PROSPECT ENERGY

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FIGHTING THE EFFECTS OF THE CURSE OF RESOURCES

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In order to mitigate the security risks to my client in the Balkans I recommended that strenuous attempts were made to restore the company's Social License to Operate by tackling the root causes of the problem: the negative effects of the Curse of Resources.

The first requirement was the correct identification of local stakeholders. This is not always straightforward, especially in former communist bloc countries where traditional sources of authority were often eliminated over the course of the twentieth century.

In Africa the problem is slightly different. In his book "What went Wrong with Africa" Roel van der Veen argued that the decision of various colonial powers to hand power over to urbanised elites, trained and educated in the west, rather than to traditional sources of authority with a reputation for leadership and moral excellence, rooted in the provinces rather than the capital city, and deeply integrated into the local culture, is at the heart of the current leadership crisis in Africa. It is not a coincidence that two of the most respected post colonial African leaders, Nelson Mandela and Julius Nyere, both came from traditional leadership backgrounds. Mandela was of royal ancestry, and Nyere was the son of a tribal chief. Both regarded the village as the backbone of a healthy society.

The point is attempts to build a Social License to Operate can only work if the right kind of people are identified as partners, and it is often the case that such partners come from very traditional backgrounds. The Emir of Kano and the Sultan of Sokoto in Northern Nigeria are examples of two such leaders, and it is interesting to note that the current Emir of Kano established a reputation for fighting corruption during his time at the helm of the Nigerian banking system.

Once the client had worked out who the local stakeholders were, and from that who was most likely to be an effective partner, the next step would be to invest in local business, so that the local community came to see the client as a partner.

- **Investment in Local Business** – it was recommended that the client invests in local businesses. Suggestions included the establishment of a scrap metal dealer to deal with the client's waste, and sustainable local cottage industries including jam and incense factories. The businesses needed to be sustainable ones that would continue to exist long after the oil industry had gone from the area, and which would, ideally, provide the local community with food.

- **Security** – security procedures were adapted to reflect CSR concerns. For example, dismounted patrols were introduced in built up areas in order to gather intelligence and win over local hearts and minds. Drivers were ordered to restrict their speed limits to 30mph in built up areas in order to minimise RTAs. Local police chiefs were integrated into planning meetings.

- **Environmental**– an audit of all equipment was recommended in order to minimise possible environmental damage as a result of spillages or explosions. This included ensuring that pipes were buried, and robust security measures to prevent bunkering.

- **Rebranding** – some kind of re-branding exercise was recommended to deal with public perception that oil was now being extracted by a foreign company for the benefit of foreign shareholders.

LEOPOLD KOHR – "THE BREAKDOWN OF NATIONS"

29. Leopold Kohr was an economist and political scientist known for his opposition to the "cult of bigness" in social organisation. He said:

> *"..there seems to be only one cause behind all forms of social misery: bigness. Oversimplified as this may seem, we shall find the idea more easily acceptable if we consider that bigness, or oversize, is really much more than a social problem. It appears to be the one and only problem permeating all creation. Whenever something is wrong, something is too big..(and) if the body of a people becomes diseased with the fever of aggression, brutality, collectivism, or massive idiocy, it is not because it has fallen victim to bad leadership or mental derangement. It is because human beings, so charming as individuals or in small aggregations, have become welded into over-concentrated social units."*

30. Kohr argued:

- against massive external aid to poorer nations, which he believed stifled local initiatives and participation.
- for a dissolution of centralised political and economic structures in favour of local control.

31. It is worth noting here that one of Africa's most respected post-colonial leaders, Julius Nyerere, also understood the value of small, as opposed to large structures and the need for self-reliance. Self-reliance and the value of small-scale as opposed to large scale economic structures were at the heart of his policies in support of villages.

EF SCHUMACHER "SMALL IS BEAUTIFUL – ECONOMICS AS IF PEOPLE MATTERED"

31. EF Schumacher was a well-respected economist who worked with Keynes and Galbraith when he was Chief Economist to the NCB. He was also heavily influenced by Islamic economics which, confusingly, he called Buddhist economics. Schumacher argued for:

- workplaces that are dignified and meaningful,
- small, appropriate technologies that empower people,
- "smallness within bigness,"
- decentralisation,
- the unsustainable nature of the modern economy - natural resources are treated as expendable income when they should be treated as capital, since they are not renewable,
- the principle of sufficiency, and that government efforts should be concentrated on sustainable development,

- against the notions that growth is good- and that bigger is better,
- against the appropriateness of using mass production in developing countries- promoting instead “production by the masses,”
- against the appropriateness of using GNP to measure human well-being,
- the view that “the aim ought to be to obtain the maximum amount of well-being with the minimum amount of consumption.”

Introduction to Prospect Energy, Prospect Law and Mark Jenkins

Prospect Law and Prospect Energy provide a unique combination of legal and technical advisory services for clients involved in energy, infrastructure and natural resource projects in the UK and internationally.

Mark Jenkins advises clients on how to achieve commercial resilience in high-risk/non permissive environments. Among Mark’s specialist areas of expertise are the management and motivation of traditional communities such as Bedouin tribesmen in the Sinai Desert, Somali Muslims in NE Kenya and Eastern Orthodox Christians in remote parts of Eastern Europe. He has a particular interest in Islamic culture and has worked on the staff of HRH Prince Ghazi bin Muhammed bin Talal, Special Advisor and Personal Envoy to HM the Hashemite King of Jordan. Other interests of Mark’s include renewable energy, especially solar power, and economic solutions which are based on the principle of sufficiency, rather than consumption.