechem community was wracked with caustic internal divisions, inhibiting its ability to negotiate with SPDC even when the company did seek input for development projects. It reinforced the capacity of community 'dividers' over 'connectors'<sup>15</sup> in Umuechem and increased the incidences of communal conflicts that added to community tension and weakened the local capacity for peace.

Another conflict catalyst is the problem of environmental degradation from oil spills. Oil spills have destroyed livelihoods for many Umuechem fishers and farmers, further polarizing the relationship between SPDC and Umuechem stakeholders. The weakened traditional community leadership only worked to compound this problem. With limited avenues for the constructive expression of grievances, members of the Umuechem community demonstrated against SPDC and sometimes forced the closure of SPDC flow stations and oil wells through protests or blockages, at times violent. In one incident Umuechem women linked arms to physically block the entrance to SPDC's flow station so that no employees could enter or exit.

According to a field staff member of SPDC, "the core need of SPDC in Umuechem community, like any other business organization, is profit maximization from oil and gas extraction activities." He noted that the safety of oil and gas personnel and equipment is of central importance. The perspectives held by SPDC respondents about Umuechem community stakeholders unfavorable at the time of the projects. SPDC employees mentioned the Umuechem community unfavorably, associating them with, economic sabotage, equipment destruction, youth militancy, excessive demand for community development projects, unbridled reliance on SPDC and criminality.

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<sup>15</sup> For further information on 'connectors' and 'dividers', see, *The Do-No-Harm Framework for Analyzing the Impact of Assistance on Conflict: A Handbook* (CDA Collaborating Learning Project, 2004).

A community respondent<sup>16</sup> articulated the major need of community stakeholders in Umuechem as the “attainment of sustainable community development.” Common interests expressed by community respondents were reducing extreme poverty and hunger and restoring the environment. They viewed SPDC equally as negatively as SPDC viewed them. Community members described SPDC as intransigent when it came to providing community youth with job opportunities. Furthermore, they blamed SPDC for destroying farmland and polluting the community’s water and fishing base. Community members expressed lack of trust in the company, complaining that SPDC violated CSR agreements, failed and/or abandoned social service projects, and degraded the local eco-system.

Moreover, it was argued that “the negative oil extraction activities in Umuechem have strengthened systems or institutions that exacerbate community conflicts and increased group vulnerability and propensity to violence”<sup>17</sup>. Another community respondent stated that SPDC has fomented attitudes that worsen relations between groups and positioned semi-autonomous communities against one another by providing financial inducement to destabilize the Umuechem community. Community respondents maintained that SPDC has been using a divide and rule strategy, helping individuals and groups in Umuechem to take actions that lead to tension and violence, including the internal displacement of members of the Umuogo semi-autonomous community.

Aside from the intra-community and community-company dimensions of conflict, there were also conflicts between the community and the government. This stratum of conflict emerged as a result of perceived marginalization by the Federal and Rivers State governments of Nigeria and the government’s support for transnational oil corporations, including SPDC, regardless of gross environmental degradation caused by oil spills and gas flaring. The most obvious manifestations of this type of conflict are the overt and covert destabilizing activities of local militia groups. The militias fight amongst themselves for control over local communities and oil linked resources as well as fighting against security agencies to undermine the authority and relevance of state and federal governments.

## **NATURE OF INTERVENTIONS**

CSCR’s projects in Umuechem focused on promoting peace and development by working to fill the institutional void left by the weakened traditional governance structure, and subsequently by working to build the voice of the community’s representative body so that it could engage SPDC and the government with demands for increased equity. CSCR did this by establishing and strengthening a Community Development Council (CDC) and by employing international shareholder leverage on SPDC. The CDC strategy was bottom-up, while the international shareholder leverage approach was top-down.

<sup>16</sup> The respondent was a member of the community development council (CDC).

<sup>17</sup> The respondent was a member of the community development council (CDC).

Abba Ayemi, Senior Program Manager at CSCR, noted that CSCR intervention at the company level was premised on the project's anticipated intermediate results that included 1) increasing community participation in the CSR project process, including project design, implementation, and monitoring and evaluation; 2) managing conflicts arising from oil spills and promoting just relationships in containment, compensation, clean-up and remediation; 3) ensuring facilitated dialogue between community and company stakeholders; and 4) increasing company compliance with global standards and best practices.

CSCR used big picture analysis<sup>18</sup> tools for identifying and understanding the factors, trends and forces that contribute to inequity and injustice in the Niger Delta region. The big picture analysis informed the intervention strategies of the Centre aimed at addressing the three levels of violent conflict in Umuechem community.

### **Establishing and strengthening the Umuechem Community Development Council**

In 2003, CSCR assisted Umuechem stakeholders in establishing a representative and participatory Community Development Council (CDC) to fill the institutional gap created by the incapacitation of the traditional government. CDCs are a common local government structure in Nigeria but their existence and functionality across the country is inconsistent. Prior to 2003 Umuechem did not have a CDC. The CDC established in Umuechem had two purposes: first, reunify the fractious Umuechem community; and represent the Umuechem in discussions with SPDC and the federal and state governments.

