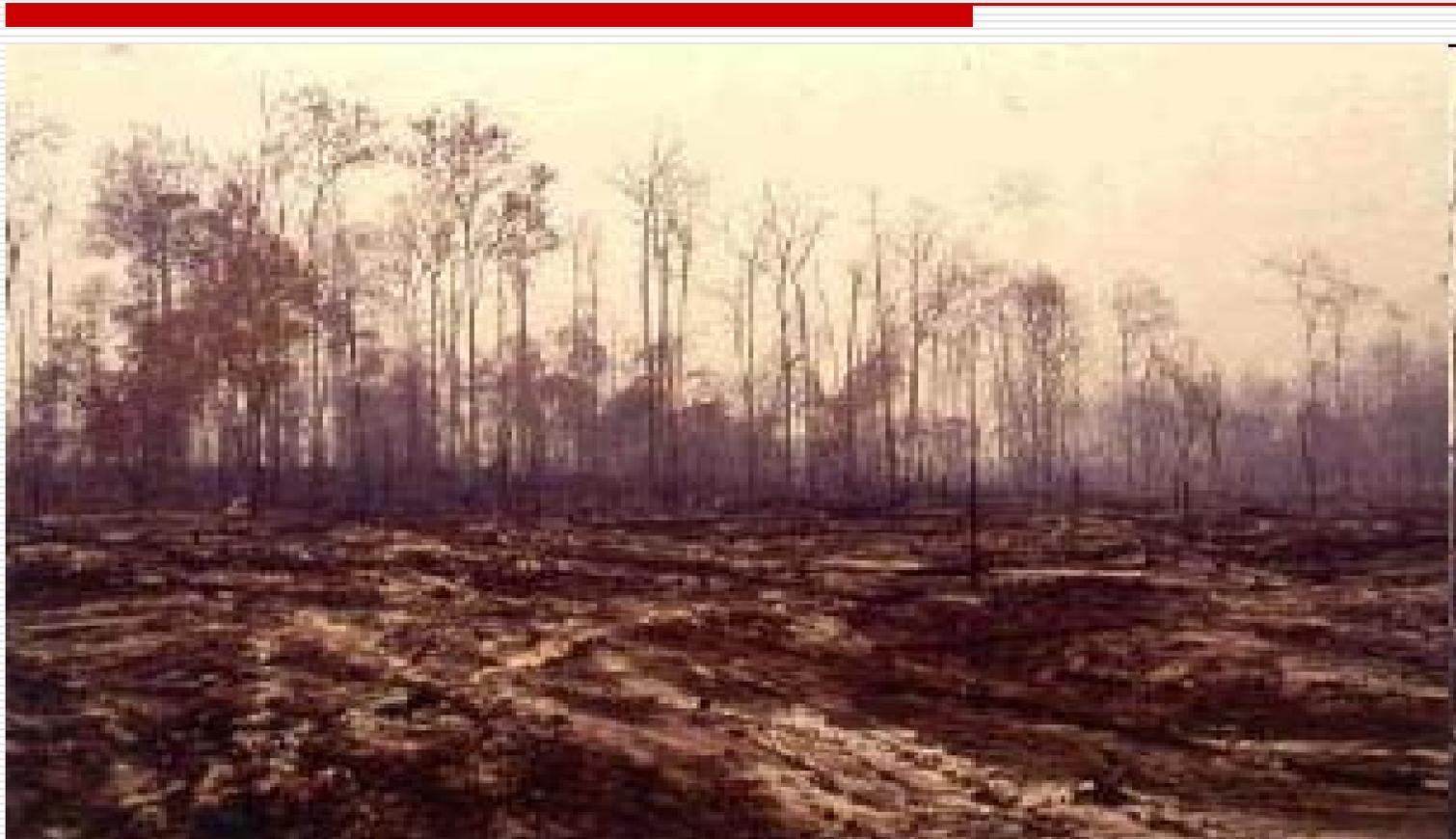


# The Political Economy of Natural Resources

Nindyantoro



# OVERVIEW

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- ❑ Pola eksploitasi sumberdaya alami saat ini menimbulkan ketidak nyamanan secara manusiawi , ketidak stabilan politik, dan konflik sosial
  - ❑ Eksploitasi sumberdaya alam dan tergusurnya komunitas lokal oleh pemerintah/swasta menyebabkan terusiknya keamanan dan kemiskinan yang pada akhirnya menyebabkan reaksi kekerasan atau konflik dari komunitas yang termarginalkan.
  - ❑ Penggunaan sumberdaya alam yang tidak tepat menimbulkan masalah perbatasan termasuk degradasi lingkungan, polusi, krisis pangan dan energi, banjir dan penyebaran penyakit.
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# Supply Demand Disequilibrium

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- Saat sumberdaya alam seperti seperti hutan dan air menjadi langka, sejumlah negara menderita ketidak seimbangan supply-demand. Tekanan terhadap kekurangan ini termasuk globalisasi, konsumsi yang tidak berkelanjutan dan pola produksi yang eksploitatif, pertumbuhan populasi dan perubahan iklim.
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# Miskomunikasi



- Meskipun pengelolaan berbasis komunitas tampak sebagai solusi ideal, namun menghadapi sejumlah tantangan termasuk kemampuan yang tak memadai dan kurang komunikasi antar pemangku kepentingan. Lebih lanjut terdapat masalah legal seperti penegakan hukum, konflik kepemilikan, dan kompensasi untuk pemindahan komunitas asli.

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## Salah kelola



- ❑ Kelangkaan juga disebabkan salah kelola oleh negara maupun swasta yang menyebabkan distribusi tidak merata dari kepemilikan
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# Potential solutions

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- include strengthening regional and global cooperation,
  - learning from best practices,
  - promoting integrative policies,
  - applying science and technology,
  - and changing people's mindsets and behavior.
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# Sector specific issues

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- Some of the concerns are sector-specific. For instance, forest management is complicated by the lack of a consistent definition of what constitutes a forest, as well as overlapping layers of laws, jurisdictions and responsibilities for enforcement.
