

# **NATURAL RESORUCE GOVERNANCE IN A CHANGING WORLD: CHALLENGES AND OPPORTUNITIES**

**By Ronald Kaggwa\***

## **Background**

Natural resources have long been regarded as free public goods that are not diminished (non-exhaustible) when consumed, non-excludable that can be enjoyed by one person without limiting what is available to another person. This view is however, erroneous as indeed current trends indicate. Nonetheless, these resources generate enormous benefits including; sustaining livelihoods, contributing to wealth creation (poverty reduction) and economic development. They are not free goods, are scarce and have an economic value. With the emergency of several global concerns such as climate change and biodiversity loss that are imposing an increasing pressure on these natural resources, there is a looming evidence that demand for ecosystem services from ENR has outpaced the ability to supply these life sustaining services. Besides, emerging evidence especially from resource rich developing countries has demonstrated a negative relationship between natural resource abundance, development and conflict. Indeed most countries where natural resources are abundant, sustained and positive effects on equality, economic growth and transparency have been limited.

## **The Concept of ENR Governance**

Consequently, there is an urgent need to devise ways of effectively and efficiently managing natural resources in a way that ensures that their sustainable and equitable use to contribute to livelihood security and rapid economic growth. It is against this backdrop that a concept “Natural Resource Governance” assumes a critical and strategic importance. The concept of governance is generally used to describe how power and authority are exercised and distributed, how decisions

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are made, and to what extent citizens are able to participate in decision-making processes (Swedish EPA, 2012). There is now a growing consensus emphasizing that governance has a strong effect on environmental actions and outcomes (Swedish EPA, Report 6514). In this regard, this paper seeks to explore the status of Natural Resource Governance in a changing world while assessing the opportunities and challenges therein with specific reference to Uganda.

Generally, Natural Resource Governance refers to the processes of decision making involved in the control and management of environment and natural resources. The International Union for Conservation of Nature (IUCN, 2014) defines Natural Resource Governance as the multilevel interaction among but not limited to the three main actors; state, market and civil society which interact with one another in formulating and implementing policies in response to environment related demands and inputs from society for the purpose of attaining environmentally sustainable development. Natural resources are affected by a number of elements and events which makes their governance an intricate exercise. Weak and inappropriate natural resource governance systems spur a wide range of problems including; declining resource productivity and resilience, resource scarcities, inequitable access that breed conflicts, cause displacements and worsen human vulnerability. Consequently, there numerous efforts inclined to pursuing environment governance at different levels; global, regional and national levels. Indeed, one of the themes of the recently concluded United Nations Conference on Sustainable Development (UNCSD) Rio+20 was on establishing a framework for environment governance. The IUCN is in the process of drafting the Natural Resource Governance Framework with a goal of setting standards and guidance for decision-makers at all levels to make better and more just decisions on the use of natural resources and the distribution of nature's benefits, following good governance principles, such that improved governance will enhance the contributions of ecosystems and biodiversity to equity and sustainability.

At a sub-regional level, there are various protocols under the East African Community that provide guidance on the management of transboundary natural resources while a number policy, legal and institution frameworks are in place for the same in Uganda. To enable effective assessment of natural resource governance framework in Uganda, it is imperative to discuss the principles/elements of good natural resource governance .

## **Principles of Natural Resource Governance**

It should be noted that responding to modern natural resource and environmental issues requires a system of governance that is tailored to the required existing national aspirations and values. Natural resource governance must thus be conducted within a wider framework of overall governance. The basic principles of governance are:

- (i) accountability; the requirement to accept responsibility and answer for actions;
- (ii) transparency; sharing information and acting in an open manner;
- (iii) participation which entails taking part in decision making and implementation either directly or through legitimate representatives, and
- (iv) the rule of law which implies equal treatment both in protection and punishment under the law for everyone in the same way, all the time.