CSCR staff emphasized that, throughout this process, it was necessary to win community confidence and trust. Staff also underscored the importance of professional ethics of neutrality, impartiality and integrity when dealing with community interest groups, especially given Umuechem's history of internal and external conflict. Father Kevin O'Hara's years of work in the community had built a strong rapport that facilitated CSCR's work.

During the initial stages of the project, CSCR conducted advocacy visits to community interest groups in Umuechem promoting the potential benefits of a CDC. Prominent interest groups included: women, youth, elders, farmers, welders, motorcyclists, fishermen and hair stylists. After positive feedback, through which CSCR determined that the Umuechem community had expressed its buy-in, CSCR facilitated discussions during town hall meetings on the mode of operations and terms of reference for the CDC.

CSCR also provided technical support to the community as they developed a community constitution to govern the CDC. The draft Umuechem community constitution was considered separately by community interest groups, and jointly during a town hall meeting. During question and answer sessions at the meetings of interest groups and the town hall, CSCR supported the community in making clarifications and changes, where necessary. The

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<sup>18</sup> For further clarifications on tools for big picture analysis, see From VeneKlasen with Miller, *A New Weave of Power, People & Politics.* (Oklahoma: World Neighbors, 2002).

legitimacy of the Umuechem CDC is grounded in the community constitution that was endorsed by Umuechem community interest groups, including youth and women.

Among other things, the community constitution specifies the tenure of CDC officials (3-4 year terms); the mode of election (election by community interest groups); eligibility of candidates; rotational and zoning principles of elective offices among the three semi-autonomous units; roles and responsibilities of officials; and the rights and obligations of Umuechem community members. The president of the council is elected by the entire community, rather than by interest groups. Furthermore the presidency is supposed to rotate between ethnic communities in Umuechem. While there is no hard quota system enshrined in the constitution guaranteeing the number of representatives from each community interest group, the youth are heavily represented, while women comprise approximately one third of the 15-member council. The youth group and its representation are almost entirely male. Most community interest groups cut across ethnic lines. The constitution also spells out the roles and responsibilities of community stakeholders.

The community constitution provides the CDC with many of the powers and responsibilities of the traditional community government, before it devolved into a dysfunctional body. These include community conflict resolution powers and the authority to dialogue and negotiate with SPDC and the government. The constitution also stipulates that the CDC must provide feedback to the community interest groups, as well as hear their concerns. At times the CDC also holds town hall meetings that are open to the broader community. CSCR supported the CDC to plan, implement, and evaluate town hall meetings to increase participation of community stakeholders in community decision making and access to other authorities, including the local government.

Once the CDC was established, CSCR employed step-down capacity-building trainings where CSCR provided training for CDC members, and sometimes members of select community interest groups, who in turn provided trainings to a wider audience. CRS provided technical support during these trainings. Capacity building trainings of trainers, which focused on CDC members and community interest group leaders, were conducted outside Umuechem at locations where participants would feel safe and undistracted. Step-down trainings were carried out in Umuechem with CSCR oversight.

Trainings included modules that promoted internal cohesion and governance, which sought to capitalize on growing internal cohesion, and sessions that helped to strengthen the CDC's voice in interactions with SPDC and to a lesser extent with the government. Modules on community conflict sensitivity, peacebuilding and communal conflict transformation, and Do No Harm sought to reduce violence by enabling the CDC and community interest groups to identify divisive and unifying issues, so as to allow the community to look past internal divisions, often rooted in stereotypes, and work together for the benefit of the broader community. Meanwhile, community governance, community dialogue and

negotiation modules targeted the CDC's governing capacity. With CRS' assistance, CSCR also provided trainings on advocacy, sustainable community development, and corporate social responsibility (CSR). To supplement these, CSCR conducted trainings on environmental impact assessments and environmental monitoring plans to help the community document the environmental impacts of SPDC's wells and pipelines.

According to a CSCR representative, CSCR staff visited Umuechem at least once a week. CSCR held regular meetings with members of the CDC to support planning of community governance programs, to evaluate activity impacts, and to provide technical assistance, particularly during leadership succession activities and CDC elections, including acting as an independent electoral umpire.

CSCR addressed community-company conflict in Umuechem, in part, by facilitating dialogue between the CDC and SPDC and by building the CDC's capacity to have an effective voice at the table. CSCR held separate meetings with SPDC officials at both the middle and senior staff level to generate agreement on the need for meetings with Umuechem community stakeholders. CSCR also held separate meetings with Umuechem stakeholders to strategize on a constructive dialogue process and an articulation of community needs and interests. CSCR then created safe spaces (at neutral venues acceptable to both parties and at CSCR offices), for Umuechem community stakeholders and SPDC officials to discuss issues of common interest and negotiate differences arising from oil extraction activities in Umuechem.

CSCR facilitated dialogue sessions and assisted SPDC and Umuechem community stakeholders to reach mutually acceptable agreements. Perhaps the most important dialogue was the discussion over the GMOU for the Etche cluster. CSCR worked with the Etche GMOU cluster of SPDC and facilitated the participation of Umuechem community stakeholders in the development, signing, implementation and evaluation of GMOU agreements. The facilitated dialogues provided platforms for reviewing progress made, challenges encountered and lessons learned in CSR project implementation and on environmental impacts of oil spillage.

