

Multinational Extractive Industries and CSR: Lessons from Bangladesh



Whilst philanthropic CSR projects can bring limited benefits to communities that surround extractive industries, without working towards greater transparency and accountability in their dealings with communities and governments, multinationals cannot claim to be wholly socially responsible, or to be 'partners' with local people for whom issues of accountability are key.

Main findings:

1. The business case for CSR for extractive multinationals, which centres around the enhancement of reputation, is at variance with longer term development goals, which are harder to achieve and less easy to publicise.
2. Rather than the need for small scale development projects, accountability, corruption and transparency over profit sharing deals are central concerns for people living near sites where multinational extractive industries operate.
3. The most effective contribution that extractive multinationals can make to countries such as Bangladesh is to support state and non state agencies in anti-corruption measures and to move towards greater accountability and transparency.

CSR and Development

Corporate Social Responsibility has been hailed by some as a win-win situation for both development and extractive corporations, bringing a range of gains for the communities surrounding the sites where the corporations operate whilst simultaneously enhancing the corporation's global reputation and reducing the conflict caused by their operations. According to a DFID paper (2001) activities and policies included under the banner of 'CSR' are wide ranging, but include community development initiatives, improved health care, or the introduction of particular standards of trade or employment. In the most effective CSR initiatives, corporations work with governments and civil society to achieve goals of good governance, anti-corruption measures and accountability .

In research undertaken at a gas field operated by Chevron in Bangladesh, we found that whilst 'philanthropic' CSR brought some limited benefits to local communities, issues of transparency and accountability remained unaddressed. Yet it is tackling these issues that can have the greatest transformative capacity, and is where the 'win-win' outcomes of CSR

might be found. The research focused on two villages adjacent to a gas field in Bibiyana, Bangladesh, which is currently operated by the oil giant, Chevron. Using qualitative methods, we conducted surveys, carried out participant observation, interviews and focus group discussions and tracked household livelihoods and coping strategies over twelve months, as well interviewing stakeholders in Dhaka and the U.K.

Background

Inaugurated in 2007 and situated on a plot of approximately fifty acres, the gas field was opposed by local people, whose land was forcibly acquired by the government. Whilst most landowners were part of transnational families settled in the U.K, those who were landless or land poor, but whose livelihood depended on the land as labourers or sharecroppers – the majority - were not given compensation. The villages surrounding the site are marked by extreme economic inequality and poverty. Whilst families with members settled in the UK own most of the land, the majority struggle with insecure livelihoods.



'You can see for yourself the condition of the land. We don't get the yields we used to. We don't get the water we need. The problem is waterlogging, due to the road. The pipes in the embankment are too narrow, and have got blocked with earth.' Farmer (interview notes, 2009)

Alongside land loss, the construction of the gas field has been linked with significant environmental changes. The high banked roads, plus an embankment to the nearby Kushiara River means that local land is no longer inundated with water during the wet season, a necessary process for wet rice agriculture. Farmers complain of sand in the soil, left over from the building works, and how the roads make it impossible to move cattle. Culverts were built by Chevron in the roads to enable water to pass but these were too small and have been ineffective. Safety issues have also been a central concern for local people.

Since 2007 Chevron have funded various NGO programmes, including an Alternative Livelihoods Programme run by Friends in Village Development Bangladesh. These are run via Village Development Organisations, involving local leaders. Projects include micro-credit to fund small rural businesses, training in duck and goat rearing, beef fattening, a women's embroidery project plus other activities. During the period of our research Chevron also funded health clinics, an ambulance and school scholarships. These projects have been a central part of the corporation's community engagement strategy, and are used in its CSR literature to promote Chevron as a 'partner' to local communities in the places where it operates.



‘Chevron Bangladesh will always consider itself a partner with the local people of Bibiyana in the community’s effort to improve their socio-economic situation.’
Chevron, 2008

How seriously can we take Chevron’s claim of ‘partnership’ with local communities?

Our research found that the majority of people surrounding the Bibiyana gas field would not describe Chevron as a ‘partner’. Indeed, many characteristic of partnership that one might expect, such as accessibility and forums for communication, were not present. Instead:

- Chevron worked with some, but by no means all local leaders. Others, especially those who lost most land, are not involved in the programmes.
- Village Development Organisations were not representative of the poor but worked within, and exacerbated local hierarchies and forms of patronage. Membership was not elected, for example.
- There were no appropriate channels for communicating safety issues to the local population; night flaring had caused widespread terror in surrounding villages because people had not been informed of the procedure.
- There were no appropriate grievance procedures for local people, or channels of communication with community liaison staff
- Local people complained that work at the gas field was largely given to outside labourers, and organised by contractors who hired using informal social networks; those local people who did have work at the site were given this via their links to the leaders that Chevron favoured.

How might CSR programmes funded by extractive industries contribute to long term development?

If extractive multinationals are serious about contributing to development they should focus on enhancing transparency and accountability rather than small scale projects or erroneous claims of partnership. Our research found that rather than a need for small scale community development, accountability, corruption and transparency over profit sharing deals were central to peoples’ concerns in Bibiyana and beyond. The widespread perception is that Chevron has exploitative production share contracts with a corrupt government and that the population of Bangladesh does not benefit. Whether or not this is true is impossible to establish, since the content of the contracts are not made public. Similarly, within Bibiyana environmental, health and social impact assessments are not made available to the

public by the company. This is in stark contrast to Chevron's relatively high level of disclosure for its 'home' affairs (see below)

Chevron: Transparency at home and overseas

Transparency Measure	Score	Industry Average
Reporting Anti Corruption Programmes	61 %	43%
Organisational Disclosure	88%	65%
Country Level Disclosure	8%	16%

(Source: Revenue Watch / Transparency International Report 2011 'Promoting Revenue Transparency')

Ways Forward

For Extractive industry CSR to be effective it should in the first instance involve corporate transparency and accountability within overseas operations as well as 'at home'. It should also aim to support states in formulating anti-corruption policies and in heightening accountability. Without these measures, such industries cannot claim to be partners with local people. Examples of effective measures might be:

- Transparency: publish the details of production share contracts and company profits, and make environmental, health and social impact assessments publically available
- Accountability : ensure that grievance procedures are established, and that local people have proper redress for damages caused by company operations
- Establishment of proper channels of communication in order to convey safety information in an appropriate manner (for example, open public meetings, community liaison staff who are available to everyone, and house to house visits)
- Establishment of representative forums so that community concerns are heard.
- Support the government and civil society organisations in taking anti-corruption measures, and building greater transparency.



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