  - In the water sector, transboundary issues such as pollution, flooding, and allocation are most prominent because rivers and water tables are not contained neatly within political boundaries.
  - And in the highly profitable mining sector, efforts to eliminate illegal small-scale mining and properly regulate large international companies have been largely unsuccessful.
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# Human Security and Conflict

- ❑ The abuse on the environment has caused the loss of forests, farms and fisheries, resulting in degradation, pollution and natural disasters. For example, severe floods that have occurred in parts of Pakistan, Indonesia and elsewhere have been largely attributed to deforestation.
  - ❑ Thousands of people in Bangladesh are displaced every year from river erosion due to mining and logging activities. Furthermore, because that country is so densely populated, refugees are often pushed to coastal areas where it is unsafe.
  - ❑ In developing countries, there are currently three million annual deaths from waterborne diseases caused by the transmission of pathogenic microorganisms from the consumption of contaminated water.
  - ❑ Food shortage and high food prices are also direct products of natural resource-related developments, including the increasing scarcity of water, climate change, and the prioritizing biofuels over food crops in agricultural production.
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# Human Security and Conflict

- ❑ ~~These developments have contributed to the outbreak of conflicts~~ and violence, among countries as well as within countries. In cases where the governments and private sectors have expropriated resources at the local communities' expense, radical movements have emerged.
  - ❑ The areas of greatest conflict on the Pakistan-Afghanistan border are also ones most denuded of forest cover. Furthermore, proceeds from natural resource extraction can also contribute to conflicts, such as in Indian Kashmir, where illegal loggings have funded acquisition by insurgents.
  - ❑ Unfortunately, political elites tend to show no interest in addressing the relationship between conflict and natural resource extraction.
  - ❑ Continued unsustainable exploitation of natural resources may also lead to regional conflicts arising from the competition for them. There is a possibility of war over water among the countries in arid regions of the Middle East and Africa.
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# Pressures on Natural Resources

