Corporate power in international natural resource governance: a sociological perspective on the Extractive Industries Transparency Initiative (EITI)

Submitted by Aleksandra Fernandes da Costa to the University of Exeter as a thesis for the degree of Doctor of Philosophy in Politics in June 2015
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I certify that all material in this thesis which is not my own work has been identified and that no material has previously been submitted and approved for the award of a degree by this or any other University.

Signature: .................................................................
Abstract

An emerging consensus in the academic literature explicitly recognises large corporations as political actors. Against this background, this research investigates how corporate power operates through political practices in international multi-stakeholder governance processes and how it is legitimised. The central focus of research is the EITI, a sophisticated and well regarded international standard for natural resource governance in which corporations from the extractive industries and institutional investors have been granted decision-making rights at the Board level. Moreover, the research aims at understanding the consequences of corporate power on the Standard’s design and performance. Relying on a conceptual framework based on the writings of French sociologist Pierre Bourdieu, this thesis proposes a refined theoretical approach to corporate power by introducing the concepts of corporate symbolic authority and corporate political practice. This research was undertaken using a mixed-methods approach consisting of content analysis, interviews and participant observation. The findings suggest that companies are privileged partners in the EITI while members from resource-rich countries are effectively disadvantaged. The companies’ privileged status is legitimised through taken-for-granted-assumptions portraying them as positive, responsible and exceptional agents. It rests on possession and deployment of various forms of resources, and is enshrined into EITI’s principles and procedures. Thus, despite EITI’s emphasis on transparency, inclusion and equality (in decision-making), the Standard ultimately reflects and perpetuates the existing power asymmetries which cause disempowerment and poverty of people in resource-rich countries in the first place. This effectively undermines EITI’s impact and outcome. In conclusion, the argument is presented that by including corporations into international governance processes already influential actors not only gain direct access to decision-making, but additionally to symbolic authority. This further enhances and consolidates corporate power with substantial consequences for legitimate and effective governance at the international level. Therefore, this thesis enhances our understanding of corporate power and its deployment in multi-stakeholder governance at the international level.
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## Abbreviations

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<td>AFDB</td>
<td>African Development Bank</td>
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<tr>
<td>AIG</td>
<td>International Advisory Group</td>
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<tr>
<td>API</td>
<td>American Petroleum Institute</td>
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<td>AU</td>
<td>African Union</td>
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<td>BP</td>
<td>British Petroleum</td>
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<tr>
<td>BSR</td>
<td>Business for Social Responsibility</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CNPC</td>
<td>China National Petroleum Corporation</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>DFID</td>
<td>Department for International Development</td>
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<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
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<td>EIB</td>
<td>European Investment Bank</td>
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<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FOI</td>
<td>Freedom of Information</td>
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<td>GC</td>
<td>Global Compact</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GIZ</td>
<td>German Development Agency</td>
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<td>GVCs</td>
<td>Global Value Chains</td>
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<tr>
<td>IAG</td>
<td>International Advisory Group (for EITI’s inception)</td>
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<tr>
<td>ICMM</td>
<td>International Council on Mining and Metals</td>
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<tr>
<td>IDB</td>
<td>Inter-American Development Bank</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IR</td>
<td>International Relations (as academic discipline)</td>
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<tr>
<td>IPE</td>
<td>International Political Economy (as academic discipline)</td>
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<tr>
<td>KFW Group</td>
<td>Kreditanstalt für Wiederaufbau (German Reconstruction Bank)</td>
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KPCS  Kimberley Process Certification Scheme
MDTF  Multi-Donor Trust Fund
MSG   Multi-Stakeholder Group
MSI   Multi-Stakeholder Initiative
MNC   Multinational Corporation
NEITI  Nigerian Extractive Industries Transparency Initiative
NNPC  National Nigerian Petroleum Corporation
NORAD Norwegian Agency for Development Corporation
NRGI  Natural Resource Governance Institute
NSMDM Non-State Market-Driven Mechanisms
OECD  Organization for Economic Cooperation and Development
PPP   Public-Private Partnership
PWYP  Publish What You Pay Campaign
RWI   Revenue Watch Institute
SEC   Security and Exchange Commission
SMEs  Small and Medium Sized Enterprises
SWG   Strategy Working Group
TNC   Transnational Corporation
TCC   Transnational Capitalist Class
UN    United Nations
UNCTAD United Nations Conference on Trade and Development
VPSHR Voluntary Principles on Security and Human Rights
WACAM Wassa Association of Communities Affected by Mining
WBCSD World Business Council on Sustainable Development
WSSD  World Summit on Sustainable Development
WTO   World Trade Organization
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1. Introducing business in international politics

These days the multinational business corporation has become a symbol for the worldwide dominance of the capitalist global economy, with corporate power pervading various aspects of peoples’ economic, political, environmental and cultural reality. As a result, there is hardly any other actor at the international stage whose power and legitimacy is more controversially discussed and whose activities are more suspiciously observed by academics, civil society and the public.

The general focus of attention when it comes to questions about corporate power is not so much on the millions of small and middle-sized enterprises (SMEs), but on the large-scale multinational business corporation, often simply referred to as transnational (TNC) or multinational corporation (MNC). This is a form of business organisation which in the most basic understanding ‘controls income-generating assets in more than one country at a time’ (Chandler and Mazlish 2005: 3). More comprehensively, the authors add that ‘an MNC has productive facilities in several countries on at least two continents with employees stationed worldwide and financial investments scattered across the globe’ (ibid.). As with business organisations in general, it is assumed that multinational business corporations are driven by a motive to maximise shareholder value.

Today, large corporations such as Apple, Google or Facebook play a regular and often indispensible part in the everyday private and public life of consumers and citizens all over the world. A development which allows for a strategic influence over how millions of people conduct their daily lives: ranging from the ways by which they connect and communicate with people, to the products they consume, the job market they have to engage in to the state of the environment they encounter. These names are prominent today; however, they can easily be substituted with Nike, Coca Cola or Microsoft from the previous decades.

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1 The phenomenon of international business has been captured in the academic literature by a variety of definitions, as Wilkins (2009: 2) notes: ‘Most (not all) students of the history of international business have used the terms international, multinational, transnational, global, as the adjective; and business, company, corporation, enterprise, firm, as the noun that it modifies’. This study uses the nouns corporation interchangeably with firm, company or business actor, mostly for the simple reason of making the reading less repetitive but nevertheless implying that this study’s focus rests on the large MNCs as defined further above.
The emergence of the large corporation as commonly know today – established for managing cross-border production and international contracts – is, from a business history perspective, and as these brands already suggest, embedded within a US-dominated economic and political context. As a result, discussions on and evaluations of MNCs tend to reflect US experiences and developments with these players, with illustrative examples including national public policy responses to oligopolistic markets and antitrust regulation (see for example, Dunning 2001; Wilkins 2009). However, renowned historical examples illustrate the existence of influential and internationally operating companies in previous centuries and beyond the US context: An excellent example is the Dutch East India Company which operated far beyond core business activities by establishing effective public administration and basic infrastructure in colonial territories (Ottaway 2001: 45).

The last two decades, however, witnessed a previously unprecedented change in numbers, scope and size of large corporations which marks a qualitative change.² From their previous existence as instruments for national growth and wealth, MNCs have expanded into a form of giant organization independent from or only loosely-tied to geographical boundaries and national sovereignty³ – a change which challenges the conventional perception of the corporations as ‘creature of the state’ (Wilks 2013: 3).

By the simplest common denominator, the growth of the MNCs has been phenomenal. There has been increasing concentration at the top, marked by mergers and acquisitions, resulting in huge global corporations whose size (measured by value added) rivals that of many nation-states (Chandler and Mazlish 2005: 3).

TNCs have grown in number and, more dramatically, in size. UNCTAD (2000) reports the existence of approximately 63,000 TNCs with 700,000 foreign affiliates. Moreover, TNCs command financial and human resources of a magnitude previously unknown. The last wave of mergers that started in the late twentieth century has led to the development of new economic units with gigantic budgets and staff sizes (Fuchs 2007: 2).

In addition, MNCs occupy a strategic and outstanding position within the global capitalist economy which is understood to further strengthen their position.

² The most commonly used indicators for assessing the size of MNCs are: ranking MNCs according to their annual revenues (Fortune 500); relate revenues to national GDPS; ranking MNCs by the value of their foreign assets (UNCTAD); or their employment numbers. Their geographical spread and the scope of their activities is assessed in production sites or more commonly Foreign Direct Investment (FDI) (Roach 2005: 6-7).
³ A similar line of argument was suggested by Vernon (1971).
Today’s global economy is characterized by global value chains (GVCs), in which intermediate goods and services are traded in fragmented and internationally dispersed production processes. GVCs are typically coordinated by TNCs, with cross-border trade of inputs and outputs taking place within their networks of affiliates, contractual partners and arm’s-length suppliers. TNC-coordinated GVCs account for some 80 per cent of global trade (UNCTAD 2013: x).

This proliferation and expansion of MNCs was not only accompanied by groundbreaking technological revolutions, the production of new consumer goods and accelerated generation of value. It also resulted in higher degrees of market concentration, the spread of gruesome practices of exploitation associated with the term “race to the bottom” and higher degrees of environmental degradation. These ambiguities of corporate existence have fuelled and renewed ongoing debates about the role of corporations in democratic capitalist societies and their influence vis-à-vis the state. This is mostly explicit in discourses on globalization which portray MNCs as drivers and winners of the process. The following factors are understood to have increased the political influence of MNCs and thus to have challenged the previously exclusive status of public actors as authorities at the international stage:

Firstly, their potential to close global governance gaps: Whereas MNCs’ expansion is generally interpreted as a signal of how much large corporations have profited from globalization, it is states’ capacities to fulfil central governance tasks which is understood to have decreased at the same time (this argument will be discussed in greater detail in the following section). This reduced ability to perform central governance tasks is particularly associated with “global” issues, e.g. problems such as international terrorism, climate change or infectious diseases, which ‘transcend state borders and are not responsive to traditional, unilateral state policy action’ (Cusimano 2003: 2). Secondly, the ability to avoid or override national regulation in today’s competitive global economy. Most operations of MNCs are characterised by a large degree of flexibility and mobility. This translates into opportunities to move productions sites into different, less-regulated markets as strategic options to avoid stronger regulations or reduce their tax burden (including the political power which comes with threatening such a move) (Roach 2005: 34-35ff.). In consequence, ‘the mobility of modern MNCs means that corporations can effectively bring nations into competition with each other for corporate investment and employment opportunities’ (ibid.: 35). Moreover, there is also the option to push for regulative standards at the international level which favour large-scale MNCs and which can override
unfavourable national regulation, for instance through provisions in international trade agreements (ibid.: 36). And thirdly, the observable tendency of MNCs to take on rule- and standard setting, interpreted as an attempt to reduce regulative uncertainty and establish a level playing field amongst the competitors. All of these factors are understood to have increased corporate power in the last decades.

It is therefore not astonishing that the giant internationally operating business corporation has become the tangible adversary in an otherwise faceless economic structure in critical and radical discourses on globalization and alternatives to capitalism, epitomised for example by Naomi Klein’s (2000) *No Logo*, or Robin’s (2010) *The World According to Monsanto*.

Notwithstanding ongoing debates about how to measure and assess corporate power (for an overview, see Roach 2005: 132ff.), it is precisely companies’ ability to influence and shape regulation at the international level which finds its expression in terms such as ‘global rulers’ (Korten 1995; Büthe and Mattli 2011), ‘global governors’ (Avant et al. 2010), 'leviathans' (Chandler and Mazlish 2005) or ‘private empires’ (Coll 2012). Thus, the academic literature seems to have established a consensus which explicitly acknowledges the political role of corporations based on their ability to contribute and perform towards what is conceptually defined as governance (Haufler 2001; May 2005; Bernhagen 2007; Fuchs 2007; Brown et al. 2010; Wilks 2013). In particular, the literature on global governance has engaged with the company’s influence and contribution to the challenges and complexity of international and national governance processes in a globalized world and more specifically with their contribution to political decision-making (prominent examples include Cutler et al. 1999; Braithwaite and Drahos 2000; Haufler 2001; Levy and Newell 2005; Fuchs 2007; Falkner 2008; Ougaard and Leander 2010; Büthe and Mattli 2011).

This thesis welcomes and shares this renewed interest in the business corporations and particularly their political influence at the international stage. Broadly speaking this research aims at investigating how corporate power operates in political practices at the international level. Based on a conceptual framework inspired by French sociologist Pierre Bourdieu, this thesis uses a mixed-method approach including document analysis, participant observation and interviews for
understanding the political practices of major corporations from the extractive industries\(^4\) in the Extractive Industries Transparency Initiative (EITI). EITI is an international standard for transparency and accountability in natural resource governance.\(^5\) This research describes and analyses the ways in which large resource companies influence the international regulation of natural resource wealth; it focuses on the individuals representing corporations as Directors at EITI’s international Board; and incorporates their representatives’ motivations, experiences and reflections on these political practices and the Standard. Furthermore, the consequences of corporate power on EITI’s design and performance are evaluated.

In asking questions about corporate political practice and power with reference to international natural resource governance, this study is located at the intersections between several related academic disciplines: The investigation of what can broadly be described as the ‘influence’ of corporations on international governance processes, mostly associated with the literature on International Relations (IR) and International Political Economy (IPE); the scholarly articles engaged with the causes and consequences of development and poverty, particularly focusing on the resource curse\(^6\); and the business studies literature examining the origins, establishment and enforcement of Corporate Social Responsibility (CSR), particularly Management Studies and the literature on Business Ethics. Over the years, these disciplines have produced a plethora of theoretical frameworks and provide valuable insights into the subject, and this introduction could not possibly

\(^4\) The term extractive industries denotes actors engaged in the industrial depletion of finite natural resources for economic reasons. It encompasses companies from the oil and gas sector, such as BP or Chevron, as well as mining companies, for example AngloAmerican, or the world’s most famous diamond retailer DeBeers.

\(^5\) Broadly speaking the term natural resources refers to resources or raw material present in the natural environment which can be used in a variety of ways for human development. Generally, there is a distinction made between resources such as forestry, fishery, the sun or wind which are commonly known as renewable resources (either, as in the first case, because when reasonably and sustainably sourced and managed they can be harvested without lasting damage to the environment or because, as in the latter, their usage is arguably infinite and non-exclusive). However, in this study the term natural resources denotes the second category alternatively referred to as finite or non-renewable resources, e.g. oil, gas and minerals. It requires a highly industrialised process of extraction. Natural resource governance is consequently defined as the political process by which this extraction is authorised, regulated and legitimised.

\(^6\) The phenomenon described as resource curse, paradox of plenty or natural resource trap (Auty 1993; Karl 1997; Collier 2008), describes a paradoxical developmental situation of a resource-rich country which is a) characterized by lower rates of economic growth and higher rates of poverty than comparison to resource poor countries, in addition to b) a strong economic dependence of the state apparatus on the resource revenues (Gary and Karl 2003: 21-23; Stiglitz 2006: 176). For a broader contextualisation, see Gary and Karl (2003: 25ff).
provide a comprehensive review of all of these theoretical and methodological perspectives while at the same time taking account of their empirical insights. Therefore, the literature on global governance is selected as the conceptual entry point. This perspective is useful as it focuses on a variety of modes of regulation at the international and global level while stressing the important role played by companies in the establishment of these rules and standards.

The first part of this chapter introduces insights from the literature on global governance on corporations as political actors on the international stage. This is followed by problems and lacunas identified in the academic literature on the questions of corporate power and corporations as political actors. In the second section, approach and research questions of this study are introduced, while the final section outlines how this thesis will proceed.

1.1. The business corporation as political actor on the international stage

Understanding business corporations as political actors or governance institutions at the international stage has become an established position in academic discourses in recent years, mostly prevalent in the literature on global governance. Empirically, this consensus is in fact accompanied by an existing trend towards greater inclusion of business actors into national and international governance process, identified by authors such as Rittberger et al. (2008: 18-9) and Huckel et al. (2007: 118). As such, the global governance perspective can be introduced as a scholarly perspective in International Relations (IR) which is interested in the establishment of mandatory and voluntary rules in the absence of an overarching global political authority. According to James N. Rosenau (1995: 46):

(....) Global governance is conceived to include systems of rule at all levels of human activity – from the family to the international organization – in which the pursuit of goals through the exercise of control has transnational repercussions.

This perspective follows a liberal tradition of thought in IR, namely highlighting the prospects for improved economic and political stability and prosperity through international cooperation and international law. However, the distinguishing feature from more conventional theoretical approaches, such as regime theory (see Krasner et al. 1983; Hasenclever et al. 1997) or liberal institutionalism which focus

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7 For a review on the role of business in social science literature, see Ougaard (2010: 1-36).
exclusively on state-action, is the recognition of a variety of governing constellations available – not only simultaneously on various levels (i.e. regional; national; international; global) but also by various actor constellations. According to Rosenau and Czempiel (1992) this includes a) governing activities by what are conventionally referred to as public actors\(^8\) (governance by government) which encompasses governance through bi-lateral agreements or international organisations, such as the United Nations; b) governance activities through a cooperation between public and private actors (governance with government), in the form of public-private partnerships (PPPs) or multi-stakeholder initiatives (MSIs); and c) governance performed entirely by non-state actors, i.e. companies or civil society (governance without government), for example through private standard-setting mechanisms or codes of conducts.\(^9\) Thus, from a global governance perspective the idea of political action is tied to the conceptual notion of governance which, as the quote by Rosenau above further indicates, centres on rule-making. This might result in formal and binding regulation but can also take the form of voluntary standards. Therefore, what comes to the forefront in discussions on the political role of business is a form of businesses’ activity in which companies contribute towards rule-setting and perform additional tasks which can conceptually be subsumed as contributing to governance, such as agenda-setting or implementation.\(^10\)

Alternatively to Rosenau and Czempiel, political engagement of corporations is also differentiated along the lines of self- vs. co-regulation (see for instance in Haufler 2001: 12; Parker 2002; Conzelmann and Wolf 2007). Thus, self-regulatory efforts by business actors establish standards or codes of conducts which come in two forms: They either stipulate ethical guidelines for a particular company (so-called internal codes of ethics/conduct which are regarded as standard these days and can be found on every company’s homepage), or expressed as guiding principles for entire

\(^8\) Based on a dichotomy between public and private actors, the conventional literature on global governance distinguishes between public actors, such as governments and intergovernmental organisations, and private or non-state actors, such as civil-society organisations and business (see Higgott et al. 2000: 2; Karns and Mingst 2004: 15ff.). As a result, a number of studies in the global governance literature focus on the interplay between public and private actors for solving global governance issues (see, for instance, Strange 1996; Kaul et al. 1999, 2003; Higgott et al. 2000; Haufler 2001, Hall and Biersteker 2002; Levy and Newell 2005; Pattberg 2005; May 2006; Fuchs 2007; Avant et al. 2010; Ougaard and Leander 2010).

\(^9\) More recently, the concept of non-state market-driven mechanisms (NSMD) is used, for example in Elbra (2014).

\(^10\) For a broader introduction into global governance, see Wilkinson (2005).
sectors, usually with national or geographical focus. An example for this is Responsible Care, an initiative of the global chemical industry for improving environmental, health and security standards. Haufler, for example, illustrates how ‘the pharmaceutical industry has strict standards for marketing drugs, because bad practices will undermine consumer trust and potentially weaken the market’ (2001: 9). The internationally most prominent examples of codes of conduct are arguably the United Nations Global Compact (GC, see further below) and the Voluntary Principles on Security and Human Rights (VPSHR). The latter, for example, have been ‘designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights’.

Co-regulatory efforts depict participation in processes of rule- and standard-setting or implementation as collaborative activities with governments, civil society or international organisations. These collaborative efforts have been conceptualised as public private policy partnerships (Vaillancourt Rosenau 2000), global public policy networks (Reinicke and Deng 2000), or, as already mentioned, PPPs (Cutler et al. 1999) or more broadly MSIs (see Bäckstrand 2006). However, all terms usually refer to a collaborative effort by what is referred to as public and private actors centred on a particular issue. This encompasses diverse topics such as global health in the case of the Global Fund to Fight AIDS, Malaria and Tuberculosis (Brown 2009); flood control and dams in the case of the World Commission on Dams (Dubash 2009); forestry and timber certification (Dingwerth 2008); private food governance (Fuchs and Kalfagianni 2010); or climate change in the case of the Greenhouse Gas Protocol (Green 2010).

The literature provides three main theoretical explanations for the establishment of these collaborations as summarised in Schäferhoff et al. (2009: 456): Firstly, a Neo-Gramscian perspective which stresses how PPPs are part of a corporate strategy for political hegemony; the constructivist approach which

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13 For an overview and evaluation of the literature on PPPs, see Schäferhoff et al. (2009).
14 Please note that Social Constructivism (in capital letters) as a theory concept in IR is part of a tradition that seeks to apply constructivist thoughts to world politics (see Giddens 1984; Finnemore and Sikkink 1998, 2001; Wendt 1999, 1995; Fearon and Wendt 2002). This approach provides a perspective on world politics in which norms and institutions, i.e. ideational, non-materialist structures, play an important part in shaping social reality and facilitating change. Social constructivism in social
highlights how changes in the international normative structure affects actor's identity and interests; and finally the predominant approach which relies on rationalist and functionalist arguments highlighting, for example, companies' preference for stability and certainty which is supposed to favour international regulation, or the compensation of lacking public resources through corporate contributions. The sociological, Bourdieusian-inspired approach applied in this research rests on the social constructivist tradition.

Paralleling the previously mentioned growth in size and numbers of TNCs, the UNCTAD World Investment Report (2012: 93) highlights a proliferation in codes of conduct:

Across a broad range of industries, it is now common for TNCs to set supplier codes of conduct that detail social and environmental performance standards for their global supply chains. Since 2000s, there has been a significant proliferation of CSR codes in global supply chains, both individual TNC codes and industry-level codes.

This trend towards collaboration in governance and the aforementioned tendency towards inclusion of business actors can be illustrated with reference to the literature on the United Nations (UN) and business which retraces and evaluates the steps towards a cooperative status quo between the world's largest international organisation and individual business actors (for a comprehensive review, see Bäckstrand 2006). Authors such as Utting and Zammit elaborate how, under the guidance of former Secretary-general Kofi Annan, a number of UN agencies established a variety of partnerships with business actors. This development occurred presumably under the influence of popular neoliberal ideas in addition to the pressure to increase financial resources required to solve urgent development problems, such as poverty or environmental sustainability (Zammit 2004: 46-49; Utting and Zammit 2006: 2-3). The most prominent example for this development has been the establishment of the already mentioned United Nations Global Compact (GC) – a voluntary initiative which aims to set a global standard for human rights, and environmental, labour and anti-corruption standards launched in 2000.¹⁵ From a brief historical perspective, the GC resulted from an acknowledgment of the

¹⁵ Numerous studies have analysed the GC from a variety of perspectives (see Kell 2005; Deva 2006; Thérien and Pouliot 2006; Bremer 2008; Rasche and Kell 2010). The Compact's homepage is available from: https://www.unglobalcompact.org/.
potential contribution of business actors towards the normative goal of ‘sustainable
development’ (see chapters four, five and eight for discussion on this discourse) by
policy-advisers, political activists, in the media and last but not least political
representatives which was publically articulated at the Earth Summit in Rio de
Janeiro, Brazil, in 1992. An explicit call for inclusion of the business community was
subsequently expressed by the UN for the following World Summit in Johannesburg
in 2002. As a result, this event saw an unprecedented involvement of business
actors in international politics, ranging from individual companies to institutional
investors and business associations, such as the World Business Council on
Sustainable Development (WBCSD) (see Clapp 2005 for additional information).\(^\text{16}\)

As already indicated in the discussion on governance and political action above, it is
important to highlight that the involvement of business actors in institutional
frameworks did not stop with granting observer and participatory rights which would
allow them to influence agenda-setting and decision-making processes of
government representatives. This would correlate with the classical understanding of
corporate political power conceptualised as lobbying. Initiatives such as the already
mentioned Global Fund and the EITI examined in this thesis, are in fact examples of
internationally operating governance mechanisms in which business actors have
been granted equal decision-making rights at the international Board level (Nelson
2002: 47) and thus direct decision-making power. Here business actors do not aim at
influencing representatives, they send representatives. They do not influence
decision-making, they take decisions, thereby establishing international rules on
behalf of the institution – a qualitative shift which takes the partnership in governance
idea to a different level. This direct political influence of companies poses important
questions about power and legitimacy of business in governance, questions which
have yet to be explored in detail. In addition, in discussions about the corporation as
political actor from a global governance perspective the focus usually lies on the
institution, for example the establishment of a standard for a particular problem. In
contrast, the company’s self-image, intentions and experiences are not a subject of

\(^\text{16}\) The official homepage of the summit estimates that: ‘Over 2,000 representatives of businesses and
business organizations are thought to have participated in the summit and parallel events in
Johannesburg, half of which were from overseas. Business groups estimate that there were 700
companies represented and that there were 40-50 CEO’s.’ For a contextualisation: Overall, the
summit was attended by 22,000 general participants out of whom 10,000 were accredited delegates.
Also present were 2,000 representatives from major group organisations such as for example NGOs.
interest although they might provide an additional and insightful perspective on the phenomenon at hand, as will be demonstrated in chapters five and six.

Morton Ougaard, in reviewing the existing academic literature on business and global governance, proposes a classification into three sub-themes of interests instead of a differentiation along methodological and conceptual lines. The author classifies studies approaching the topic as based on an interest in regulation, based on an interest in corporate power or orientated towards a partnership-approach (see Ougaard 2010: 20-26).17

The first category, as the name already suggests, deals with the question of international business regulation. It ‘is concerned with the question of how international policy regimes for business have been created, modified, non-created or unmade in political processes (...)’ (Ougaard 2010: 21) by state and non-state actors. This category shares an interest in the establishment of international regimes with the liberal tradition in IR (Krasner et al. 1983; Hasenclever et al. 1997) but focuses on business-related case studies. The most prominent and arguably most comprehensive example in this category is Braithwaite and Draho’s (2000) Global Business Regulations. Case-specific, more recent examples include for instance studies on environmental regimes (Clapp 2005; Levy and Newell 2005; Falkner 2008), or on the financial sector (Porter 2007, all cited in Ougaard 2010: 21).

The second category includes studies focusing on corporate power. These approaches have been categorised by Doris Fuchs (2007) in her volume on Business Power in Global Governance as direct/instrumental, structural and discursive dimensions of corporate power (see Fuchs’ work also discussed in the concluding chapter). Studies interested in direct power investigate cases of classical lobbying, by individuals or collectively (for instance in Braithwaite and Drahos 2000). In addition, and linking back to classical pluralist and neo-corporatist traditions (see Wilks 2013: 24ff. for more detailed elaboration), these studies depict corporations as legitimate but exceptional actors due to their structural power at the international level (the most prominent examples include Strange 1996; Levy and Newell 2005; Fuchs 2007; and Falkner 2008; all also cited in Ougaard 2010: 22). This structural

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17 For an alternative review of the literature on corporations specifically focusing on corporate power, see Wilks (2013: 21ff.) or Dunning (2001).
power is attributed either to companies’ ‘centrality to economic growth and thereby to societal wealth and economic well-being in capitalist societies’ (Ougaard 2010: 22) or to the specialized expert knowledge required for understanding and assessing complex technological and production processes vital for setting-up effective regulatory mechanisms (ibid.). The non-materialist or ideational and discursive structure legitimizing corporate power has been investigated by Neo-Gramscian approaches (Cox 1987; Gill 1990; Soederberg 2010), or more recently in constructivist accounts (Kollmann 2008; Woll 2008; Best 2010; Blyth 2010). Finally, and outside Fuchs’ differentiation, the most far-reaching arguments about corporate power have been articulated from the perspective of theories on elitism by authors such as Useem (1984), Van der Pijl (1998) or Sklair (2001). Sklair (2001), for example, proposes the existence of a transnational managerial or capitalist class which includes high-profile individuals from public-management, the judicial and executive sector and civil society and which through their closeness to power and by promoting business-friendly principles exercise tremendous influence on the international level.

The third, and arguably much broader, category includes approaches in which corporations are depicted as partners in governance (see previous sections), which according to Ougaard is linked to the broader literature on Corporate Social Responsibility (CSR). This perspective ‘is concerned with wider societal and environmental consequences of business activities and goes beyond the regulation of these activities per se’ (Ougaard 2010: 25). In order to ‘reflect recent changes in the socio-economic conditions for economic actors in a globalizing world’ (Richter 2010: 625), the literature on Business Ethics has, for example, recently expanded its concepts of CSR and Corporate Citizenship in an aim to acknowledge the political role of companies (see Parker 2002; Matten and Crane 2005; Moon et al. 2005; Scherer et al. 2006; Scherer and Palazzo 2007; Crane et al. 2008; Rasche et al. 2008).18 This category of studies focuses on the already described codes of conduct, PPPs and MSIs, predominantly raising questions about their development and effectiveness (Ougaard 2010: 24). Additionally, however, this literature articulates questions about legitimacy and accountability of these mechanisms (Koenig-Archibugi 2004; Dingwerth and Pattberg 2009).

18 For critical reflections on these concepts, see Néron (2010) and Van Oosterhout (2008).
The most prominent studies in this regard stipulate the emergence of ‘private authority’, (Cutler et al. 1999; Hall and Bierstecker 2002), ‘a new role for the private sector’ (Haufler 2001) or ‘transnational private governance’ (Graz and Nolke 2008), explained predominantly with instrumentalist and functionalist arguments: The conventional literature on global governance, for example, highlights a ‘power shift’ in favour of private actors (Mathews 1997), based on their superior resources, such as financial capital, and related to their expertise, such as managerial and technical skills. Public actors, particularly the state, are attributed with a loss in power, e.g. governance capacities, apparently demonstrated by the increased demand for solving global governance problems which were perceived to be neither manageable by a single state nor by state action alone (Strange 1996; Mathews 1997; Cusimano 2003). Arguing against the background of diminishing state capacities attributed to the consequences of globalization, the emergence of private authority is linked to fulfilling governance tasks such as the collaborative provision of ‘global public goods’ (Kaul et al. 1999). According to this line of argumentation, private actors are granted authority because they have the capacities, due to financial and technical resources and skills, to effectively solve particular problems. This problem-solving capacity translates into a specific, “private”, type of authority which is not required to be legitimised by votes but includes a formal or informal element of delegation (Ougaard 2010: 24, further studies on private authority include, for example, Hall and Bierstecker 2002; Rittberger et al. 2008; Avant et al. 2010).

To summarise this section, it can be stated that in recent years the academic literature has seen a proliferation in studies on business and politics which aim at explaining and assessing the trend towards increased inclusion of corporations into international and global governance mechanisms. This trend is particularly evident in the literature on global governance. Nevertheless, it is important to note that investigating internationally operating corporations as political actors in their own right (Ougaard 2010: 4), as already called for by Eden (1991), is still a comparably recent phenomenon: ‘The business corporation is arguably the most influential and the least studied institution in contemporary political life’ (Wilks 2013: 1).19

19 However, despite the fact that business has ‘only recently become a central research theme in its own right (...) there is a long history of scholarly interests in aspects of the topic’ (Ougaard 2010: 2)
Against this background, the following section will illustrate and identify two sets of limitations and the corresponding gaps still prevalent in the literature on business in global governance. The first set of problems argues that conventional theoretical frameworks, which rely on a fixed-image of the corporation, impose several problematic limitations on the research. The second set of problems particularly outlines the limitations in current approaches to corporate power.