These principles can be used to guide the design natural resource governance institutions that are legitimate, transparent, accountable inclusive and fair (Taylor and Francis 2014). From this the key principles of natural resource governance are identified which include:

### **Legitimacy**

Legitimacy refers to the validity of an organization's authority to govern that may be conferred by democratic statute or earned through the acceptance by stakeholders of an organization's authority to govern. Legitimacy can be demonstrated through ensuring genuine dialogue between natural resource management institutions and their stakeholder constituencies, including allowing stakeholders to exert substantive influence on decision-making that affects their welfare, may also foster legitimacy. The power to allocate rights over common property resources, or to apply sanctions for violation of operational rules, should not be assumed by or conferred on bodies that rely exclusively on earned legitimacy – such powers should be restricted to institutions with legal and/or democratically established authorities. Legitimacy also requires that governing actors exercise their authority with integrity, in that they declare any conflicts of interest, do not seek to manipulate outcomes to their personal advantage, and behave honestly.

In Uganda however some individual and institutions have obtained legitimacy over the management of natural resources through formal state mechanisms e.g. through an Act of

Parliament but there are also traditional means of acquiring legitimacy. Therefore ENR governance includes traditional institutions as well. Much as this mix of legitimacy presents opportunities, it also faces significant challenges. Traditional legitimacy some societies is not equitable and excludes women from making major ENR decisions.

### **Transparency**

Transparency refers to the sharing of information and acting in a clear manner. This entails visibility of decision making processes, the clarity with which the reasoning behind decisions is communicated and the easy availability of relevant information on decisions taken. All decisions about natural resource priorities and investments should be communicated and transparency is required in who has made a decision; the means by which it has been reached; and its justification. Information about natural resources interventions should be readily available and well packaged in the way that matches the prevailing information needs.

There is a significant level of transparency in sharing environmental information in Uganda. Indeed some decisions on ENR are subject to public hearings as the case was for major projects such as the construction of Bujagaali and Karuma Dams and the re-introduction of DDT for indoor residual spraying. It is also mandatory to produce a National State of Environment Report. However, there have been concerns about the manner in which Oil sharing agreements were made and the difficulty of accessing them by the general public.

### **Accountability**

Accountability refers to the allocation and acceptance of responsibility for decisions and actions and the demonstration of whether and how these responsibilities have been met. In the context of natural resources governance, accountability entails a back and forth process of reporting unlike the existing system in most countries. Evidence from different countries indicates that accountability tends to be a one-way affair, upwards to national and state and territorial governments with limited accountability downward to local and regional communities or laterally to partners (Moore and Rockloff 2006).

Although Uganda's various governance frameworks provide for accountability, the practice is different. Accountability for decisions made by those who control and manage ENR is still

wanting. Decision making on ENR is not adequately subject to public scrutiny. Public oversight bodies such as the Inspector General of Government (IGG) and the Auditor General's Office are more interested in financial auditing accountability rather than the decisions made on the ENR.

### **Inclusiveness**

Governance is regarded as inclusive when all those with a stake in governance processes can engage with them on a basis equal to that provided to all other stakeholders. As solutions to NRM problems often demand substantial changes in practices, their implementation requires participation of as many of the affected actors as possible. It is important for governance authorities to have access to many different perspectives and kinds of knowledge, because no single actor has the resources to generate solutions to 'wicked problems'. As well as embracing decisions concerning NRM issues and aspirations, inclusiveness should be practiced in design of the governance system itself. Inclusive natural resource governance entails seeking input from multiple sources and having policies and structures to foster stakeholder contributions and engagements. Inclusiveness, in the sense of diverse stakeholder input, is an essential guiding value for multi-level NRM governance to ensure better solutions to complex problems, more innovation, and the effectiveness and relevance of decisions. As with accountability, inclusiveness implies that lower level governing bodies have opportunities for input into higher-level decision-making. Natural resource governance should be comprehensive to capture the local, national and regional and international interests in regard to natural resource management.