Monitoring and documentation of CSR project processes were very important. As mentioned in the overview of the training provided, community stakeholders learned reporting and documentation skills, including the use of photographs and video evidence. CSCR also conducted monthly monitoring visits with Umuechem community stakeholders. Documentary findings from monitoring of oil spillages and CSR projects were presented during facilitated dialogue sessions between Umuechem community stakeholders and SPDC officials.

In an attempt to engage the government, CSCR also promoted dialogue between the Umuechem CDC and numerous agencies of the federal and Rivers State governments. CSCR engaged government to encourage attention to social development projects and oil spills. It facilitated dialogue between the CDC and government officials from the Rivers State government, the Ministry of the Environment, the Niger Delta Development Commission (NDDC) and the National Oil Spills Detection and Response Agency (NOSDRA). Additionally,



CSCR held monthly meetings with the officials of the Rivers State Ministry of Environment and NOSDRA to promote just relationships in the containment, compensation, clean-up and remediation of oil spills in Umuechem community.

CSCR shared documentary information, including reports and photo and video evidence, with the Rivers State Ministry of Environment and NOSDRA on the impacts of oil spills on both the aquatic and agrarian means of livelihood in Umuechem community. It also worked with the NDDC to improve the responsiveness of the Federal Government of Nigeria with regards to the provision of social infrastructures like water and sanitation, electricity, roads, hospitals and schools.

### **International shareholder leverage strategy**

Complimenting CSCR's bottom up approach to build local unity and voice through Community Development Councils was CSCR's use of international shareholder leverage. Rev. Fr. Edward Obi, the director of CSCR in 2011,<sup>19</sup> posited that the *shareholder leverage strategy* was adopted by CSCR as an international advocacy tool for drawing the attention of the international shareholders of oil and gas companies to unjust practices in the Niger Delta region.

CSCR accessed and developed a relationship with the British Ecumenical Commission for Corporate Responsibility (ECCR) to engage SPDC, and the American Interfaith Council on Corporate Responsibility (ICCR) to engage Chevron Nigerian Ltd in other communities outside Umuechem. These two organizations are groups of shareholders in Shell and Chevron specifically who are concerned about corporate social responsibility. Both are inspired by religious understandings of equity and fairness. The methods and approaches of international advocacy used by CSCR included the production and sharing of a number of environmental assessment reports, specialized research, and video documentaries, some created with help from the Umuechem CDC, with ECCR and ICCR.

As part of the first project, CSCR produced video documentaries as advocacy tools that increased global knowledge about the challenges in the Niger Delta. Abba Ayemi reported that the documentaries were issue and community focused. They include "Goat in the Flow Station," "Batan Oil Spill," "Fence Too High," "Neighbourhood Water Scheme in Gbarain," and "Oil Extraction and Challenges of Sustainable Community Development in Oloibiri," amongst others.

"Goat in the Flow Station" documented the consequences of strained community-company relations on the SPDC flow station in Umuechem. The video highlighted community positions and documented gaps in CSR projects of SPDC in Umuechem. CSCR shared the documentary and made a brief presentation at the ECCR shareholders conference in 2003. International shareholder leverage through the ECCR was an ongoing process throughout the CSCR

<sup>19</sup> Rev. Fr. Edward Obi is currently the Director of CSCR and driving the strategic repositioning of the organization. He was a key informant interview respondent.

projects. It weakened significantly after Father Kevin left CSCR in 2007.

## **EFFECTS OF THE INTERVENTIONS**

Through their projects, CSCR assisted Umuechem in seeking peace and development, and thus promoting equity. Between 2003 and 2010, with assistance from CSCR, the attitudes and behaviours within the Umuechem community and SPDC gradually evolved from ones characterized by hostility to ones characterized by dialogue.

### **Effects on intra-communal violence and communal governance**

CSCR's efforts were most impactful and sustainable within the Umuechem community. In facilitating the establishment of a community governance structure that is participatory and representative in nature in Umuechem, CSCR helped the community fill a destabilizing leadership vacuum that perpetuated violence and inequity. The Umuechem CDC is popularly referred to as the "ruling council". It has an approved constitution that legitimized it as the official structure responsible for community administration and development, while the Umuechem traditional council, with its reduced capacity, became the structure for protecting and promoting community cultural values, norms and practices. This dynamic is somewhat abnormal. In most other communities the CDCs worked in conjunction, either with the blessing of the traditional governing institutions or sometimes leading to friction between the two structures.

The CDC has increased participation from a broad set of community interest groups, involving them in decision making and implementation. While it has been important to include elders, farmers, fisherman, motorcyclists and the like in community governance, the CDC is most remarkable and effective because of its inclusion of marginalized groups, most especially, youth.

The CDC has partially mitigated the activities of violent ethnic militia in Umuechem community. CDC members have employed conflict sensitivity skills learned from CSCR trainings, to increase the awareness of different ethnic militia groups, reducing inter-group conflicts among ethnic militia in Umuechem community. With representation in the CDC, the Umuechem youth found an alternative means of expressing their grievances.