The first set of limitations is arguably indebted to the overall reliance on conventional theoretical frameworks such as liberal institutionalism, pluralism or neo-corporatism. As much as these perspectives have provided valuable insights into the role of business and corporate political power, it is also important to note that they limit the researcher’s viewpoint in ways which might prevent a more nuanced and complex picture of corporations as political actors: Firstly, these studies are usually designed as ex-post facto explanations of corporate power. Thus, corporate power is conceptualised as dependent variable to be explained while the conceptual framework suggests a set of potential explanatory factors which serve as independent variables. Although generating insights into the effects of corporate power, these approaches offer only limited conceptual tools which would help to identify and understand the operation of corporate power in practice and in real-time. However, as this research argues, these aspects of corporate power are important to access for a more comprehensive picture of the manifold ways by which corporate power operates.

Secondly, there is a tendency to reproduce established dichotomies such as state/market, public/private or economic/political and thus predetermine our understanding of the agency, role and contribution of corporations. A good illustrative example is Virginia Haufler’s (2001) *A Public Role for the Private Sector* in which the value and scope of industry self-regulation is pinned against the conventional modes of governance by authoritative governments.\(^\text{20}\) Dichotomies, however, as the post-structuralist literature has established, are intrinsically hierarchical and therefore such as incentives for and impact of FDI to national economies or a focus on GVCs (for a review of this early literature, see Ougaard 2010: 3-20).

\(^{20}\) A more recent example would be Benedicte Bull’s chapter ‘Rethinking Multilateralism’ in which the author presents the following argument ‘PPPs are examples of what may be termed ‘market multilateralism’. In terms of process, it describes the emergence of a system that coordinates relations not only between states, but also between private for-profit and non-profit actors. The boundaries of this collaboration tend to beset by the interests of key market actors, that is: large corporations’ (Bull 2010: 182, quotation marks in the original).
problematic (see for example Walker 1993). Their underlying message suggests that one side of the dichotomy is more legitimate or should be privileged which results in discriminatory practices. The public-private dichotomy, in particular, has been at the forefront of criticism from a feminist perspective (examples include Pateman 1983; Thornton 1991). In the literature on globalisation, for instance, the strength of private actors is assumed to build on the weakness of public actors. For example, it is against a background which privileges public regulation against which Haufler’s research questions are developed:

How should we view these developments? Do they signify a new trend in how corporations behave and what expectations society has of them? Or are they simply an effort to distract attention from an underlying disconnect between the interests of the private sector and those of the public? (2001: 14).

The third limiting tendency includes the explicit or implicit reliance on and prevalence of a fixed actor-image of business corporations as ‘atomised, unitary and essentially rational’ (Amoore 2000: 185; Palan 2000: 15). This depiction does not reflect the variety of corporate agents in terms of size, activity, governance and culture and in many ways reflects the treatment of states as like-units or unitary actors in IR. Lacking variety and complexity, the literature consists of either collective approaches referring to industries, e.g. the extractive industries, the pharmaceutical companies, or (occasionally) single company case studies. To the author’s knowledge, there is no global governance study on individual corporate representatives. How prevalent this depiction still is can be illustrated by a special issue of Business & Politics (2010) on ‘Private Regulation in the Global Economy’. Editor Büthe summarises the findings in the literature with regard to the question of why business actors might demand private regulation, with classical rationalist findings such as seeking to increase efficiency, reduce costs or secure commercial opportunities (2010: 4).

Arguably, this tendency for reliance on a fixed actor-image is tied to macro-structural

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21 For a brief critical review of theoretical approaches on corporations, such as Transaction Cost Analysis, refer to Phillips (2000), for a more comprehensive account, see Dunning (2001).

22 This is predominantly done in the rationalist IR tradition, namely neo-realism and neo-liberalism theoretical frameworks which treat states as like-units or black-boxes with rational and predictable behaviour. For a more detailed elaboration on merits and limitations of treating states as persons refer to Wendt (2004), Ashley (1984), or Skinner (1999).

23 Constructivist authors, such as Brown et al. (2010), argue that in order to understand the motivations of business actors for engaging in political activities, research needs to open up the black-box proposed by the unitary, rational actor theory. In addition, it needs to assess external structural factors, such as political or legal frameworks, which shape the decision-making process within the corporations and enable processes of socialisation into norms (see also Hofferberth et al. 2011).
theoretical approaches and their quest for generalisations at the expanse of relational, in-depth case-studies which would allow for taking the idea of business as an independent actor seriously. This is not only evident in the literature on IPE\textsuperscript{24} but also in IR’s development and policy-orientated literature, for example on the resource curse. It can also be found, for instance, in Fuchs who explicitly positions her book on \textit{Business Power in Global Governance} as a ‘birds-eye perspective’ (2007: 5).\textsuperscript{25} In contrast, it is the constructivist literature which provides a glimpse into the existing variety of business in politics: Cornelia Woll illustrates how, far from being pre-determined, firm’s interests should rather be understood as socially constructed through sense-making under the condition of uncertainty: ‘When faced with new stakes, firms are initially confused and need to learn about their nature and functioning’ (Woll 2010: 153). At the same time, Kelly Kollman elaborates on the regulatory power of business norms, identifying a ‘(...) bias in political science against viewing firms as social or socializable institutions’ (2008: 397). In addition, Carola Kantz (2007) illustrates how the diamond industry became an active participant in the establishment of a certification scheme for conflict diamonds, known as the Kimberley Process, which is traced back to the ‘power of socialization’, and authors such as Flohr et al. (2010) elaborate on the prospects of firms acting as norm-entrepreneurs in areas of limited statehood or conflict, thereby promoting norms and standards which have not yet been established by the local authorities. In more general terms, authors such as Abdelal et al. (2010) highlight the potential contribution of constructivist approaches for understanding and explaining economic processes and behaviours against the limitation of the predominant materialist and instrumentalist explanations (2010: 2f.). According to these authors, the constructivist approach reflects much better on the existing empirical reality since it allows researchers to focus on the agency of corporations, aims to conceptualise them as norm-sensitive actors, and furthermore takes a look inside the firm to investigate motivations. What is ultimately missing, so the argument presented, is a direct engagement with business actors as embedded in a particular social context.

\textsuperscript{24} Leander summarises for instance, how ‘approaches to the firm, and the behaviour of multinationals, most commonly referred to in IPE, centres on oligopolistic market conditions, market imperfections, and strategic behaviour (Gilpin 1975; Kindleberger 1979, cited in Leaner 2000: 193), on neoinstitutionalisms (Dunning 1988, cited in ibid.) and on product cycle arguments (Casson 1987, cited in ibid.)

\textsuperscript{25} To Fuchs’ credit, the author aims at establishing a comprehensive theoretical framework against identified weaknesses in existing empirical case-studies which lack such a “big picture” perspective.
which includes companies’ experiences, perceptions and reflections of their political practice. In IPE, constructivism has gained prominence in recent years, as demonstrated by the number of examples included above.

The second set of limitations is linked to the necessity for further research into corporate power despite recently increased interest by authors such as May (2006), Bernhagen (2007) or Wilks (2013). Firstly, corporate power is either still predominately conceptualised as direct and/or structural, focusing on companies’ lobbying capacities or agenda-setting power or approached through what is described as the regulative power of norms in the constructivist literature: ‘Adherence to a norm excludes particular actions by defining what is possible and impossible to say and thus do in a given context’ (Abdelal et al. 2010: 13). This indicates that even in the constructivist literature the question of corporate power is often not directly addressed, and that there has not yet been much inclusion of or engagement with postmodern or post-structuralist concepts which indicates the potential for expanding and refining existing conceptual approaches. Such limitations are evident in studies centred on materialist and ideational structures, such as hegemonic ideas privileging business (examples include Dashwood 2012; Blyth 2010; Chwieroth 2010; Flohr et al. 2010).

Consequently, Best identifies the necessity to “bring power back in”:

We cannot gain an adequate understanding of the power relations at work in the contemporary global economy without (...) integrating into constructivist analysis some of the insights of the more critical and postmodernist variations of constructivist theory (2010: 194).

Secondly, in most studies on corporate power, individual companies and corporate agency are rarely the focus. In studies on international elitism, for example, corporate power is not approached as a singular phenomenon but as integrated into structuralist frameworks in which influential corporations and their leading individuals become part of a dominant class or elite, again subsuming individuals and individual companies into broader categories (see Sklair 2001). At the same time, a number of studies focus on the effects of corporate power in a particular field rather than being interested in corporations as actors per se. An illustrative example is Fuchs and Kalfagianni’s study on private food governance (2010). In other studies corporations

26 A view also stressed by sociological institutionalism, as summarised in Leander (2000).
become strategic instruments of states, a perspective which denies them individual, independent agency, for example evident in an article by Soederberg's article on the Global Compact:

The point that Ruggie, like many mainstream global governance theorists, tends to ignore is that the ‘global reach and capacity’ of corporations is not a natural occurrence driven by the unstoppable forces of globalization, but instead a social construct authored and legitimated by bourgeois states across the globe to serve particular class interests' interests (Soederberg 2006, cited in Soederberg 2007: 503).

In summary, further research on the internationally operating business corporations is required, as this is arguably the least well studied actor at the international stage when compared to states, international organisations or civil society. Furthermore, more refined approaches to corporate power are required which a) enable the researcher to depict and understand the political practice of individual companies and corporate representatives in greater empirical detail, e.g. in practice, while b) taking the companies’ self-image, experiences and perceptions into account.

1.2. Approach and case study

Reflecting on the promises and limitations of the renewed interest in business actors and the literature on corporations and global governance, this project investigates corporate political practice and corporate political power from a sociological perspective (see chapter two on concepts and methods). For approaching both phenomena, corporate political practices and power, this study found in the writings of Pierre Bourdieu a promising theoretical framework which, re-elaborated, guides the fieldwork and interpretation. With Bourdieu this research shares an interest in power and its sources of legitimacy and assumes that power relationships are established and maintained through practices.

Bourdieu has produced a fascinating and extensive body of work which centres on the workings of power and domination in French society. However, in recent years, the potential of Bourdieu's conceptual framework has been re-discovered in various academic disciplines such as Organisational Analysis (see Emirbayer and Johnson 2008) or Management Studies (for example McLean et al. 2006), and more interestingly for this project, in the international realm in International Political Sociology or IR (see Bigo 2011; Adler-Nissen 2013). In Bourdieu's relational and
context specific framework practices play an important role for understanding social action. This emphasis on ‘things people do’ (Leander 2008: 14) has been re-introduced into social science and particularly the study of world politics by seminal books and articles such as Schatzki et al. (2001), Neumann (2002) or Pouliot (2008). This focus became known as the “practice-turn”.27 Thereby, the probably most coherent elaboration on how practices can be conceptualised within a constructivist framework for understanding world politics has been elaborated by Emanuel Adler and Vincent Pouliot (2011a and b).

Bourdieu’s conceptual framework provides an interesting entry point for the analysis of power by stressing in particular the importance of practices and the function they perform for establishing and maintaining power-relations and hierarchies in social situations. Following his line of thought, practices reflect the structure against which they are performed. For Bourdieu, there exists a specific ‘background knowledge’ (Pouliot 2008: 258) which enables actors, according to their resources and given their intuitive understanding of the field, to act and react in a social situation. As Pouliot puts it, the basic advantage of this approach lies in conceptually grasping a previously inaccessible dimension of social action, the idea ‘that most of what people do, in world politics as in any other social field, does not derive from conscious deliberation or thoughtful reflection – instrumental, rule-based, communicative, or otherwise. Instead, practices are the result of inarticulate, practical knowledge that makes what is to be done appear “self-evident” or commonsensical’ (2008: 258, quotation marks in the original).

In this project the focus is on particular practices – what is defined as corporate political practice – meaning institutionalised activities, including decision- and rule making, performed by representatives of companies at the international level. This study aims for approaching, depicting and interpreting these practices by applying a mixed-method approach relying on text-analysis, interviews and participant observation. In order to provide an in-depth, ethnographical account of corporate political practices at the international level, a multi-stakeholder initiative was selected according to the following criteria: a) it operates at the international level, b) it aims at regulating a particular issue of international relevance and c) it grants decision-

27 Please note, however, that these writings do not exclusively focus on Bourdieu.
making rights to MNCs at the international Board level. The Extractive Industries Transparency Initiative (EITI) was selected, a Standard which serves as an excellent example for the promises, challenges and pitfalls associated with the inclusion of MNCs into international governance processes as the course of this research will demonstrate.

The EITI is discussed in depth in chapter three. The Standard can be described as a sort of “prototype” of a MSI at the international level. It is composed of stakeholders from civil society, business and governments which are granted equal decision-making rights. Moreover, EITI was launched at the WSSD held in Johannesburg, South Africa, in 2002, at the peak of the partnership-rhetoric (see previous section on corporations as political actors on the international stage). Furthermore, an EITI case study leads to the investigation of corporations from the extractive sectors (in addition to institutional investors), which have already been well studied, as will be detailed in the following paragraph.

Arguably, what makes the EITI an exciting and promising case study is the issue area in which it operates and the problem it addresses: the extraction and governance of natural resources. The Standard operates against the background of a perplexing empirical phenomenon: according to an estimation by the EITI almost 75% of the world’s impoverished population live in developing countries such as Botswana, Congo or Cote d’Ivoire, that are rich in non-renewable natural resources, such as crude oil, gas or minerals (i.e. coltan, gold, copper or diamonds). The story goes that an economically efficient and sustainable management of these resources would not only allow these countries to reduce poverty and increase the standard of living of their citizens but at the same time generate economic growth, as impressive examples such as Norway or Sweden are understood to have demonstrated. In contrast, and also illuminated by various present and historical case-studies, ineffective governance leads to an increase in poverty, corruption and the likelihood of conflict (Collier and Hoeffler 2000; LeBillon 2001). With the latter being much more frequently observed, the phenomenon became known as the resource curse or paradox of plenty (Auty 1993; Karl 1997). Broadly speaking, a country affected by the resource curse is characterised by lower rates of economic growth as well as higher rates of poverty than resource-poor countries, in addition to a strong dependence of the state apparatus on the resource revenues. Today, countries
affected by the resource curse are predominantly geographically centred in central Africa (examples include Sierra-Leone, Congo), the Caucasus (Azerbaijan, Kazakhstan), and in Latin-America (Venezuela, Peru).

Since the 2000s, it can be observed how the formerly domestic problem of weak governance performance by national and local institutions and authorities has become a global governance problem tackled by a number of MSIs. All of these new governance mechanisms are linked by the involvement of non-state actors and aim to promote good governance and sustainable development (see both concepts discussed in chapter four). The most prominent examples with regard to the extraction of natural resources are: The Kimberley Process that aims to prevent the re-financing of rebel armies by the illegal trade of so-called “blood diamonds” through the mechanism of certification (Kantz 2008; Wright 2004). The Chad-Cameroon Oil Pipeline is a project initiated by the World Bank based on the idea that private investment can induce public investments into sectors such as health or education (Horta 2012; Pegg 2006). More recently, the Natural Resource Charter has been established, a set of guiding principles for governments and civil society, proposed by the Natural Resource Governance Institute. In the decade since its inception, the EITI Standard has constantly increased in scope and numbers, and is these days a prime example of voluntary disclosure by multi-stakeholder governance.

Moreover, the case of resource-management in developing countries is particularly interesting for an inquiry on corporate power, since an established literature on extractive industries already exists which indicates that the relationship between resource-rich countries and large-scale extractive business is highly asymmetrical in terms of knowledge and negotiation skills as well as financial capacities. These asymmetries often result in long-term mining-contracts that are regarded as not suitable for the public good since they generally favour the corporations involved and the governing elite of the country (Gary and Karl 2003; Stiglitz 2006). Assuming the standard rational economic actor model it should be expected that for the extractive industries the incentive to participate in this new initiative as well as of sticking to the rules in general is not too tempting, because they would gain a much larger profit by

maintaining the previous situation. Nevertheless, there are numerous examples of companies participating in MSI aiming to regulate this issue are. The academic literature thus identified a number of particular characteristics which make extractive industries differ from other companies. Characteristics which presumably also contributed to the existing variety of studies on the extractive sector (see Soares de Oliveira 2007; Fynas 2009; Zimmer 2010; Dashwood 2012).

Firstly, the extractive industries are usually selected in academic studies due to their size, impact and public visibility which automatically pose questions about their intentions, their influence and the consequences of their political engagement. This is particularly evident with regard to the oil and gas companies which are regular targets of civil society campaigns and media coverage. Secondly, due to the nature of their business, they are assumed to be more interested in political stability than other sectors and some authors even call on the extractive industries to participate in conflict prevention (Nelson 2002: 515; Banfield et al. 2003; Gyarmati 2004). In contrast to other corporations, such as the textile industries, extractive industries neither have the same choice of locations, nor a similar degree of flexibility. They need to operate in areas where natural resources can be found which frequently are conflict-prone or authoritarian countries. At the same time, the extraction of natural resources is linked to comparably high initial investment cost, needed for instance to establish plants, secure transportation routes and build pipelines, in consequence this is said to cause extractive industries to calculate their operation in a long-term run. Withdrawing from a country because of political instability or even violent conflict is therefore always extremely costly. This leads to the consequence that extractive industries usually establish contracts which are long–term and have to be negotiated with public actors, usually government representative (Ottoway 2004: 124-155: Böge et al. 2006: 11). Thirdly, a number of academic studies have suggested that the presence of natural resources increases the likelihood of violent conflict as well as corruption and mismanagement. This puts the focus on national-level operations of extractive industries, as well as on the social and environmental consequences for the local population and the country’s political stability (Collier and Hoeffler 2000; Gary and Karl 2003; Banfield et al. 2003; Bailes and Frommelt 2004; Ballentine and Nietzschke 2005; Deitelhoff and Wolf 2010). In summary, these characteristics make
the extractive industries are a very promising candidate for research on corporate power and corporate political activity in international governance processes.

1.3. Research questions and outline

Against the background of an emerging consensus on MNCs as political actors at the international level which is accompanied by a presumed increased in political power, this research aims at understanding how corporate political power operates in practice. Thus, it focuses on a single governance institution, the EITI Standard, and a particular sector, e.g. major proponents of the extractive industries.

This research project is guided by the following main research questions:

- How does corporate power operate through political practices in international multi-stakeholder governance processes, such as the EITI Standard?
- How is corporate political power legitimised in international natural resource governance?
- What are the consequences of corporate power on EITI’s design and performance?
- What can be concluded about the political role of the extractive industries in the EITI Standard?

As stated in the previous section, this research primarily aims at accessing, describing and interpreting corporate political practices in the EITI. Therefore, this study not only examines how corporate political representation actually works on the international stage of the EITI but also how corporate power can transcend governance mechanisms more broadly. This includes how individuals participate and contribute to the process as international Board Directors of the EITI and how they experience and understand the practice and their role; how the extractive sector and institutional investors are represented collectively as a stakeholder group subsumed under company constituency, and how this form of representational practice works; the interpretation of underlying shared beliefs which empower and legitimise the corporations as political agents in the process; and finally the investigation and interpretation of the ways in which individual corporations and their representatives hold and exercise power.
This thesis is organised as follows: This introductory chapter outlined the dominant role of large corporations in the global political economy and their increasing contribution to global governance. The following chapter two elaborates the conceptual framework and the methods for approaching and assessing corporate power. The first part of chapter two introduces the concepts of corporate symbolic power and political practice based on Bourdieu’s broader conceptual framework. The second part presents how the methods have been applied for accessing these practices, mapping the arena and identifying legitimizing beliefs. EITI will thus be examined as a social arena characterised by underlying power-structures between the players which are fundamentally based on an unequal distribution of material and non-material resources. It is assumed that the dominant position of large corporations as described in the beginning paragraphs of this chapter translates into a privileged position for the companies in the arena, and becomes directly observable in practices at the expense of other, not well-resourced players.

Chapter three starts by outlining EITI’s history as a means of understanding the state of the power-struggle between the players at the time of EITI’s inception, thereby particularly highlighting the role the business community played throughout EITI’s establishment. This is followed by a brief description of how EITI functions at the national and international level. In the final section EITI’s performance is evaluated and the Nigerian EITI experience is introduced as a case study for assessing the effects of national level implementation. Chapter three thus provides the first building block in understanding the inner workings of EITI as a social arena, including the players, the functioning and the history of the process. It outlines how the business community managed to essentially shift the focus of regulation from business to governments – an early demonstration of the industry’s influence on the process which paves the way for a substantial privilege (as the following chapters will further demonstrate). The evaluation concludes that EITI’s output has significantly increased the amount of information available on resource revenues in implementing countries. At the same time, however, there is limited evidence suggesting the Standard has had the intended outcome and impact, i.e. makes a positive contribution towards improved living conditions and poverty reduction in resource-rich countries. This raises fundamental questions about EITI’s legitimacy and the Standard’s ability for reformation.
Chapter four aims at understanding how the companies’ status and participation is legitimised, assembling another building block for understanding the inner workings of the Standard and the role played by companies therein. In this chapter, three “shared beliefs” are traced and examined which underline broader international discourses on natural resource governance. Following a Bourdieusian line of thought, the argument presented suggests that these beliefs function as background knowledge legitimizing companies. They transport an arbitrary, business privileging perspective on natural resource extraction and the problems attached to it which portrays business players as positive, responsible and exceptional, e.g. partners in regulation rather than objects of regulation. This perspective has a tendency to down-play companies’ agency, prevents a more comprehensive ethical debate on the causes and consequences of poverty, conflict and environmental degradation linked to resource extraction and at the same time places the primary burden for the problems on the shoulders of governments. These beliefs are observable in discourses and practice in the EITI as well as identifiable in the Standard’s principles and procedures as the following chapters will demonstrate.

Chapters five and six present findings regarding the collective and individual representation of companies at EITI’s international level. Chapter five begins by elaborating on the business cases for EITI participation for oil and gas, the miners and the investors. It continues by summarizing the requirements for EITI participation and the different degrees of engagement with the EITI, before exploring in greater detail how the companies are collectively represented in the Standard as company constituency. The final section elaborates on inconsistencies displayed, and interprets them against the background of the shared beliefs elaborated in the previous chapter. Chapter six then specifically explores the representational practice of the individual corporate Board Directors, examining their education, recruitment, mandate and personal qualities. It explicitly takes into account corporate representatives experiences and reflections on EITI participation. In addition, the leadership role played by some members of the company constituency is interpreted against Bourdieu’s concept of political capital. Thus, it becomes evident that the granting of decision-making rights at EITI’s Board table has provided companies with access to a symbolic form of authority. After tracing EITI’s history and evaluating its performance in chapter three as well as investigating shared beliefs legitimizing their
status and influence in chapter four, chapters five and six provide insights into the actual practice of company’s political representation and action and thus further complement our understanding of the Standard. It becomes evident that corporate political practice is based on economic, social and cultural forms of capital. In addition, the argument is presented that the companies’ superior access to these types of capital, particularly EITI-specific expertise in addition to the symbolic authority which stems from decision-making rights, further enhances their already privileged position in the process.

Against this background, chapter seven examines the multiple consequences of corporate power on the EITI, thereby confirming the expectations deduced from Bourdieu’s framework in the previous chapters two and four, while helping to understand EITI’s limited performance on the ground. These findings confirm that businesses’ privileged position is consolidated and constantly perpetuated in the Standard, mostly at the expense of the representatives from resource-rich countries and particularly members of local civil society – the least-well resourced, and thus disadvantaged, players in the arena. The effects of corporate power are directly observable in EITI’s decision-making and strategy, and less directly observable in the Standard’s principles and procedures. Consequently, this research concludes that the EITI, far from levelling the playing field as the emphasis on transparency and inclusiveness would suggest, ultimately reproduces underlying power asymmetries in the broader field of international natural resource governance. Moreover, this reinforcement, particularly of business power, explains the Standard’s limited ability to improve the living conditions of ordinary people in developing countries, as it was precisely this asymmetry of power which was at the centre of the problem in the first place, as chapter one has illustrated.

It is against the background of a global capitalist economy which enabled the rise of MNCs as influential political actors at the international stage, against which an examination of corporate political power becomes of paramount importance and towards which this research aims at contributing theoretically and empirically. At the same time this global economy is driven by and prospers only from an ongoing hunger for natural resources while international organisations, donor agencies, policy-makers and development academics still search for a cure of the resource curse and engage in the global fight against poverty amidst growing rates of
inequalities. In consequence it becomes evident that the international level governance of natural resources is an important issue area in which the EITI Standard takes central stage. In many ways, the EITI can be portrayed as a “model”-multi-stakeholder institution, in which large extractive companies hold the same voting- and decision-making rights as representatives of small local communities in African countries; and which upholds transparency, inclusiveness and voluntariness as fundamental principles of collaboration. Therefore, this research’s findings can provide valuable lessons not only for understanding how a dominant position within the world economy translates into actual political practices, but also, as the following chapter will begin to demonstrate, for assessing the very possibilities for effective and accountable multi-stakeholder global governance in the face of corporate power. Chapter eight, the conclusion, comes back to this argument. It also summarises how the thesis responds to the research questions outlined above.
2. A sociological approach to corporate political power in practice

The introductory chapter established how corporate power, and more precisely the political influence of MNCs, is assumed to have increased since the mid-1980s due to a growth in numbers, size and scope. It is evident that increased corporate power at the international level calls for investigation into the phenomenon. In particular, the engagement of corporations into rule- and decision-making requires in-depth empirical engagement guided by comprehensive conceptual frameworks. In order to overcome some of the limitations of research on corporations as outlined in the previous chapter one, this research proposes a sociological approach, in which corporations and their representatives are examined as agents embedded within a particular social setting. This perspective applies ethnographical methods and allows for understanding of the practices involved in exercising and maintaining power relations. This chapter relies on the writings of Pierre Bourdieu as a leading contemporary sociologist and critical intellectual. It is composed of two main parts which complement each other. In the first, the reader will be introduced to the conceptual framework, the second elaborates on methods and fieldwork.

The chapter starts by introducing Bourdieu's work more broadly, before discussing field, habitus and capital as key conceptual tools in his analytical approach and introducing the ways in which the concepts are applied in this study. Moreover, for approaching and interpreting companies’ participation and influence in international governance mechanisms, the concepts of corporate symbolic authority and corporate political practice are elaborated. Finally, expectations for the fieldwork are deduced from the conceptual framework.

The second part, elaborates on how Bourdieu’s practice approach has been applied in order to identify, depict and understand corporate political practice and ultimately corporate political power. It starts by summarizing Pouliot’s (2013) suggested way forward and emphasises the complementary function of a mixed-method approach which consists of document analysis, participant observation and qualitative interviews. Moreover, it describes the encounter with the EITI Standard and its participants. The chapter closes by explaining how applying mixed methods was vital for generating the findings and ultimately answering the research questions.
2.1. Conceptual framework

This research relies on a Bourdieusian-inspired approach to power. However, Bourdieu’s work, although in many ways exceptional, has not been the only approach towards conceptualizing power, and more relevant for this study, corporate power. As already discussed in the introductory chapter, corporate power is often approached in analytical terms which differentiate between structural, instrumental and discursive dimensions (see Fuchs 2007; Wilks 2013) or favour one dimension over the other (see Caroll 2010 or Soederberg 2010 for a structural approach; Bernhagen 2007 for an instrumental). The following sections propose a relational, practice-orientated approach to corporate power which is inspired by Bourdieu’s writings and which will contribute to a more nuanced, more detailed understanding of how corporate power operates and manifests in the EITI (see research questions in the previous chapter). In addition, the suggested conceptualisation of corporate power also relies on more recent elaborations of some of Bourdieu’s key concepts which have been developed for the context of the international realm.29

2.1.1. A short introduction to Pierre Bourdieu’s work

In his writings, French sociologist Pierre Bourdieu (1930-2002) approaches social reality with a keen interest in depicting and understanding the operation of power, mechanisms of domination and the establishment of hierarchies in society. Sensitive to existing limitations in the theoretical approaches and metatheoretical debates of his time,30 Bourdieu developed a comprehensive conceptual framework, re-elaborating concepts and thoughts by Weber, Marx and Durkheim. In focusing on understanding corporate power in political practice at the international level (as elaborated in the introductory chapter) it is evident that this research shares with Bourdieu a general interest in power and practices which signals the suitability of this conceptual framework for this study. Another component which indicates that Bourdieu’s work could enhance contemporary understanding of power and contribute towards improving this study’s research outcomes is a particularly distinctive feature of his conceptual framework: Bourdieu shifts the conventional

29 Particularly helpful has been Adler-Nissen (2013) Bourdieu in International Relations. Rethinking Key Concepts in IR.
30 Such as between proponents of subjectivism and objectivism, see Bourdieu (2005), editor’s preface for greater detail.
focus of investigations of power from discourses and representations, things identifiable via communications and documents, in favour of the ‘things people do’, the practices, as Leander puts it (2008: 14). His conceptual framework consists of three core concepts — field, habitus and capital — in which social reality is represented as a complex network of power relations, agents and structures. They will be elaborated in greater detail in the following sections of this chapter.

Broadly speaking, Bourdieu attempts to understand and explain how hierarchies and power relations are developed and maintained in a given social situation through a variety of conscious and sub-conscious ways of thinking, acting and communicating by all actors involved, sometimes even to a degree where the dominated perpetuate their own powerlessness (Leander 2008: 13). The two most important examples of this approach are The State Nobility. Elite Schools in the Field of Power (1996), where he examines how the French higher education system serves as an institutionalised mechanism for maintaining and reproducing the powerful influence of a small elite over the French state. And Distinction: a Social Critique of the Judgement of Taste (1984), in which Bourdieu brings into light the relationship between social status and personal preferences, for example in music, food or architecture, arguing that taste and aesthetical judgements result from an individual’s position in society rather than originate from personalised or individual opinion.

As these examples indicate, Bourdieu is generally known for his outstanding contribution towards understanding elites and elitism in French society, and as a result it took a while for social science scholars to engage with his legacy for two reasons in particular: Firstly, there has been the assumption that Bourdieu’s conceptual framework is too closely tied to France and French society, e.g. somewhat ‘nationally grounded’ as Bigo puts it, to be accessible for research on global topics or applicable at the international level (2011: 226). Secondly, what

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31 Leander (2008) calls them “thinking tools” in the title of her textbook chapter on qualitative methods. Swartz refers to them as ‘master concepts’ (2013: 20).
32 As Bourdieu’s writings are manifold, this short section can neither elaborate in detail on the author nor on his body of work in an attempt to pay tribute. For a much broader introduction to Pierre Bourdieu’s life and writings see Jenkins (2002) or Grenfell (2004). For a discussion on how Bourdieu’s concepts can enrich the study of international relations, see Pouliot and Mérand (2013).
33 Highly illustrative in this regard is the very first sentence of the preface to the English-language edition of Bourdieu’s Distinction in which the author chose to start as follows: ‘I have every reason to fear that this book will strike the reader as “very French” – which I know is not always a compliment’ (1984: xi, quotation marks in the original).
makes Bourdieu’s approach so unlike conventional theories, particularly in IR, is that even from a brief examination of his work it becomes obvious that Bourdieu has never bound himself to either a particular philosophical or sociological tradition, such as Postmodernism, Marxism, Subjectivism or Objectivism, nor one single method of investigation, instead he proposed a complex and rather unique conceptual framework and was a methodological pluralist, using ethnography and quantitative statistics in the same study. In a discipline that even today finds itself in the middle of a debate between positivism and post-positivism, a scholar such as Pierre Bourdieu is neither easy to categorise nor uncomplicated to include, a ‘strange animal in IR’ as Pouliot and Mérand describe him (2013: 25).