## *Globalization, Development, and Environment*

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- Globalization and the imperative of governments to deliver rapid economic growth present significant pressures on natural resources. Governments, along with the private sector, have been unwilling to pay close attention to the environmental consequences of profitable resource exploitation, including the mass destruction of forests, minerals, and water resources.
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- Global demand for all kinds of natural resources, especially from the West and China, has created additional pressures.
  - For instance, over the last decade, high demand for expensive resources, such as timber and gold, has contributed to the escalation of legal and illegal logging and mining in Asia. Participants recognized that mining is a source of great wealth and economic development. At the same time, they were concerned about states neglecting the environment and the livelihoods of local people who live in the surrounding fields.
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- This development-environment dilemma is especially difficult to resolve in developing countries because the poor are forced to prioritize basic survival needs over environmental conservation. Thus far, only wealthy countries have been able to afford to introduce sustainability into their plans for the future.
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# Pressures on Natural Resources

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## *Demographic Factors, Pollution, and Environmental Degradation*

- ❑ Unchecked population growth and urbanization in many parts of the world have led to wasteful consumption patterns.
  - ❑ Water distribution has favored cities and businesses over agriculture and rural communities.
  - ❑ Environmental degradation contributes to scarcity of natural resources and to further degradation. Fresh water availability in the world has been decreasing over time largely due to population growth and contamination. Significant amounts of energy are needed to desalinate water for human consumption or irrigation leading to increased carbon emission.
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# *Inter-dependence of Water, Forests, and Minerals*

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- ❑ Water, forests, and minerals are closely connected. Excessive logging and mining contribute to degradation of watersheds.
  - ❑ Minerals are found in watersheds and beneath forests. Thus, countries are often forced to choose between profitable natural resource exploitation and the protection of watersheds and forests.
  - ❑ This trade-off is a great concern in Indonesia, home to a substantial portion of the region's forests and peat resources, but also with an annual production of 150 million tons of coal.
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## *Use of Water in Other Commodities*

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- ❑ Water consumption cannot be separated from production of other commodities, such as cotton and rice which in turn are sources of substantial livelihood.
  - ❑ Pakistan supplies one-third of the world's cotton yarn but its production requires high water input so the country is becoming gradually water-scarce because of this.
  - ❑ The water shortage problem can be mitigated by producing crops that require less water.
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# *Climate Change*

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- ❑ Climate change and global warming is contributing to increasing scarcity of water in certain parts of the world.
  - ❑ Scarcity of water then limits the growth of trees and production of agricultural crops.
  - ❑ The unsustainable consumption of electricity and logging play significant roles in exacerbating climate change.
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# Mismanagement by State, Businesses, and Local Communities

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- ❑ Corruption and mismanagement are pervasive in natural resource exploitation.
  - ❑ The collusion between government officials and businesses has led to an uneven distribution of resources, resulting in situations where urban development is favored over agricultural production in many countries.
  - ❑ In many cases, water is being diverted to companies for the production of goods while the local people are not getting enough drinking water.
  - ❑ Over the past decade in India, all twenty-six states and six union territories have fought over water, and the country has been struggling to find a resolution.
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# Mismanagement...

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- Although the private sector is the main misuser of natural resources, the blame falls largely on the government. To give an example, it was noted that air quality standards in the mining areas are considered to be a state responsibility than that of the mining companies. As the institution vested with responsibility to provide security for and to promote the common interests of its citizens, the state has failed to deliver on ensuring the quality of its people's livelihoods.
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# Mismanagement...

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- ❑ the power of the private sector needs to be regulated, and that corporate social responsibility should be encouraged.
  - ❑ As for the government, the circumstances are more challenging. There is severe lack of political will or capacity in the state to deal with the issues.
  - ❑ Furthermore, the activities of non-governmental advocates of people's rights and environmental protection are often tightly restricted. In authoritarian countries, it may be more productive for civil society to cooperate rather than compete with the state.
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# Solution

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- ❑ Community-based resource management is seen as an ideal solution to resource mismanagement and the means to help communities recognize their rights, promote their interests, and resolve conflicts.
  - ❑ This approach has already been adopted in many parts of South and Southeast Asia. In South Asia, Nepal pioneered the change in forest management from a top-down approach to a community-based one. Other countries in the region including India, Pakistan, and Bangladesh followed.
  - ❑ Many of these countries have undergone a process of decentralization, giving local governments more authority.
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# Solution