Inclusiveness is one of the aspect of green economy to which Uganda is set to transition to. Environmental management in Uganda is a decentralized function, with MDAs, LGs, and non-state actors having a role to play. Much as this is so, the biggest section of the population does not effectively participate in decisions affecting the management of natural resources.

Although gender participation in politics in Uganda has been enhanced by the representation of women, youth and people with disabilities at various levels including the parliament, the situation is different when it comes to natural resources (Population Secretariat 2012). A review of the current mode of access to and ownership of natural resource in Uganda reveals a gender disparity, with women much as they are the most dependant on natural resources in terms of employment, not owning the resources they use especially the land resource. The inequitable

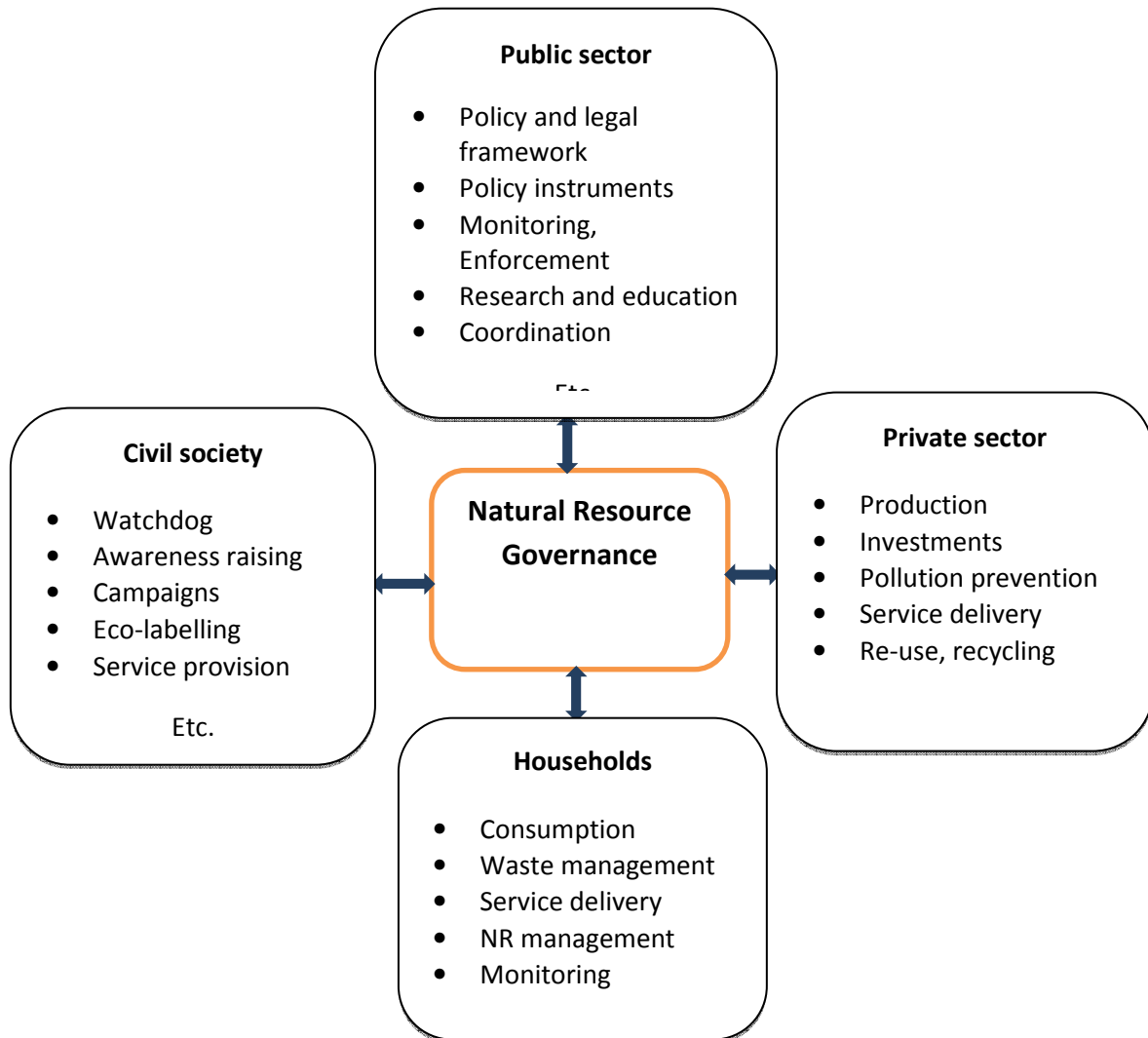
access to the use and ownership of natural resources, particularly land, partly explains the gender dimensions of poverty, with women constituting the majority of the poor in the country. It is now widely recognised that the lack of control over productive resources by women remains one of the root causes of poverty.