However, it appears that such reservations have been mostly overcome these days as there is a notable trend in constructivist and postmodern social science research of various disciplines to refer to and apply the writings of Bourdieu in a similar way as it used to be fashionable to include Michel Foucault in the previous decade. Against the background of Bourdieu’s astonishing body of work as a sociologist, anthropologist and public intellectual, there is reason to assume that IR and IPE have only just begun to discover the potentials of his writings for approaching and understanding international politics.34

2.1.2. The “thinking tools”: Field, habitus and capital

This section introduces, as the title suggests, field, habitus and capital as the main concepts of Bourdieu’s framework. It aims to present the reader with this research’s interpretation of the concepts and indicating how they will be employed in this research. The reader will particularly note that it is intended to employ Bourdieu’s triangle of field, habitus and capital selectively. Essentially, field and habitus are used as supportive “thinking tools” serving the function of helping to depict and interpret the context in which the more central concepts of political capital and symbolic authority are embedded and in which corporate political practice takes place.

The EITI as social arena

Bourdieu’s framework approaches social reality through the entry point of a concept he denotes as field, in alternative framings referred to as ‘game’, ‘network’, ‘configuration’ or ‘space’ (Bourdieu and Wacquant 1992: 97ff), ‘market’ or ‘arena’ (Bourdieu 2005: 14). In analytical terms, the concept is defined as:

(...) A network, or a configuration, of objective relations between positions. These positions are objectively defined, in their existence and in the determinations they impose upon their occupants, agents or institutions, by their present and potential situation (*situs*) in the structure of the distribution of species of power (or capital) whose possession commands access to the specific profits that are at stake in the field, as well as by their objective relation to other positions (domination, subordination, homology, etc.) (Bourdieu and Wacquant 1992: 97, emphasis in the original).

More to the point, a field is:

A structured space of positions in which the position and their interrelations are determined by the distribution of different kinds of resource or ‘capital’ (Bourdieu 2005: 14, quotation marks in the original).

In the secondary literature, the essence of this concept is summarised as follows: ‘Individuals are surrounded by *space* – physical and social – with degrees of proximity – close and distant. This *space* is differentiated and is *structured*’ (Grenfell 2004: 27, emphasis in the original). In addition, Swartz highlights that a struggle for power, and thus control of the valued resources, is a field’s characteristic feature (1997: 122).

The concept of field captures how Bourdieu anticipates social reality on a very basic level: agents are engaged in a constant struggle for domination which takes place within a confined space, or field, which is structured and structuring at the same time, as he calls it. Based on an understanding of social relations as embedded in a web of hierarchies, he presumes this space to reflect on the agents’ unequal standing or position vis-à-vis other agents (e.g. the field is structured). At the same time Bourdieu suggests that the way agents relate and respond to these structures shapes the agent’s identity and actions (e.g. the field is structuring). Thus, it is important to note for clarification that, contrary to an intuitive understanding, the concept of field does not depict a geographical territory but refers to a broader conceptualisation of a social relation which encompasses intertwined material and immaterial structures.
The applicability of the concept of field for this research is limited in two ways: Firstly, Bourdieu stresses that a particular field needs to be understood in relation to the broader or bigger field, in his vocabulary ‘vis-à-vis the field of power’ (Bourdieu and Wacquant 1992: 104-105). In Bourdieu’s original settings, French or Algerian society, this broader field of power is the state as a superior organisational structure. Obviously, such a structure does not exist in the international realm as there is no global authority in the form of a world hegemon or super-state. As a result, this analytical tool which Bourdieu suggests for identifying the boundaries of a particular field is simply not applicable in this research.

Secondly, reviewing his writings it is evident that fields usually depict rather broad spheres of social life, e.g. the economic sphere or the cultural sphere. It would be difficult to claim therefore that by investigating a single case study of international governance, e.g. the EITI Standard, the field of natural resource governance is depicted in its totality. In a re-elaboration of Bourdieu’s field approach for institutional analysis, Emirbayer and Johnson (2008) suggest that institutions themselves can be understood as fields (for a critique see Bigo 2011). This is an approach which appears to have much value, particularly with regard to analytical problems regarding identifying a field’s boundaries. However, in order to find empirical illustrations of what Bourdieu could have identified as a field, examples that come to mind are the World Trade Organization (WTO) (see Eagleton-Pierce 2013) or the United Nations System (see Bode 2015), institutions with a long history, considerable influence and composed of multiple bodies and actor-constellations. In contrast, the EITI is a singular standard-setting multi-stakeholder mechanism which does not have the same quality regarding presence and impact at the international level. However, as examples of Bourdieu’s work suggest, it is possible to concentrate on a particular problem or phenomenon and make broader assumptions about the field or fields it is embedded in. In The Social Structures of the Economy (2005) for example, he investigates the French housing market for understanding how the economic and political field are related, thus comprehensively describing the social consequence of more abstract economic structures.

Reflecting on these limitations, this study assumes that EITI as an organisation displays the same mechanisms of domination which are captured by the concept of field. However, reflecting on its size and scope, EITI is also understood as operating
in the interface of several topics which could themselves be analysed as different fields at the international level, such as international security, international energy governance, or international development. Therefore, the EITI serves as a case-study for generating broader observations about the social relations in which corporate political power is embedded. To mark this distinction in this thesis, the EITI Standard is referred to as an ‘arena’ or a ‘social space’.

According to Pouliot and Mérand, ‘the field is a social space structured along three principal dimensions: power relations, objects of struggle, and the rules taken for granted within the field’ (2013: 30, citing Bourdieu 1993: 72-7). In response, this study applies the concept of field to the EITI for identifying the underlying power-structure, more precisely the agents and their standing, the stakes, rules and the capital of the game.

Power relations are dynamic and constantly evolving, as Bourdieu was well aware. This makes identifying and employing indicators difficult and the space and time for which the findings are valid naturally limited. In the researcher’s interpretation, Bourdieu is assumed to argue that it is merely possible to approach power relations in a singular moment in time, by employing mixed methods. In this vein, Emirbayer and Johnson suggest that institutions can be treated as a ‘structure or a temporary state of power relations within what is (...) an ongoing struggle for domination over the field’ (2008: 6, emphasis in the original). Following these thoughts it can be assumed that EITI’s institutional design reflects the state of the power struggle between the agents in the field of international natural resources governance at the time of EITI’s inception and can therefore help to identify the agents and stakes of the game. Engaging with the Standard through document analysis and interviews (see second part of this chapter for more details on methods), this study aims at identifying who initially participated in the EITI by engaging with the existing documents and press-releases for the time-period before EITI’s establishment in 2002 and interviewing people who participated at this period of time).

Moreover, what comes under closer examination for understanding how a social arena functions are the stakes of the game, as the following quote suggests:
Fields are defined by the stakes of the game in play, which are specific to each field: every field is relatively autonomous from the others precisely because it is the site of a specific struggle. To be sure, actors who refine their game within the field and engage in its battle will at least agree on one point: be it prestige, material gain, or the need to make a name for oneself (Pouliot and Mérand 2014: 30).

Questions guiding the research will therefore be: What did these actors want to achieve or avoid and/or what where they fighting about/for at the time of EITI's establishment? Furthermore, identifying the fundamental principles on which all actors have agreed in the EITI arena is relatively straightforward as they have been codified as the EITI Principles. These rules of the game do come as part of an explicit regulatory framework established and codified by the initiative which will be extracted through an analysis of the publically accessible documents and information (see following section on methods, specifically the section on document analysis), including questions such as: Who is granted access under which conditions? Again presuming that the entry qualifications reflect power relations, it should be interesting to observe what the requirements are, and to which amount the individual agents need to fulfil these requirements in order to be granted access. Furthermore: How do individuals become members of the Board? What are the responsibilities of the Board Directors, the Secretariat and the constituencies (see subsequent chapter for EITI’s institutional design). How precise are the rules and what mechanisms are in place to evaluate and reward compliance, punish unaccepted behaviour or even exclude actors from the arena. Most of these findings are summarised in chapters three and four which depict EITI’s history and functioning and offer an evaluation of its performance. In addition, chapter seven analyses EITI’s principles and procedures.

For Bourdieu, social spaces, albeit hierarchically structured, are genuinely dynamic places of contestation. Once an institutional framework regarding a particular stake is established, it becomes very likely that conflicts and disagreements as well as the struggle over resources amongst the agents will result in shifts in power and will impact the functioning of the institutional framework. Thereby, the stakes of the arena will become visible and such struggles will help to understand the underlying struggle in greater detail. In case of the agents experiencing a fundamental shift in power relations which would translate into a shift of interests and alliance, the study assumes that such an event would also impact the institution, resulting in a
modification of aims and rules or even in a bypassing of the institutional framework and potentially withdrawal and abandonment of the mechanism:

(...) Social agents are (...) bearers of capitals and, depending on their trajectory and on the position they occupy in the field by virtue of their endowment (volume and structure) in capital, they have a propensity to orient themselves actively either toward the preservation of the distribution of capital or toward the subversion of this distribution (Bourdieu and Wacquant 1992: 109).

This last quote brings us to the other two important concepts for understanding social arenas: habitus and capital.

**Agents and their dispositions**

According to Bourdieu, actors orient themselves within a social structure predominantly intuitively. He aims at capturing this mostly unconscious mechanism of social adjustment with his key concept of habitus, analytically defined as:

(...) Systems of durable, transposable dispositions, structured structures predisposed to function as structuring structures, that is, as principles which generate and organize practices and representations that can be objectively adapted to their outcomes without presupposing a conscious aiming at ends or an express mastery of the operations necessary in order to attain them (Bourdieu 1990: 53).

Bourdieu assumes that as a result of previous experiences and socialization, agents possess a variety of dispositions which are activated in relation to a social structure. These dispositions 'incline the actor towards one or another practice, which will only be effected in a dialectic with the position that the individual occupies in the field' (Pouliot and Mérand 2013: 29, emphasis in the original). As Maton elaborates on Bourdieu’s definition, the attribute “structured” refers to the impact of an individual’s experience during early socialization, such as family background and educational system, on this agent’s perceptions and expectations of the world and other agents. At the same time, dispositions are “structuring” in the sense that they provide the basis for practices which themselves impact the social world and thus reproduce or change the existing structure of the social space, e.g. thereby performing a structuring function (Maton 2008: 51). Both functions of the habitus are present at the same time.
Importantly, the processes of adjustment and anticipation do not have to rely on rational, conscious calculations or cognitive effort by the actors (Bigo 2011: 241). As Bourdieu puts it:

Each agent, wittingly or unwittingly, willy nilly, is a producer and reproducer of objective meaning. Because his actions and works are the product of a *modus operandi* of which he is not the producer and has no conscious mastery, they contain an „objective intention“, as the Scholastics put it, which always outruns his conscious intentions (Bourdieu 2000: 79, emphasis and quotation marks in the original).

In other words ‘actors are not rule followers or norm obeyers but strategic improvisers who respond dispositionally to the opportunities and constraints offered by various situations’ (Swartz 1997: 100). Therefore, dispositions are not pre-determining social action. They are not equivalent to a coherent set of norms, interests and actions which would allow for prediction of the agent’s behaviour. To stress this point again, they instead permit agents to intuitively grasp the underlying structures and rules and therefore allow action to happen. Dispositions are ‘a “grammar” for practices but never the text of the practices or rules imposing themselves automatically. It is a repertoire but not a melody. Thus, it is a *generative principle of regulated improvisations*’ (Bigo 2011: 242, emphasis in the original).

Pouliot and Mérand therefore summarise that for Bourdieu dispositions enable agents to understand and act given a particular field by producing a “self –evident” or “natural” logic of social action’ (2013: 31, quotation marks in the original).

As a simple illustrative example one can think of a teacher entering a classroom which in the common and automatic imagination of the situation induces a variety of ways by which the atmosphere, the discourses and ultimately the social structure in the classroom changes within an instant. Both agents, teacher and pupil, act according to the role attributed to them by the broader educational structure: ideally, the first aims for embodying authority and knowledge, the latter tries to be attentive and inquisitive. Thus, the teacher’s disposition can be said to have been acquired through personal experience throughout her own years as a pupil, in addition to academic education and subsequent practical training. It is because agents automatically absorb and interpret, e.g. understand, a social situation that they start behaving accordingly. As noted above, this strongly differs from conceptualisations of social action which assume behaviour as result of rational calculation (i.e. logic of consequences) or norm adherence (i.e. logic of appropriateness, see Fearon and
The concept of disposition can be understood as an agent’s repertoire for simply being in a social space, for understanding and anticipating one’s owns position as well as the position and resulting actions of the other actors in the field.\footnote{Habitus has originally be designed by Bourdieu as a category to ‘sidestep the alternative between the individual and society, and thus between methodological individualism and holism’ (Bourdieu and Wacquant 1992: 126). As a consequence, it does not exclusively tell us something about the agent, it is an analytical framework designed to help us understand the relation between the agent and a social space.} In fieldwork, agents’ dispositions are assumed to be revealed for example when a particular action or practice is characterised as ‘traditional’, ‘habitual’ or ‘natural’ (Eagelton-Pierce 2013: 52), similarly terms such as ‘conventional’, ‘straight’, ‘right’ or ‘correct’ might be used (ibid.: 66).

Of Bourdieu’s comprehensive conceptual framework, habitus is the most difficult to operationalise and apply, requiring intense ethnographical fieldwork in order to grasp these unconscious modes of social adjustment (this is particularly the case for understanding practices at the international level).\footnote{It would, for example, be difficult to claim that observing representatives on two or three occasions is sufficient to identify and depict a particular type of habitus if contrasted with the months or years Bourdieu and other sociologists and ethnographers spent in the presence of their objects of study.} This research nevertheless argues that there are in fact two ways by which the analytical insights of this concept, obviously combined with the concept of field, can be made fruitful in this study: Not only for approaching and analyzing certain aspects of the individuals representing companies in the EITI (see chapter six), but also, supplemented by Bourdieu’s concept of doxa (see subsequent sections), for understanding the general status of companies and particularly the extractive industries. In order to reflect this selective application in our vocabulary, this study generally refers to dispositions for habitus and shared beliefs for doxa.

Guided by the concepts of arena and disposition, the following assumptions about individual corporate representatives in the EITI Standard are made: Firstly, it is assumed that corporate representatives enter and establish an institutional framework (“start playing the game”) due to an interest in the issues at stake. This interest will most likely be primarily mandated by the corporation they are representing. However, businesses’ interest are not likely to come in detailed prescriptions about how the corporate representative should engage and behave in this specific institutional framework, although it might very well provide some guidelines on priorities, goals and limits. The representatives’ level of engagement
and her particular interest in the game will most likely be influenced by a) the intensity of the corporation’s interest towards the stake of the game and b) the amount of capital the actor holds in the game (see also next section).

Each field calls forth and gives life to a specific form of interest, a specific illusio, as tacit recognition of the value of the stakes of the game and as practical mastery of its rules. Furthermore, this specific interest implied by one’s participation in the game differentiates itself according to the position occupied in the game (dominant vs. dominated or orthodox vs. heretic) and with the trajectory that leads each participant to this position (Bourdieu and Wacquant 1992: 117).

Secondly, this study presupposes that the corporate representative as an individual agent will most likely enter the game with a number of dispositions. These dispositions might have been gained in the educational process or the social environment she is working in, e.g. the internal structure of the corporation. It is reasonable to expect to find that individuals trained as engineers have a very different understanding and approach to the EITI than, for example, those trained as lawyers or economists. At the same time, Bourdieu’s relational approach also allows for the assumption that social spaces impact on agents. It is therefore assumed that companies’ Board Directors have a much more profound understanding of the complexity of natural resource governance than peers which have not been privileged enough to be granted access to the same arena.

Thirdly, the political activities of corporations in the EITI Standard are conceptualised as a practice, referred to as “corporate political practice”. Practices are defined by Adler and Pouliot as: ‘(...) Socially meaningful patterns of action, which, in being performed more or less competently, simultaneously embody, act out, and possibly reify background knowledge and discourse in and on the material world’ (2011b: 4). They can be differentiated from actions and behaviour as distinct types of practical activity. According to Adler and Pouliot, behaviour can be understood as a simple act in a particular context, such as running or sitting. Once behaviour is acted out based on a specific understanding or interpretation of the situation at a particular time, the authors would categorise this as action. In contrast to behaviour and action, practices are not limited to a specific time and space, although they are embedded in a particular context. Key for understanding the difference is the characterisation of practices as patterned and ‘embedded in an organizational context’ (Adler and Pouliot 2011b: 5). According to the authors, this requires practices not only to be
assumed as adapted by individuals via processes of socialisation and thus recognised by others as competent performance in a specific context, but also to be institutionalised in a way that enables reiteration and thus repetition (ibid. 5ff.). Put differently, this study assumes that the inclusion of business actors into international institutions can be conceptualised as the institutionalisation of a particular practice in world politics, identifiable as corporate political practice. As such, corporate political practice will be distinguishable as recognised, institutionalised patterns of action performed by corporate representatives. It will be identified and interpreted in the course of this study through participant observation and qualitative interviews in addition to a qualitative document analysis (see second part of this chapter on methods).

Combining information available through public sources and insights gained via semi-structured interviews with corporate representatives, this study aims at providing new findings into the individuals representing corporations in international governance mechanisms (see second part of this chapter for more details on the methods). Approaching these individuals, this research is interested in their personal and professional background (thus inquiring after age; gender; educational background; how particular individuals became the companies representative; how representatives keep up to date with the process; how they feed the information back into their company). Moreover, as the introductory chapter lamented a lack of engagement with the corporate perspective in the academic literature, this study aims at enquiring specifically after the individual’s perceptions, experiences and understandings of the process and their reflection on the practices involved (see chapters five, six and seven for the findings).

This section has elaborated Bourdieu’s key concepts of field and habitus and illustrated how these concepts guided the approach towards the EITI Standard and individual representatives. The next section focuses on Bourdieu’s definition of power as capital, thereby introducing the core concept capital and doxa as auxiliary concept. Furthermore, it establishes the notion of corporate political power as symbolic authority.
2.1.3. Introducing corporate political power as symbolic authority

For Bourdieu, power is equivalent to the possession of resources which he calls capital. Although he generally differentiates between economic, cultural and social capital, the important factor is that, depending on the setting, particular resources become instruments of domination and their possession a source for conflict and struggle. The following sections will illustrate this line of argumentation in greater detail, elaborating on what resources are and the role they play in an arena before particularly emphasising the notion of symbolic capital/authority employed in this study.

The section starts by introducing this study’s application of power, which relies on elaborations by Stefano Guzzini on Bourdieu’s understanding of power: Power is understood as ‘the control of resources which correspond to and reproduce the organising principles’ (2013: 80) of the arena, e.g. the EITI Standard. As already stated, for Bourdieu power is relational and context-specific and can be thought of as a form of capital. He assumes that every social arena is characterised by underlying power-structures which are reflected in an unequal distribution of capital between the players. Capital is defined as ‘a resource, specific to a field (such as cultural or political capital) which actors aim to accumulate and benefit from’ (Pouliot and Mérand 2013: 36). As Guzzini elaborates further, power for Bourdieu denotes ‘a form of (relational) capital (...) which is tied to the control of resources (...) (2013: 80), and importantly, ‘power is not to be found in ‘objective’ resources but in relations of recognition’ (ibid: 85, quotation marks in the original). What counts as capital in a specific arena has to be traced by the researcher in fieldwork, through engagement with the actors and the game, instead of being pre- presumed in advanced:

People are at once founded and legitimized to enter the field by their possessing a definite configuration of properties. One of the goals of research is to identify these active properties, these efficient characteristics, that is, these forms of specific capital (Bourdieu and Wacquant 1992: 107-8, emphasis in the original).

For corporate power this means that the amount of power held by companies and their individual representatives in the EITI cannot simply be deduced from the rank of

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37 As Pouliot and Mérand elaborate in relation to Barnett’s and Duvall’s differentiations of power approaches, Bourdieu would probably not object to their definition of power as ‘production, in and through social relations, of effects that shape the capacities of actors to determine their circumstances and fate’ (Barnett and Duvall 2005: 42, cited in Pouliot and Mérand 2013: 38).
a company in the Fortune 500, for example, or calculated through the amount of material resources companies generally hold, or by comparing a company’s annual revenues to a county’s annual GDP (refer back to introductory chapter). Corporate power needs to be understood in relation to what is valued and recognised as essential resource or capital in the specific arena.

In general, capital comes in three different forms:

As economic capital, which is immediately and directly convertible into money and may be institutionalized in the forms of property rights; as cultural capital, which is convertible, on certain conditions, into economic capital and may be institutionalized in the form of educational qualifications; and as social capital, made up of social obligations (‘connections’), which is convertible, in certain conditions, into economic capital and may be institutionalized in the forms of a title of nobility (Bourdieu 1986, emphasis in the original). Thus, as Swartz summarises, economic capital is associated with money and property; cultural capital with education, knowledge and information; and social capital with acquaintances and networks (2013: 34-5). In addition, there is a superior or more influential form of capital Bourdieu labels symbolic. It is associated with legitimacy, authority and prestige (ibid.). Symbolic capital in itself is not a new form of capital but based on the very same resources already categorised:

I have shown that capital presents itself under three fundamental species (each with its own subtypes), namely, economic capital, cultural capital and social capital. To these we must add symbolic capital, which is the form that one or another of these species takes when it is grasped through categories of perception that recognize its specific logic or, if you prefer, misrecognize the arbitrariness of its possession and accumulation (Bourdieu 1986b, cited in Bourdieu and Wacquant 1992: 119).

Symbolic capital is superior insofar as it does not operate openly, for example in form of coercion or even consent, instead it establishes a particular vision of reality, a specific logic for the game which is based on doxa.

Rather than in consent or reason Bourdieu thinks of the “premodial political belief” – the doxa – of a social order as a “pre-reflexive agreement”, rooted in the incorporations of the dominant vision of order in the bodily disposition of habitus (Bourdieu 1994: 15, cited in Swartz 2013: 33, quotation marks in the original).

38 This article is online available from: http://www.marxists.org/reference/subject/philosophy/works/fr/bourdieu-forms-capital.htm#n3.
39 Which would convene to the conventional understanding of power-as-domination also classified as compulsory power (for a typology of different approaches to power in IR, see Barnett and Duvall (2005).
40 Consent is generally conceptualised as the pre-requisite for the establishment of “power as authority” which is assumed to translate into a form of legal accountability (for a discussion of the concept in IPE and IR, see Cutler 1999: 62ff and Leander 2010).
Symbolic capital translates into meanings and practices which present an arbitrary viewpoint or a particular way of doing things as the “natural”, “legitimate”, “self-evident”, “universal” or “logical” way (see Moore 2008 for a comprehensive discussion). The doxa in international diplomacy, for example, establishes ‘mental constructions that require little if any, effort to be grasped by (...) officials that are part of the diplomatic game’ (Eagleton-Pierce 2013: 60). This functioning of doxa is problematic because it tends to favour particular arguments, agents and practices and therefore establishes what Bourdieu describes as ‘principles of misrecognitions’ or ‘hierarchies of discrimination’ (Moore 2004: 103). In the first concept, principles of misrecognition, the (dominated or disfavoured) agents do not recognise the established vision as biased and serving particular interests, or even as ‘product of a historical struggle’ (Eagleton-Pierce 2013: 51). Instead the existing order is referred to as the natural, common-sense or legitimate order of things. The second notion, hierarchies of discrimination, captures the structural dimension of symbolic power. It refers to the establishment of material and cognitive structures which, far from having been established from a neutral or functional perspective, in fact serve the interests of the dominant players. As these elaborations indicate, this form of power is fundamentally relational as it requires an element of recognition by the subordinated:

For symbolic power is that invisible power which can be exercised only with the complicity of those who do not want to know that they are subject to it or even that they themselves exercise it (Bourdieu 1991: 164).

Symbolic capital translates into the ability to impose particular meanings and practices as legitimate, with the effect of limiting alternative categories of thought and closing-off options for other forms of action. In fact, these cognitive and materialist structures can be so effective that they are taken for granted to the extent that the specific historical contexts in which they have emerged are forgotten (Deer 2008: 135). In other words: ‘It (symbolic capital) “naturalizes” or “universalizes” what in fact is historical and contingent or, in Bourdieu’s language, “arbitrary” (Swartz 2013: 89, content in brackets added for clarification).

What occurs in practice is that agents which are subjected to symbolic power have a tendency to acknowledge and recognise that the dominant agents of the field hold the most valued resource in that specific arena. They struggle for this resource and
position themselves in relation to it. However, they do not realize that in doing so they automatically perpetuate their subordination and, at the same time, re-establish the underlying-power structure simply through recognition and active participation in the game (even in cases in which the dominated actively oppose the rules of the game, they still engage with the game’s logic). This situation is described as ‘doxic subordination’ (Guzzini 2013: 82) or, in Bourdieu’s terminology, ‘symbolic violence’.

If one comes back to the classroom example, a rebellious student can be imagined, constantly challenging the teacher by not paying attention and chatting with others. According to a Bourdieusian line of thought, these acts of rebellion can only be performed, and in fact only make sense, in the classroom. In a different context, imagine a coffee bar for instance, this would probably be classified in more neutral terms as just a form of social behaviour amongst others, like drinking coffee or reading the newspaper. But being recognised for what it is by the teacher, by the particular student and everybody else in the classroom – as rebellious behaviour against the educational authority – the classroom’s existing power-structure is reflected and re-established by everybody present, albeit perhaps neither intentionally nor consciously.

The illustrative example of the teacher representing the educational system hints to the fact that symbolic capital is extremely effective when institutionalised, or ‘objectified’ in Bourdieu’s language, which is captured better by the term symbolic authority. Therefore, a very interesting form of symbolic capital with regard to this study is political capital, i.e. the authority which comes with acting in a representational way for others. From an analytical point of view political capital has a personal and delegated component. The personal element subsumes an individual’s ability to exercise exceptional political guidance and leadership, often called for in situations of crisis. It is based on knowledge and practical experience gained through years of dedicated work but can also be composed of an element of charismatic leadership which is attributed to valued personal qualities of the individual, such as superior social skills (Bourdieu apparently draws on Weber’s concept of charisma as leadership quality here). Political capital through delegation shifts the focus from personal qualities to ‘authority granted by a political institution’

41 The following depiction of political capital relies on elaborations by Swartz (2013: 64-7).
Therefore the individual embodies or represents the accumulated authority of the institution:

The delegation of political capital presupposes the objectification of this kind of capital in permanent institutions, its materialization in political “machines”, in jobs and instruments of mobilization, and its continual reproduction by mechanisms and strategies (Bourdieu, 1991: 196, cited in Swartz 2013: 65, quotation marks in the original).

Generally speaking, if corporate power is effective, than the following expressions of power can be expected: Firstly, this study assumes that the dominant status of the corporations in this issue area is reflected in dispositions or shared beliefs which are shared by the agents. These structures are the background knowledge on the topic of natural resource governance which is taken-for-granted. It is the basis which establishes the extractive industries in natural resource governance as legitimised agents and enables corporate political practice to take place (see chapter four).

Secondly, this research expects that business representation will be observable and recognizable as institutionalised and organised practice which is based on political capital. Thus, political capital is observable as a) recognition of corporate Board Directors as legitimate players based on the fact that they are the selected and delegated representatives of this industry and b) individual corporate representatives being in a position in which their personal qualities are positively recognised and appreciated, e.g. in a position in which they have a good reputation or are attributed leadership qualities (see chapters six and seven), and c) the effect of corporate political authority is a position for the companies in which their privileged status within the Standard has become taken-for-granted and individual representatives have a wide range for strategic manoeuvre and interpretation (see chapters five and six).

Thirdly, it is expected that the privileged status of the companies vis-à-vis other stakeholders is enshrined in EITI’s institutional structure, e.g. reflected and reproduced by its principles and procedures (for these findings see chapter seven). In addition, companies’ influence should be directly observable in outcomes.
2.2. Ethnographical mixed-methods approach

Investigating corporate power in political practices at the international level required the selection of a promising case-study and methods which correspond to the conceptual framework.

The main reasons why the EITI Standard was selected were already outlined in the introductory chapter. This section presents a few key features of the initiative which are important background knowledge for the discussion on methods (for details on the functioning of the EITI see the following chapter three). Broadly speaking, The EITI Standard calls for transparency and accountability in natural resource extraction and public governance in developing countries. Launched in 2002, it is set-up as a MSI comprised of representatives from governments, civil society and the corporations form the extractive industries. As a “global standard”, as the homepage states, EITI stipulates requirements which need to be implemented by resource-rich countries in order to comply and be granted the status of “EITI Compliant Country”. The Standard has a permanent Secretariat which is based in Oslo, Norway, a high-profile chair and an international Board as the key decision-making body which is incumbent for two years and meets at least three times per year at various locations. It is important that corporations and institutional investors have not only been granted access to the EITI in general terms, i.e. they can attend or contribute to EITI related conferences, workshops or meetings. In addition, and as a reflection of the multi-stakeholder character, extractive industries are a recognised constituency with institutionalised rights (see chapters five and six), one of which is to select and sent representatives to EITI’s international Board. The fact that corporate representatives can be EITI Board Directors means these individuals participate in formulating and revising the Standard, e.g. agenda- and rule-setting at the international level, and have a say in the evaluation of the performance of implementing countries, e.g. implementation and evaluation. These institutionalised political rights for corporations make the EITI Standard a promising case study for investigation of corporate political practice as conceptualised in the previous part of this chapter and for the inclusion of corporations into international governance processes as described in chapter one. Reflecting on the research questions, this study is particularly interested in individuals representing companies, the functioning of the constituency and the effects of these practices on the standard.
Bourdieu’s comprehensive but therefore also complex conceptual framework requires a profound empirical engagement with the case study and the generation of a variety of different types of “data”, ranging from evidence in discourses, to insights into participants’ experiences, to detailed knowledge of practicalities. This density of empirical insights would have been difficult to obtain by relying on a singular method. Thus, a mixed-method approach consisting of text and document analysis, participant observation and qualitative interviews was selected in an attempt to provide more comprehensive findings. This research aimed firstly at accessing corporate political practices and identifying the knowledge or ideational structure necessary for allowing and understanding them, i.e. the shared beliefs (see first part of this chapter). Secondly, these practices needed to be situated and understood in and against the specific context in which they are embedded, so as to allow for an assessment of the effects of symbolic authority and corporate political practices on the EITI Standard. This approach was inspired by and loosely corresponds to the practice theory approach outlined by Pouliot (2013: 48-54).

2.2.1. Accessing practices

**Directly through participant observation**

According to Pouliot, practices are best accessed directly through participant observation: ‘The method of choice, here would be ethnographical participant observation, which involves the researcher’s direct and sustained participation inside of a social setting and its everyday dynamics’ (Pouliot 2013: 48, paraphrasing Schatz 2009). This is also described as ‘immersion into a community, a cohort, a locale, or a cluster of related subject positions’ (Schatz 2009: 5). Thus, the researcher functions as an “instrument”, using presence and senses for understanding the situation.