With the decrease in violence, space opened up for the reintegration of displaced persons in Umuechem. CSCR trainings helped the three main Umuechem sub-communities look beyond past perceptions of inequity within the community to the inequitable situation of Umuechem in comparison to the resources SPDC and the Nigerian state were gaining, and unite behind common goals. There was a total breakdown in communication between SPDC and Umuechem community stakeholders before the first CSCR project started. Through facilitated dialogue, CSCR successfully interfaced SPDC with representatives of the three warring and hostile autonomous sections of Umuechem between 2002 and 2003.

The different community sensitization and capacity building initiatives of CSCR on community conflict sensitivity, resolution, transformation and mediation, in conjunction with the inclusive nature of the CDC, provided the capacity and perspective that reduced intra-community violence. This played a role in enabling the return of over a hundred displaced households largely from the Umuogo sub-community; although, it should be noted that this reintegration and rehabilitation were met with setbacks until largely achieved in 2006. Up until 2006, internal violence in Umuechem still prevented the full reintegration of the Umuogo.

Within Umuechem and the CDC, CSCR had challenges trying to ensure that no one group or coalition dominated the CDC. The commitment of community stakeholders to the constitution was inconsistent. While the community constitution encouraged a culture of equitable community representation through the CDC, it lacked sufficient mechanisms for checks and balances and instruments for preventing domination by different groups. Women, while represented in the council, were not given equal voice. The CDC's emphasis on infrastructure projects rather than social development reflects this bias.

Increasing internal consensus on key issues in Umuechem, spearheaded by the CDC, strengthened the community's voice in advocacy and negotiations with SPDC, because the CDC provided a unified negotiating platform. The Umuechem community governance structure has increased community demand for transparent, equitable and qualitative social service delivery in Umuechem. CSCR empowered the Umuechem CDC with strategies for constructive dialogue through its training sessions. With relative success, the Umuechem CDC has held discussions with lower level officials of SPDC on oil spillages and CSR project implementation, while CSCR has conducted advocacy at higher levels.

### **Effects on community and SPDC relations**

Dialogue between Umuechem and SPDC has produced tangible reductions in community-company conflict. When its flow station was shut down in July 2003 by Umuechem women protesters, SPDC reached out to CSCR. Without the intervention of the Government of Nigeria, CSCR held a series of separate and joint meetings with both Umuechem community and SPDC stakeholders. Abba Ayemi noted that the Country Representative of CRS/Nigeria, Nick Ford, attended one of the series of dialogue meetings between CSCR and Umuechem community stakeholders. The meetings articulated community needs and interests and established the agenda for future meetings with SPDC. The presence of Nick added credence to community trust for CSCR.

The facilitated dialogue strategy resulted in the re-opening of the flow station without bloodshed and damage to SPDC property. The intervention also generated agreements that included the extension of water and electrification projects to the Umuechem community, and the renovation of Umuechem community town hall. Prior to these negotiations, SPDC had only provided its flow stations with water and electricity. These projects were successfully completed by SPDC in 2005. CSCR also facilitated a collaborative effort that increased

the participation of Umuechem community stakeholders in the design, award of contract, implementation and monitoring and evaluation of these projects. This process monitored the adherence of contractor to standards, timeliness and quality.

Facilitating dialogue between the Umuechem CDC and SPDC was a strategy continuously employed by CSCR throughout its projects, as SPDC's commitments to CSR development projects evolved over time. SPDC's development strategy started as "Community Assistance," wherein SPDC dictated the targets and implementation of projects. SPDC next used a strategy of "Community Development," through which it sought limited input from Umuechem. With increased engagement from the Umuechem CDC, and facilitation at higher levels by CSCR, SPDC agreed to switch over to a new strategy of "Sustainable Community Development" that focused more on the stated needs of the communities, making the community members the initiators of the projects. It was at this time that SPDC introduced the first Memorandum of Understanding with a community, which stated SPDC's commitment to implementing a set of specific development projects. The Umuechem CDC expressed the socio-economic needs of the community, informing SPDC's projects at this stage, whereas previously, Umuechem had no representative body with which SPDC could liaise.

In 2007, SPDC switched over to the Global Memorandum of Understanding structure, whereby it approached CSR development on a larger scale, negotiating with clusters of 8 to 10 communities where each community has representation, rather than individual communities. This transition has somewhat weakened the voice of the Umuechem community, as they are but one voice in their cluster. Despite this dilution, the Umuechem CDC still remains active in voicing the socio-economic needs of the community with SPDC. Implementation of these agreements was jointly monitored and certified by CSCR and the CDC.

CDC engagement with SPDC, along with corresponding CSCR dialogue with SPDC at higher levels, improved Umuechem's ability to demand and receive CSR-supported development assistance. The Umuechem community water project reduced the burden of women and youth in walking long distance to fetch water from polluted streams. It also limited the incidence of water-borne diseases in Umuechem, as reported by an official of Rivers State Ministry of Health. The Umuechem community electrification project improved community access to development information through local and foreign media. Both of these were provided by SPDC; CSCR supported the community to monitor the implementation of these projects. The Umuechem CDC was also able to request further infrastructure projects, including the construction of roads and schools.