### **Fairness**

Natural Resource governance systems are expected to be fair and equitable in the exercise of the authority conferred on them, particularly in relation to the distribution of power, the treatment of participants, recognition of diverse values, consideration of current and future generations, and the development of mechanisms to share costs, benefits and responsibilities of decision-making and action.

The principle of capability represents recognition that novel problem challenges usually necessitate attention to the appropriateness of available institutional, organizational and human resources. Among these, key resources include leadership, access to knowledge, organizational systems, and sufficient financial and human resources.

**Good natural resource governance involves multiple actors.**



**Source:** *Based on Slunge and ÖlundWingqvist, 2011*

## **Natural Resource Governance at different levels**

### **Global level**

A number of natural resource and environmental challenges the world is facing are trans-boundary in nature and require global interventions and joint efforts to be contained. Over the last decades, a number of platforms have been established to address issues of global

environment and natural resource governance. This is demonstrated by various major UN conferences and as much as about 900 multilateral environmental agreements (MEA) (Biermann et al. 2011, Najam et al. 2006). However, despite the success in some of these agreements for instance trade in endangered species and ozone layer depletion, national implementation of some agreements have ranged from limited to being too negligible to address natural resource and environment challenges. Whereas National action plans and associated projects are the main impetus for translating MEAs into practical actions at national levels, some of these plans are so project specific and poorly aligned to national development planning. This is a result of the fragmentation and projectification of the international environmental governance system. There exist a number of UN agencies and other foreign missions that work with national governments on different aspects of natural resource governance. Indeed one of the major challenges facing developing countries like Uganda is the domestication of the numerous international agreements and conventions.

### **National level Natural resource Governance**

Uganda has developed the necessary institutional and strategic frameworks for public participation, democratization, accountability and transparency and has put in place most of these elements of governance. These include the Anti-corruption division of the High Court, the Inspector General of Government, the Auditor General's Office, the Public Procurement and Disposal of Public Assets Authority, and the Department of Ethics and Integrity. Other processes include: the National Anti-corruption Strategy, the Leadership Code, the Client Charter and whistle blowing. While these institutional and strategic frameworks are in place which is indeed commendable, they hardly serve the environmental cause.

Implementation of natural resource and environment decisions and legislations is highly dependent on the effectiveness and efficiency of national environment institutions. It is these institutions that promote and support the intentions of the MEAs. In Uganda's context, at the helm is the Ministry of Water and Environment and the National Environment Management Authority in partnership with several Agencies and departments. The Ministry works in tandem with these agencies to implement its mandate and deliver planned activities. It is important to note that the ministry is more focused on the policy development and monitoring while the agencies pursue implementation of these policies. States play an instrumental role in natural



resource governance however deep globalization is and international economic integration proceeds, political authority remains vested in national governments. This provides governments a platform to respect and support the commitment to implementation of international agreements. This can be through creation of national committees and round tables to guide natural resource governance issues.