Access to and presence in the field is assumed to provide a more profound experience and understanding than other methods as it is based on the researcher’s direct experiences and reflections:

(...) The researcher is potentially able, physically, emotionally, and verbally, to access participants’ experiences – of grief and fear, monotony and exhaustion, or solidarity and laughter – and the local knowledge that is embedded and carried in these, including the tacit knowledge underlying embodied practices. Reflecting on these participatory experiences may bring initial expectations or assessments into sharp relief, suggesting other ways of understanding than what the researcher initially anticipated. (Schwartz-Sheah and Yanow 2012: 101-2).
Interested in the company’s political practices in the EITI Standard, this study aimed at attending as many EITI Board meetings as the researcher would be granted access to and limited financial resources would allow for.\footnote{As ethnographical methods required direct engagement with individuals, this research needed to secure the approval of Exeter University’s Ethics Committee for Social Science Research. For more information, see http://www.exeter.ac.uk/media/universityofexeter/corporateresponsibility/pdfs/Ethics_Policy.pdf.} As “global” Standard, the international EITI Board meets three to four times a year for two to three days in various locations all around the world (out of which one is usually in Europe). Between 2012 and summer 2013, the period fieldwork was conducted, the Board met in Wiston House, UK (an estate in Sussex), in February 2012; in Lima, Peru, in June 2012; in Lusaka, Zambia, in October 2012; in Oslo, Norway, in February 2013; as well as in Sydney, Australia, in May 2013. Despite the fact that this project was funded through a scholarship by the politics department of the University of Exeter (with an additional annual research allowance of £200), making arrangements to attend all the meetings would have overstretched the budget. Aiming for two to three opportunities for observation in Europe, the EITI International Secretariat was contacted and formally asked for permission to participate in upcoming EITI meetings. Participant observation was conducted at the 19th EITI Board Member Meeting, which took place in Wiston House, UK, from 14-15 February 2012, as well as at the 22nd EITI Board Member Meeting which took place in Oslo, Norway, from 26-27 February 2013.

As anticipated by Pouliot, in studies at the international level direct access to practices is usually unattainable or limited for a variety of reasons, such as ‘financial, organizational, legal, geographical or historical reasons’ (2013: 48).\footnote{Consequently, participant observation as a research method is not very common, neither on the topic of corporations, nor in general in the disciplines of IR and IPE (for a critique on application of ethnographical methods in IR, see Vrasti 2008). Thus, however, conducting an ethnographical case study on the political practice of corporations in international MSIs is one of the original contributions to knowledge of this project (see concluding chapter).} The author therefore proposes ‘methodological proxis’ used in interviews and text analysis for accessing practices indirectly: ‘The rationale is that, even when practices cannot be “seen”, they may be “talked about” through interviews or “read” thanks to textual analysis’ (Pouliot 2013: 49, quotation marks in the original).
Accessing practices indirectly through interviews and text analysis

For accessing practices indirectly, qualitative interviews with members of the EITI Board were conducted. For understanding personal perceptions, experiences and interpretations of representatives, it was decided to conduct semi-structured, qualitative interviews described as ‘in-depth or intensive interview, which (is) are focused on the meanings that life experiences hold for the individuals being interviewed’ (Warren and Karner 2009: 115, emphasis in the original). This translated in practice into a prepared set of questions (generally 8-10), with additional time anticipated for the conversation to develop. As the number of people targeted was relatively small, it allowed for a personally tailored-approach which focused on the particular individual (and their respective constituency) and an interview questionnaire which changed from person to person while at the same time evolving over time. As already mentioned, Pouliot (2013: 49) specifically suggests asking interview partners to recount their everyday practices and describe the practices of their colleagues, a technique which was successfully employed in the interview process and provided fascinating insights into the practices of individual corporate representatives as well as the perspectives on this practices by the other stakeholders. In total, 16 interviews were conducted in the period between February 2012 and April 2013. The interview sample included former as well as at the time of fieldwork incumbent members of EITI’s international Board and Secretariat. The average interview length was 60min.

44As background information it is important to highlight that in contrast to large international organisations, such as the UN or the WTO, the EITI is of comparably small size and considered fully operating since 2006/2007 (please see chapter three for greater detail on EITI’s history and structure). As a result, the number of people available for interviews was naturally limited: the 2009-2011 international Board, for example, consisted of 39 individuals (including the Chair Peter Eigen). It was therefore decided that it would make sense to conduct what the literature calls an “elite interview process”, focusing on present and past members of the Board from every stakeholder group, the previous and present Chair and members of the international Secretariat. As the Board was re-elected every two years at that time, this meant members from the 2007-08, 2009-2011 Boards were eligible. To increase variety, it was also decided to include members of the broader EITI family which were not formal members of the Board. This led to two supplementary interviews with individuals from the World Bank and two complementary conversations with individual who preferred not to be formally interviewed but agreed to meet up for informal conversations.

45Interviews were conducted in person or alternatively using phone or Skype.

46Given the small sample of individuals available for interviews, it was decided to make all interview partners anonymous. However, for contextualisation, quotes are related to constituencies, e.g. civil society constituency interview. Note, however, that it is not indicated whether the interview partner was a present or former member of EITI’s Board or Secretariat.
The text and document analysis conducted for this project provided additional opportunities for identifying and describing corporate political practice, particularly regarding rules and procedures guiding this practice and indicators of contributions to discussions and decision at the Board table in the minutes (see following sections for more information on the content analysis). Combined, the application of these methods resulted in a detailed description of a) the rules and procedures guiding and limiting companies' participation and contribution according to EITI's institutional design, b) the functioning of the company constituency as collective representational body of the extractive industries, and c) insights into the everyday representational practice of the individual corporate representatives (see chapter five and six).

2.2.2. Mapping the arena, identifying shared beliefs

Although identifying and depicting corporate political practices is important, following the line of argumentation proposed by Bourdieu, further analytical steps were needed to a) contextualise them into the broader ideational or knowledge structure by identifying the shared beliefs, and b) to map the functioning of the EITI Standard more generally by identifying the important forms of capital in the arena. This research proceeded with both steps simultaneously, thereby primarily relying on text analysis and interviews as methods. However, the findings were supplemented with observations generated through participation (as described in the previous sections). A “qualitative content analysis” was performed which served several, complementary purposes:

Firstly, it was important to learn as much about the workings of the EITI and the practicalities of the company’s involvement as possible. This knowledge provided the background against which general understanding of EITI’s stakeholders and processes was enhanced and which allowed the researcher to enter the process and formulate informed interview questions. Secondly, the findings generated were used to map EITI as a social arena. Bourdieu’s concept of field stipulates that institutional designs reflect the underlying-power structure and the status of the players, e.g. the distribution of capital in the arena. Therefore, the focus was on a) the principles underlying EITI (see chapter seven for the findings) and b) the rules and procedures guiding and facilitating corporate involvement (see chapters three and five). It was particularly important to identify the form of capital/ resource which was essential for
participating as a corporate representative in the EITI (see chapters six and seven). Thirdly, the study aimed at identifying the underlying structure of shared beliefs which legitimises the company’s status in natural resource governance (the findings are presented in chapter four; for an elaboration of how this research proceeded, see further below).

By the start of the project in 2010, a quick review made evident that the academic literature on the EITI Standard was very limited at this point, with only a handful of articles to cite (see Aaronson 2010; Gillies 2010 and Haufler 2010b as noticeable exceptions). As transparency initiative, the EITI makes a variety of documents, guides, minutes and reports publicly available via the homepage, maintains a blog in which members can comment on recent developments and links to academic and media coverage of the initiative. At the same time, the researcher’s engagement with the EITI was welcomed by the staff of the international Secretariat, who were well-informed, available for interviews and questions and kept the researcher in the information loop (more on the role of the Secretariat see chapters three, seven and eight). The analysis concentrated on primary sources made publically available via EITI’s homepage which were generally grouped into two categories:

On the one hand were the “normative documents”, usually published by the Secretariat and often collaboratively written with stakeholders. These were interpreted as transporting a message or expressing a particular normative view on the EITI Standard, e.g. how the initiative was supposed to operate and evolve in an “ideal” or “desired” way. This category included documents elaborating on the principles, rules and procedures guiding the Standard, for example laying out the requirements for a successful implementation process such as the EITI Rules 2011 Edition or elaborating on the constituency selection process. In addition, the category encompassed guides elaborating on how particular stakeholders can participate and contribute to the process, some came in the form of factsheets and summaries such as the ‘How to-guides’ (e.g. how to become a supportive company, how to become a candidate country, etc.), others were longer publications such as the Business

47 In the meantime, academic as well as specialised mining/ resource/ energy journals have caught up with the development, and the EITI is these days frequently mentioned (see also chapter three, part two on media coverage).

The second group of documents provided more practical insights into the everyday operations of the Standard, current developments and topics discussed. This category mainly included the minutes of the previous 23 Board meetings; reports from the six Global Conferences; the Report by the International Advisory Group (IAG, 2006); various reports by the Secretariat; and the Board committees. In addition, the researcher was included into the internal mailing list for the strategically important Board period 2011-2013 (see chapter three for details on EITI's evaluation process), receiving emails and documents in preparation for the meetings which provided additional insights and more detailed clarifications on particular topics.48

In order to reflect and understand the variety of perspectives on the Standard as well as the broader discourses on natural resource extraction, statements, press-releases, speeches and reports by civil-society groups and corporations in the EITI, government institutions and associations as well as the World Bank and the International Monetary Fund (IMF) were searched and included (all of which are members of the EITI). An outsider perspective was brought in mainly via the results of EITI's external evaluation which was conducted by the Norwegian consultancy Scanteam (e.g. the EITI Scanteam Report 2011, see chapter three), articles in the international press and the perspectives on the topic in the academic literature.

The analysis proceeded with the following steps: The first step, aimed at identifying key texts and documents as well as the main themes and lines of argumentation running through them. Thus, a few documents were classified as important. This list included the EITI Rules (the 2011 Edition and the Validation Guide); the EITI Business Guides (2008, 2013); the “Mining Guide” officially titled Advancing the EITI in the Mining Sector (2009); the EITI Report of the International Advisory Group (IAG) (2006) and the EITI Scanteam Evaluation Report (2011). This review resulted in a more profound understanding of how EITI operates at the national and international levels (depicted and evaluated in chapters three and four) as well as the opportunities and constrains on companies’ participation. In addition, the shared

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48 For the content analysis, this study included newly-released documents up until the Global Conference which took place in Sydney, Australia, in May 2013 (see the following chapter for introducing EITI’s global conferences).
beliefs, or doxa, on which corporate legitimacy is based were extracted: the depiction of extractive industries as agents contributing to sustainable development, the broader discourses portraying companies as sensitive towards broader social and environmental issues, and ultimately the linkages of natural resource extraction to wider concerns on national security. Combined, these findings portray companies’ role in natural resource extraction as that of a resourceful, responsible and exceptional, thus ultimately legitimate agent (see chapter four).

In the second step, the entire sample was analysed, arranging or “tagging” passages according to the previously identified patterns and recurring themes. Thus, the identified shared beliefs where substantially supplemented by evidence from broader discussion in the relevant academic disciplines, such as development economics or business ethics. Finally, the documents were (re-)reviewed, searching for passages and evidence which might indicate inconsistencies in the findings. The findings were complemented by insights generated through the interview process.

In advance of the interview process short background profiles of members of the Board were put together, combining all the information publically available via an internet search including the EITI homepage, company websites as well as information made publically available via the career profile LinkedIn. It was decided to particularly focus on gender, education, current and previous occupations as well as additional engagement in similar efforts at the international scale (for the latter, this research found little evidence). It was interesting to observe that in fact there was quite little public information available about most of these people, barely more than the basic facts. Additionally, this internet search helped to identify the members of the Board for which contact information was publically available. The interview process started by sending emails with interview requests, including an enclosed formal request letter, an information sheet and the ethical approval.

This process has been undertaken manually instead of using software such as Nvivo-coding software (this was manageable given the quantity of documents).

Undertaking a document analysis in these three steps is recommended as ‘more likely (...) to produce trustworthy and convincing interpretations of the data’ (Wesley 2010: 8). However, although in theory the three stages are separated, in practice this research occasionally had to step back and forth between stages, for instance once a new document became available that was identified as important.

In total, over 40 email requests were sent, followed-up by two reminders. After that the person was assumed to be not available for an interview.
On the analysis of interviews: At the start, the tapes were listened to several times, aiming to identify a smaller sample of the most informative interviews. These were subsequently fully transcribed. For the rest of the interviews “summary transcripts” were written which would include the most interesting topics and potential quotes with an exact tape reference.\textsuperscript{52} The content of the conversations was than generally divided into four categories: The first included the identification of important topics and themes. The second category referred to exemplary quotes which would provide evidence for the particular argument this study would like to make in relation to that particular topic or theme. The third category would contain descriptions and facts which complemented my knowledge about how the EITI Standard works at the international level (for example how individuals are selected as representatives within the constituencies). The final category was looking for evidence which might contradict initial interpretations and assumptions. In addition, the findings were usually complemented and checked against results generated through observation.

**Identifying shared beliefs**

In order to identify underlying shared beliefs particular emphasis was put on tacit, common-sense or practical insider knowledge that one would need to have or bear in mind for understanding ‘what is going on’ (Pouliot 2013: 51). Thus, Pouliot’s initial: ‘What would one have to know – as inarticulate as that knowledge may remain – in order to feel or grasp the meaning of a given gesture, especially in terms of what it does in and on the world?’ (ibid.: 50) was modified into: What are the central discourses on natural resource extraction and natural resource governance and what are the key assumptions about the role and status of extractive industries?\textsuperscript{53} Through text analysis a set of underlying assumptions were extracted which are embedded in broader international discourses such as sustainable development, good governance and energy security (thereby reflecting, in the Bourdieusian vocabulary, broader fields of power) and which portray corporations from the extractive sector as positive, responsible and exceptional agents in natural resource governance. At the same time, it was identified that these discourses had a tendency

\textsuperscript{52} This decision was mainly based on time concerns and reasons of practicality. It was decided that summary transcripts of some of the interviews can be justified as the content has been taped and the interviews are not the sole data source.

\textsuperscript{53} Please note that the analysis offered is not equivalent to a discourse analysis.
to disadvantage agents from resource-rich countries by attributing the problems associated with natural resource extraction to them (see chapter four).

As the previous sections outlined, understanding the distribution of capital between the players and interpreting the standing of the corporate representatives in relation to the other stakeholders at EITI’s international level, was greatly enabled by combining methods. For example, the document analysis combined with findings from the interview process provided valuable insights into the contribution and influence of the stakeholders at the time of EITI’s establishment, illustrating the vital role played by individuals from the corporate sector and particular companies in making EITI happen (see chapter three for the findings). The advantageous standing of the companies identified in chapter five through text analysis is also present in EITI’s transparency principles. Additionally, it is directly observable in the processes at the international level (see chapter seven).

2.3. Conclusion

This chapter outlined how a Bourdieusian-inspired conceptual approach, built on the aspiration to analyse power and domination, will be deployed for examining and understanding corporate power in practice through the course of this research. Against the increasing influence of large corporations in international politics, described in the previous chapter (see chapter one), Bourdieu’s framework will be put into practice for assessing corporate power in multi-stakeholder international natural resource governance. Consequently, the here presented concepts of corporate symbolic authority and corporate political practice will provide us with access to individuals and practices and help to refine our conceptual understanding of corporate power.

Following Bourdieu’s logic of social action, this study aims at understanding the inner workings of the EITI – as comprehensively as possible – as the social arena in which corporate political action takes place. This chapter outlined how social arenas are characterised by underlying power-structures between agents, how they centre on stakes, and that agents require context-specific resources for engaging in them. The following chapters gradually assemble the buildings blocks for a comprehensive picture of EITI’s functioning and the role played in it by stakeholder from the business community.
This chapter also elaborated on how the selected ethnographical mixed-methods were employed, consisting of text-analysis, participant observation and interview process, and how they provided useful insights. The text analysis proved highly effective for understanding the EITI more broadly, and generated particularly interesting insights into the broader ideational structure in natural resource governance. In addition, findings were generated by using participant observation and qualitative interviews: on corporate political practice through observation, depiction and conversation, as well as on the individuals representing companies through the interviews as well as direct observation of their presence at Board meetings. Participant observation provides the researcher with direct access to the field and the players, generating a plethora of impressions and personal experiences on the atmosphere, the setting, the discourses and the participants. In addition, it is an excellent opportunity for approaching potential interview partners. In contrast, the interview process provided access to the personal experiences and reflections of the individuals, filtered interpretations which helped to clarify questions and deepened and complementing the findings. Combined, observation and interviews made a much more profound understanding and analysis possible, as the details and qualities of the findings could not have been achieved by relying only upon text analysis as a method. Ultimately, the combination of methods proved vital for answering the research questions and contributing towards a refined understanding of corporate political power.

The investigation begins in the following chapter three by tracing EITI’s history and learning about the state of the power-struggle at the time of EITI’s establishment. At the same time, the opportunity was provided to learn more broadly about the variety of partners engaged in the process and the aims they want to achieve. Moreover, EITI’s performance is assessed, helping to deepen our knowledge about the arena’s evolution and the challenges EITI is facing. The second fundamental building block seeks to understand how the status and contribution of the companies in the EITI is legitimised in broader discourses on natural resources extraction and management deploying Bourdieu’s concept of underlying shared beliefs which, as disposition of agents, enable and limit action. Chapter four thus discovers the background knowledge which portrays the extractive industries as positive, responsible and exceptional agents and elaborates on the problems attached to it.
Chapters five and six, examines closely the companies’ political practices and the individual corporate agents engaged in the arena, thereby relying strongly on Bourdieu’s concepts of capital and the function he attributes to practices in reflecting and re-establishing existing hierarchies. This perspective provides additional insights into the underlying power-structure of EITI as a social arena. These chapters focus on the companies’ collective and individual representation. They introduce the individual sectors, help to understand how corporate political representation functions within the company constituency, approach individual corporate representatives and learn about their qualifications and qualities, their recruitment and mandate as well as their reflections of the process. These insights will not only demonstrate the profound political role the companies play in the EITI but also help to identify the variety of resources required to effectively participate in the arena and thus, following Bourdieu’s logic, the forms of capital on which corporate influence and privilege is based. In chapter seven, the degree to which this privilege plays out in the EITI and the consequences this has for the Standard is assessed: Firstly, by examining EITI’s principles and procedures more closely, thus paying attention to the relationship between stakeholder and the everyday operation of the EITI. It is here that the relative disadvantage of agents from developing countries becomes evident. And secondly by elaborating on the companies’ direct influence on EITI’s strategy review in which their political power is directly observable.
3. Introducing and evaluating the EITI Standard

The business of resource extraction and the governance of natural resource revenues are at the centre of a collaborative effort by governments, corporations and civil society actors at the international level which is the EITI Standard. Launched by British Prime Minister Tony Blair at the WSSD in Johannesburg, South Africa, in 2002 the EITI Standard aims at increasing accountability and transparency of natural resource governance. Broadly speaking, the EITI generates rules for a transparent and accountable governance of natural resources at the international level which are designed as implementation tasks for resource-rich countries at the national level. EITI can therefore be classified as a standardizing institution, in accordance with the broad definition on standards elaborated by Brunsson and Jacobson, who state that ‘standards constitute rules about what those who adopt them should do, even if this only involves saying something or designating something in a particular way’ (2002: 4). Two additional features define EITI’s character: Firstly, an emphasis on multi-stakeholder collaboration at national and international level, as well as secondly, the voluntary nature of participation for the stakeholders. Thus, the EITI is a global governance mechanism as it is both, an example of voluntary regulation at the international level, due to its standard setting, and of a multi-stakeholder initiative, based on its composition (Hale and Held 2011: 16-17).

At the basic level, the idea of EITI is simple. Having identified opacity and a lack of information on revenues generated by the extractive sector in resource-rich countries, the Standard suggests that a national multi-stakeholder group oversees companies’ disclosure of information on how much they paid to the local government in a fiscal period and the government’s discloses of how much they received. The information is verified externally and the data made publically accessible. By providing reliable information on revenues generated by the extractive sector and paid to the government, the local civil society and the impoverished population in resource-rich countries more broadly can call for the revenues to be invested into infrastructure, health and education (see chapter one for a description of the economic, political and environmental problems associated with natural resource extraction).
This chapter introduces the functioning of the EITI in the first part and evaluates its performance in the second. Combined, both parts provide the background against which the analysis of corporate political practice takes place in the following chapters.

The first part aims at outlining how the EITI Standard works with a particular focus on the international level. In accordance with the theoretical assumptions made in the previous chapter, this research seek to understand the EITI as a social arena composed of players, stakes and capital which need to be identified. Thus, the first part concentrates on two tasks: Identifying the players, e.g. EITI’s stakeholders, and the stakes, focusing on the motivations for participating. Particular attention is paid to the role of the stakeholders at EITI’s establishment, as this helps us understand the state of the power struggle between the players at the time of EITI’s inception.

The second part evaluates EITI’s performance, taking into account international endorsement and awareness about the EITI, the quality and reception of the EITI reports, the existing academic literature as well as civil society case studies on EITI implementation. The chances and challenges of national-level implementation are illustrated through the case-study of Nigeria.

3.1. History of the EITI and key stakeholders at EITI’s inception

By the turn of the new millennium, the links between extraction, corruption and conflict, became a prominent topic in discourses on global governance, as indicated in the introductory chapter. This debate was, on the one hand, based on an increased amount of academic research on the consequences of natural resource extraction in developing countries or “emerging economies” (amongst the most prominent studies are Auty 1993; Karl 1997; Ross 1999, 2012; Collier 2008; Gary and Karl 2003; Humphreys et al. 2007).54 On the other hand the discussion was additionally supported by investigative case studies conducted by civil society organizations.55 The following paragraphs firstly elaborate on developments which, as it is argued, facilitated the establishment of the EITI, particularly a momentum of

54 For detailed arguments on the link between extraction and conflict, see Collier and Hoeffler (2001), Duffield (2001), Le Billon (2001), Ross (2004) or Böge et al. (2005).

55 Please note that the following narrative of EITI’s inception rests on the PWYP Guide by Mabel von Oranje and Henry Parham titled Publish What We Learned. An Assessment of the PWYP Coalition (2009). For this report, the authors carried out interviews with ‘around 40 people during the research phase’ while ‘more than 10 people from various organisational background and countries commented on the draft version’ (2009: 11). Information from this report is supported and extended by additional insights generated through this project’s interview process as well as EITI’s homepage.
public awareness culminating in the establishment of a civil society campaign called Publish What You Pay (PWYP). Secondly, the role played by key the stakeholders in EITI’s launch is identified, particularly the Blair government, international civil society and Georg Soros, as well as companies and investors.

**Developments prior to EITI’s establishment**

It is without a doubt that civil society played a crucial role in raising awareness of the nexus between resource extraction, poverty and corruption. Most prominent amongst the players was Global Witness, a London-based NGO founded in 1993 which exclusively focuses on the problems associated with natural resource extraction. Global Witness published two reports dealing with Angola’s civil war, natural resource extraction and the nexus between big business and corrupt elites. These reports had a significant impact on the public awareness of the problem: In 1999, Global Witness published *A Crude Awakening. The role of the oil and banking industries in Angola’s Civil War and the plunder of state assets*. This was followed-up in 2002 by *All the President’s Men. The devastating story of oil and banking in Angola’s privatized war*. Both reports illustrated in shocking and rich details the alliances of big business and corrupt elites in times of civil war and beyond, with shockingly negative consequences for the local population. Thereby, these reports established the degree to which foreign companies were complicit in practices of corruption and mismanagement, not only through the apparent exploitation of what would nowadays be regarded as a lack of governance capacities by the Angolan state, but also, and morally much more questionable, through exploitations of situations of violent conflict. At around the same time civil society started a number of high-profile public shaming campaigns especially targeting oil companies: The most prominent here is certainly the campaign against Shell which accused the MNC not only of complicity in the prosecution and subsequent execution of leaders of the Ogani-people movement by the government of Nigeria, but also of a severely negative ecological, political and social impact of their operations in the Niger Delta (Haufler 2001: 21). At the same time, it became apparent that due to opaque fiscal practices between companies and local authorities reliable data on the exact amount of revenues, details of contracts established and concessions granted were unavailable to the public.
The latter was interpreted as a good starting point for action: ‘(...) A small group of London-based activists’ (PWYP 2009: 14) decided to join forces and started campaigning against what they identified as morally questionable business practices, demanding transparency of natural resource revenues. In 2002, they established Publish What You Pay (PWYP), an advocacy coalition composed of various NGOs which has the following aims: PWYP seeks to a) raise awareness of the complicit role business plays in corruption and mismanagement in resource-rich countries, and b) lobby, in the long-term, for mandatory disclosure rules for revenues targeting extractive companies. At the point of PWYP’s launch, the topic of ‘revenue transparency was a niche issue that was not being tackled by other NGO campaigns and was not on the agenda of governments and the business community’ (PWYP 2009: 34).

Consequently, in the early days of the campaign, the strategic first step was to call on the big MNCs to acknowledge responsibility for the negative externalities of their operations in resource-rich countries and, more importantly, actively demonstrate willingness to contribute towards an improvement. As a signal of good will, PWYP explicitly demanded a voluntary public disclosure of what the companies paid to national governments for their access to natural resources, e.g. *publish what they pay* (this is where the campaign’s name is derived from). In retrospect, it can be concluded that PWYP was a driving civil society force pushing the issue of revenue transparency into public and subsequently political-administrative awareness more generally, and it can therefore be concluded that the campaign generated a momentum based on an acute sense of awareness which enabled action, e.g. the establishment of the EITI. As a result, PWYP is one of the founding members of the EITI and to this day an active and prominent stakeholder of the Standard.

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56 The PWYP report identifies: ‘The individuals based in London who played the most active role in setting up PWYP as a formal coalition during this period were Katherine Astill (CAFOD), Gavin Hayman (Global Witness), David Murray (Transparency International UK), Fiona Napier (Save the Children UK), Mabel van Oranje (Open Society Institute), Simon Taylor (Global Witness) and Sophia Tickell (Oxfam GB)’ (2009: 34).

57 In the section titled ‘Why didn’t the Coalition call on natural resource-rich countries to “Publish What You Earn”?, the PWYP report states: ‘The ultimate objective of PWYP is to get governments of resource-rich countries to publish the revenues received from resource extraction. But at the time of PWYP’s launch it was more advantageous strategically to emphasis the demand for company disclosure of payments to these governments’ (2009: 29).

58 It is important to clarify, however, that PWYP and EITI are not synonymous: Whereas the campaign continues to raise awareness of the problems attached to natural resource governance, ultimately
Members of the business sectors responded to the campaign, with BP at the forefront. To understand BP’s role, it is important to mention BP’s engagement in Angola, the country that was the focus of the aforementioned Revenue Watch Reports. At that time BP, under CEO Lord Browne, was publically endorsing a proactive agenda on climate change and sustainability. Having suffered reputational damage in a blaming and shaming campaign by Revenue Watch and other NGOs for its previous complicity in Angola’s poor management of natural resource revenues, BP decided in 2001 to provide a demonstration of its commitment to transparency. The company privately agreed with Global Witness to ‘publicly disclose information on total net production, aggregate payments to the Angolan state-owned oil company Sonangol and total taxes and levies paid to the Angolan Government’ (PWYP 2009: 33. For more information, see Global Witness 2001: 41f.), thereby accepting the campaign’s demand to literally and unilaterally publish what they paid. As Global Witness prepared to announce BP’s intentions publically, BP (as well as every other foreign company operating in Angola) received a letter by Sonangols CEO Manuel Vincente.59 In this letter, Vincente warned the company against publishing any data regarded as confidential by the Angolan government. It was suggested that violating confidentiality clauses of contracts with local authorities might result in revoking of licences as well as expulsion (Ghazvinian 2007: 140-141; PWYP 2009: 33). BP reacted and immediately stopped the publication.

**Early stages of the EITI process**

The BP-Angola incident brought to the forefront the problematic situation of the extractive industries which found themselves in the middle of conflicting demands by global civil society and local governments:

BP was the only company to reply favourably to Global Witness’ demands in 2001 for full transparency of payments in Angola. As a result of this particular episode, BP had also unintentionally become the most critical player in the public domain (PWYP 2009: 58).

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59 For a more detailed discussion on the topic, particularly Global Witness’ role, see the explanatory box about the incident in the PWYP report (2009: 33).
Members of the business community, agreeing that one-sided disclosure as advocated by the PWYP-campaign was not the right way forward, started discussing alternatives such as making revenue disclosure a requirement for UK listed companies. The listing requirement was discussed as a means to prevent the confrontation with local authorities provoked by unilateral company action.

Discussing the role played by the companies with a representative from the company constituency who was present in these initial discussions, it was stated:

Global Witness demanding the companies to disclose what they pay – that was the original PWYP – that idea was dead on arrival (...) so the only way that you could get the companies to come forward with this information was if it was done under the auspices of a broader coalition of interests that included government and civil society to legitimise it.

(Company constituency interview, 31 October 2012)

The interview partner further recalled to have got in touch with Simon Taylor60 from Global Witness and passed on the ideas discussed a) for a more profound involvement of the UK government on the issue and b) for making revenue disclosure a requirement for UK listed companies61: ‘(...) and three days later, Georg Soros had written a letter to Tony Blair, saying: “I call on you to make this a listing requirement” (ibid.).’

As already indicated in the last paragraph, the business magnet and financier Georg Soros and his Open Society Foundation, of which he is founder and chairman and which substantially funds PWYP, played an important role in EITI’s establishment:

George Soros played multiple roles in the launch phase of the campaign. He acted as a catalyst bringing interested NGOs together; he effectively served as PWYP’s public spokesperson; he promoted the revenue transparency concept with governments and extractive companies; and his foundation provided financial support for activities such as the launch event (PWYP 2009: 35).

In addition and as already mentioned, Soros wrote an open letter to Tony Blair. The latter, which was privately posted on a Friday and published in the Financial Times the following Monday, presented the case for revenue transparency and proposed the idea of making the disclosure of such information a listing requirement:

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60 Taylor was not available for an interview, despite repeated requests.

61 The idea of making revenue transparency a listing requirement is credited by an interview partner from the company constituency to Charles McPherson, a former Senior Advisor at the World Bank Group in the Oil and Gas department, at that time seconded to BP. The suggestion was, however, dismissed early on for effectiveness as well as political reasons in the business community.
George Soros’ support helped to attract significant business, government and media attention. Most critically, his letter to UK Prime Minister Tony Blair in February 2002 brought the issue of revenue transparency to his attention and compelled the UK Government to take action. This letter became one of the defining moments in the foundation of the global resource revenue transparency movement. Mr Soros’ letters to oil and mining companies in 2002 urging support was one of the first times the extractive industry had been lobbied on the issue of revenue transparency (PWYP 2009: 36).

Soros’ engagement on the issue of revenue transparency is generally understood as based on his philanthropist engagement for open and democratic societies. However, his critical stance with regard to businesses’ responsibility can reasonable be assumed to be limited, as his global philanthropist engagements are generally characterised as business friendly and the Open Society Foundation was specifically created to facilitate the transition of former Soviet republics into capitalist democracies basically assuming that liberal markets are a vital ingredient of democratic societies.62

In addition to this direct intervention, it is understood that the good personal relationship between UK’s Prime Minister Tony Blair and BP’s CEO Lord John Browne facilitated and secured the UK government’s support for the transparency movement and particularly the EITI Standard (Browne 2010: 117). Blair, lobbied by Soros’ open letter and his close friend Lord Browne, decided to take action and assigned his elite policy-unit, the UK Cabinet’s Strategy Unit with the task of designing a strategy for addressing the issue of revenue transparency, preferably within a timeframe which would allow presentation of a solution at the forthcoming WSSD (which was due to be held in Johannesburg, South Africa, in 2002). In the course of the following consultations between civil society, business and the UK Government, the companies managed to effectively lobby for a voluntary initiative and against any directions which could lead to mandatory disclosure by arguing that voluntary standardisation decreases the chances for offending resource-rich countries. In addition, being publically endorsed by the private sector as a means to signal an improved investment climate would dramatically increase the Standard’s chances for acceptance by resource-rich countries.