SPDC also provided skills acquisition training for representatives of the three sub-communities including women and youth. It promoted collaborative interactions and partnership among hostile community groups, and led to the establishment of business cooperative associations that have increased access to funding small- and medium-scale enterprises (SME) through microcredit. The cooperative societies have also secured additional funds from other development partners and relevant government agencies.

With regards to the community-company conflict dynamic, CSCR was never fully able to address the asymmetric power dynamic that exists between SPDC and Umuechem. Consequently, CSCR and the CDC were incapable of fully enforcing the implementation of the GMOU.

Umuechem still lacks many basic social amenities and infrastructures. A community respondent lamented that “there is just one state elementary or primary school in Umuechem, and no high or post-primary school”. The school lacks teaching facilities. It has just 15 teachers and 6 classrooms. None of the classrooms has reading tables and chairs, and students sit on the floor to learn. There are no teaching aids like textbooks and writing materials to help learning.

Another community respondent expressed grief that “a community with about fifty oil wells and two flow stations belonging to SPDC has no health facility”. The only cottage hospital that was started in Umuechem in 1993 by OMPADEC was yet to be completed in 2010. The closest health facility to Umuechem is in Okumoku community, which is about 8km away. Lack of access to health care presumably increases infant and maternal mortality and vulnerability to preventable diseases in Umuechem.

Between 2006 and 2009, CSCR assisted Umuechem CDC to conduct assessments of oil spills, and provided them with access to the relevant government agencies and responsible organs of SPDC for containment, compensation, clean-up and remediation. CSCR facilitation has assisted the CDC in partnering with Rivers State Ministries of Environment and Water Resources on community water and sanitation. It engaged the Niger Delta Development Commission (NDDC) on social service delivery, including the ongoing dialogue on completion of cottage hospital started in 1993 by OMPADEC. The Umuechem CDC also collaborates with the National Oil Spill Detection and Response Agency (NOSDRA) on oil spillage containment, compensation, clean-up and remediation.

### **Effects on community and government relations**

CSCR, however, largely failed to successfully facilitate dialogue between the Umuechem community and the different levels of government. While the CDC managed to reduce militant acts targeting SPDC, it had little impact on deterring militias' struggle with government security forces. CSCR was never able to sufficiently engage the right government stakeholders to change things on the ground in Umuechem. At the same time, engagement efforts were often ignored or rebuffed by under-responsive and unaccountable government structures. The government structures showed no willingness to foster a platform for community engagement, to say nothing of their capacity gaps and corruption problems.

Between 2003 and 2007, the international shareholder leverage strategy employed by CSCR enabled them to engage SPDC while it was difficult to meet with other oil companies in which the shareholder relationship did not exist. Through its association with the ECCR, CSCR was given an opportunity to monitor and report on SPDC's compliance with global standards on environmental protection and international best practices on corporate social responsibility.

With credible documentation and a platform to report behaviour inconsistent with Shell's global policies, CSCR was able to influence decisions at management levels to the extent in one case where an SPDC staff person who provided false information about an oil spill was dismissed.

Shareholder leveraging enabled CSCR staff to access SPDC management and bring evidenced complaints to their attention. The critical key to proper utilization of shareholder leveraging is to ensure reports and engagement are of a technical and objective nature so as to maintain a constructive engagement. CSCR had an environmental scientist on staff who received regular training on international standards. CSCR used shareholder advocacy to deliver specific recommendations to SPDC on how to improve equity in compensation of victims of oil spills and the quality and process of containment, clean-up and remediation by producing indisputable evidence that these basic principles were not used in regular company practice despite company rhetoric.

The use of shareholder leverage as an international advocacy tool contributed to the concession granted by SPDC on Umuechem community demands for equity and justice, as well as the non-involvement of security forces in resolving company-community conflicts. Connections with ECCR, however, did not survive the CSCR leadership transition fully intact, reducing CSCR's ability to address the asymmetric power dynamic during the last three years of the intervention; although, ECCR has remained engaged in the region.

### **Change in effects between the initial and second project**

Between 2003 and 2007, CSCR witnessed the marked achievements of its projects in Umuechem, coming a long way to realizing the intermediate results that it established in its 2003 project proposal. The Umuechem CDC was not only up and running, but also engaging in dialogue with SPDC and the government to a lesser extent, demanding that its community needs be met. Moreover, CSCR was able to effectively collaborate with the ECCR to apply pressure on SPDC to improve its commitment to CSR principles and practices. Unfortunately, CSCR projects in Umuechem were met with more limited success after 2007. While continuing to facilitate dialogue between the CDC and SPDC and the government, CSCR largely failed to consolidate and build on the successes of its first project. Results based dialogue between stakeholders did not increase, and thus, neither did CSCR's ability to promote SPDC's commitment to and compliance with CSR inspired community development programs. Post 2007, CSCR interventions in Umuechem were gradually neutralized.

