

Extractive Sectors Governance and Development:

What Role for Canada?

‘Governing Natural Resources for Africa’s Development’

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Philippe Le Billon

Associate Professor

Liu Institute for Global Issues and Department of Geography

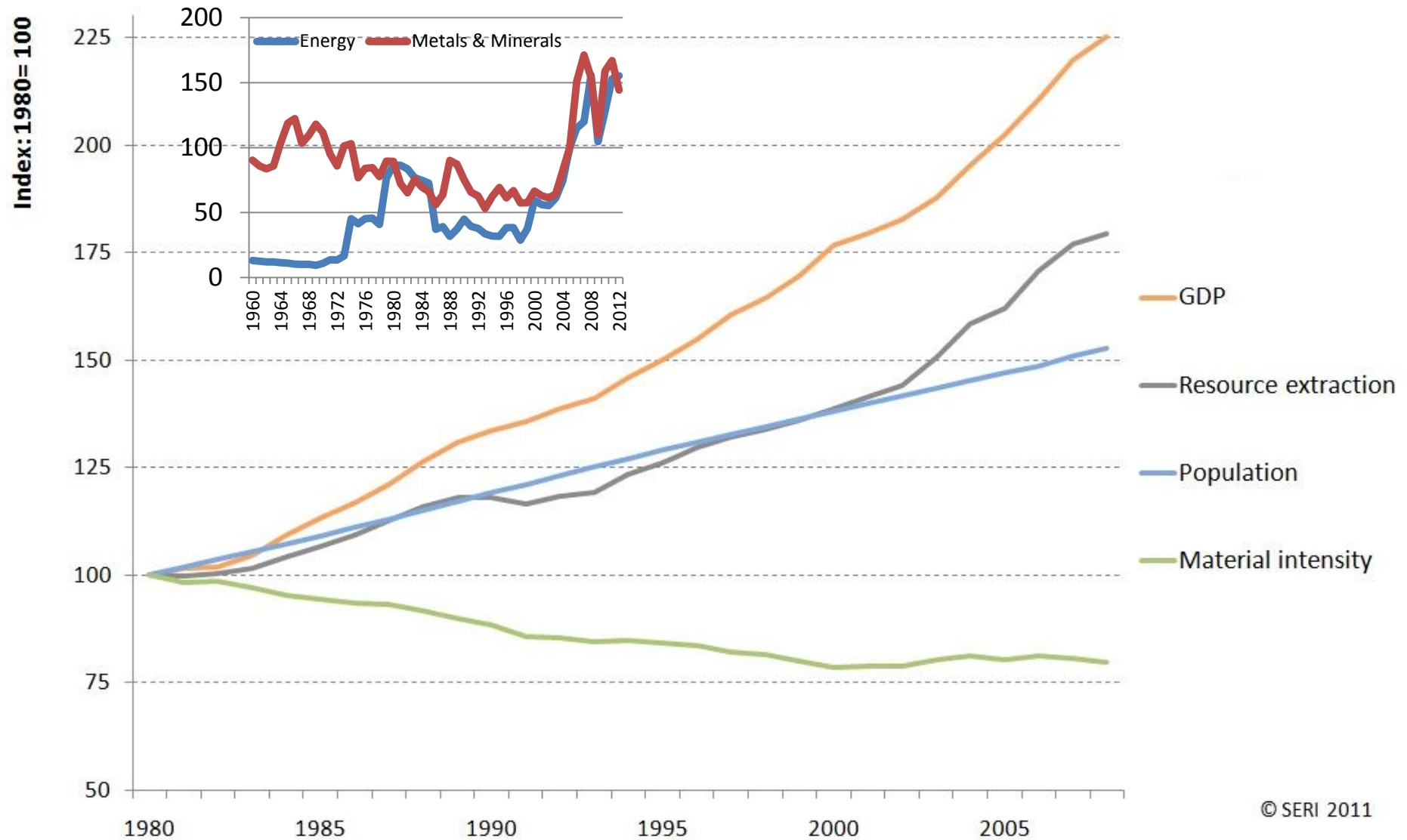
University of British Columbia



- Resource governance interventions:
 - Context
 - Challenges
 - Tensions
- Intervention options
- Canadian actors
- Canadian government rationale and programs
- Canadian International Institute for Extractive Industries and Development (CIIEID)