The UK Government, a keen proponent of partnerships between public and private sector, suggested a multi-stakeholder design. It appeared as a win-win-situation for

62 For a critical overview of Soros’ political activities, see Cooper (2010).
all partners involved: Civil-society got the process of public disclosure of extractive industries revenues in resource-rich countries started, companies participated in the process interpreting it as a way of avoiding mandatory regulation and at the same time maintaining a level-playing field amongst the competitors, and it was suggested that governments of resource-rich countries could be encouraged to participate as part of their overall strategy to establish a business-friendly investment climate within their countries. Thus, it is widely considered amongst the EITI stakeholders that bringing the companies to the table at that time was a prerequisite for engaging the governments and thus legitimising the entire initiative which otherwise might have easily been interpreted as another form of “Western imperialism”. As a representative from civil society puts it:

I think it was necessary to have the companies involved in order to convince the governments, because the governments were leaning towards the companies’ interests... so I guess it made sense politically (...). If you could go to governments around the world and say: ‘Look, the biggest oil and mining companies are backing this, institutional investors, the money is backing this, this is not anti-business’ (...) and that’s what I mean about the role of the companies at the beginning being important to legitimise it.

(Civil society constituency interview, 9 August 2012)

As planned, the EITI was official launched by the British Prime Minister in Johannesburg, South Africa, in October 2002, at that time without final decisions about the exact terms of agreement.  

Without such a large-scale international event as the WSSD, it is doubtful that the UK government would have invested as much energy and as many resources as it did to ensure that EITI got up and running. Fortunately, if unintentionally, the event became a high-profile gathering that provided a further incentive to the UK government to launch EITI (PWYP 2009: 57).

In addition to the announcement, the UK government further supported the EITI financially and through administrative capacities. The first international conference of the EITI, in which the stakeholders agreed upon so-called “cornerstones” of the future standard, known as the EITI Principles, was sponsored by the UK Government and held in Lancaster House in London. In the years 2002-2006, the initiative was run by a small unit within the UK Department for Development. The second conference saw the forming of an international advisory group (IAG), consisting of private and public

63 Interestingly, South Africa as the biggest resource revenue economy on the African continent, and host of the Johannesburg WSSD, is not a participant of the EITI (other examples of non-participants are discussed further below).
representatives as well as high-ranked international experts and scientists, aiming to elaborate a more detailed plan regarding the governance structure and overall scope of the initiative. The work of the IAG culminated in the forming of the first EITI Board 2006-2008 at the Third EITI Global Conference in Oslo, Norway, in 2006, which is why the EITI is considered to be fully operating since December 2006/ start 2007 (EITI Scanteam 2011: 1).

Depictions of EITI’s establishment usually centre on the role played by civil society or the UK government which leads to the fact that the EITI is either described as civil society-led or government-led initiative. However, BP’s influential role as ‘the most critical player’ (PWYP 2009: 58) in the history of PWYP and the establishment of the EITI is well known and acknowledged. In addition, Karina Litvack representing F&C Asset Management, is widely credited with a leadership role (see also chapter seven).

The reasons for involving the companies were summarised by an interview partner as follows:

So, why were companies even included in this? ‘Cause they were instrumental in creating this in the first place. So if it had been done without them, you would have had huge resistance. So the way to have it work is to have them be a part of designing it.

(Company constituency interview, 31 October 2012)

In summary, it can be stated that EITI’s establishment became possible through a collaborative effort by actors from civil society, business and government as the key stakeholders. Importantly, however, the role of business can be described as influential and even vital, as many crucial points of the narrative are directly linkable to actions taken by members of the business community. Although this research did not undertake an in-depth investigation of the businesses’ role in EITI’s inception, the evidence suggest that the companies managed effectively to shift the focus of attention away from mandatory regulatory efforts imposed on them, towards collaborative forms of voluntary regulation targeting resource-rich countries, with the latter noticeably absent as key players in the pre-launching phase of the EITI. In retrospect it can also be argued that BP and the extractives more generally thereby

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64 Such an approach could be discourse analysis which certainly would provide more detailed evidence on the steps and mechanisms by which this shift has been accomplished.
managed to translate the reputational damage which they suffered through the civil society reports into a reputational advantage by becoming pioneers of the EITI.

However, an explanatory variable for business self-regulation put forward by Haufler is that participation in international regulatory mechanisms can be understood as an attempt to avoid the risks and costs associated with imminent governmental regulation following activist pressure (2001: 24). Yet at the time of EITI’s establishment there actually was no imminent danger of mandatory regulation, PWYP was still in the phase of primarily raising awareness for the problem. As Gillies has argued, however, the previous civil society campaigns probably contributed to the fact that, among other players, a number of big oil companies saw EITI as a potentially helpful tool for mitigating the increased reputational risks associated with an emerging norm of revenue transparency (Gillies 2010: 103).

3.2. Functioning of the Standard

On recommendations of the IAG, the EITI has been formally established as a voluntary multi-stakeholder initiative registered as a non-profit association under Norwegian law, presumably relying on Norway’s international reputation as neutral country as well as their status as a renown example of how resource wealth can be used to benefit the people (for a critical discussion of these countries see chapter five).65

Broadly summarised, the initiative is based on a set of principles emphasising the importance of transparency and accountability for sustainable management of natural resources to which all participants need to agree. Principle one exemplifies the central impetus:

We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts (EITI Principles).66

The Standard further stipulates requirements which need to be implemented at the national level by resource-rich countries applying for candidacy (see next section on national implementation). The requirements demand the establishment of a national

multi-stakeholder group and ‘the production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues, and disclosure of all material payments to government by oil, gas and mining companies.’

The stakeholders of the initiative are subsumed under three constituencies: Countries, companies, and civil society. Countries participating in the initiative are divided into supporting countries which, according to article five of the EITI Articles of Association, includes ‘states or unions of states that support the objective of the EITI Association’ and implementing countries defined as ‘states that have been classified by the EITI Board as either Candidate Countries or Compliant Countries.’

The civil society constituency includes internationally operating NGOs such as Revenue Watch and Global Witness as well as national NGOs such as Ghana’s Wassa Association of Communities Affected by Mining (WACAM). The companies’ constituency consists of major players in the extractive sector, such as AngloAmerican, BP, ExxonMobil as well as industry associations and institutional investors.

Supporting and implementing the EITI brings the following benefits for the stakeholders: Resource-rich countries are recommended to implement the standard as a signal of commitment towards good governance and accountability, thus improving predictability and stability and ultimately the investment climate of their economies. Citizens and civil society are supposed to make use of the information resulting from EITI implementation, hold their governments to account and push for investment into public infrastructure and sustainable growth. Business actors are supposed to generally profit from an improved and predictable investment climate and political stability, in addition to the level playing field provided by EITI implementation which guarantees that the disclosure requirements are the same for all companies and thus do not result in competitive disadvantages for those participating in the process (for more details on the business case(s) for EITI participation, see chapter six). It is evident that this line of argumentation follows the

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68 Examples included the Netherlands, the United Kingdom and Germany (the two latter countries applied for candidacy in 2013).
69 Examples of implementing countries include such diverse countries as Azerbaijan, Ghana, Peru, Timor-Leste and Norway.
70 For a full list of all participating stakeholders from the business community, see https://eiti.org/supporters/companies.
functionalist global governance rhetoric described in chapter one which understands MSIs as institutional frameworks by which diverse actors “pool” their resources to achieve a common goal.

As an institution, the EITI is composed of an international Secretariat based in Oslo, Norway, an international Board as key decision-making body, and a multi-donor trust fund (MDTF) which is managed by the World Bank and relies on voluntary contribution by national, international and private donors. Since EITI’s early years, the MDTF is predominantly funded by donor countries. EITI’s Scanteam Report lamented that ‘a very profitable private sector is not contributing very much’ (EITI Scanteam 2011: 57) and suggested an increase in private sector funding against the accusation that EITI is an ‘avenue to increase their (e.g. donor countries) influence’ (ibid., information in brackets added for clarification). In 2014, the Fund was 62% funded by countries and 38% funded by members of the business community. For a further discussion of companies’ influence through funding see chapter seven.

EITI stakeholders meet at least every three years for the EITI Members Meeting and the Global Conference. Peter Eigen, founder of Transparency International, was appointed as first Chair of the initiative and served the Board from 2007-2011. After two terms, he was succeeded by the Rt. Hon. Clare Short, former UK Secretary of State for International Development, who was elected by the Global Conference in Paris, France, in 2011 and is the incumbent Chair of the Board. As overview, EITI’s international governance structure can be illustrated like this:

Table 1: EITI’s international level governance structure

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71 EITI Funding, available from: https://eiti.org/about/funding.
The Global Conference is usually financed with the help of the host country and is open to the general public via registration. It serves as a communication platform for highlighting achievements in individual countries and illustrating new or substantial developments within and outside the process. The new Board is elected at the Members’ Meetings which is open to the three constituencies and usually precedes the Conference.\textsuperscript{72} The following sections will introduce the international and national management of the Standard in greater detail.

\textit{International management}

At the international stage, the EITI Board of Directors is the executive body of the initiative and consists of 20 members representing the three constituencies. Obliged to meet at least twice a year, Board members are elected by their respective stakeholders at the EITI Members’ Meeting.\textsuperscript{73}

Reflecting the multi-stakeholder nature of the initiative; the EITI Board consists of a Chair, which is independent of the constituencies; eight Board members representing countries,\textsuperscript{74} five Board members representing civil society as well as six Board members representing companies and investors. As stipulated by the Articles of Association (2009, Article 15), the Board ‘shall make every effort to adopt resolutions by consensus’. However, in case a vote is required ‘resolutions are adopted by a qualified majority, requiring 13 votes to be cast in favour of the resolution, and must include the support of at least one third of the votes of the Board Members from each Constituency’ (ibid.). In practice, decisions are usually taken at Board meetings or alternatively via Board Circulars.

The Board is supported by working groups, so-called committees, according to Article 14, which draft recommendations in order to facilitate the decision-making process or oversee particular aspects of EITI’s functioning. For the period of 2011-2013, seven committees supported the Board assigned with a variety of tasks. The seven committees are: Outreach and Candidacy committee; Rapid Response committee;

\textsuperscript{72} Up until the time of writing, six Global Conferences took place (in London, UK, 2003 and 2005; Oslo, Norway, 2007; Doha, Qatar, 2009; Paris, France, 2011 and Sydney, Australia 2013).
\textsuperscript{73} Since March 2014, office holders at the EITI Board are subjects to the EITI Code of Conduct. Available from: http://eiti.org/files/Code%20of%20conduct_FINAL_EN_201403_2.pdf.
\textsuperscript{74} ‘(…) of which a maximum of 3 Board member should represent supporting Countries and the remainder should represent implementing Countries’ (EITI 2009, Articles of Association). Available from: https://eiti.org/files/EITI%20Articles%20of%20Association.pdf.
Validation committee; Governance committee; Finance committee; Audit committee; and Nomination committee. For the period of 2011-2013 the Governance, the Validation and the Finance committees were chaired by company representatives.

In conclusion, this brief description of EITI’s functioning provides initial information regarding the forms of capital required for participating as a stakeholder at EITI’s international level: The variety of stakeholders involved suggests the importance of cultural capital, such as a certain degree of education and social skills which facilitate the type of diplomatic and political dialogue which is common at the international stage. In addition, as the Board meets at various destinations several times a year it is reasonable to assume that participation and Board practices requires substantial financial resources, i.e. economic capital, as well as time for preparation and travelling.

An important role for the functioning of the EITI is played by the Secretariat which consisted at the time of this fieldwork of 15 staff members, but has since been constantly expanding to reflect the increased number of implementing countries. The Secretariat is headed by Jonas Moberg who, according to his profile at EITI’s homepage was previously Senior Advisor to the UN Global Compact (see chapter one) as well as Director of Corporate Policy and Practice at the Prince of Wales International Business Leaders Forum, particularly working on Business and Corruption. According to EITI’s Homepage, he holds a law degree from the University of Stockholm and the London School of Economics, and was a member of the Swedish Ministry of Foreign Affairs from 1996-2002. Deputy Head Eddie Rich was a former representative of the UK’s Department for International Development (DFID) and ‘has worked in development for over 20 years’.75 Regional Directors at the Secretariat are all academically educated individuals with experience in development work in respective countries.

75 At the time of writing, Moberg and Rich were preparing a book manuscript on their experiences and reflections with multi-stakeholder processes which is forthcoming for summer 2015.
The Secretariat is responsible to the Board, financed via the MDTF and based in Oslo, Norway, thus hosted by the Government of Norway.\textsuperscript{76} According to EITI’s homepage, the Secretariat is responsible for turning policy decisions of the EITI Board into action, and for coordinating worldwide efforts in implementing the EITI. Its role specifically includes: outreach and advocacy, communicating and sharing lessons learned with stakeholders, managing a resource centre on revenue management and transparency, and oversight of the Validation process. It organises, jointly with supporting and implementing countries, the biennial EITI Conference.\textsuperscript{77}

In addition, the Secretariat is tasked with supporting implementation countries and facilitating dialogue and exchange amongst the stakeholders. In contrast to other MSIs, such as the Kimberley Process (see chapter one), the EITI established and maintains a permanent Secretariat, which might be one explanatory factor for the consistency and resilience of the Standard in comparison to similar governance mechanisms. The Secretariat’s role is vital as it provides a constant point of reference and source of support for all stakeholders. In fulfilling its role, the Secretariat is responsible for a constant stream of information distributed to the Board Members, the publication of guides and factsheets which serve as orientation sources for stakeholders, and the minutes of the Board meetings. Moreover, the Secretariat exercises a strong influence on the written texts as it often takes on the supportive function of drafting requirements and compromises for the Board which are based on the Secretariat staff’s interpretation and analysis of the discussions and provide the basis for further comments and ultimately decisions taken. In addition, the interviews and observations suggest that the Secretariat’s senior staff, particularly the head and deputy head, play a proactive, highly influential role when it comes to inducing change, either by privately engaging in discussions on certain topics, facilitating the dialogue between stakeholders, or by intentionally creating opportunities for communication and engagement when agreements need to be reached (for the role of the Secretariat, see also chapter seven).

In summary, this section concludes that for EITI’s performance at the international level the Board as the Standard’s key decision-making arena is the most influential body. However, it was also highlighted how the international Secretariat plays an

\textsuperscript{76} The Secretariat occupies a floor in the Oslo City Centre, in the same building as the Norwegian Development Ministry.

\textsuperscript{77} EITI Secretariat, available from: https://eiti.org/about/Secretariat.
influential and proactive role through a constant stream of documents and by maintain and facilitating the communication between the stakeholders.

The national level: implementation and validation process

Although this study focuses on the participation and contribution of companies at the international level of EITI, the emphasis of the standard itself lies without doubt at the national level, where the process is supposed to be turned into practice and contribute to a positive outcome or “change”. Implementation is summarised in the EITI Fact Sheet (2011) as follows: ‘To become an EITI Candidate, a country must meet five sign-up requirements. It then has 1.5 years to publish an ‘EITI report’ that reconciles what companies say that they pay in taxes, royalties and signature bonuses, with what governments say they have received. To achieve EITI Compliant status, a country must complete an EITI Validation. Validation provides an independent assessment of the progress achieved and suggests measures which need to be adopted to strengthen the EITI process. If the international EITI Board considers a country to have met all EITI requirements, the country will be recognised as EITI Compliant. If a country has made good progress, but does not meet all of the EITI requirements, it may apply to retain its Candidate status. Where no meaningful progress has been achieved, the Board will revoke the country’s EITI status’ (EITI Fact Sheet 2011: 3).

More specifically, the implementation process aims at producing a national EITI Report which sets out to announce two figures: the disclosure of a figure on behalf of the extractive industries’ on how much they paid a particular government in a specific period in tax and royalty payments, in addition to a figure estimating how much a government received by the companies operating in their territory. These figures are verified and reconciled by an independent agency (called validator) and publicly

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78 The EITI Homepage describes validation as ‘an external, independent evaluation mechanism, undertaken by a Validator procured by the International Secretariat. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the EITI Standard. The Validation report will also address the impact of the EITI, lessons learned in implementing the EITI, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI’ (EITI Validation). Available from: https://eiti.org/validation.

79 In addition, the Board can delist poor performing countries at key decision points or suspend their candidacy, as happened for instance in cases of violent conflict.

80 Over time the particular types of payments have become more detailed, as the debates within the EITI have progressed.
announced. In a further step, the validation reports are assessed by the Validation committee at the international level of the EITI process which then decides whether or not a country can be granted compliant status. The general idea driving these reports assumes that such financial figures can be used in the countries a) to provide a reliable figure stating how much revenues are actually generated in the country by natural resource extraction, b) to indicate mismanagement and corruption or potential for improved administrative capacities as the financial reconciliation might show deficits or miscalculations, and c) ultimately to provide a basis for holding governments accountable for their management of resource revenues and demand public spending into education, infrastructure, health or simply ‘investing for sustainable development’ (EITI Fact Sheet 2011: 2).81

On the basic level, once a country has publically announced their intention to implement, a national multi-stakeholder group is established (e.g. NEITI, the Nigerian Extractive Industries Transparency Initiative, see the implementation case study in the second part of this chapter) again bringing government, companies’ and civil society representatives from this particular country to the table. According to the rules, they now have two years to produce a national report. Countries are expected to finance their implementation process (with help available from the international financial institutions). However, a characteristic of the EITI Standard is the fact that every national multi-stakeholder group is relatively free in the way they implement, e.g. they appoint a national coordinator and establish the processes and procedures under which the group is working collectively. This means that none of the EITI implementation processes in 48 implementing countries is like the other: some processes include, for instance, revenues of forestry and fishery, others have disaggregated numbers for revenue streams and individual companies, others only provide information for one specific sector (see the following sections for an assessment of the country reports and their effects in implementing countries).

3.3. Evaluating EITI’s performance

Since its establishment in 2002, the EITI has seen an astonishing geographical expansion. By November 2014, 48 countries worldwide were implementing the standard, including such diverse countries as Indonesia, Zambia or Peru, out of

81 The implementation process was revised twice, in 2011 and 2013.
which 31 countries have been granted compliant and 17 countries candidate status. Recent developments include the announcement of France, Germany, Italy and Canada to pilot implementation in 2013, and the US, the UK, Albania and Myanmar becoming officially candidate countries. Table 2 provides an overview of key milestones in EITI’s evolution up to today:
<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Event</th>
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<tbody>
<tr>
<td>2002</td>
<td>October</td>
<td>Tony Blair launches EITI at the WSSD in Johannesburg</td>
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<tr>
<td>2003</td>
<td></td>
<td>EITI Principles agreed at the first EITI Plenary Conference in London.</td>
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<td></td>
<td>June</td>
<td>EITI endorsed by G8 leaders at Summit at Sea Island.</td>
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<tr>
<td>2005</td>
<td>March</td>
<td>International Advisory Group (IAG) formed to decide on the governance and future direction at the second EITI Conference.</td>
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<td></td>
<td>June</td>
<td>EITI support and implementation recommended in the Commission for Africa Report at the G8 Gleneagles Summit.</td>
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<tr>
<td>2006</td>
<td>October</td>
<td>First international EITI Board is formed during the 3rd EITI Global Conference in Oslo. Peter Eigen appointed as Chair of the Board.</td>
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<td></td>
<td>December</td>
<td>Oslo selected as the location of the International Secretariat.</td>
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<td>2007</td>
<td>September</td>
<td>International Secretariat opens in Oslo with a 'Transparency Week'. 15 countries welcomed as EITI Candidate Countries.</td>
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<tr>
<td>2008</td>
<td>February</td>
<td>Validation methodology agreed by Board at meeting in Accra, Ghana. The EITI welcomes seven new Candidate Countries.</td>
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<tr>
<td>2009</td>
<td>February</td>
<td>Azerbaijan became the first EITI Compliant Country and Norway admitted as EITI Candidate Country during the 4th EITI Global Conference in Doha.</td>
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<td></td>
<td>May</td>
<td>Four new countries were admitted as EITI Candidate Countries bringing the total number of EITI implementing countries to 30.</td>
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<td></td>
<td>December</td>
<td>97 fiscal periods amounting US$ 200 billion of fiscal revenues covered in the EITI reports.</td>
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<tr>
<td>2011</td>
<td>March</td>
<td>Clare Short appointed Chair of the EITI during the 5th EITI Global Conference in Paris. The 2011 EITI Rules were adopted.</td>
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<td></td>
<td>March</td>
<td>Niger becomes a 10th EITI Compliant country.</td>
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<td></td>
<td>September</td>
<td>President Obama announces that the US will implement the EITI.</td>
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<td></td>
<td>October</td>
<td>Australia announces that it will pilot the EITI.</td>
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<tr>
<td>2012</td>
<td>February</td>
<td>Extracting Data provided a statistical overview of more than 70 EITI reports produced by 30 implementing countries in six years.</td>
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<td></td>
<td>July</td>
<td>10 years of EITI in Nigeria</td>
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<td></td>
<td>October</td>
<td>100th EITI reconciliation report published.</td>
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<td>2013</td>
<td>April</td>
<td>EU Transparency Directives agreed</td>
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<td></td>
<td>May</td>
<td>More than 150 fiscal periods covered in EITI Reports disclosing US$ 1 trillion revenues in 33 countries</td>
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<td></td>
<td>May</td>
<td>France and the United Kingdom declare of its commitment to the EITI at the 6th EITI Global Conference</td>
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<tr>
<td></td>
<td>June</td>
<td>World leaders discuss the EITI during the G8 summit and commit to transparency: Italy and Canada announce their commitment to implement the EITI and Germany announces its pilot program.</td>
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<td></td>
<td>June</td>
<td>Commonwealth Secretariat announces its support for the EITI.</td>
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<td></td>
<td>July</td>
<td>UK launches EITI process and USA MSG holds its first meeting.</td>
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<tr>
<td>2014</td>
<td>March</td>
<td>The United States becomes the 44th implementing country. 26 countries are Compliant.</td>
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Table 2: Timeline EITI's history.\(^2\)

\(^2\) Adapted from EITI’s homepage, available from: https://eiti.org/eiti/history.
The following sections aim at assessing EITI’s performance in three steps: EITI’s impact at the international level is assessed based on the following indicators: endorsement, public awareness based on media coverage and diversity of participation. Furthermore, EITI’s output is examined mainly focussing on the information disclosed in EITI reports and discussing quality, findings and readability. Thirdly, the existing state of knowledge about EITI’s performance and particularly outcome of implementation in the academic literature, civil society reports and the EITI Scanteam Evaluation Report is summarised.83 National level implementation is exemplified by findings from EITI’s prime example Nigeria. Finally, the findings and conclusions on EITI’s performance are summarised.

This research did not conduct fieldwork in implementing countries. Therefore, the assessment relies on findings in the academic literature and case studies conducted by civil society. However, although the academic literature on the EITI process has increased in recent years there is still comparably little academic engagement with the process. Probably due to its emphasis on implementation, the existing academic literature predominantly aims for assessing EITI implementation’s effectiveness and efficiencies in particular case studies. These studies tend to focus almost exclusively on development and progress in implementing countries, e.g. the question as to whether or not transparency can overcome the resource curse and how the implementation process can be improved (Kolstad and Wiig 2008; Haufler 2010b; Caspari 2012; Smith et al. 2012; Corrigan 2013; David-Barrett and Okamura 2013; Bleischwitz 2014; Van Alstine 2014).84 There are, however, two exceptions: Gillies (2012) study proposing reputational concerns as main factor driving industry participation at the times of EITI’s establishment and Aaronson’s (2010) article which highlights the insufficient inclusion of civil society actors in national processes and elaborates on the different “visions” towards the standard amongst the stakeholders in more general terms.

83 For contextualisation: After an initial trial period which allowed for feedback on the process, the EITI Board decided to evaluate the initiative’s performance via an external consulting agency in 2010/2011, which culminated in the publication of the Scanteam Evaluation Report in May 2011. This report assesses the initiative’s international and national performance and makes recommendations regarding EITI’s future.

84 Also, Wenar elaborates on the usually not-much-focused-upon contribution of resource importing countries to the resource curse and their role in the EITI (2013).
**Endorsement, public awareness and diversity of participation**

Despite the fact that the EITI has only been fully operating since 2006/2007, the initiative has managed to increase its international profile significantly, indicated by the numbers and status of supporters as well as the media coverage. EITI received leadership and sponsorship at a high international level most evident in the adaption of the UN General Assembly Resolution on ‘Strengthening Transparency in Industries’ (2008), which specifically mentions EITI implementation efforts by resource-rich countries. In addition, however, the EITI has also been endorsed by the (...) G8, G20, African Union (AU) and European Union (EU) (EITI Scanteam 2011: 76) as well as the OECD, and is being officially supported by a number of financial institutions. In addition, media coverage of EITI has noticeably intensified:

A database search of English-language news and public statements reveals that between 2006 and 2008, it was mentioned in about 500 items a year. By 2012 this had reached 1,447, nearly a fifths of which relate to Nigeria. Visits to the EITI website reached 200,000 in the year to February 2013, up 30 per cent on the year before (O’Sullivan 2013: 29-30). This public endorsement and awareness is flanked by a significant increase in geographical scope, and these aspects combined demonstrate ‘that the EITI has built an important international brand’ (EITI Scanteam 2011: 1). While the majority of implementing countries in EITI’s early days were low- to middle-income African countries with a negative reputation for corruption, the list was extended towards South-East Asia (including Indonesia, the Philippines, and most recently Myanmar), Northern countries (including Norway, Canada and the US), and Central- and South America countries (including Honduras, Guatemala, Peru and Colombia). EITI is now implemented on every continent except Australia. At the same time, the numbers of supporting companies and civil society organisations are also impressive: according

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87 Diarmid O’Sullivan is a civil society activist who served the EITI Board for three years representing Global Witness. He was later awarded a research fellowship by the Open Society Foundation and examined EITI’s overall performance, with Timor-Leste and Liberia as case studies.

88 Australia has started a pilot implementation but the process is moving forward at a slow pace due to national legislation prohibiting the publishing of particular data which would be required by the EITI.
to the EITI Homepage over 60 companies have announced their support; while the PWYP coalition alone consist of over 300 supporting NGOs worldwide.\(^89\)

However, in examining the diversity of participation it is important to mention that noticeably absent from the initiative are the regional hegemons Russia, Brazil, India, China, Saudi-Arabia and South-Africa. These countries play an important role in resource extraction and consumption which is generally estimated to further increase in the next decades, but are not active in the EITI, neither as implementing countries nor as members of the international Board. Particularly China and the country’s national oil companies have significantly increased their overseas investment since the 2000s. While Chinese national oil companies do not participate at EITI’s international level (although they report in countries implementing, as a more recent evaluation has outlined), other national oil companies, such as Petrobras, highlight their general endorsement of the EITI Principles in their internet presence but refrain from taking on more active, publically visible roles in the initiative by, for example, becoming a Board member. In general it becomes clear that EITI as an initiative with global outlook suffers from an obvious lack of representation when it comes to some of the big players in energy consumption and resource extraction.

In summary, the EITI secured international support at the highest political level on the international stage as well as significantly increased its geographical scope. However, there is certainly room for improvement regarding representation of this geographical scope at EITI’s international Board level and inclusion of additional partners.

**Quality and reception of the EITI reports**

As indicated in the section on implementation, candidate countries are supposed to prepare EITI reports on an annual basis. EITI’s homepage proudly states that EITI reports cover 233 years accounting for US$ 1.497 billion government revenues.\(^90\) In contrast to the opaque situation prior to EITI’s establishment, the EITI reports made data on resource revenues and their spending available which were previously non-

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\(^89\) For a more detailed account of EITI’s History, see http://eiti.org/eiti/history.

existent.\textsuperscript{91} This in itself is a major achievement. Moreover, the reports are regarded as “EITI’s ultimate product” which ideally should produce comprehensive, timely, and publically accessible data, according to the EITI requirements.\textsuperscript{92} However, there are problems which arise and need to be discussed regarding the quality and the reception of the reports (discussed in greater detail in Acosta 2013; or O’Sullivan 2013).

Regarding the quality of the reports, it is widely acknowledged that the report’s volume and quality vary drastically and make direct access and comparison extremely difficult.\textsuperscript{93} In an attempt to allow for flexibility and national adaptation, the EITI Standard calls on implementing countries to meet the EITI requirements, but leaves it to the national multi-stakeholder group to agree on the terms and details included. As a result, the reports differ for example in volume and degree of aggregation: some countries list individual companies\textsuperscript{94} and individual projects\textsuperscript{95} (for example Burkina Faso and Indonesia) or also include revenues from other extractive sectors such as fishery and forestry (for example Liberia). Reports further differ regarding the revenue streams included, with some countries disclosing more information than required by the EITI, such as contracts\textsuperscript{96} (for example in Peru and Timor-Leste), in-kind payments\textsuperscript{97} (in Iraq) or licenses\textsuperscript{98} (in Mongolia). In addition, report-size varies from several hundred to thousands of pages as do accounting standards. All of this makes access and interpretation of the information contained in the reports subject to expert knowledge (preferably a general background in international accounting supported by profound knowledge of the political, \textsuperscript{91} O’Sullivan notes for example how ‘in the Democratic Republic of Congo, it was reported in April 2013 that the national EITI had identified US$ 88 million in mining revenues received by the government in 2010 – which had not been accounted for by the tax authorities’ (2013: 29).

\textsuperscript{92} EITI Requirements, available from: https://eiti.org/eiti/requirements.

\textsuperscript{93} This issue was extensively discussed at the 22\textsuperscript{nd} Board Meeting. At this meeting, the Revenue Watch Institute announced the launch of an online tool box which presents an analysis of EITI data based on the reports. Available from the homepage of the Natural Resource Governance Institute: http://www.resourcegovernance.org/issues/data-tools). In addition, the Secretariat established a Compare Reports Section on EITI’s homepage in 2013 in an attempt to make the data more accessible, see: https://eiti.org/countries/reports.

\textsuperscript{94} This is referred to as disaggregation by company or company-by-company reporting.

\textsuperscript{95} This is referred to as project level or project-by-project reporting, a disaggregation of payments to the level of individual payment types and production units’

\textsuperscript{96} Contracts detail the initial agreement between government and companies, specifying what has to be paid for natural resource extraction.

\textsuperscript{97} Defined as ‘payments made to a government (e.g. royalty) in the form of the actual commodity (oil, gas, or minerals) instead of cash’, available from: https://eiti.org/glossary.

\textsuperscript{98} Defined as ‘a permission granted by a licensor to a licensee, usually for a time-bound period and for a fee’ (ibid).
administrative and legal national context in which the reports have been produced). Furthermore, time and financial resources are required to analyse the content and come to conclusions. As the details are subject to agreements at the national level, it can generally be concluded that the reports reflect the diversity of EITI implementing countries. These observations obviously stand to some degree contrary to EITI's general aspiration which is to empower the people in resource-rich countries through information, and leads to the second dimension which will be discussed at this stage, the reception of the reports.

The EITI Standard is based on the assumption that information on revenues generated can empower people and improve the governance capacity in resource-rich countries, broadly based on the principle of transparency. Academic and civil society research on the topic has revealed, meanwhile that the linkages between transparency and societal change are not as direct as initially assumed (see following section on accountability and impact of EITI implementation). And, more importantly in the case of the EITI, that there are fundamental problems regarding the reception of the reports which need to be addressed: 'There are (...) few indicators that EITI programmes are so far having impact on dimensions such as governance, corruption, poverty reduction or other objectives stated in EITI's articles of association' (EITI Scanteam 2011: 3). Apparently, simply making information available does not do the trick, but in contrast raises a number of follow-up questions which need to be addressed regarding the quantity and quality of the data, regarding data reliability, accessibility and comparability (see chapter eight for a detailed discussion).