## **FACTORS RESPONSIBLE FOR THE EFFECTS**

The 1999 transition to civil rule created the social and political context and circumstances that contributed to key changes in Umuechem and other communities in the Niger Delta region. Unlike the repressive culture of military rule, the transition to civil rule created a democratic space for addressing inequity, injustice and deprivations. It encouraged the

exercise of human rights and demand for equity and fair-play by individuals and groups that had suffered years of military repression.

CSCR was able to take advantage of this new democratic space and was initially successful in its project implementation in Umuechem. This success was due in large part to the high levels of trust that Father Kevin O'Hara had built during his years of working with the community before he founded CSCR and that he was able to transfer to CSCR. The initial design and staff make-up of CSCR helped to strengthen this trust. Staff members were viewed by the community and SPDC as impartial, in part because most did not come from communities affected by oil and gas extraction, and therefore, potential competitors for limited resources.

With democratic space and perceived impartial support from CSCR, the Umuechem community stakeholders willingly embraced the establishment and strengthening of CDC from 2003 onward. There was considerable buy-in and subsequently, local ownership of the process. Democracy provided the people of Umuechem the chance to explore community leadership and representation through the CDC. Election into Umuechem CDC was competitive, and included electioneering campaigns in all the three semi-autonomous units of Umuechem. This buy-in has fostered sustainability, enabling the CDC in Umuechem to continue without CSCR support.

CSCR's active engagement with the ECCR helped to level the asymmetric power dynamic that existed between SPDC and the Umuechem community, allowing the Umuechem CDC access to SPDC officials.

CSCR's training and capacity building programs emphasizing conflict mitigation and dialogue mechanisms were crucial to its project's successes. Militants viewed the CDC as a credible means of expressing their grievances, because they saw the CDC engaged in dialogue with SPDC. The reductions in violence associated with the creation of the CDC and its growing capacity contributed to the reintegration of internally displaced persons from Umuechem. CSCR trainings, especially conflict sensitivity modules, emphasized the importance of safe space. Locations that were mutually acceptable to conflict parties in Umuechem were used during the reintegration process. The choice of training location was done by CSCR in collaboration with representatives of the three semi-autonomous units and the CDC. Both CSCR and CRS Nigeria agreed to source resource persons and training facilitators from outside the Niger Delta region to ensure neutrality and credibility of the reconciliation and reintegration process. Planning meetings were held with training facilitators to harmonize training modules and understand community intricacies.

Technical and financial support from donors built the capacity of CSCR so that it could execute its projects. CRS, Trocaire, Cordaid and Misereor provided financial support for CSCR. Additionally, CRS provided considerable technical assistance to CSCR. CRS assisted in the proposal development and project design through problem analysis, capacity analysis, stakeholder analysis, gap analysis, and monitoring and evaluation. The design,

implementation, monitoring and evaluation of CSCR projects had strong inputs from the Extractives Program Manager of CRS Nigeria. During the projects CRS conducted quarterly monitoring visits, and built documenting and reporting capacity. CRS also participated in mid-term evaluations, project review meetings and final evaluations.

CRS helped raise the technical confidence in CSCR, in the Umuechem community, and with other donors. CRS' international profile convinced the Umuechem community that CSCR had significant external backing, while its strong history of development work persuaded international donors that the projects would be run with an emphasis on stewardship. Additionally, technical equipment (vehicles, computers, cameras), human resource support, and budgeting assistance were provided by CRS.

Aside from the shareholder leverage strategy that initially provided CSCR with access to ECCR and ICCR, there were other local activist groups including the Movement for the Survival of Ogoni People (MOSOP) and Environmental Rights Action (ERA) that contributed to global sensitization and awareness creation. These efforts increased international commitments, sympathy and global concern for equity and justice that provided a strong platform for successful intervention in Umuechem community. Shell was under increasing international pressure to improve its image and thus, was more receptive at the global level to suggestions and recommendations for improvement.

The launch of the Extractives Industry Transparency Initiatives (EITI) in 2002 and its domestication into the Nigerian Extractives Industry Transparency Initiative (NEITI) in 2004 also provided a window of opportunity for increased demand for greater transparency in the management of oil revenue. The enactment of the NEITI Act reinforced the intervention with River State ministries, NDDC and NOSDRA, and increased the demand for transparency and accountability of oil and gas wealth. It has also led to the emergence of other civil society organizations that agitated for improved social service delivery. These developments increased local consciousness about engaging extractive industries, while promoting local understanding of the benefits of dialogue and engagement.

The reconciliation and reintegration of IDPs were also complemented by other government efforts and assistance programs of international NGOs and development partners. A meeting of Umuechem community dignitaries was organized by the Rivers state government, in collaboration with Etche LGA, to chart a way forward on community relations. Peacebuilding and conflict transformation activities in Umuechem were supported by donors including, the U.S. Agency for International Development (USAID); Department for International Development (DFID); the European Union (EU); and United Nations Development Programme (UNDP).

The skills acquisition and empowerment programs facilitated by CSCR in Umuechem community were also supplemented by other poverty reduction initiatives of development partners, including the Micro-Project Programs, called MPP3, MPP6 and MPP9 projects.