The current practice however in Uganda and many other developing countries, has tended to limit environment issues in the economic development agenda, implying that existing natural resource management institutions are not very relevant to the development process.

### **Sub national/local level Natural Resource Governance**

Implementation of natural resources management interventions should be based on local level solutions and initiatives designed with and by the local communities. Community participation and partnership along with the decentralization of government power to local communities are important of natural resource governance at the national and local level. A mix of top down and bottom up approaches planning are critical to enhance the participation of local communities in natural resource governance. Local level governance shifts the powers of decision making from the center or government to the grass roots and this is equally important on the global scale because it has proved to generate results than the top down approach. On the contrary, natural resource governance on the global scale is defined as international which causes marginalization of the local voice. Local level governance is important to bring back power to local communities in the global fight against natural resource degradation. According to **Pulgar Vidal**, there are a number of conditions required to develop decentralized natural resource governance which include:

- access to social capital, including local knowledge, leaders and local shared vision;
- democratic access to information and decision-making;
- local government activity in environmental governance: as facilitator of access to natural resources, or as policy maker;
- an institutional framework that favours decentralized environmental governance and creates forums for social interaction and making widely-accepted agreements acceptable.

The legitimacy of decisions depends on the local population's participation rate and on how well participants represent that population. Local authorities undoubtedly have a central role to play in the protection of biodiversity and this strategy is successful above all when the authorities show strength by involving stakeholders in a credible environmental improvement project and activating a transparent and effective communication policy (Ioppolo et al., 2013).

Although natural resource management in Uganda is decentralized, local governments that are supposed to implement the decentralized functions are lacking in capacity and resources. This leaves local governments very weak in implementing environment policies and decisions.

### **Challenges to Natural Resource Governance**

As noted above, natural resource governance is an intricate exercise and as such, there are a number of challenges that undermine proper natural resource governance. These include the following:

Limited transparency and the rule of law especially in award and signing of contracts between national governments and foreign firms to manage and explore natural resources. This is very common in the extractive industries such as oil and gas and mining. The governance principle of transparency, rule of law and accountability are not given adequate attention. Lack of transparency and access to information on the nature of contracts signed between national governments and exploration firms, the terms therein, revenues generation and sharing undermine the capacity of ordinary citizens to hold the managers of natural resources accountable. Besides, it also spurs uncertainty among the masses and this may cause civil strife and demonstrations in these countries.

There is lack of consensus on the tradeoff among; maximum development, sustainable development and maximum protection thus limiting funding and damaging linkages and synergies within the economy. This among other factors limits the implementation of Multilateral Environment Agreements (MEAs). Whereas agreements on natural resource management are signed by environmentalists among others, other groups of society such as economists and business community only perceive natural resources as sources of wealth that

should be exploited at all costs to generate growth and development. For instance ecosystems such as wetlands are seen as waste lands that are not optimally utilized. In this regard, the fragile ecosystems are reclaimed and degraded regardless of the existence of natural resource governance systems. Building consensus on trading off maximum development for sustainable development is an uphill task. Indeed it is not surprising that though ENR generates income, employment and revenue, it is the least funded in Uganda.

Natural resource and Environmental funding is not self-sustaining, diverting resources from problem-solving into funding battles. A number of funds have been established particularly at the global level to enhance natural resource management and environmental sustainability. Unfortunately, a greater proportion of these funds are spent in litigation – opening cases against those that violate natural resource rules and regulations, compensation in lost cases and sustaining institutions and administrative costs which leaves a minimal amount for natural resource governance at all levels. The National Forestry Authority (NFA) and NEMA in Uganda have lost a lot of money in litigation costs

Lack of effective integration of natural resource governance issues in sector policies, plans and programmes. This is a challenge especially in developing countries where integration of natural resource management and environment issues in national development plans is perceived as having sections on the subject and the number of times these words appear in these documents. Conversely, integration stretches beyond this to having objectives, strategies and interventions in national plans that are well costed and budgeted for with follow up action plans and clear targets, monitoring and evaluation indicators to measure progress. This is mainly undermined by financial resource constraints. Even when this integration is achieved, the allocation of budget resources to have environment programmes implemented is not forthcoming