As outlined by O'Sullivan (2013: 30-32): The first problem is the often existing distance between report's contents and the audiences which, as the author argues, stems from a rather undifferentiated picture of the target audience when in fact different parts of a country’s community require different sets of information. O'Sullivan illustrates how at least in a very basic understanding one can assume that the members of the national elite in administration, legislation or journalism require different information, mostly at the national level, in order to assess and act on existing problems.99 In contrast, however, ordinary citizens affected by resource

99 In EITI's early years this problem was even more profound as members of the public and legislators might in fact not even be aware that EITI exists, as Aaronson points out (2011: 50).
extraction might find information at the regional or local level more helpful. In addition, they might have limited resources for accessing the data which brings up follow-up questions of presentation and accessibility. In a recent case study on EITI implementation in Ghana, Van Alstine notes that ‘multiple interviewees highlighted illiteracy and lack of education as barriers to community engagement’ (2014: 30).

The second problem attached refers to the usage of this information and the actual influence of civil society in resource-rich countries. A lot of emphasis is placed on the role of civil society as an instrument for analysing the data and reporting it to the people while in return channelling their demands and calling on the authorities for change. However, the empirical experience shows that the ability of civil society to actively induce change and governance reforms, particularly in authoritarian countries, is severely limited. This was already highlighted in the EITI Scanteam Report (2011), but has since been supplemented by additional findings. Generally, as Aaronson concludes, ‘some implementing governments have not allowed civil society to participate fully in the process or have not consistently provided civil society with the information they need to hold their governments to account’ (2011: 50).

In addition, the role of civil society is further constrained by the following factors:

Activists can be harassed or co-opted by government, or move on to more rewarding jobs elsewhere. The NGO sector often lacks specialised knowledge and information, depends on the oft-changing priorities of foreign funders and can be vulnerable to overstretch, in-fighting and rent-seeking by opportunities (O’Sullivan 2013: 30).

The observation about the highly influential role of the state is, for example, confirmed by findings in a study by Smith et al. (2012) in which the authors investigate community representation in EITI implementation and other CSR mechanisms in areas of large-scale mining operations in Madagascar. They find evidence for active manipulation of civil society representation by the state which, as they conclude, effectively dis-empowers local communities.

This directly leads to the third point: In countries in which neither the conditions nor incentives for political change, such as prospects for investment or aid, exist, EITI reports are unlikely to make any difference. In the case study from Madagascar, the authors conclude that:
Resource-rich states’ prime objective is to attract direct foreign investment in the form of mineral and hydrocarbon projects. The bottom line is financial: mining royalties and tax revenues from trans-national mining companies, in combination with financial aid for infrastructure development or extractive industry policy initiatives which fund many government posts and projects (Smith et al. 2012: 248).

A recent statistical analysis conducted by David-Barrett and Okamura on the reasons for adopting EITI standards by corrupt countries concludes that ‘governments see EITI membership as a way of building a reputation for seeking to improve governance with the international community’ (2013: 30, emphasis in the original). Following David-Barrett and Okamura, EITI implementation becomes an instrument of distinction in an international climate in which donor aid is conditioned according to criteria for good governance. This corresponds with Scanteam’s findings that the typical EITI candidate country was ‘on average a low income country with poor credit worthiness (EITI Scanteam 2011: 62).

In addition, governmental sector reform might be hindered by either a lack of capacity (which can be partly addressed through administrative reforms) or simply political will: ‘An obvious reason why some governments have not built on EITI reporting is that senior officials are complicit in the problems which the EITI is supposed to address’ (O’Sullivan 2013: 35). Interestingly, no evidence suggested that there was ever an expectation that the companies themselves would use the data which confirms the previously mentioned conclusion that the EITI’s focus rests entirely on government reforms.

Recalling the historical background against which the EITI emerged (see first part of this chapter), particularly the call for acknowledgement of complicity and responsibility of companies for corruption and mismanagement and thus ultimately poverty in resource-rich countries, it is interesting to note that in studies evaluating EITI’s performance this perspective on the problem seems to have been lost over the years in favour of a focus on policy reforms. The role and contribution of companies in the national multi-stakeholder processes is neither discussed nor evaluated. This section concludes that the empirical evidence on the quality and the reception of the reports indicates the existence of severe limitations regarding EITI’s ability to generate the change it aims for. However, before summarizing the findings on EITI’s performance more broadly, the case study of Nigeria is presented as a
prominent example for illustrating how EITI can be implemented and what the consequences are.

**Outcomes of EITI implementation: Case study Nigeria**

Much as the reports of EITI implementation vary from country to country, so does the implementation process. Before a broader perspective on EITI’s performance on the ground is introduced, some of the potentials and pitfalls of implementation are outlined by introducing evidence from Nigeria.

Nigeria is in many ways the typical resource-rich country and therefore a prominent example used in discourses relating to EITI. For a glimpse into the importance of resource extraction for the country, here the country’s introduction in one of the EITI publications:

Nigeria is among the top 10 oil producers in the world and the leading producer in Africa. At more than $50 billion last year, oil alone accounts for as much as 90% of government revenues. Meanwhile, valuable lodes of aluminium, gold, tin, iron ore, coal, niobium, lead, and zinc mean Nigeria is benefitting handsomely from the global commodities boom. But, partly because government does not rely on taxpaying citizens for its funding, accountability has been weak for decades and public services are weaker still. Over half of all Nigerians – 70 million people – live in poverty (EITI Case Study Nigeria 2012: 1).

In Africa’s most populated state, civil war and military dictatorship followed years of colonial rule, until in 1999 a process of democratization began to emerge under president and former general Olusegun Obasanjo. In these early years of democratization, the extreme extent of rent-seeking, opaque business and bad administrative practices in the country’s booming oil sector gave Nigeria a world-famous reputation for corruption and mismanagement. Against this background, Nigeria’s president decided to join the EITI process in 2004, in an attempt to improve and access donor assistance, stimulate FDI and secure the support of the people. It took Nigeria until 2010 to become the first African country to be granted EITI compliant status, while in the meantime the country has made ‘statistically significant improvements’ as the Transparency International 2008 Report confirms (cited in EITI Case Study Nigeria 2012: 1). Furthermore, in 2007, Nigeria became the first country worldwide to make the disclosure of payments in the extractive sector made by companies and received by the government mandatory (known as the Nigeria
Extractive Industries Transparency Initiative Act), thereby enshrining EITI into national legislation:

The NEITI Act established NEITI as an autonomous self-accounting body reporting to the President and the National Assembly, and now has a separate post on the federal budget (EITI Scanteam 2011: 9).

Nigeria established a national multi-stakeholder group compromised of governments, civil society and companies which started off by undertaking a comprehensive and complex first audit of the oil sector value chain. As the EITI Case Study further summarises:

This entailed financial, physical and process audits of the entire oil and gas industry for the period 1999-2004, a massive undertaking in a country of 36 federal states with little digitalised data, poor infrastructure, a frightful history of record keeping, and scores of officials with entrenched interests in the status quo (2012: 1-2).

Whereas the first audit identified major weaknesses in the management of the sector and sparked media and public attention, the second audit which revealed EITI’s potential in greater detail, identifying ‘over US$ 800 million of unresolved differences between what companies said that they paid in taxes, royalties and signature bonuses against what the government said it received. That sum exceeded the 2009 individual budgets for the Ministries of Education, Health and Power’ (ibid.: 2). Particularly delicate was the fact that it was the National Nigerian Petroleum Corporation (NNPC) which owed the largest amount of money, US$ 4.7 billion, to the government for payments of domestic crude.

NEITI’s effects were assessed independently by Nicholas Shaxson, at that time associate fellow with the Africa Programme at Chatham House, in 2009. The author’s case-study confirmed that the 1999-2004 reports can be regarded as NEITI’s greatest success as they significantly increased transparency. Despite that, however, there is little evidence that NEITI has been an important catalytic factor for broader governmental reforms. An interesting finding was that the audience which made ‘most meaningful use of the NEITI reports are mostly located within the elite circles and the government’ (2009: ix; a finding corresponding to the previous discussions on usage of the reports). According to Shaxson, NEITI did not emerge due to public pressure nor was the data widely used by civil society to call for reforms. And in consequence, NEITI was apparently lacking brought public support. Therefore O’ Sullivan concludes that as ‘around 2006 Obasanjo’s interest shifted to
shoring up his position at home, rather than impressing foreign creditors and donors. The reform period ended and NEITI’s momentum began to decline’ (O’Sullivan 2013: 34).

By 2013, after four reporting cycles covering 13 years, NEITI additionally commissioned an exemplary audit in nine of Nigeria’s resource-rich states on the allocation and spending of the extractive sectors revenues by the state, covering the period 2007-2011. According to NEITI, US$ 125 billion of extractive revenues were paid to the government in this period, which is almost equivalent to 15% of the county’s GDP for that period out of which the Federal Government took 56%, states 24% and the local governments 20% (following an allocation formula under Nigerian law). Important findings included a) that the states were extremely dependent on the revenues (up to 91%); b) that the revenues are not spent towards improving public health, education or infrastructure (for example ‘Imo state allocated only 2.3% of its total revenue during the period under review to education and health, but 72% of revenues that accrued went to recurrent expenditure covering government running costs, wages and overheads’ (EITI Blog 2014, contribution by Zainab Ahmed, Executive Secretary of NEITI); c) that at the same time, US$ 41 million allocated to the states are unaccounted for while funds set up by the government to improve the environmental and social consequences of resource extraction and invest into diversifying the economy have been used contrary to their intention (EITI Blog 2014).

In summary, it can be concluded that NEITI’s audits impressively demonstrate how prevalent corruption and mismanagement still are in the country, despite years of EITI Implementation. At the same time, the existence of the reports can already be regarded as a major achievement compared to the situation prior to NEITI’s existence. Supported by its legislative status, NEITI has established itself as a permanent, legitimate and combative voice in public discourses. Therefore O’Sullivan concludes that the Nigerian experiences points towards the importance of political will for inducing fundamental political reforms which can ultimately reduce poverty. This illustrates that EITI implementation can only stand at the beginning of what needs to be a broader process of public sector reform and accountability.

The Nigerian findings fit into more general assessments of EITI’s performance. The EITI Scanteam Report found that regarding the input dimension EITI managed to
establish national multi-stakeholder groups, produced reliable data and public access to information on extractive revenues, and in several cases had induced changes in national legislation regarding resource management. Positive outcomes include an increase in public trust and greater attention towards public sector management. However, there is little evidence that EITI implementation had positive effects on the everyday lives of citizens (for an executive summary of the findings, see EITI Scanteam 2011: 1-5). In a study by Kolstad and Wiig (2008), the authors examine mechanisms such as the EITI through which transparency is supposed to help reduce corruption, mostly confirming Scanteam’s and later O’Sullivan’s observations as well as the findings in Nigeria. Kolstad and Wiig suggest that transparency mechanisms need to be complemented by other policies. Furthermore they argue that if the aim is on broader reforms in the governance of a state, more emphasis should be placed on government spending than on revenues as such (as done by the audit commissioned by NEITI, see previous section). A statistical analysis by Corrigan (2014) investigating EITI implementation’s impact on economic development and quality of governance up until 2009 similarly finds evidence that EITI can indeed help countries mitigate or avoid some of the effects associated with the resource curse. Albeit not improving the ‘level of democracy, political stability and corruption’ (2014: 17). However, the latter findings might point towards the problems of measuring and assessing long-term effects and outcomes against the relatively short period of EITI’s existence.

Current events and their effects on the process

The international discourse on extractive revenues intensified with the establishment of mandatory disclosure rules in the US (Dodd-Frank Act) and the EU (Transparency Directive) which can be understood as a glorious achievement for the transparency movement and coalitions such as PWYP. In July 2010, the US Congress passed a groundbreaking regulatory package which became known as the Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act). Section 1504 calls for detailed mandatory disclosure of resource revenues of companies registered with the Securities and Exchange Commission (SEC) (see also chapters five, six and seven). Through the course of the following chapters it will become evident that these rules became the cause of much debate and conflict in the EITI as they clearly
pose the question of whether the initiative has render itself redundant and what the future should bring for the Standard.

However, already the EITI Scanteam Report’s findings on lessons-learned had prompted the EITI to undergo a strategy review process from 2011-2013 (the period under investigative focus in this project) which than took place against the background of the discussion in the US and EU. The strategy review process culminated in the presentation of an improved regulatory framework, presented at EITI’s Global Conference which was held in Sydney, Australia, in May 2013. The conference saw the launch of improved EITI Rules officially declared as new EITI Standard 2013, which included the following changes in the regulatory framework:

- the demand of provision of contextual information to the reports in order to make them more comprehensible for readers; the restructuring of the 21 requirements into 7 (the requirements were made more rigid and explicit, demanding that payments are ‘broken down by each company and by each revenue stream and, in due course, by each project’ (e.g. project-by-project reporting). Noticeably, EITI positioned itself openly as a Standard (instead of the “initiative” or “process”) for legitimate and accountable natural resource governance. The Standard emphasised the global outlook, voluntary nature and effective multi-stakeholder governance as distinctive features which are not only valued by its stakeholders but also mark the difference between the mandatory national disclosure regulations in the EU and US.

Short-term effects of the established mandatory disclosure rules have been a revived and intensified debate on mandatory vs. voluntary disclosure as well as an additional imperative for the EITI to develop a coherent strategy. At this point, however, it is difficult to assess the long-term effects that the mandatory disclosure rules will have on EITI’s performance. At the very best, they could complement and enhance EITI reporting, particularly regarding the accuracy of data, or become an incentive for more detailed reporting, all of which could further enhance revenue and financial transparency. Depending on the quality of the new information, this could also ultimately threaten EITI’s legitimacy as long as the empirical evidence suggests that EITI’s main achievement lies in provision of reliable information (see chapter seven on the principle of transparency). Importantly, however, what the debates and

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conflicts surrounding these regulations clearly expose is the Western-centred perspective on natural resource governance prevalent at EITI Standard’s international level which is most evidently and most frequently displayed by the members of international civil society and company representatives and which was directly called-out by a member of an African-based civil society organisation (see chapter seven).

3.4. Conclusions

This chapter began to put together the building blocks for understanding how the EITI works as a social arena. As chapter two outlined, social arena’s centre around stakes, require particular forms of capital for participation and are characterised by underlying power-structures between agents. Through the course of this chapter, the stakeholders or participants of the process were identified, namely, international and national civil society, governments of resource-rich and resource-dependent countries, and members of the extractive industries and institutional investors. The examination of EITI’s international functioning also brought to the forefront that an active participating stakeholder at the international level will likely require access to substantial economic and cultural capital, e.g. financial resources and knowledge.

An investigation into the role of key stakeholders at EITI’s establishment has given insights into the state of the power struggle between the participants at this time. Moreover, the chapter has elaborated how the civil society campaign outlining the complicity of companies to corruption and mismanagement in resource-rich countries generated a momentum of attention for the issue of transparency. It can thus generally be assumed that the stakeholders engaged in the process for establishing what a “legitimate”, i.e. suitable, solution of this problem should look like. Interestingly, during the subsequent discussion to coordinate efforts the companies and members of the investor community successfully decided to increase the number of players and to engage the UK Government. At the same time, the business community managed to shift the focus of the call for transparency towards the role of governments. Arguing that a voluntary, inclusive approach towards changes in natural resource governance endorsed by the private sector is much more likely to achieve results, the EITI was set up as a voluntary international standard based on multi-stakeholder participation. It becomes evident in this chapter
hat EITI’s institutional design can only be understood against the acknowledgement of the instrumental role played by the business community in EITI’s inception. It is interesting that the participation and contribution of business at this time has neither been questioned nor challenged by other stakeholders which, following a Bourdieusian line of argument, indicates the presence of underlying shared beliefs. This will be explored in the following chapter.

As Bourdieu would expect, these initial developments pave the way for a highly influential position of the business community and will have significant consequences for the companies’ roles and rights in the Standard (see chapters five and six), and for EITI’s future evolution and performance, as was discussed in the second part of this chapter (and as will be further explored in chapters seven and eight). At this point it can be concluded that what began as recognition of corporate responsibility and complicity in the abuse of power, turned into a business-friendly effort to tackle the resource curse on a voluntary basis. This has enabled large corporations to further improve their international reputation as progressive leaders in the sector while the regulatory effort rests on the implementing governments. More broadly, this chapter indicates that the EITI example signals a substantial danger of multi-stakeholder governance approaches, namely, the potential to shift the focus of regulation to serve the interests of the more well-resourced partners (see chapter eight).

At the same time, EITI is the leading example of a functioning multi-stakeholder initiative operating at the international level, as an examination of EITI’s performance in the second part of the chapter made evident. Moreover, it was concluded that the geographical expansion, high-profile public endorsement and increased media attention suggest that EITI has in fact established itself as the international voluntary standard for transparency in revenue governance. At the same time, it has become evident that the passing of mandatory disclosure requirements in the US and EU already impacted the discussion in EITI’s strategy review process and will presumably pose important questions regarding EITI’s legitimacy and performance in the near future. In addition, the quality and reception of the EITI reports was examined, and it was concluded that EITI’s biggest achievement is definitely the provision of information on resource extraction revenues which were previous to EITI’s establishment non-existent or non-accessible. At the same time, it has
became evident that the quality and content of the reports varies immensely making immediate understanding or direct comparison extremely difficult. Furthermore, the existing empirical evidence regarding the reception of the EITI reports was summarised. The findings point towards very limited usage by the intended audiences, which is local civil society. In addition, only sporadic evidence was found for reforms induced by the findings in the EITI reports which could have lead to improved governance and accountability.

In conclusion, EITI's results are ambiguous. The Standard managed to increase transparency of resource revenues in a number of countries but failed to demonstrate meaningful progress regarding improved governance and accountability. This raises the fundamental question of how this ambiguity can be explained and thus EITI's impact improved, or whether the urge for transparency is misleading for the aim (see chapters seven and eight for further evaluations on this topic). Learning about EITI’s history, functioning, and partners, and highlighting the role the business community plays, raises the interesting question of whether this strong influence might play an important part in explaining EITI's limited performance. If the EITI fails to demonstrate its ability to empower citizens through information and induce broader public sector reforms in the near future, it might be concluded that the Standard is in danger of becoming little more than a “talking-shop” or an instrument for inflicting business-prone governance reforms in resource-rich countries (this discussion will be continued in chapters seven and eight).
4. Shared beliefs legitimising companies

The previous chapter explored the functioning and performance of the EITI and examined the influential role the business community has played in EITI’s inception. This chapter seeks to understand this role’s source of legitimacy by identifying the tacit shared beliefs amongst the stakeholders. Following Bourdieu, they are supposed to legitimise the status of the companies and thus produce the conditions under which social action takes place.

As Bourdieu was well aware, social arenas are not isolated organisms but operate in overlapping material, social and cognitive structures. In consequence, developing a ‘feel for the game’, which can be done in in-depth ethnography in anthropological research, is more difficult in international settings. Therefore, this research combines findings from ethnographic observation and the interview process with the method of text-analysis. It thereby, became possible to approach the broader discourses on natural resource extraction and management at the international level and to investigate the key assumptions transported in them about the role and the status of companies. Essentially, these underlying assumptions are what one would need to know in order to understand what makes companies from the extractive industries legitimate partners in international natural resource governance and particularly the EITI.

This chapter relies on Bourdieu’s concept of doxa or shared beliefs. As elaborated in chapter two, shared beliefs encompass taken-for-granted assumptions about the world – in this case about natural resource extraction, the problems associated with it and the role played by companies and the other stakeholders in this setting. Combined, these beliefs reflect ‘the reality that goes unanimously unquestioned because it is beyond any notion of enquiry’ (Deer 2008: 121).

101 This research makes use of Dryzek’s definition of the term as follows: ‘A discourse is a shared way of apprehending the world. Embedded in language, it enables those who subscribe to it to interpret bits of information and put them together into coherent stories or accounts. Discourses construct meanings and relationships, helping to define common sense and legitimate knowledge. Each discourse rests on assumptions, judgements, and contentions that proved the basic terms for analysis, debates, agreements and disagreements’ (Dryzek 2005: 9). This definition also helps to illustrate the distinction between what is referred to in this study as shared beliefs, or doxa, and a discourse inasmuch as it becomes evident that discourse is the broader category of which shared beliefs are a fundamental ingredient. Shared beliefs depict the taken-for-granted, tacit assumptions underlying the discourse.
It is important to note that this chapter does not argue that these shared beliefs have been strategically injected into the EITI Standard based on a conscious instrumental decision by particular powerful actors or elites – rather, they should be understood as a historically constructed background knowledge which provides the cognitive structure or ideational basis against which corporate political practice takes place. This includes the cognitive categories from which agents perceive and think as well as the interpretations and understandings on which they act. As such, the specific contexts against which these beliefs have emerged is not traced, which would include actors and coalitions who acted as norm-entrepreneurs and pushed for certain ideas to be established. Instead, the analysis builds on existing academic literature on these topics and interprets it, thereby taking Bourdieu's understanding of doxa seriously, as he assumed it to be most effective when the battles against which it was established have been forgotten (Deer 2008: 125). However, as the elaboration of the concepts in chapter two importantly stated, shared beliefs reflect an underlying power structure and serve a powerful purpose: they facilitate the unconscious subordination to power by the dominated as they come to take these beliefs for granted.

Reviewing the literature, three fundamental beliefs are identified. Firstly, the assumption that “natural resources belong to the people” which is embedded into a liberal political and economic discourse and comes with prescriptions about the role of states and companies; secondly, the narrative of the good corporations which is encompassed in discourses on good governance and sustainable development enriched by debates on CSR and global corporate citizenship; and thirdly the assumption that exploitation of and access to natural resources is fundamental for societies, an understanding inherent in discourses on energy security. These beliefs are embedded in international discourses and describe companies as positive, responsible and exceptional agents thus legitimise their standing as vital and privileged players.

4.1. “Natural resources belong to the people”

In EITI’s principles as much as in civil society reports, media coverage and the academic literature on natural resource extraction and management, there is one fundamental assumption which is always present, the claim that “natural resources
belong to the people” or, as the EITI Fact Sheet (2014: 1) states: ‘a country’s natural resources belong to its citizens’. The following sections elaborate on how this assumption’s presumably natural and universal stance is in fact based on liberal political and economic principles. This has important implications for the way in which the problems in natural resource governance are assessed and for the roles assigned to companies and governments.

In greater detail it is argued that the claim comes with two sets of problems attached: The first set, arguably empirically more important for the case at hand, is the partial disguise of a normative liberal tradition of thought as a natural and universal predisposition, thereby misrepresenting the crucial intermediary role played by extractive companies while at the same time introducing a bias against governments of resource-rich countries and nationally-owned companies in favour of “private”, internationally operating extractive industries. The second category of problems refers to the subsequent framing of the discussion in economic terms which prevents the consideration of alternative categories of thought and a critical and profound engagement with ongoing international debates on justice, sustainability and the environment, while at the same time effectively limiting the practical options available. This is best illustrated by two fundamental ethical and philosophical questions on justice and legitimacy which are pushed to the backseat: Firstly, the inter-generational question of justice and, secondly, the egalitarian approach which would argue that the planet’s natural resources belong to all human beings equally. And albeit occasionally explicitly expressed, the idea of natural resources as belongings is very often rather implicitly present rather than openly discussed or contested. The line of argument, as this section will illustrate, suggests that the assumption’s liberal underpinnings translate into property rights and the right to commodify natural resources which limits the available perspectives on natural resource extraction and management.

The assumption’s unquestioned status can for instance be found in academic articles, here exemplified by Leif Wenar’s, Chair of Ethics at London’s King’s College, in *Philosophy and Public Affairs*, in which he argues: ‘The idea that the natural resources of a country belong to the people of that country is so intuitive that most will need no more proof than its statement’ (2008: 10). The author continues by elaborating how this principle of ownership is underpinning universal international
law, enshrined for example in Article 1 of the International Covenant on Civil and Political Rights or Article 21 of the African Charter on Human and Peoples’ Rights, and how it is encompassed in the Principle of National Ownership. He concludes:

A people's right to its resources is a human right: Like a people's right to self-determination or a people's right against genocide, this is a human right proclaimed in primary documents of international law (Wenar 2008: 15).102

The assumption is also, however, present in conversations and interviews, as the following example demonstrates: A representative from the countries constituency, more particularly a supporting or donor country, was astonished by a question regarding the origin of this idea, stating: ‘I don’t understand your question.’ Following a brief pause, the interview partner, however, continued:

Yes, I think that whatever is in the ground should benefit the people of the country, I fully agree with that concept although I don’t know exactly where it came from. I agree that this is a concept on which the whole discussion should be based.

(Country constituency interview, 25 January 2013)

First implication: Property rights guaranteed by the state

Interestingly, Wenar continues his line of argumentation by elaborating how this internationally recognised human right practically translates into property rights. This right is linked by international law to the principle of sovereignty, and results in a general understanding that natural resources fall under the national ownership of a country which gives the government the authority to sell this property.103 Wenar does neither question the ideational structure nor the historical context by which natural

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102 Peter Schaber, Swiss philosopher, critically examines Wenar’s position, disagreeing with him on two accounts: Firstly, the author highlights that the consumers of resource-rich countries are contributing to the problem by buying the resources, and secondly that resource-rich countries’ elites are not authorised to sell the natural resources of their country. According to Schaber, the responsibility and blame for the resource curse has to be with the government of resource-rich countries, as it lies within their duty to protect their people. However, he concludes: ‘But if the state does not live up to its duty and the people are not able to stop the violation of their property rights without incurring severe costs, as it is the case in, for example, Equatorial Guinea and the Republic of Congo, then the international community has to step in’ (Schaber 2011: 193). Another article by Jorge E. Viñuales, reflects on the legal perspective against which Wenar and Schaber argue, concluding that ‘under current legal arrangements, states remain the main guarantors of the public good of the people living under their sovereignty’ (Viñuales 2011: 197).

103 According to Wenar this can be highly problematic in authoritarian countries or in situations of violent conflict: ‘Whoever can maintain coercive control over a country’s population (or in the case of civil warriors, over part of the population) is recognized internationally as legally authorized to sell off that country’s resources’ (2008: 12). He calls this a “customary rule” which should be abolished in favour of more market-prone policies.
resources have been linked to the principles of ownership and property rights. However, in his further elaborations it becomes clear that it is only a liberal economic order in which his arguments are valid: ‘(...) The principles of the global market system. They are the principles of ownership and sale’ (2008: 16).

As stated in the introduction of this chapter, this is not the place to reconstruct the establishment of liberal economic and political norms at the international level in form of international organizations and international law as this has been done elsewhere in the literature. Charvet and Kaczynska-Nay (2008) elaborate, for example, in their volume _The Liberal Project and Human Rights_ comprehensively how various aspects of liberalism in its economic and political understanding have been enshrined into international law, tracing the contextual origins of liberalism in thought and practice over the Westphalian society to the right to development. More specifically, tremendous work has been done in uncovering the liberal underpinnings of the concept of property rights by Chukwumerije Okereke in part three of his book _On Global Justice and Neoliberal Environmental Governance_ (2008). Additionally, in IR and IPE a substantial body of work has critically examined how various institutions and norms of the international order have not only been established against the background of a particular historical context (see Polanyi 1944; Gill and Law 1988; Harvey 2007), but additionally highlight the underpinning of these institutions by norms and values embedded in a liberal tradition of economic and political thought (for more recent examples examining the emergence and impact of economic ideas such as monetarism or neoliberalism, see Blyth 2010 or Boltanski and Chiapello 2005).

The fact that there is nothing “natural” about our understanding of what constitutes property rights and who has a right to claim them, in addition to the urgent need to historically contextualise the establishment of such rights, is easily illustrated by the fact that the right to property was either denied for women in the majority of liberal European states or legally linked to marital status up until relatively recently. The right to open a bank account and thus freely dispose of your money without spousal

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104 According to Charvet and Kaczynska-Nay, ‘liberalism in the economic sphere upholds the rights of individuals to make any choices they please in the exercise of their labour and the use of their wealth and income so long as they respect liberty, property and contractual rights of others’ (2008: 2).

105 For examples of the disempowering impact of privatisation and instalment of property rights on women in patrilinear developing countries, see Lastarria-Cornhiel (1997).
consent was granted to women in Germany only in 1962, the right to work without spousal consent in 1977. In Britain, it became legal for both, husband and wife to inherit property equally under the Law of Property Act from 1922, while only after the Sex Discrimination Act in 1975 could women open a bank account, and it took up to the 1980s until they were allowed to apply for a loan or get a mortgage without the signature of a male guarantor.

It could be argued at this point that exploiting natural resources existing in the immanent environment, for example in the form of forestry or fishery, has accompanied the human evolution from its very beginnings and can therefore to a certain extent be understood as “natural”. However, the extraction of natural resources as known today – technology-based exploitation centring on oil, gas and minerals – is a fairly recent phenomenon. The large-scale industrial extraction of coal is linked to the process of industrialization, or the first industrial revolution which started in the 18th and 19th centuries and saw inventions such as steam and water power. Oil drilling is generally understood to have commenced at the beginning of the 20th century. In addition, from a historical point of view, natural resources hardly ever belonged to the people living in the area where the resources could be found. They have been exploited on behalf of the ruling class/system for centuries with examples stretching from the Roman Empire to the British Commonwealth. Today, this practice is mostly evident in what Yates describes as ‘nationalization’, a strategy observable in some African countries by which the central government seeks to establish control over resources by shifting property rights:

(...) It takes ownership and possession away from the communities who live above the resources. Nationalization, by law, expropriates the oil and gas from those people who live in Cabinda, in the name of another people, the Angolan, to whom they have been forcibly annexed (...) producing an “indigenization discourse” (citing Ukiwo 2008) which is found elsewhere in Africa, such as the Niger Delta, Southern Sudan or Darfur (Yates 2012: 53, quotation marks in the original).

Understanding natural resources as property of the people presupposes a functioning state, receptive to its citizens, guaranteeing and enforcing their rights on


107 Additionally, prior to the Married Women’s Property Act in 1870, ‘women who held property of any kind were required to give up all rights to it to their husbands on marriage.’ Available from: http://www.parliament.uk/about/living-heritage/transformingsociety/private-lives/relationships/overview/propertychildren/.
the one hand and an engaged public willing to participate and claim their rights on the other hand. Both, property rights and democratic states are fundamental principles of liberal political thought associated for instance with the writings of Thomas Hobbes and John Locke. In addition, it can also be noted that the assumption does not stipulate explicitly what the consequences should be, e.g. what does it mean that the resources are supposed to belong to the people? It implies however, and that becomes clear while examining the subsequent policy recommendations, that the people should “benefit” from these resources apparently in a way which improves their economic status, which is where the liberal tradition becomes much more visible and problematic as it again presupposes both a functioning (preferably democratic) state and a liberal market economy.

In summary, it can be argued that the “natural resources belong to the people assumption” in fact calls on people to follow a liberal line of argumentation and thereby disguises a normative claim into a “natural” presupposition which in reality comes with problems attached: In resource-rich countries the assumption faces problems when the people do not make direct links between their personal economic status and their countries’ natural resource wealth (which is the reason why advocacy NGOs need to campaign in some resource-rich countries for the people to be made aware of their rights and to make use of them). In addition, and much more often the case, in many resource-rich countries people have on the one hand side in practice no means, by one way or another, to claim their rights (no functioning or limited legal system; no or limited opportunities to raise protest; sometimes simply no or limited access to information and for instance illiteracy as major challenges) and/ or have, on the other hand, no or limited constitutionally granted options to choose their authorities. Frynas summarised for the year 2007, based on the Freedom House rankings:

108 Broadly speaking, political liberalism ‘involves the design of institutions that will provide some guarantee of government accountability to the people and will limit the government’s power to attack or erode individual liberty’ (Charvet and Kaczynska-Nay 2008: 2), implying the right to chose your government.