- ❑ However, ~~community-based resource management and empowerment of local governments in Asia have often failed; the situation has actually worsened in many cases. In recent years, deforestation has actually become more severe in Pakistan.~~
- ❑ In Indonesia, empowered local governments have started to issue mining and timber licenses without consent of the national government, resulting in conflicting cases where both the local and national government have issued licenses for the same land to different companies.
- ❑ There has been a significant increase of small mining companies that engage in illegal activities with detriment to the environment and people's livelihoods in the country, and these operators often have ties to international ~~syndicates that provide capital and markets.~~

# participatory governance

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the failures in participatory governance to the lack of:

- ❑ Trust and communication between the local community and the government
  - ❑ Understanding of what encompasses the community and who the stakeholders are;
  - ❑ Political will and capacity at individual and institutional levels;
  - ❑ Adequate economic incentives for forest protection; and
  - ❑ Sense of ownership by the local communities.
  - ❑ It was felt that there needs to be more dialogue among the various stakeholders, and more balance among the civil society, the private sector, and the government.
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# Legal Issues: *Laws and Law Enforcement*

- Many countries have laws governing natural resources and the environment, including those specifically designed to protect coral reefs and mangrove forests. Nevertheless, these laws suffer from two main problems: unsatisfactory quality, poor execution, and regional oversight.
  - Firstly, some of these laws are poorly constructed. They do not address the conflicting interests of local communities, or between certain sectors. For example, according to the 1967 forestry law in Indonesia, all forests are to be under the control of the Ministry of Forestry. But because much of the forest area is located directly on mining deposits, there has been ongoing conflict between mining companies and the Department of Forestry.
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# Legal issues

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- Second, there is general lack of implementation and enforcement. Common factors that hinder law enforcement include corruption or lack of capacity. There are situations, for instance, in which a company can acquire legal authority over land through bribery whereas an indigenous community would remain powerless to do the same. Cultural variables are also significant in legal issues.
  - Third, laws prohibiting exploitation within a country has not prevented it from promoting the same from its less affluent neighbors. For instance, Thailand sought timber resources in Cambodia and Laos after it banned logging in its own country. Timber has been smuggled from Afghanistan into Pakistan after the latter banned commercial logging in 1993.
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# *Land Use and Property Rights*

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- Traditional or customary laws have been replaced by new state laws which give government jurisdiction over all land and resources. This new authority has led to companies displacing local indigenous communities who have been living on the same land for centuries.
  - Furthermore, countries and regions differ in terms of who owns or has access to natural resources. In the Middle East, the natural resources are owned by the state, including those underneath the land owned by people. In Bangladesh, on the other hand, the people have ownership of natural resources underneath their land, and thus must be consulted before their land is exploited. In India, coal mining until two years ago was only allowed by state-owned companies.
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# Forests