Inadequate continental and global agreements; whereas natural resource governance issues are reflected in some global agreements, there is no solid legal and regulatory basis to guide the system. There is still no international convention on resource management such as that which exists on climate change, binding all countries at the international level to reach certain quantified targets (Bleischwitz 2009; Bleischwitz & Brigenzu 2007; Bleischwitz & Pfeil 2009). There is therefore no reporting on the status of natural resource governance, limited information

on the subject because there is no platform to exchange information among countries on resource policies, no institutional anchor and agreed upon principles on natural resource governance.

Poor coordination within the UN, governments, the private sector and civil society; there is no coordination among the global, regional and national players when it comes to natural resource governance. Whereas MEAs are signed at the global level, there is limited follow up on the level of implementation of the terms of agreements. A number of country representatives have been torn between getting involved in the politics of the host country and performing their technical duties. Besides this, the institution setting of UN agencies that handle different aspects of natural resources and the environment inevitably make coordination of their efforts very difficult. For example there is existence of a myriad of organizations in many different places with weak coordination mechanisms involved in the implementation of these MEAs. For example, the climate secretariat is administered by the UN secretariat whereas the ozone and biodiversity secretariats report to UNEP. The Convention on Biodiversity is located in Montreal, Desertification and the UNFCCC in Bonn; while CITES and the Basel Convention are in Geneva.

Insufficient government capacity to satisfy MEAs obligation; It should be noted that MEAs can only materialize through ownership by national governments and aligning them to national development priorities. This is an uphill task especially in developing countries with inadequate financial resources to fully fund their domestic annual budgets. This implies that it is even harder to implement these agreements and the delay and failure to fulfill pledged financial assistance on the side of development countries exacerbates the problem. Besides, some countries are attracted into signing natural resource managements because of the financial assistance that may accrue to such agreements. The capacity of to implement these agreements in terms of human resource, institutions and financial resources is overshadowed by the need to have a share of financial resources that may come with signing such agreements. This undermines implementation of natural resource governance principles which has seen natural resources degraded further in the face of MEAs to regulate the same.

The questions and concerns about legitimacy of MEAs is a challenge worth mentioning. Concerns about the legitimacy and fairness of key MEAs, such as the UN Framework convention on climate change (UNFCCC) and the convention of biological diversity (CBD),

have been highlighted as another crucial obstacle to implementation (Young, 2011). Developing countries have argued that high income countries should take a larger responsibility in financing the implementation of the MEAs in developing countries, due to their stronger economic capacity and their comparatively larger impact on the global environment. Notably the historical emissions of green-house gases from industrialized countries have been used as an argument in the negotiations around an international agreement to halt climate change. As a response to these demands, the Global Environmental Facility (GEF), as well as a range of other financial mechanisms tied to specific conventions, have been created. Decisions at the climate negotiations, for instance to create a green climate fund, holds promises for a marked increase in resources to be channeled to developing countries for climate change adaptation and mitigation. However, in international negotiations developing countries often point to the fact that most OECD countries have failed to deliver on their promises on development.

ENR governance faces challenges of finding the right balance between political correctness and the need for the long term sustainable development of the country. Often major decisions are based on political expedience rather than wider environmental considerations. Corruption by those managing ENR limits the benefits of governance from reaching the intended stakeholders, usually the poor who are the custodians of the natural resources. Corruption imposes a high costs on natural resource management.

Efficiency and effectiveness of ENR governance frameworks is also undermined by capacity issues that slows or negates implementation of the otherwise good policies on ENR.