109 As illustrated by the following quote from the homepage of the Revenue Watch Institute: ‘The Natural Resource Governance Institute (NRGI) helps people to realize the benefits of their countries’ endowments of oil, gas and minerals. We do this through technical advice, advocacy, applied research, policy analysis, and capacity development.’ Available from: (http://www.resourcegovernance.org/about).
Out of twenty-four oil-producing countries in the developing world, only five – Mexico, Brazil, Indonesia, India and Argentina – have political and civil freedom (…). Of these twenty-four countries, not a single one has genuinely free press (Frynas 2009: 149).\textsuperscript{110}

Although at first glance this might seem like a more abstract theoretical discussion, there are two important observations to make: Firstly, where the state is the guarantor of people’s rights, it does not come as a surprise that international law stipulates a ‘duty for states to protect against non-state human rights abuses within their jurisdiction’ (Charvet and Kaczynska-Nay 2008: 74-5) whereas there is only secondary responsibility for MNCs apart from exceptions under criminal law.\textsuperscript{111}

Secondly, this assessment of the problem has important and observable direct consequences for the EITI Standard and its effectiveness if linked to the findings in the second part of the previous chapter. It was elaborated how the reception of the EITI reports is severely limited, precisely because they do not seem to reach the intended audiences and these audiences are less influential than originally assumed (see chapter three). However, embedded within a liberal political discourse it might have initially made sense to presuppose an active and influential civil society as well as an interested public.

**Second implication: Commodification and mechanisms of exclusion**

Natural resources are almost certainly approached and thought of within mental categories originating from economics.\textsuperscript{112} They are referred to as “capital” or “goods” that need to be incorporated into a country’s economic equation and are subject to a

\textsuperscript{110} In a very grim assessment of the political leadership in oil-rich African countries, Yates summarises: ‘Nine out of ten rulers in African oil-rent dependent states call themselves “President”, but only two came to power through democratic elections: Goodluck Jonathan and Fradique De Menezes. Their “Francafriican” counterparts, Ali Bongo and Paul Buya, came to power by means of fraudulent plebiscites orchestrated by the French. The remaining six military “praetorian” rulers – Obiang, Dos Santos Sassou-Nguesso, Al-Bashir, Deby, and Asis – are professional soldiers who seized power by coup d’état and/or war and keep it through the selective use of violence’ (2012: 42).

\textsuperscript{111} United Nations Resolution U.N. Doc. E/CN.4/Sub.2/2003/12/Rev.2 of the Sub-commission on the Promotion and Protection of Human Rights reflects this hierarchy: ‘Recognizing that even though States have the primary responsibility to promote, secure the fulfilment of, respect, ensure respect of and protect human rights, transnational corporations and other business enterprises, as organs of society, are also responsible for promoting and securing the human rights set forth in the Universal Declaration of Human Rights’ (UN 2008b). A similar line of argument can be found in UN’s Protect, Respect and Remedy Framework (2008a) and the Guiding Principles (2011).

\textsuperscript{112} For critical voices of these categories, see for instance Ashley’s (1983) seminal article ‘Three Modes of Economism’ in which he highlights how three types of economic logics have become co-constitutive for understanding and analysing politics; or de Goede’s (2003) article ‘Beyond economism in IPE’ in which she argues that ‘closer scrutiny of modern finance necessitates a consideration of the discursive practices which bring capitalist concepts such as money, profit or capital into being’ (2003: 81).
calculative or rational logic. Dryzek subsumed such an understanding into the discourse on sustainable economic growth in which ‘nature is mainly treated as something that provides useful services to humans. The ‘natural capital’ metaphor is sometimes evoked’ (Dobson 1998: 41-7 and Sachs 1999: 33, cited in Dryzek 2005: 156). An illustrative example from the academic literature is Carbonnier: ‘The window of opportunity to translate extraction into development in low-income countries can be rather short, depending on how long it takes to deplete a country’s natural capital’ (2011: 137). Nobel Prize Winner Elinor Ostrom (1990) refers to natural resources as “common goods”.

This depiction of natural resources as “goods” has the tendency to exclude options for applying alternative categories of thought. Empirical evidence suggests that in alternative cognitive frameworks natural resources and the places in which they are located, such as a particular forests or mountains can be places of religious significance or symbols of people’s social or group identity. As Sawyer and Gomez summarise, for example, ‘many contemporary indigenous claims arise from various attachments – often attachments that entwine an intimately lived and living landscape with a sacred idiom that secures a peoples’ distinct place in the cosmos’ (2012: 15). Examples of indigenous people’s struggles suggest that some tribes might not have an interest in extracting the resources after all.

Such a choice should also be recognised as fundamental right as argued for by James Anaya, United Nations Special Rapporteur on the Rights of Indigenous Peoples:

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113 Ostrom (1990) elaborated in her work how, contrary to Hardin’s Tragedy of the Commons-thesis, there are examples by which common resources have been managed well through collaborative effort without privatisation or markets. However, resulting from a logic which is methodologically rooted in rationalism, she stresses the importance of clear borders and limits to the “commons” as well as the establishment of mechanisms for punishment and exclusion.

114 This is illustrated by the frequently cited case of Indian tribe, Dongria Kondh which ‘gathers at the top of Niyamgiri mountain to celebrate the annual festival of Niyam Raja, the king of the mountain’, a case which became popular as the ‘real-life Na’vi’ (see The Time article by Thottam 2010). The Kondhs rose to prominence following the release of James Cameron’s blockbuster Avatar in which the native tribe of fictive planet Pandora rises up against an invasion of a mining corporation. Supported by a London-based advocacy group called Survival International, the Dongria tribe managed to appeal to the Indian Supreme Court after plans where revealed that mining company Vedanta had obtained a license to start operating in the mountain. Following global public protest, the Court backed down: ‘The Supreme Court told Vedanta in 2013 that the Dongria must decide whether to allow mining on the Mountain of the Law. The Dongria have answered with an unequivocal “No”.’ Available from: http://www.survivalinternational.org/tribes/dongria. For a more detailed case study, see Xaxa (2012).
Indigenous individuals and peoples have the right to oppose and actively express opposition to extractive projects, both in the context of state decision-making about the projects and otherwise, including by organizing and engaging in peaceful acts of protest (United Nations, 2013). This example serves also as a brilliant illustration for the socially constructive nature of human rights, posing follow-up questions of justice and equality. This is indicated by the fact that particular rights stipulated under international law might oppose or contradict each other (in this case the right to development for which natural resources are understood as prerequisite and other fundamental rights such as the right to self-determination which if exercised might result in a decision favouring non-extraction).

However and as already indicated, the liberal economic perspective is fundamentally attached to a rule of law attributing property rights on natural resources which subsequently can be traded or sold. Natural resources thus do not only morally “belong” to the people or the state, they also do so in legal terms, and they thereby become a commodity. According to this line of argumentation, this is understood to empower local communities:

As part of their right to self-determination, “indigenous peoples have the right to determine priorities and strategies for the development or use of their lands and territories”. This right necessarily implies a right of indigenous peoples to pursue their own initiatives for resource extraction within their territories if they so choose. In cases in which indigenous peoples retain ownership of all the resources, including mineral and other subsurface resources, within their lands, ownership of the resources naturally includes the right to extract and develop them (ibid., quotation marks in the original, emphasis added).

As Sawyer and Gomez (2012: 2-3) rightly note, there is a variety of empirical evidence which supports these claims. However, there are also case studies in which such recognition of indigenous rights has had much more ambiguous effects to the extent that it has lead to further marginalization, conflict and co-optation of indigenous peoples’ voices (see the case of the Subanons in the Philippines in Rovillos and Tauli-Corpuz 2012).

However, one consequence of the previously described economistic understanding of natural resources as commodity is that a success story of natural resource extraction is considered one in which the country enhanced its economic performance by transforming its abundant natural resources into economic growth.

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with Norway and increasingly Australia, Canada and South Africa as the most prominent examples (see Larsen 2006; Ville and Wicken). From this perspective, natural resource extraction is legitimate and beneficial since it contributes to economic growth and thus wealth and development, a view intimately linked to the good governance and development narrative which will be elaborated on in greater detail in the following section, ultimately legitimizing extraction and implicitly the “extractors”, e.g. extractive industries, as potentially positive contributions or contributors.

Moreover, following a liberal line of argumentation: ‘It is the duty of states to make sure that the property rights of their citizens are protected’ (Schaber 2011: 194). Consequently, the fault for disregard of these rights is placed on the shoulders of governments. And although the literature on the resource curse hypothesis encompasses various elements, such as a strong economic component generally referred to as the Dutch Disease,\textsuperscript{116} a general tendency to rely on the revenues and the extractive sectors,\textsuperscript{117} as well as also highlights the important role played in particular cases by corrupt elites or private actors such as war lords or drug cartels, these days the main focus is tackling a perceived lack of managerial and administrative capacity on behalf of the state. This focus is in accordance with the good governance agenda of the international financial institutions, particularly the World Bank who happens to manage the EITI MDTF (for a more detailed elaboration on the nexus between development and good governance, see the subsequent section). Wenar for instance argues that ‘the resource curse results from a failure of institutions: specifically, a failure to enforce property rights’ (2008: 9). Experts on the topic, such as Michael L. Ross (et al. 2011), offer advice to resource-rich countries on how decentralization and the bringing in of local communities can help to prevent

\textsuperscript{116} Defined by the Financial Times Lexicon as follows: ‘Dutch disease is the negative impact on an economy of anything that gives rise to a sharp inflow of foreign currency, such as the discovery of large oil reserves. The currency inflows lead to currency appreciation, making the country’s other products less price competitive on the export market. It also leads to higher levels of cheap imports and can lead to deindustrialisation as industries apart from resource exploitation are moved to cheaper locations. The origin of the phrase is the Dutch economic crisis of the 1960s following the discovery of North Sea natural gas.’ Available from: http://lexicon.ft.com/Term?term=dutch-disease.

\textsuperscript{117} As Frynas summarises the factors assumed to contribute to the resource curse: ‘Extractive industries exports may undermine good governance and political accountability to society. Given their dependence on extractive industries revenue, governance in resource-rich countries may neglect non-resource taxation and may have fewer incentives to nurture other economic sectors and improve the quality of institutions’ (2009: 135).
gross inequality resulting from extraction while Paul Collier has been strongly engaged in the establishment of the Natural Resource Charter which also aims at giving policy advice. As already mentioned, this is endorsed by the global financial institutions, whereby the World Bank and the IMF are not only official supporters of these initiatives but came up with similar recommendations themselves (see the IMF Guide on Resource Revenue Transparency 2007). This is reflected in the EITI Standard which emphasises the role of governments in mismanagement and corruption and subsequently aims at improving government capacities and inducing reforms (see chapters three and seven).

A consequence of this focus on state capacity is that the highly-industrialised nature of resource extraction which requires large sums of investment and world-class technological, economic and personal know-how as well as specialized equipment takes a backseat. This argument is particularly valid for the oil and gas sector. It excludes for instance a category of extraction which is subsumed under “unconventionals” which increasingly plays an important role in the world energy supply. This category for example includes deepwater production\footnote{As Yergin summarises: ‘(...) the growth of the deepwater sector worldwide was extraordinary – from 1.5 million barrels a day in 2000 to 5 million by 2009. By that point, some 14,000 exploratory and production wells had been drilled in the deep waters around the world’ (2012: 248).} as the building block but also encompasses a variety of alternative, unconventional sources, such as the increased use of natural gas liquids or oil sands (see Yergin 2012: chapter 12). What this focus additionally fails to capture are the ways by which natural resources are connected to the global markets, including what Yergin describes as the “financialization” and “commodification” of oil which has enabled the electronic trade of oil, but also introduced new players, such as national wealth funds, traders or speculators into the market (Yergin 2012: 167ff.)\footnote{The changes become more tangible in contrast: ‘Into the 1970s, there really was no world oil market in which barrels were traded back and forth. Most of the global oil trade took place inside each of the integrated oil companies, among their various operating units, as oil moved from the well into tankers, and then into refineries and into gasoline stations. Throughout this long journey, the oil remained largely within the borders of the company’ (Yergin 2012: 167). This process of “integration” changed with the introduction of the “paper barrel” in the 1980s and by around 2005 with the introduction of electronic paper platforms ‘the paper barrel had become the electronic barrel’ (Yergin 2012: 174).} The highly-industrialised, highly finance-driven process places business actors as important intermediaries between people and governments which is a fact that needs to be taken seriously. Ordinary people have neither direct access to exploitation nor to the markets.
Governments in a highly competitive global economy need to collaborate with these powerful external economic actors even if it is only for the sake of attracting FDI. As Lord Browne recalled in his biography, summarizing BP’s experience in Nigeria: ‘The reality was we were not wanted but needed. Nigeria, like many countries after 15 years of nationalising their oil, was seeking help with technology and people skills’ (Browne 2010: 122, emphasis in the original). The asymmetrical situation between companies and resource-rich countries can be further illustrated by the following quotes:

And although Exxon doesn’t have the power to change things it has the power to influence. Not only by releasing some sort of information but also ‘cause host country governments who have these resources, well they want to attract the best operators and it is clear that the best operators favour an attractive economic environment. It’s an incentive for host countries’ governments to embrace the EITI and make it real (...) ‘cause even though companies pour into Equatorial Guinea and Angola, they are not going to pay as much for those assets as they would, in for instance Norway, because it’s a very unsafe place. So everyone is in competition.

(Company constituency interview, 31 October 2012)

When you consider an African oil enclave, one of its single most striking features is the domination by and dependence upon foreign multinational corporations (MNCs) that own it. They hire their own exploration teams. They build their own offshore drilling platforms. They run their own pumping stations, pipelines, refineries, heliports and tanker fleets as they please. Their global distribution networks, world-class investments, and superior technology give them a kind of sovereign power over poor rural African villages located around their enclaves (Yates 2012: 35).

In addition, and despite its normative underpinnings, the debate in general does not reflect on the ethical complexity of the problems ahead including discussions on environmental sustainability and justice for a variety of reasons: Firstly, within this economic mindset, there is no space for non-exploitation or preservation as illustrated by the following quote:

It is reasonable to assume that the citizens of Equatorial Guinea and other oil-rich countries have no reason at all to object (to their rulers selling rights to extract natural resources) because they have no reason to want their oil not to be sold. Unlike works of art, natural resources such as oil are not something you could want to be preserved. (...) Oil becomes interesting only when you sell it (Schaber 2011:188).

Earlier in this chapter, the argument was made that this might not be the case if one approaches natural resource from a religious or identity-based value system. However, this automatic linkage between natural resources, property rights and resource commodification is also problematic from an egalitarian and cosmopolitan
perspective which stipulates that the Earth’s natural resources belong to all humans equally (the different perspectives are discussed in Miklos 2013, see particularly chapter six). This would pose serious questions of global distributive justice as natural resources are disproportionately extracted in Southern and consumed or used in “Western” countries. This argument is much more familiar in discussions on tropical deforestation and climate change in which the vital function of tropical rain forests as “green lungs” of our ecosystem are answered by resource-rich countries pointing out their “right” to cut and sell timber as “their” natural resource for profit motives. However, as the striking example of Ecuador illustrates, it is easily linked to oil and mining: In 2007 the Ecuadorian government faced the decision of whether or not to allow oil exploration to start in its Yasuni National Park which is part of the Amazonas Rain Forest – a project which promised the in-flow of massive revenues in a country battling immense poverty and inequality. President Rafael Correa called on the international community for donations to compensate the loss and preserve the park, a pioneering initiative, which ultimately failed due to a lack of donations. In August 2013, President Correa approved oil drilling in the territory.

Secondly, it can be argued that the liberal approach has a tendency to disregard the potential for normative tensions between social justice and environmental sustainability. As elaborated by Andrew Dobson: ‘It is just possible that a society would be prepared to sanction the buying of environmental sustainability at the cost of declining social justice, as it is also possible that it would be prepared to sanction increasing social justice at the cost of a deteriorating environment’ (2003: 4). Practically, as Martinez-Alier suggests, these tensions might emerge in the form of “environmental” or “ecological” conflicts, as already described in the previous sections on indigenous rights:

Not all humans are affected in an equal manner by the use the economy makes of the natural environment. Some benefit more than others, and some bear a greater cost burden than others; hence, ecological distribution conflicts or conflicts over

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120 In similar vein, at international conferences for regulating the seabed or the global atmosphere parties have argued in favour of the establishment of a ‘Common Heritage of Mankind- principle’ which was dismissed as incompatible with property and trade rights by proponents of the liberal market, particularly the US (Okereke 2008: 133-137).


122 For an elaboration on how environmentalism and liberal market ideas merged in the aftermath of the WSSD 1992, see Bernstein 2000.
“environmental justice” arise’ (Martinez-Alier 2004: 13, quotations marks in the original).

Thirdly, from an ethical perspective another important issue arises almost automatically from depletion of finite resources: the question of intergenerational justice (see discussed in Dobson 2003: chapter four). Concerns about the well-being of future generations are exclusively dealt with in economic terms, and almost always limited to individual countries: Predominantly, the topic is brushed-off, pointing towards the narrative of the sustainable development equation which argues that in an ideal economic development, resource-rich countries transform their oil and mineral wealth into economic growth by (re-)investing the revenues (see elaborations in the following section). In some resource-rich countries, the issue is dealt with by establishing so-called Future Generation Funds, following the example of Norway.\textsuperscript{123}

Finally, perspectives calling for a broadening of discourses on global justice towards injustice against non-humans, which would include the environment or other species (see Schlosberg 2013: 43), have yet to reach the debate on natural resource extraction. The problem is again particularly evident with reference to some indigenous cultures which do not understand their own well-being as separate from non-human nature.

In summary, it can be stated that approaching natural resource extraction from a liberal perspective tends to overemphasise the role played by national institutions and the state while understating the role of the extractive industry. This shared belief indicates an imbalance or misrepresentation of the importance of both players in the assessment of the problems, which is biased in favour of companies. In addition, this belief closes-off options for valuing the resources in a non-commercial way and poses serious questions of justice and legitimacy. Recalling the function of doxa, this is precisely how shared beliefs operate: they serve as an instrument for establishing order and ultimately subordination thus reinforcing the position of the dominant (see chapter two for the concepts).

\textsuperscript{123} Examples include the Azerbaij\textsuperscript{a}n State Oil Fund or Chad’s Future Generations Fund, see Fynas (2009: 143ff.).
4.2. Discourses promoting the “good corporation”

This section introduces the “good corporation” belief, an underlying assumption of discourses on global and good governance which portrays corporations as responsible and resourceful “partners” or “citizens” while at the same time highlighting their essential contribution to economic growth. The “good corporation” belief is as prevalent as it is essentially contested. This section argues that it serves two important functions: Firstly, it affirms the privileged status of companies at the international level, and secondly, it opens up scope for political manoeuvre and strategic interpretation of political responsibilities of corporations. In discussions on natural resource extraction, the narrative is mostly observable in the form of the “sustainable development equation”.

The good corporation in discourses on global governance

The introductory chapter already introduced the literature on global governance, with a specific focus on the emerging role of corporations as political actors on the international stage (see chapter one). This section illustrates more specifically how in the nexus between the global governance and the CSR-perspective, corporations are framed in positive terms as resourceful and constructive actors on the international stage. This is most visibly signalled by euphemisms such as ‘responsible partners’ or ‘caring capitalism’ (Sklair 2002: 159).

The global governance discourse which dominated the 1990s and early 2000s was underpinned by liberal connotations emphasising the prospect for international peace and security through democracy and trade, starting from the following problem assessment: The international level is characterised by the absence of an overarching global authority or power at the international level. In addition, global problems exist, which need to be addressed. These are problems which are not solvable by single state or state action in general. Against this background, the idea emerged that companies could help to fulfil central governance tasks, such as rule-making and rule-implementation, at the international level. Firstly, from a rationalist perspective and often additionally deploying a functionalist logic, the inclusion of private actors as partners in international governance processes is described as a

124 The term “good corporation” is borrowed from S. Prakesh Sethi (2003).
win-win-situation: Corporations are assumed to be interested in predictability and stability of their investments. Clear, transparent and consistent rules and standards at the international level can contribute to guarantee this. At the same time, companies have access to resources such as managerial or technological expertise or financial capital which could help to make international political processes more effective and efficient and thus close global governance gaps which public actors are no longer able to address (Mayer and Gereffi 2010). This line of argument has been most prominently advocated for through the UN-business partnerships under Kofi Annan’s administration (see chapter one).

In discourses on global governance, the status of companies as legitimate partners is conceptualised as a form of “private authority”. Private authority is understood as derived from the co-regulative function business actors perform at the international level based on their superior resources and expertise, see this argument for instances presented in Hall and Biersteker (see also chapters two and seven):

They perform the role of authorship over some important issues or domains. They claim to be, perform as, and are recognised as legitimate by some larger public (that often includes states themselves) as authors of policies, or practices, of rules and of norms. They set agendas, they establish boundaries or limits for action, they certify, they offer salvation, they guarantee contracts, and they provide order and security. In short, they do many of the things traditionally, and exclusively, associated with the state. (...) They appear to have been awarded a form of legitimate authority (2002: 4).

An example from the EITI on how companies can ‘help to make the MSG work effectively’ (at the national level of the EITI process), following the same logic:

Experienced companies can play a key role by providing leadership to help take the EITI agenda forward. Companies can improve the effectiveness of the MSG by using their expertise to build the capacity of less experienced MSG members and national Secretariat staff in the areas of strategic planning, workplan design and implementation, as well as the technical and managerial issues involved in the reporting process (EITI Business Guide 2013: 15).

It is important to note that as this discourse emphasises support and collaboration as the norm, negative effects of corporate activities are downplayed as “misbehaviours” or “exceptions”.

The second argument presented in the global governance literature comes from a constructivist perspective, and argues that companies are sensitive towards international norms and aim at following them. Therefore, they are attentive to the
wider impact of their operations on the social and environmental context at the national and international level. These arguments see corporations as norm followers but also potential agents of norm-establishment and enforcement, as for example Banfield et al. argue: ‘The basic thesis (...) is that conflict-sensitive business and its promotion of public policymaking institutions could become an important part of a collective and multi-actor effort to create a more peaceful world’ (2005: 133).

This perspective on companies as agents for positive change is frequently expressed in business statements on the EITI, here exemplary by ICMM:

ICMM sees the EITI as important in improving the governance of resource revenues, in reducing opportunities for corruption and for improving development outcomes in mineral-dependent economies. Our member companies see the benefits of involvement in EITI at a country level through increases in trust and a growth in dialogue between governments, civil society and business (EITI Business Guide 2013: 11).

This perception of corporations as sensitive and positive agents at the international level epitomised by the rise of the concept of global corporate citizenship, is promoted likewise by international organizations, academic scholars in IR and Business Ethics and policy experts (Sklair 2002: chapter six; Matten and Crane 2005; Moon et al. 2005; Crane et al. 2008). The concept can be understood as an evolution of the broader model of CSR which encompasses four different types of responsibilities for corporations as members of a society, as outlined by Archie B. Caroll: (1) the economic responsibility to be profitable; (2) the legal responsibility to abide by the laws of society; (3) the ethical responsibility to do what is right, just, and fair; and (4) the philanthropic responsibility to contribute to various kinds of social, educational, recreational, or cultural purpose (Caroll 1979, cited in Matten and Crane 2005: 167).

The line of argument presented here disagrees with Holzer who states that ‘corporations do not wield unfettered power in world society. Despite their economic wealth and their access to formal power, TNCs are bound by globally institutionalized scripts of legitimate social action that favour their critics’ (Holzer 2010: 4) by which he is referring to civil society. In contrast, it is suggested here that the global governance discourse legitimises both agents, while their constant engagement and debate with each other reflects on their dominance and re-perpetuates their status. This argument will be explored in greater detail in chapter seven.

For a history of the evolution and the various approaches to CSR, refer to Caroll (1999). However, the most infamous critique of CSR came from economist Milton Friedman who opposed the idea strongly and elaborated his arguments in a New York Times Magazine article in September 1970 titled ‘The Social Responsibility of Business is to Increase its Profits. Available from: http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html.

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The argument underlying the concept of global corporate citizenship can be summarised in the following statement:

With economic globalization and changing local conditions, business leaders are called upon to wrestle with complex issues that affect not only their shareholders, employees and customers but also the quality of life in local communities, our environment and people and countries throughout the world (Business for Social Responsibility (BSR) Conference Brochure 1996, cited in Sklair 2002: 156).

Despite the empirical and conceptual variety of CSR and global corporate citizenship approaches (see Frynas 2009: chapter one; Crane et al. 2008), it can be stated that the numerous academic articles in journals, such as Business Ethics or Business Ethics Quarterly, have common ground as they generally assume that the objectives of being a socially responsible company and increasing shareholder-value are not mutually exclusive. An argument which is also increasingly illustrated with case studies from developing and resource-rich countries. This discourse essentially depicts corporations as sensitive towards the social and environmental impact of their activities:

The popular myth of a good corporation is a financially successful and economically efficient company that would marry profit-making with social responsibility; provide stable and well-paid jobs with generous benefits; support culture and the arts; encourage employees to become involved in their communities; and, be a good corporate citizen. Others have offered parallel although somewhat different visions of this idyllic corporate welfare state where managers combine market-competitive efficiency with enlightened stakeholder management to achieve the best of all possible worlds. In a word, we seek a corporation that is paternalistic and benevolent (Prakesh Sethi 2003: 21).

As indicated, the idea of CSR has received severe criticism in recent years. In particular, civil society has labelled most CSR-efforts as “green washing strategies”, targeted at improving a company’s international reputation through positive publicity while distracting from the still prevalent practices of environmental pollution and exploitation on the operational ground. In essence, this argument states that apart from “cosmetic” actions, including new logos or advertisement highlighting environment and safety measures, company’s CSR efforts have rarely materialised into fundamental measures improving working and environmental conditions. This argument has been elaborated in greater detail by Sklair, concluding that companies have not taken conscious steps to resolve the central dilemmas of our times,

127 For critical assessment of the concept, see Vogel (2006) or Cutler (2008).
referring to poverty and equality, as well as more generally the ‘unsustainability of the system’ (2001: 5-6).

Despite this controversy, the line of argumentation portraying companies as responsible agents for positive change is often found in EITI documents, as for example expressed in the foreword to the EITI Business Guide by Clare Short, Chairwoman of the EITI, and Sam Walch, Chief Executive Officer of Rio Tinto, which reads:

> Well-managed companies want to invest in countries governed by transparency and fair rules. They want to be part of a public discussion and to engage with their stakeholders and external audiences including local communities and governments (EITI Business Guide 2013: 7).

The guide further lists fundamental CSR principles as motivational factors for companies to participate, such as a stronger social license to operate (see chapter five for the importance of this principle for the miners) or demonstrating international credibility, delivering on business principles and showing industry leadership (Ibid.: 11-12).

As the discussion has explored, the idea of companies as interested in broader social and environmental well-being is contested. Nevertheless, this section argues that in combination with the aforementioned rational arguments, the CSR-discourse provides the scope for a positive depiction of companies which is open enough for interpretation and thus can strategically filled with meaning by the private sector when necessary or convenient. In the academic literature, Sklair provides an excellent example illustrating how major MNCs have managed to strategically capture and transform the emerging international dialogue on sustainability and the environment for business serving purposes.\(^\text{128}\) In natural resource governance, this is exemplarily done by the sustainable development equation which emerged as a line of argumentation throughout the interview process.

**Legitimate business and the sustainable development equation**

Even if the extraction of natural resources is conducted in a socially and environmentally sensitive way and by companies in cooperation with the local

\(^{128}\) Mainly by deflecting ‘from the idea of a singular ecological crisis’ towards an approach in which there are ‘a series of manageable environmental problems’ (Sklair 2011: 198).
government – both aiming to minimise the negative externalities usually associated with drilling or mining while maximising the potential benefits for the communities – the crucial point remains that it takes a few years or even decades to extract something that has taken billions of years to develop, and once extracted is gone forever. Oil, gas and minerals are a finite resource and this fact creates a unique momentum of huge responsibility for all economic and political parties involved with consequences, not only for the present, but also for future generations of resource-rich countries. So how do extractive industries interpret and act on this responsibility?

The first thing to notice is the fact that this responsibility is generally understood to belong to the local government, a view strongly expressed by all the corporate representatives but frequently also stated by other stakeholders, also suggested in the EITI documents and in statements by the international financial institutions. Following the liberal line of argument already elaborated in the previous sections, it is the government who is responsible for providing basic public goods and services such as infrastructure, education and healthcare through the redistribution of individual and corporate taxes. In addition, it is the government who has an interest in establishing a business-friendly climate which provides the secure and predictable realm for corporations to undertake their operations. Despite a widely-used CSR-rhetoric as elaborated in the previous section, the discourse here, in accordance with conventional liberal economic theory states that corporations primarily contribute to society by generating wealth, both through paying taxes and providing employment. This function is vital for legitimizing the very existence of the corporation. But how to reconcile the paradox of extracting finite resources whilst assuming contributing to society in resource-rich countries? This is done via the sustainable development equation:

We, I hope, also have a positive agenda, as well as things that we think are dangerous and undesirable, so if I look at this strategy review and where we have come out we wanted to begin to get EITI more into the issue of how money is spent. That doesn’t mean that we think EITI should be saying: ‘You shouldn’t spend money on defence and you should spent money on education!’ That clearly has to be decided through proper democratic processes in the country. But actually making sure there is transparency about how that budget is divided, where the revenues are going so there can be a debate whether or not the uses are potentially sustainable. ‘Cause if we think about sustainable development conceptually than of course digging stuff out that has taken half a billions of years to make that of course means you are not going to replace it the year after next, so you are exhausting a non-
renewable resource. So in some senses that clearly isn't sustainable, but if you take it as a sustainability equation, e.g. you are reducing your natural capital by x amount but during that period you can augment your manufactured capital through infrastructure improvements, your human capital through education and health expenditure and investment and social capital through strengthening your institutions through development than it becomes about sustainable development and we know from experience that a lot of the money that we generate, either people in these countries don't know we generated or they assume that (and it some cases it does) get paid in and than nothing useful happens with it.

(Company constituency interview, 27 February 2013)

As this quote illustrates the presence of natural resources literally holds a promise of wealth and prosperity for the people living in these regions, often the only imaginable route to better education, healthcare and infrastructure in the future (see for example Goucha and Crawley 2009). The inflow of revenues is understood as an exceptional opportunity that has to be utilized wisely, to provide what has been coined sustainable growth.\footnote{There is an interesting academic literature on the evolution and application of the concept of sustainability and the actors promoting it, such as Dryzek (2005) or Egelston (2013). Broadly defined, 'sustainable development can be viewed as a holistic approach to the relationship between man and the environment. Yet the sustainable development discourse does not have one unique set of meanings. Various actors emphasize differing facets of sustainable development depending on their needs' (Egelston 2013: 2).} Norway, Canada and Botswana are usually highlighted as prime instances of such an exemplary development and are thus frequently referred to as empirical cases whenever there is a positive story to tell about natural resource extraction. In consequence however, these exaggerated expectations have obviously an opposite side: that if the extraction of natural resources has for some reasons not turned out to be the promised road to prosperity then this must be due to some sort of political miscalculation at best and mismanagement and corruption at worst (refer back to previous sections for the role of governments). Please note also how the concept of sustainability is used for describing economic growth which appears compatible with the broader quest for environmental protection. In fact, as Dryzek has elaborated in greater detail, within the various discourses on sustainable development, the currently dominant approach is described as 'environmentally benign growth' explicitly including that environmental protection and economic growth are not mutually exclusive but go together. This line of argumentation is
obviously present in the definition of sustainable development elaborated by Brundtland:130

In essence, sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspiration (Brundtland Report 1987: 46, cited in Dryzek 2005: 146).