Global trends in Extractive Sectors

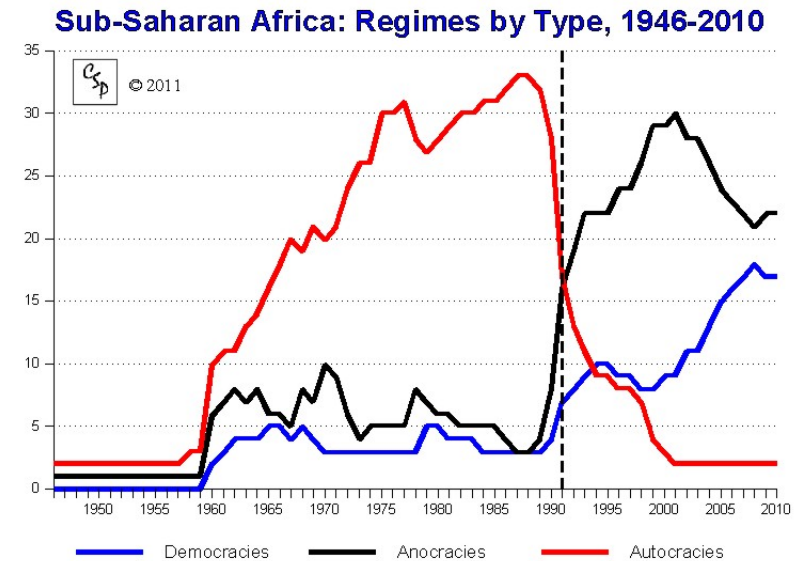


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Governance trends in Sub-Saharan Africa

- Rising number of democracies
- Growing awareness about the 'resource curse'
- Stronger domestic technical capacities
- Increasing demands for higher share of benefits



Main governance challenges

- Highly politicized sector with strong macro-economic implications and micro-level socio-economic dimensions
- Long chain of responsibility to ensure positive developmental outcomes
- Institutional capacity of host governments often perceived to be lagging behind complexity of requirements and skills of investors
- Institutional robustness tested by revenue flows and shocks
- Profit-driven companies operating in challenging institutional settings



Main tensions in governance interventions

- Governing domestic resource sectors/
Respecting host government sovereignty
- Maintaining international leverage/
Aid-dependence declines & int'l competition increases
- Reducing poverty in producing countries /
Increasing profits for home corporations
- Higher instability in low-income countries /
Investments and revenues in home countries
- Maintaining political stability for investments /
Promoting democracy
- Reducing environmental impacts /
Promoting resource sector growth



What options?

- Domestically
 - Regulations (disclosure), operational standards, accountability mechanisms (courts)
- Bilaterally
 - Trade and investment agreements
 - Bilateral assistance projects
- Multilaterally
 - Resource governance initiatives



What is 'Canada'?

- Canadian authorities (Federal and Provincial agencies, financial market regulators, courts)
- Academics, think-tanks, consultants, advocates
- Extractive companies and associated industries
- Citizens (constituents/consumers)



Rational motivations for Canadian government

- Promoting Canadian extractive ventures abroad
- Giving extractive sectors a 'better name'
- Fostering host country growth to increase trade and reduce aid
- Stabilizing commodity prices



Should Canadian agencies support int'l extractive sector governance?

- Pros:
 - strong expertise in some domains (esp. geological surveys, legislation, audits)
 - high stakes and potential leverage
 - requests from host governments
- Cons:
 - perceptions of self-interest
 - very profitable industry (avoiding taxes in host and home countries)
 - risk of 'narrow growth' with low host country value retention and high externalities



What role for Canada?

- Leader & role model?
 - Limited leadership visibility in global initiatives (but fast accelerating)
 - International(ized) issues (First Nations, ‘tar sands’, climate change, reports of corporate complicity in human rights abuses, corruption)
- Untapped potential?
 - Improve the ‘technical capacity’ of host governments and inclusion of stakeholders
 - Help to change the broader context within which extractive sectors and host governments operate



Canadian programs overview

- International initiatives (Intergovernmental Forum, KPCS, EITI)
- Regional and bilateral initiatives (African Mineral Development Centre, PERCAN)
- “Building the Canadian Advantage”
 - CSR Counselor
 - CSR Centre for Excellence
 - Canadian International Institute for Extractive Industries and Development



Canadian International Institute for Extractive Industries and Development (CIIEID)

A CIDA-funded coalition partnership:

- University of British Columbia (UBC), Simon Fraser University (SFU), Ecole Polytechnique de Montréal (EPM)
- About 60 partners (government, industry, civil society)
- \$25 million over 5 years (CIDA) + sponsors

Vision: Reduce poverty and stimulate of sustainable economic growth in developing countries by improving extractive sector governance.



CIIEID mandate

Mobilize world-class Canadian and international expertise and practical experience in improving and strengthening extractive resource governance. Such expertise will assist governments in developing countries at the national, regional and community levels in meeting their respective needs for to improve developmental outcomes from extractive industry sectors



CIIEID activities

Advisory Centre

- Technical assistance and capacity building to government policy makers and regulators

Learning and Education Centre

- Customized in-country programs
- Short courses
- Study visits and residential programs in Canada
- Certificates/ diploma
- Fellowship programs

Engagement and Dialogue Centre

- Convene multi-sector dialogues to identify needs for relationship building

Applied Research Centre

- Research and analysis about extractive sector issues



Contact CIIEID:

Andrea Wink

Assistant Dean

Applied Sciences, UBC

Tel: 604.822.1329

[andrea.wink@ubc.ca.](mailto:andrea.wink@ubc.ca)