Massive empowerment initiatives were funded by donors for women, youth, and professional groups in Umuechem and other communities in Niger Delta region. Revolving loan funds were instituted for different cooperative associations and access provided to both domestic and foreign markets.

The provision of social infrastructure by the government, including water and electrification, was also a result of the renewed government effort to redress the history of marginalization and lack of infrastructural development in the Niger Delta. While SPDC has provided water and electrification in Umuechem, the government has constructed roads and provided telecommunication facilities. It was also a function of increased budgetary allocation through NDDC, and the 13% derivation principle that increased oil revenue to states and local government councils in the Niger Delta, particularly Rivers State.

CSCR was not the only force acting to improve equity in Umuechem over the last decade, nor were CSCR's projects flawless. Its projects have, however, built the capacity of the Umuechem community, enabling it to represent itself in discussions about means to address the inequity it has experienced. Despite setbacks and limitations, the CDC has become a voice for Umuechem that allows it to take advantage of other opportunities provided that improve its state.

CSCR's work, however, was limited by constraining factors. There are major security challenges in the Niger Delta region. These are compounded by incessant criminal cases of kidnapping and hostage taking which increased from 2007 and necessitated the introduction of a travel restriction by international NGOs and donors, including CRS. This violence limited the quality of technical assistance provided and deprived CSCR the opportunity of learning best practices. This impacted negatively on the quality of program implementation, monitoring and evaluation.

There were also difficulties when trying to facilitate dialogue between Umuechem and the government. For example, Rivers State and the Etche Local Government Authority tried to politicize community reintegration initiatives in Umuechem. The criteria for selecting members of the Umuechem community reconciliation committee by the governments were based on party affiliation and sympathy with the ruling party. The Centre redressed this development by supporting the Umuechem CDC in organizing inclusive and broad-based community dialogue sessions on reintegration and rehabilitation of displaced households. Had CSCR and CRS more actively engaged the government, this politicization might not have happened in the first place.

CSCR also had to face its own capacity issues as well. In 2007, at the same time that CSCR was attempting to expand its work from 10 host communities to 52 host communities, CSCR underwent a leadership and management change. Father Kevin O'Hara turned the reins of the organization over to a board comprised of members from the Niger Delta, in an attempt to promote local ownership. Fears of ethnic discrimination by the board caused many of CSCR's management to resign, as they were largely from other regions of the country. These

resignations resulted in significant reductions in institutional capacity. The organization also lost its air of impartiality as many of the board members were viewed as seeing themselves as victims of the conflict in the Niger Delta. This loss of impartiality severely undermined the foundation of trust that Father Kevin O'Hara had built with the Umuechem community and SPDC. Moreover, with his departure, and the loss the management staff, connections with ECCR weakened reducing CSCR's ability to address the asymmetric power dynamic from the top down.

## **LESSONS LEARNED**

In order to more effectively work to improve equity in marginalized communities where extractive industries are present, CRS must learn from its past mistakes and replicate its successes. CRS' work with CSCR in Umuechem provides plenty of lessons learned from both project shortcomings and successes. These lessons revolve around the important issues of inclusivity, sustainability and leverage, and partnership.

### **Lessons from project shortcomings**

#### ***Inclusion.***

- Historically marginalized groups may need additional support to be able to participate equitably and on a level playing field in representative forums (such as the CDCs). Women in particular may need targeted support to address their unique needs and circumstances.
- Participation by women (and other often marginalized groups) must be substantive and not just numerical. Requiring that a certain percentage of elected CDC representatives be women addressed is only part of the puzzle. Not only might women need targeted support, but the functioning of the CDC and the representation of community stakeholders might have benefited from work with the other members on inclusivity and support for the participation of women (and of all other stakeholders). Group dynamics should be monitored and inequities addressed as needed.
- When powerful stakeholders who may not want to participate are necessary to the achievement of project goals, it may be necessary to identify incentives, leverage points, allies and shared interests that may help to increase their interest in collaboration. During the first project, CSCR effectively allied with ECCR in the United Kingdom to help spur oil company engagement with communities. CSCR also helped SPDC identify and capitalize on some of the benefits of working more collaboratively with communities. Strategies will likely be different for companies, government, and other stakeholders.
- Stakeholders can be more effectively engaged in project activities if they are involved in the design of the project. All stakeholders necessary to a project's success should be at least consulted, if not more actively involved, in its design. Oil company and local

government officials were not consulted or otherwise involved in the planning of these projects that were designed to facilitate dialogue and collaboration between them and community members. There was also a general failure to consult SPDC and different levels of Nigerian government during the proposal process, to actively engage SPDC and government in project design. This lack of inclusion negatively impacted the project in so far as CSCR and the Umuechem CDC often had difficulty accessing SPDC, and more problematically, government institutions. A more sustained level of engagement during the proposal design phase could have potentially facilitated greater levels of engagement across the board.

- Increased government outreach in particular might have helped CSCR and CRS overcome some of the challenges that they encountered when trying to facilitate dialogue between Umuechem and the government. For example, Rivers State and the Etche Local Government Authority tried to politicize community reintegration initiatives in Umuechem. The criteria for selecting members of the Umuechem community reconciliation committee by the governments were based on party affiliation and sympathy with the ruling party. The Centre redressed this development by supporting the Umuechem CDC in organizing inclusive and broad-based community dialogue sessions on reintegration and rehabilitation of displaced households. Had CSCR and CRS more actively engaged the government, this politicization might not have happened in the first place.