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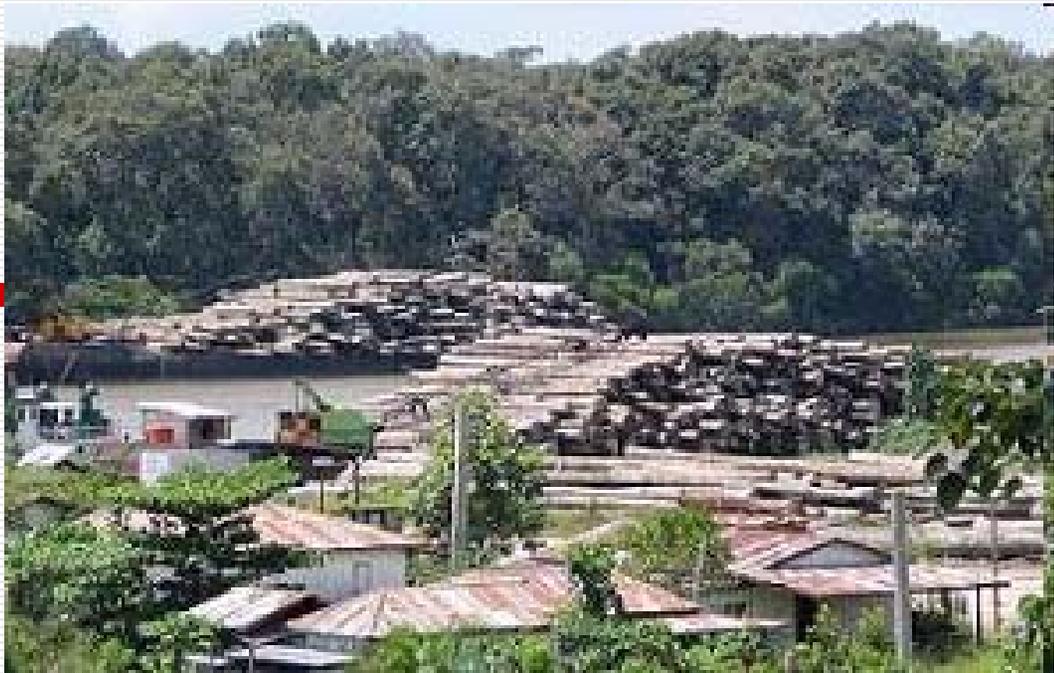
- Forest management is impeded by a fundamental problem—the absence of a clear and consistent definition of what constitutes a forest. As a result, much of the research on deforestation and proposed remedies are based on flawed or questionable data. In Pakistan, for instance, “forest areas” are lands which are under the administrative control of the provincial Forest Department. This may include areas that do not have a single tree. Other areas which have significant tree cover may not be called forests because they are outside the Department’s jurisdiction. These inconsistencies greatly complicate efforts to promote more effective management of the resource.
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# Forest...

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- ❑ The lack of a standard across different institutions for measuring forest cover leads to discrepancies and inaccuracies in reporting the rate of deforestation.
  - ❑ A related issue is that such measurements are quantitative rather than qualitative—they account for the area covered rather than the density or biodiversity of the forests.
  - ❑ In the case of India, some statistical estimates show that its forest cover is increasing because of reforestation in open forests. But such statistics fail to alert to the rapid loss of the most dense and biologically diverse forests.
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- ❑ Forest management is also particularly complicated by overlapping layers of laws, jurisdictions and responsibilities for enforcement.
  - ❑ In Indonesia, for instance, inconsistencies between central government and provincial laws and enforcement responsibilities create vast opportunities for corruption.
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# Water

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- Transboundary issues : rivers and water tables are not contained within political boundaries, and the delineation of coastal waters and 200-mile Special Economic Zones (SEZs) are often contested. Pollution, flooding, and water allocation can best be managed through cooperation, but as of yet, the countries sharing the Ganges, the Brahmaputra, and the Mekong, have been unable to achieve effective water sharing agreements. Even the most noteworthy example of a regional initiative, the creation of the Mekong River Commission (MRC) by Cambodia, Laos, Thailand, and Vietnam in 1995, ~~has failed to achieve its intended purposes.~~

# Water . . .

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- One major issue is that upstream countries seldom, if ever, agree to equitable water sharing with downstream neighbors. In the Mekong, there are significant transboundary issues involving hydroelectric power, fisheries, irrigation, and navigation but different cultures, political systems, and national interests hinder cooperation.
  - Like the four MRC countries, China and Burma, which have refused to join and only have observer status, regard the rivers that rise in their territory as national resources. China's construction of a massive dam cascade in Yunnan Province which has sufficient storage capacity to regulate the river during the dry season makes Cambodia and Vietnam in the Mekong Delta particularly vulnerable to Chinese control.
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- In South Asia, Nepal and India generally have refused to equitably share water with Bangladesh. Low-lying Bangladesh, which mainly comprises a vast shifting delta region, is particularly vulnerable to upstream development on the Ganges, in India. India is often blamed for withholding water for irrigation.
  - In the face of climate change, water could emerge as a major source of tension and even conflict in both South and Southeast Asia. Global warming threatens to disrupt water supplies throughout these regions, accelerating shrinking of the snow cap on the Tibetan Plateau for instance.
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# Mining

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- Because of the high price of ore and minerals, mining is extremely lucrative. Hence, efforts have failed to eliminate illegal small-scale mining and properly regulate large international companies. The mining sector remains the least transparent and accountable in its business dealings than other sectors.
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# Mining . . .