### **Opportunities for improving Natural Resource Governance**

Despite the challenges discussed above, there are opportunities at different levels that can be harnessed to improve natural resource governance. They include the following:

Globalization and the emphasis of democracy across the world provides a platform to capitalize on and promote natural resource governance. Democratic governance is regarded as one of the crosscutting issues that should be integrated in the development process. Laws and systems that encourage integrity and openness, including basic transparency in all areas including natural

resource management and award of contracts to external natural resource exploration firms is one of the requirements tied to financial assistance from some Development Partners.

Secondly, the fast growing technology also provides an impetus to improve natural resource governance. Technology is the most useful in facilitating efficiency gains on how individuals, businesses and government institutions operate. A greater proportion of the world population has access to the internet. This may ease the flow of information which is critical in implementing the governance principle of transparency and access to information.

Today like never before, there is heightened political will to sustainably manage natural resources. Most of the leaders of the big countries emphasize the need for environment conservation to promote sustainable development. Political leaders are beginning to realize the need for natural resource governance as one of the ways of containing global disasters such as floods, landslides and climate change which have become a norm rather than an exception. Increasingly environmental issues are integrated in political manifestoes and statements.

The linkage between natural resource management, economic development, poverty alleviation, desertification and climate change provide a study that can be explored to bring out the key issues that can convict policy makers to take natural resource governance as a holistic way of addressing these concerns. For instance, climate change has not only transformed from being an environment issue to a development issue with dire implications on tourism, desertification and health among others. This can be used as argument to support the fact that addressing natural resource governance can act as a panacea to this plethora of predicaments.

Planning and policy provide an entry point to integrate natural resource governance in national plans and budgets. A number of developing countries have embarked on development planning where long term and medium term plans are drafted to provide strategic direction for the country. Natural resource governance principles should be integrated in these plans. Currently, governance is treated in its entirety and linked to politics and institutions; this can be broadened to include natural resource governance tenets. National development plans should provide guidance on the allocation and control over natural resource management, rent distribution mechanisms and transparency provisions.

## **Policy Recommendations**

### **Disclose contracts signed with extractive industries**

Publishing contracts helps citizens evaluate which benefits and protections their country receives in exchange for access to publicly owned natural resources, and monitor whether companies and government live up to their obligations. Countries should adopt clear rules for the publication of all licenses and contracts and assign responsibility for maintaining the data repository to specific government agencies.

### **Undertake in depth research**

Environmentalists and natural resource practitioners should undertake in depth research that emphasizes the importance of natural resources and the need for their sustainable management to prolong the growth and development process. Trade off analysis should be undertaken to strike a balance between maximum development, sustainable development and maximum protection, limiting funding, damaging links with the economy and limiting application of Multilateral Environment Agreements (MEAs). The issue of prioritizations should be emphasized.

### **Strengthen national ownership for environmental integration in plans and budgets**

Implementers of MEAs and local environment and natural resource management practitioners should work closely with ministries and agencies that deal with financing and planning and endeavor to link natural resource governance interventions with political priorities such as economic growth, development, transformation, agriculture productivity and poverty alleviation. However, it should be noted that the integration into national plans and priorities does not guarantee implementation. There is need to target the budget process and work with ministry of finance and environment to map natural resource and environment related expenditures for national and international sources.

### **Enabling environment**

Countries should develop an overall legislative and regulatory framework for natural resource governance, rule of law and clear property rights. Some of these frameworks are existent but their functionality is minimal which defeats their purpose. Development of legislative and

regulatory frameworks should be followed by identifying the relevant players and implementers along the different segments of the framework, the responsible institutions and clear sources of funding .

Promoting the transition from open-loop/cradle-to-grave systems (like garbage disposal with no recycling) to closed-loop/cradle-to-cradle systems.

## **Conclusions**

Good environmental governance is now recognized as one of the most important factors in realizing a nation's development potential and reducing poverty (WRI, 2002-2004). Sound environment and natural resource management institutions, prudent environment policies, transparent processes, access to information and popular participation in decision making are all necessary for sustainable and equitable development.



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