### **Sustainability**

- Relationships with influential actors outside the country require active maintenance. The pressure placed on oil companies by international shareholder groups was instrumental in initiating oil company openness to dialogue with communities. It might have been beneficial to the communities in the Niger Delta if CSCR and CRS had continued to actively collaborate with shareholder groups that could exercise some influence over the companies. It is critical to ensure that these relationships become institutional rather than remaining personal.
- Sustainability could have also been enhanced with greater involvement of the Umuechem community with shareholder groups. Rather than remaining as an interlocutor, CSCR could have gradually made direct linkages between the community and ECCR while remaining involved for technical support. This may have helped improve the information and frequency of information received by ECCR as well as establish a sustainable mechanism for communication.
- With leadership turnover, CSCR ceased to maintain its impartiality, and in many cases, its capacity to carry capable of carrying out its projects. There was overdependence on individuals in the early stage, and a lack of institutional strength. People like Father Kevin O'Hara built up the personal relationships and trust that enabled CSCR to work effectively in Umuechem. Unfortunately, the trust and impartiality were never institutionalized.

- CRS should have been more involved in assessing and creating mechanisms within CSCR that ensured institutional strength and structure. In future projects organizational transitions within partner organizations must be strategically and carefully handled to preserve institutional memories.

### **Partnership**

- CSCR had limited engagement with other civil society organizations, and this lack of engagement resulted in a lack of support. Had CSCR expanded its networking with other civil society organizations, it could have potentially increased its capacity through partnerships. There is the need to exchange ideas and learn from other credible groups. CSCR should have conducted an inventory of credible non-governmental and faith-based organizations that could have enhanced its capabilities. It may at times be counter-productive for the partner organizations to continue operating without building networks and alliances with credible civil society groups. Collaboration with other civil society and/or faith-based organizations might have eased CSCR through its leadership transition, or helped CSCR through its expansion working with a greater number of host communities. CSCR's ambitions proved to be greater than its capacity.
- While replication of successful programs is important, care must be taken to assure that project staff and strategies can successfully manage a very large increase in work. CSCR was effective in its support for the establishment and/or strengthening of CDCs in ten communities under the first project, but its ability to be effective was compromised when trying to achieve the same for 52 communities under the second project. The capacity of CSCR staff was over-stretched and little attention was paid to the Umuechem community. This expansion prevented a consolidation of impacts and limited the attainment of project objectives, intermediate results and outputs. Efforts were dissipated by the Centre in implementing project strategies, and this constituted a challenge in promoting right relationship<sup>20</sup> in Umuechem community.

### **Lessons from contextual shortcomings**

A few challenges were largely outside the control of CSCR or CRS, but they are still relevant for lessons learned because they highlight scenarios that projects must often deal with in marginalized societies with extractive industries. At times the Centre encountered difficulties in holding regular meetings with SPDC officials and in ensuring that agreements were reached during facilitated dialogue with Umuechem community stakeholders.

### **Lessons from successes**

CSCR and CRS had their successes in implementation as well. The strategic engagement of CSCR with community, company and government levels of violent conflicts in Umuechem community through facilitated dialogue did reduce violence and increase interaction.

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<sup>20</sup> 'Right relationships' is one of the terms of CRS that refers to relationships that are just and participatory.

While many civil society groups demonstrate on the street of the Niger Delta and confront security forces, CSCR advanced constructive discussion between company and community stakeholders. It leveraged the goodwill of oil companies and community confidence and trust to promote equity and increase participation and access of marginalized and vulnerable groups.

CSCR and CRS' greatest success in promoting equity in Umuechem came in the form of the Umuechem CDC. The program design of CSCR was also largely participatory-driven, which helped to promote local ownership. This, in turn, contributed to its sustainability. The CDC had local buy-in, enabling the Umuechem to form a unified voice. Umuechem's CDC has continued to operate, even after CSCR started to lose focus on the community. Vital to this success was CSCR and the CDC's efforts to keep the youth actively engaged. With their continued participation dialogue was viewed as a legitimate alternative to violence. CRS and CSCR may have been able to further improve the CDC and address ongoing challenges with women's participation and improve collaboration with the local and state government; however, ultimately, their efforts have had a lasting impact in creating a mechanism for the community to address their issues. Hopefully others can build on the experiences reviewed here to help further equity in communities with conflict linked to extractive industries in the future.

## **LIST OF INTERVIEW RESPONDENTS**

Category 1: CSCR, two respondents

Category 2: Umuechem community, 24 respondents

Category 3: SPDC, four respondents

- one permanent staff in Umuechem flow station
- two middle-level staff in Port Harcourt office
- one senior staff in the department of community relations

Category 4: Government, 12 Respondents

- three permanent staff of Etche LGA
- one elected representative of Etche LGA
- four permanent staff of Rivers State ministries
- two permanent staff of NDDC
- two permanent staff of NOSDRA

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