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- Mining is environmentally damaging in two distinct ways. First, open-pit mining that uses very crude technology creates large-scale environmental destruction, especially from toxic materials which pollutes the water and air. This type of pollution is difficult to see and monitor.
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- Second, it is not possible to have a perfect closure of a mine field because land cannot be brought back to its original state and pollution will remain. Private companies across the world have evaded even weak closure laws when the mines are exhausted by keeping the lease for a few decades to avoid closure and remediation costs, and running away from the responsibility when the lease terminates.
  - Moreover, mining does not sustain local labor. Because mining is capital- and technology-intensive (unlike plantation work), local residents are not equipped with the necessary technical skills to work in the industry. Thus, controversy has escalated between the mining sector and the local land occupants over disputes about land use and property rights, environmental degradation, illegal mining, and mining closures.
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# PROPOSED APPROACHES

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## 1. Strengthening Regional and Global Cooperation

There needs to be more effective regional and global institutions, regulations, and dialogues in tackling transboundary resource issues. A South Asian expressed the concern that the South Asian Association for Regional Cooperation (SAARC) lacks effective leadership. The Association of Southeast Asian Nations (ASEAN) was criticized for being more discourse-oriented rather than results-driven, and too concerned with diplomatic niceties, such as in its dealing with transboundary haze pollution in the region.

What may be more promising are Track Two approaches such as "Imagine a New South Asia," a citizens' initiative that was established in order to promote economic, social, and political cooperation on natural resource and environmental issues and other key concerns in the region. Breakthroughs can happen if research institutes collaborate more with one another internationally.

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## 2. Learning from Best Practices

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- ❑ Best practices for natural resource management can be learned from other countries. For instance, it was suggested that Singapore's water resource management such as recycling wastewater could be adopted in the Middle East.
  - ❑ All mining companies can learn from Canada's good management practices. Indigenous knowledge of local conditions may also be valuable for managing natural resources.
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# 3. Promoting Integrative Policies

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- Government policies for development should take on a more integrative approach. Economically driven or nationalistic approaches sacrifice human well-being, the environment, and natural resources and thus, hinder overall development. On the other hand, an approach that prioritizes improvement of governance and integrated social, economic, and environmental policies can be more sustainable.
  - Policy should not only treat symptoms but more importantly resolve root causes of environmental degradation and other nontraditional security threats. For instance, bad management and population growth should be addressed when tackling pollution or spread of diseases. Policymakers also need to understand the close linkages between water, forests, and minerals.
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## 4. Applying Science and Technology

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- ❑ Science and technology (S&T) can play a key role in dealing with the increasing scarcity of natural resources and environmental degradation. For instance, S&T have contributed to developments in the production of renewable energy sources, engineering process for desalination and recycling wastewater, and water-efficient agricultural practices. But there remain a number of challenges in S&T development.
  - ❑ One is the tendency for research to be driven by businesses who aim for profit rather than solutions to societal problems. Moreover, governments are not placing enough priority in investing in S&T research. The science-policy gap resulting from the lack of communication and understanding between technical experts and policymakers is a key problem in many countries.
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# 5. Changing Mindsets and Behavior

- ❑ ~~There needs to be change in the mindset and behavior~~ of all people so as to prioritize sustainable development and long-term benefits over short-term profits. This can be achieved partly through better education of policymakers and the general public about the value of natural resources and consequences of current human activities.
  - ❑ Another way is to place higher prices on resources such as water and timber to encourage people to conserve them.
  - ❑ Rising fuel prices, growing food shortages, and effects of climate change will force us to change our current ways if not by proactive policies then by emergency response
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