This particular discourse takes, as Dryzek summarises after further examination, the capitalist economy as well as its players for granted. Evidently, this conflation of sustainable development and liberal economic development follows the same problematic logic as already discussed in the previous section on property rights, indigenous people and issues of ethics and justice. The liberal concept of capitalist property relations distinguishes between the use of and profiting from things (i.e. objects) and the respect of people (i.e. subjects). This leads to an understanding in which people’s well-being is separated from the well being of the environment and non-human nature.

In his elaborations, Dryzek particularly highlights the role played by business association World Business Council on Sustainable Development (WBCSD) throughout the WSSD in Johannesburg and the signal sent by the participation of business actors (see also introduction), concluding that this ‘confirmed the status of business as a major participant in sustainable development, not a source of problems to be overcome. This role was solidified in partnerships involving business, governments, and NGOs, several hundred of which were established at the WSSD’ (Dryzek 2005: 15), and of which the EITI was one example as summarised in the following statement:

EITI is founded on an assertion that exploitation of natural resources should contribute to sustainable development and the reduction of poverty. This assertion is universal and essentially moral (O’Sullivan 2013: 36).

This underlying assumption of corporations as agents for economic growth and development is also transported into discourses on good governance, despite the fact that this premise seems to focus on accountability, effectiveness and the rule of

130 Although the origins of this discourse can be traced elsewhere, commonly the concept of sustainable development is widely associated with the United Nations World Commission on Environment and Development which was headed by Norwegian Prime Minister Gro Harlem Brundtland. The resulting report titled Our Common Future is generally referred to as the Brundtland-Report (for more detailed elaboration, see Dryzek 2005: chapter seven).
law as components. The concept of good governance rose to prominence in recent decades in international development discourses and focuses on what governance should look like to foster development and reduce poverty. According to the sustainable development equation, development and economic growth are supposed to go hand-in-hand, re-enforcing and complementing each other. This is particularly evident in the programs and policy recommendations of global financial institutions and programs of international donors but is also noticeable in civil society reports and academia.\textsuperscript{131}

This trend is well documented by the academic literature as illustrated by the following two examples: Catherine Waever (2008, 2010) elaborates in her work how discourses on development within the World Bank have changed over the last decades towards good governance. This is attributed not only as a result of external factors such as the evident failure of the Washington Consensus and neoliberal policies, but mainly due to internal forces and debates which pushed for what would later become recognizable as the Bank’s “good governance” agenda.\textsuperscript{132} The author further summarises how the concept of good governance is presented ‘as the essential precondition for the type of market-friendly environment needed to attract investment and ensure sustainable growth’ (Burnside and Dollar 2002; World Bank 2007, both cited in Weaver 2010: 47). ‘Moreover’, Waever continues, ‘good governance is seen to be the institutional means by which the poor can achieve the most basic human security, become empowered to exercise their voice, and overcome the barriers to realizing the fundamental freedoms that constitute human development’ (Sen 1999, cited in Weaver 2010: 47). Essentially, Weaver’s work documents how a particular standard in governance links to economic growth. Her findings are supported in a recent article by Van Alstine and Barkemeyer, in which the authors analysed development agencies and extractive industries’ CEO

\textsuperscript{131} A fact also illustrated by the economic sub-discipline called Development Economics or the Journal of Development Economics published by Elsevier (see also Moufida and Crawley 2009).

\textsuperscript{132} The World Bank example was included as this point, as it illustrates that ‘international financial institutions play a central role in defining and enacting the ideas of practices that drive the world economy’. The World Bank and the EITI are linked through the World Bank’s management of EITI’s MDTF (see chapter three). In addition, there are various professional links between international civil society and donor or supporting governments. The economist Daniel Kaufmann, for example, who was appointed President of the Natural Resource Governance Institute in 2013 (a fusion which brought together the Revenue Watch Institute and the Natural Resource Charter), previously lead the World Bank Institute which ‘developed the Governance Indicators to provide a relative measure of governance and institutional quality in developing countries, aggregate scores that are now widely use by many aid organization in their allocation decisions’ (Weaver 2010: 62).
statements, interested in how the discourses on business and development relate to each other and influences each other. Thus, the authors suggest that particularly in the period from the late 1990s until 2006, both discourses were dominated by what the authors describe as the logic of a “partnership for economic growth”, in which ‘private sector and market-based approaches’ (Van Alstine and Barkemeyer 2014: 10) were presented as a potential solution for the growing problem of poverty and inequality, particularly highlighted by the United Nations Millennium Development Goals and the WSSD. However, from 2006, the authors attest the discourse on international development a stronger focus on good governance and state capacities, while the business discourse is still very much dominated by the partnership for economic growth logic.

Two additionally problematic features of this discourse are the general assumption that markets are the most efficient way for allocation of scarce resource and ‘firms are more efficient than any other economic agents’ (Leander 2010b: 479). Combined, both premises fundamentally legitimise the status of private, internationally operating companies at the expense of nationally-owned companies which due to their closeness to politics are assumed to be less productive, less efficient and more prone to corruption. In natural resource governance this translates into the assumption that a country’s natural resources are more efficiently extracted, e.g. with better managerial skills and more advanced technological equipment, by foreign companies than by national, state-owned, partners. This status can be illustrated by the following quote from a representative of resource-rich countries:

We live day-to-day with big multinationals, with the likes of Shell or ConocoPhillips, so we know them (...) and these are huge companies, they do everything, and it's been a journey for us (...) understanding the companies. We know the importance of their existence, in terms of doing this very complex and risky business. (...) so there are serious interests to be defended and if a country is not prepared, yes you will be taken advantage of.

(Implementing countries interview, 27 February 2013)

Although the already mentioned work of Ostrom (1990) has demonstrated that there is scope for a third way between privatization and strong regulation for avoiding Hardin’s “Tragedy of the commons”, it is obvious that in the field of natural resource governance where the alternative is between extracting resources with the help of private MNCs, or nationalising the industries, the latter is usually disfavoured by the
global financial institutions, MNCs and countries with liberal market democracies, while preferred by governments of resource-rich countries, usually pushing the establishment of joint ventures as preconditions for contracts and concessions.\textsuperscript{133}

Here, private corporations operating in a resource-rich country are depicted as atomised, a-political, profit-orientated actors. Their operations are understood as ‘legitimate business’, justified through their contribution to potential economic growth and thus a future transformation of the country: ‘Ecological constraints should be respected, but once this is done economic growth can proceed indefinitely’ (Dryzek 2005: 154). Consequently, it can be assumed that companies only get engaged in questions of social, political and fiscal responsibility if the government fails to appropriately manage the public realm itself and this leads to negative consequences for business operations, such as local protest or damaging of the facilities. It could also be argued that this lacking administrative, legal and political capacity in resource-rich countries is implicitly considered to be the natural limit of CSR efforts. This sense of positive overall societal contribution via economic activity is very important for understanding one of the fundamental paradoxes of natural resource extraction and governance: Despite numerous accounts of social and community damage and environmental degradation and pollution by various companies and in various regions, or put simply, the fact that the entire thesis of the natural resource curse or paradox of plenty indicates that natural resource extraction in the gross majority of countries on this planet correlates with an increase in the likelihood of corruption, poverty and even conflict. Despite these realities on the ground, resource extraction is legitimised via a potential and indirect contribution to the future.

However, the sustainable development equation is problematic on an additional account: Conceptually, it separates economic and political activity. More precisely, it separates the revenues generated from the policy decisions taken in a country. Obviously, this approach downplays the significant political power of businesses’ or the manifold ways in which corporate activity and influence on the ground has

\textsuperscript{133} It is interesting to observe that nationalisation and nationally-owned companies are generally understood as risk factors, as for example: [T]he recent trends of re-nationalisation of energy policies and concomitant resource nationalism are not only threatening the future sustainability of global energy markets and the WTO order but also jeopardizing future global investments, energy efficiency and planned production levels’ (Leverett and Noel 2006, cited in Umbach 2009: 1232).
proven to be intertwined in local decision-making processes. This depiction also provides the background for the arguments presented in chapter five by the corporate constituency in which EITI efforts are depicted in apolitical terms as managerial or technical problems.

In summary, the companies are depicted as legitimate actors as their activities contribute to the overall wealth and therefore development of a country. In addition, they are constructive and responsible political partners, not only capable of acting morally but their participation also increases the likelihood of more effective and efficient policy outcomes, which is considered supplementary rather than detrimental to pursuing profit. In addition, the neoliberal underpinnings introduce a tendency to regard private, internationally operating extractive industries as more effective and efficient and therefore more legitimate than state-owned companies based in resource-rich countries, thereby reinforcing the already existing bias in disfavour of resource-rich countries as elaborated on in the previous sections. Combined, these aspects provide a vital source of legitimacy for the status of companies as they portrait an image of the “good corporation”.

4.3. Extractive industries as exceptional agents guaranteeing energy security

The third shared belief on which the status of companies in natural resource governance is based is the discursive inclusion of concerns regarding energy supply into national security considerations, referred to as security of energy.\textsuperscript{134} In discourses on energy security, companies are portrayed as vital and exceptional agents guaranteeing access and timely delivery and thus contributing to national security. This argument particularly holds for the position of the oil industry and helps to understand their exceptional role within the EITI Standard and, as further argued, their inconsistent approach towards national sovereignty and legislation (see chapter five).

The concept of energy security has become a buzzword of our time, much like globalization, used by ‘lawyers, bankers, brokers, economists, geographers, geologists, engineers and journalists (...) with the same confidence as generals,

\textsuperscript{134} The discursive process by which a particular topic or issue gets granted an exceptional status has been coined securitization by the Copenhagen School in IR and authors such as Wæver (1995).
development workers, defence analysts or environmental activists' as Ciută (2010: 124-5) notes. Although the academic literature soon engaged with the phenomenon elaborating the conceptual, theoretical and empirical flaws and problems attached, it can be stated that in general the conventional line of argumentation states that a nation’s economic growth and prosperity, vital in liberal market democracies, is understood to depend on access to natural resources at affordable prices – which is also the simplest definition of the term. As Daniel Yergin the most prominent advocate argues: 'Underlying everything else is the fundamental need for countries – and the world – for reliable energy with which to power economic growth' (2012: 267). In addition, Carbonnier et al. note: ‘Energy security ranks among the top priorities of the Organisation for Economic Co-operation and Development (OECD) and emerging economies alike, whose foreign relations agenda is often dictated by a permanent concern to secure oil and gas supplies’ (2011: 247). In the public debate the notion is mostly linked to the supply of oil. However, after the recent Ukrainian crisis, supply of gas, has increasingly become part of the discussion.

Today, most of the world’s natural resources are not located in the countries that primarily consume them, the so-called resource-importing, or more accurately described as resource-dependent countries. In addition, historical incidents such as the 1973 oil price shock have proven that a high dependency on particular countries or regions for these importing countries can have dramatic consequences. As a result, industrialised countries do not only actively pursue a diversification strategy (diversification regarding the places the resources come from but also referring to a mix of energy sources), aiming at preventing overall dependence on particular oil-

\[135\] Within the academic debate the topic of energy security is covered by Energy Security and the Journal of Energy Security. In addition, the Journal of Energy Policy deals with related issues (Ciută 2010: 123, footnote 1).

\[136\] For a more critical introduction into the conceptual pitfalls of energy security, see Ciută (2010) or Chester (2009), for a line of argumentation in the tradition of critical security studies, illustrating the securitization of energy policy and its impact on the US-China relations, refer to Nymann (2014).

\[137\] The public prominence of the topic can be further illustrated by the fact that Yergin's The Prize: the Epic Quest for Oil, Money and Power (2008) was not only awarded the Pulitzer Prize and became a number one New York Times best seller, but has also been translated into 17 languages and made into documentaries and miniseries (see: http://danielyergin.com/the-author/).

\[138\] For an example of 'how oil influences U.S. National Security', see Glaser (2013).
exporting countries or regions, but also a risk-reducing strategy, framed in geopolitical and social terms.\textsuperscript{139}

At this point extractive industries become important, if not vital, agents helping to achieve this goal. At the national level this translates into extensive government subsidies for the extractive sector including such measures as depletion allowances; bonuses; tax reductions; production credits; public insurance; and research subsidies (Florini and Sovacool 2011: 65).\textsuperscript{140} Moreover, the authors argue, these energy subsidies have international consequences, taking ‘the form of trade barriers and protectionist tariffs’ with ‘self-replicating and distortionary’ policies and resulting in competitive disadvantages (ibid.) Additionally, this prioritization translates into active political support for access and advantage of, for instance “British” companies, by the government, nicely illustrated by the anecdotes mentioning Tony Blair’s involvement in a deal BP established with dictator Gaddafi in Libya: ‘Without Tony Blair’s intervention, I doubt BP would ever have been as significant a player as it turned out to be in the re-opening of the oil and gas industry of Libya’ (Browne 2011: 129).

As a result, extractive industries become strategic agents in the global geopolitical energy security scramble, exceptional private economic players, illustrated by the following quote:

\begin{quote}
The interlinkage between globally designed traditional energy security concepts – that rely just on economic factors and “market-strategies” – and domestic as well as regional political stability demands new thinking with regard to both energy supply security and foreign and security policies. As a new study of energy policy scenarios to 2050 of the World Energy Council concludes, the best strategy for achieving the three criteria of accessible, available and acceptable (“3 A’s”) energy in all regions in the developed and developing world is no longer a pure market-driven approach with minimal government involvement. Instead it is favouring a strategy that demands a careful planning in a highly cooperative effort of the government side and private industry as well as exercising great control and discipline with a strong government involvement. The latter needs to seek close cooperation and deep integration of the public and private sectors, both domestically and internationally (Umbach 2009: 1239, quotation marks and brackets in the original).
\end{quote}

This understanding of extractive companies as partners in a high-politics, strategic game has the tendency to misrecognise companies’ importance as independent

\textsuperscript{139} For an interesting overview of strategies and perspectives pursued by the EU, see Umbach 2010 or Constantinia et al. 2007.
\textsuperscript{140} The topic’s recent prominence can also by exemplified by numerous handbooks (for instance Sovacool 2011; Dyer and Trombetta 2013, or Kalicki and Godlwyn 2013).
agents pursuing their own agenda which might neither take into account nor be congruent with their home (or host) country’s national energy strategy after all.141 Nevertheless, presenting themselves as resourceful and reliable partners in the “scramble” for energy security is a key source of authority for the extractives, as demonstrated for instance in a speech by BP’s former CEO Tony Hayward on ‘The Challenge of Energy Security’, delivered at the London Business School in February 2010:

Advanced technology is essential to producing these resources efficiently. The revolution in shale gas in the United States in the past three years, unlocked by new application of drilling and fracturing technology, is a great example that has transformed the US’s energy future. So too is the series of discoveries we and others have made with the help of advanced seismic imaging techniques in the deep waters of the Gulf of Mexico (BP 2010).142

The Chevron Homepage, for instance, emphasises in the ‘Energy Supply and Demand’ section:

At Chevron, we recognize the world needs all the energy we can develop, in many potential forms. That’s why we’re investing in a broad portfolio of energy resources, with $40 billion budgeted in 2014 for capital and exploratory projects.143

A similar line of argumentation can be found in most of the oil company’s homepages. Estimations of the world’s future energy supply indicate a sharp rise in demand, particularly due to rising new economies such as China, and the oil companies are agents “committed” to guarantee that this does not jeopardise the energy supply in Western countries.

This sense of exceptionality is further strengthened by the way in which the operative conditions of the extractive sector are portrayed: This includes firstly, the fact that they have to operate where the resources are and thus have only limited choice of location, and secondly, the exceptionally high investment costs of extractive operations resulting in this industries’ need to operate in politically stable environments (see also chapters three and five). This argument can be illustrated by a quote from Rex Tillerson, Chairman and Chief Executive Officer of ExxonMobil,

141 After BP recently closed down a refinery in Australia, following similar decisions by other oil companies as reaction to increased Asian competition, BP’s Australia President Andy Holmes found himself in the position to publically assure that this decision ‘will not endanger the nation’s energy security’. Article available from: http://www.heraldsun.com.au/business/oil-giant-bp-says-nations-energy-security-not-at-risk/story-fni0dcne-1226872789754.
during a speech at the Woodrow Wilson International Center for Scholars in January 2009:

The energy industry is a long-term enterprise, and decisions made today can have consequences for years to come. While elected officials understandably tend to think in terms of two, four or six years, based on election cycles, energy companies must necessarily think in terms of two, four and six decades, consistent with the lifecycle of our resource-development projects. Even in the midst of our current economic downturn, which includes a return to more historic levels of crude oil prices, my company remains committed to investing in projects and technologies to meet tomorrow’s needs. Our business model is based on rigorous and realistic long-term planning. We try to look through near-term events. As part of this planning, we work to recognize risk factors that we know about today and can manage with the acknowledgement that there will be unforeseen risk factors that we will also have to manage in the future. Our approach enables us to manage the risks inherent in the energy business and in the broader business cycle. As a result, for more than 125 years we have helped fuel the American economy – during good times and during bad times (ExxonMobil 2009, emphasis added).

The EITI Homepage states under the FAQs/ What are the benefits of EITI:

Governments benefit from following an internationally recognised transparency standard that demonstrates commitment to reform and anti-corruption, and leads to improvements to the tax collection process and enhanced trust and stability in a volatile sector. Companies benefit from a level playing field in which all companies are required to disclose the same information. They also benefit from an improved and more stable investment climate in which they can better engage with citizens and civil society. Citizens and civil society benefit from receiving reliable information about the sector and a multi-stakeholder platform where they can better hold the government and companies to account. Energy security is enhanced by a more transparent and level playing field. This increased stability encourages long-term investment in production – and thus improves the reliability of supply (emphasis added).¹⁴⁴

And the PWYP Guide specifically highlights how concerns about energy security were an important initial factor in the UK government’s support for the EITI:

Blair’s personal support for the issue of revenue transparency – motivated primarily by concerns about the UK’s energy security – was a critical factor in getting revenue transparency on the international agenda – and in the establishment of the EITI (PWYP 2009: 56)

However, the sense of exceptionality stemming from the discourse on energy security seems particularly true for the oil companies, as the following statement suggests:

Energy security is another phenomenon than gold security or copper security. If you don’t deliver then the gold price might go up a bit and you’ll lose some money, but

with oil or gas this is directly connected to energy security which cannot be jeopardized. If you don’t deliver oil or gas than you risk big law cases against you.

(Civil society constituency interview, 23 July 2012)

Obviously, this argument culminates in the underlying assumption that private extractive industries find themselves in such difficult circumstances that they are in need of their home country government’s support rather than to be a target of stronger regulation. It is against this background, that the contestation of legislation such as the Dodd-Frank Act which can be understood as detrimental to business activities, is legitimised (see following chapter five). And in fact Carbonnier summarises that: ‘The global governance of extractive resources has largely been shaped by the energy-security agenda of industrialized countries’ (2011: 135).

This depiction, however, has the tendency to strongly downplay the often existing power-hierarchies between extractive companies and governments of resource-rich countries (which to be fair can run both ways). There are indeed examples of companies having been forced out of countries due to internal political turmoil and subsequent processes of nationalisation, with the Venezuelan case after the election of Hugo Chavez being arguably the most prominent case in recent years. However, there are also and more frequent empirical examples where the power hierarchies work in favour of the extractives. The companies understand very well how to make use of a country’s weak political structure, for instance by generally making use of their superior resources, such as bargaining power through legal and managerial expertise, or by bribing for contracts and concessions. A statistical regression analysis by McMillan and Waxman (2007) on the profit sharing between governments and multinationals in natural resource extraction provided evidence for the fact that the industry tends to gain more in less democratic countries. In addition, the anecdotal evidence in business leaders’ biographies points towards the necessity to investigate the role of individual corporate leaders in the politics of natural resource countries.145

145 A study Nownes and Aitalieva, investigated the political activities of American corporate leaders, concludes: ‘Far from being marginal participants in politics, business leaders engage in a great deal of political activity. Theories of business power and influence must begin to consider these players if they are fully to comprehend the mechanisms by which corporate America tries to get its way politically. Individual corporations are active politically through their lobbying and public affairs offices. But corporate leaders are part of the picture, especially for highly politically active firms. Indeed, the
4.4. Conclusion: Portraying companies as positive, responsible and exceptional agents

This chapter approached the question of how corporate power is legitimised in natural resource governance by using Bourdieu’s concept of doxa. It depicts a category of supporting cognitive structures which can be classified as taken-for-granted, tacit or implicit. Doxa is referred to as shared beliefs in this project. These beliefs fulfil the role of an underlying, unconscious grip which structures the mental categories by which actors approach, assess and interpret the world and which, embodied as dispositions, enable their action. As argued in the introductory paragraph of the chapter, it is what one would need to know in order to understand the role of companies but which is often not explicitly stated.

In summary, the chapter elaborated on three such beliefs which reinforce a depiction of business as positive, responsible and exceptional agent in natural resource governance while at the same time placing the burden for corruption and mismanagement firmly on the shoulders of governments.

The first of these beliefs is described as the “natural resources belong to the people” assumption which presupposes certain normative liberal political and economic concepts as natural, universal and incontestable “facts”. Such assumptions result in a limited understanding of the problems associated with natural resource extraction and governance, focusing on corruption and mismanagement as governance capacity problems while downplaying the role of world markets and corporations.

Moreover, it became evident that this assessment and the proposed solutions are only comprehensible with the presupposition of liberal markets and democratic governments, mainly ignoring the empirical realities in the majority of resource-rich countries. Importantly, down-playing the strategic role played by companies for accessing markets on the one hand and the assumed “positive” role they perform by contributing towards turning natural resource wealth into development. At the same time, this restricted normative perspective which is assumed to be universal, limits the scope for debates on broader, arguably more critical and more constructive issues of ethics and justice.

Typical corporate leader in our study spends approximately 1 hour every day on national politics. Given all the responsibilities associated with being the boss, this is not trivial’ (2013: 156).
The second set of beliefs can be found at the intersection between discourses on global governance, development and CSR, promoting what was described as the “good corporation” belief. The “good corporation” belief is linked to and reinforces the emphasis on business “positive” contribution by portraying corporations as legitimate and responsible actors. It rests on the liberal assumption that companies contribute to the overall wealth and prosperity of societies, but in addition suggests that they can use their superior resources to help solve complex issues as partners in governance. At the same time, they are receptive and thus responsible towards societal and environmental concerns, constantly reaffirmed in discourses on CSR. Arguably, the “good corporation” belief is much more openly and controversially discussed than the previous shared belief. However, the belief was shown to be strongly present in EITI documents and most evidently in what has been described as the “sustainable development equation”. According to this line of argumentation, extracting finite resources can contribute to sustainable development as long as the resulting revenues are invested in enhancing a nation’s other “forms of capital”, such as human capital, or infrastructure. As was further argued, this example not only illustrates how in the intersections of international discourses on global and good governance and CSR, companies are provided with the opportunity to strategically impose their meanings in discussions, here particularly on what sustainable development in natural resource governance should encompass and what the companies’ role should be. But also, however, it became evident how the “good corporation” belief rests on the same problematic normative liberal concepts as the previously discussed “natural resources belong to the people” assumption.

Finally, the nexus between resource extraction, energy supply and security, encapsulated by the notion of energy security is explored. The argument presented here states that by linking energy and security, the extractive sectors has been prioritized and put in a position of exceptionality. Companies involved in this sector are depicted as of strategic geopolitical and economic importance for resource-dependent or consumer countries. They become agents in need of government support instead of objects of stronger regulation. Obviously, such a discourse downplays corporate agency, independence as well as their power and individual strategic interests.
Combined, these underlying beliefs portray the picture of the positive, e.g. contributing and resourceful, responsible and exceptional agent which legitimises the companies’ status in the EITI, and, as will be demonstrated in the following chapters, results in a privileged position in contrast to other stakeholders.

On closer examination it becomes evident that the identified beliefs reflect the power-structure of the broader field of natural resource governance. In fact, Bourdieu would assume their mere existence as a manifestation of power, as it is only the dominant agents who have the resources to maintain such a structure. At the same time, it would also be misleading to assume that these beliefs have been strategically injected by the companies, as they affect the business agents’ dispositions just as much as the dispositions of the other players (see chapter two). However, as shared beliefs are also an inherent part of agents’ dispositions, structuring and enabling social action (see chapter two), it can be assumed that they automatically induce behaviour and thoughts without conscious decision by the agents – a mechanism which makes them difficult to challenge, although on close examination there should be sufficient incentives to explore and discuss them. As will become evident through the course of our argumentation in the following chapters, these shared beliefs lead to a situation in which the influential status of the companies is neither fully recognised nor challenged but taken for granted (see chapter seven). In addition, and as elaborated through the course of this chapter, shared beliefs, through their universalistic and a-historical status, have a tendency to serve the interests of the dominant players in a social arena, in our elaborations the corporations, through the establishment of a particular hierarchical order. It is therefore argued that these beliefs ultimately reflect the already described dominance of large corporations in the global political and economic structures, particularly the global economy, as described in chapter one.

In conclusion, shared beliefs provide an essential source of legitimacy for companies in natural resource governance. The following two chapters further enhance our knowledge on the political role played by companies by focusing on their collective and individual representation at the international level of the EITI, using Bourdieu’s concepts of capital and practice.
5. Corporate political practice in action I: Collective representation

Chapter three established EITI as an international multi-stakeholder standard which grants companies from the extractive sectors and institutional investors decision-making rights at the Board table. Building on these insights, chapters five and six of this study present and examine how exactly the political representation of MNCs at EITI’s international level works. This chapter focuses on businesses’ collective representation, e.g. how the company constituency operates, whereas the following chapter six analyses the political practice of individual corporate representatives as Directors of EITI’s Board.

Based on the conceptual framework elaborate in chapter two, the following expectations can be deduced: a) it is assumed that business representation from a collective perspective displays a degree of organisation and institutionalisation as inherent in the concept of corporate political practice and corresponding to the delegational component in the concept of political capital (see chapter two); b) it can be expected that forms of capital which correspond to the problem/arena are used to secure not only the influential status of individual companies within the business community but also the status of the constituency vis-à-vis the other stakeholders; and c) that the privileged status of the company constituency translates into room for manoeuvre and interpretation on their role and the Standard itself. This chapter relies mainly on insights generated through the interview process and participant observations which were, however, combined with findings from the text analysis (see chapter two, part two). In the overall structure of the thesis, this chapter serves two functions:

Firstly, it provides a detailed portrayal of the collective representation of the extractive sector in the EITI Standard. It starts by outlining the business case(s) for the sectors in greater detail as well as the different modes of participation and engagement available to corporations at EITI’s international level. Reflecting on the concept of political practice as institutionalised behaviour, the focus lies on the procedural aspects of the representational practice. The chapter thus depicts how the constituency works internally, and identifies the forms of capital used by the business community for representation. Therefore, the findings complement and extent our knowledge of participants in the EITI already established in chapter three.
Secondly, it is assessed when and how the privileged status of the companies, which can reasonably be assumed to exist based on the shared assumptions elaborated in chapter four, impacts the overall performance of the company constituency. Therefore, three inconsistencies are examined in greater detail.

5.1. The business case, the participants and forms of engagement

There are key benefits for participating in the EITI Standard which are assumed to be shared by the members of the company constituency despite the fact that the umbrella term extractive industries encompasses quite diverse economic sectors with companies of all sizes, namely, the establishment of a level playing field; an improved investment climate with increased political stability and predictability; improved relations with governments, civil society and the general public; and finally reputational advantages (see also chapter three).146

From the perspective of the companies the most important factor for participating in an international reporting standard is firstly, the potential for establishing a level playing field inside resource-rich countries but also at the international level with ‘clear and consistent reporting requirements’ (EITI How Companies Can Support the EITI 2013: 1). If transparency and reporting requirements are in place then, so the argument goes, they have to be mandatory for everybody in order not to favour some players and to prevent free-riding:

For us the biggest advantage is the level-playing field. Everybody is treated the same, if you are in a country everybody is showing the same data, and that’s important. We would not like to be in a situation, like there could be in the Dodd-Frank Bill or in the EU Transparency Directive, where we would have to show some data and the competitors coming from China or from India would not have to. So for us it’s important. It secures our investment.

(Company constituency interview, 14 February 2012)

The second important factor often mentioned in the EITI publications and frequently highlighted by the interview partners is the anticipated improvement in investment climate and the benefits that are assumed to come with it. According to the good governance paradigm that dominates the international development agenda these days (see chapter three), this principle is supposed to encompass improvements

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146 Obviously, this only accounts for members of the extractives which do not intentionally aim at taking advantage of weak governance structures in resource-rich countries. At the same time, improving investment climate and lowering political risk through better governance is assumed to benefit all companies in the country not only the extractive sector.
such as efficient, transparent and accountable administration or public spending into the health and education sectors. These factors are further anticipated to enhance the overall political situation in a country and thus decrease the risks of political unrest while at the same time increasing predictability for economic planning.

As the interview partner elaborated further:

Why is it important for us? (...) We need to ensure that our investments in countries are there for good and cannot be re-negotiated or dismissed from one day to the other because there has been a revolution. So we need security in our investments, (...) this industry is an industry which works for 50 years, 40-50 years. We invest for ten, we produce for 40, and we cannot accept to have our investment re-negotiated or cancelled. So it’s better to have an accountable government, it’s better to have a responsible government which is accountable to its population, because if they show what they do with the money, it’s more likely to be better governance.

(Company constituency interview, 14 February 2012)

The importance of a stable and predictable political situation in operating countries might at first glance seem as a feature desirable to all sorts of legal economic ventures. However, the extractive industries share two characteristics which make this factors much more important to them in comparison to other economic actors. Firstly, it is clear that the choice of location for the extractives industries is primarily determined by the geological presence of the resources, or, put simply, you have to extract where the resources are located and extraction is technically possible. In addition and as already highlighted in the quote, the production process of extractives industries requires large up-front investment calculated on the basis of a long-term operational horizon. Despite recent ground-breaking technological innovations in the oil and gas industry which make extraction in certain areas more efficient or even possible in the first place, such as the possibility to extract oil out of oil sands or the ongoing venture of off-shore drilling, the majority of the Earth’s finite reserves are estimated to be found in what is considered politically unstable regions at risk of corruption and social or military conflict. As most of resource-rich countries’ economies are heavily reliant on the revenues generated by the extractive sectors, newly elected governments, some of which feel empowered by the transparency movement, have expressed their intentions to review and potentially re-negotiate
established contracts or contemplate changes in the taxes rates.\textsuperscript{147} In extreme cases, companies can face expropriation (see also chapter three).

Thirdly, an important motivation driving corporate participation in the EITI more generally is an improved relationship with host governments and civil society as well as the opportunity to use EITI participation for reputational benefits. Here is an interesting anecdote by a former representative of civil society:

If you are a company, there is no reason not to sign up as a supporting company, it costs almost nothing, it requires almost nothing of you and it is a really useful thing to refer to when defending your commitment to transparency and other good things, right? Like I was at this conference of commodity traders in Switzerland in April and the Head of Oil for Glencore was there and I asked a question about oil trade and transparency to this panel of top executives from the biggest oil trading companies and of them Glencore is the only one who is a member of EITI and they were the only ones who gave anywhere near a decent answer because they could refer to their participation in EITI. You know, it gives them a way to answer that question.

(Civil society constituency interview, 31 May 2012)

This quote also illustrates, how reputational concerns did not only play an important motivational factor for companies’ involvement at EITI’s establishment (see chapter three), but continues to play an important factor for business participation. This indicates that the international CSR-discourse portraying companies as responsible citizens remains, despite its controversial academic debate, a major point of reference at the international level (see chapter four).

To summarise, the factors considered to drive corporate participation in the EITI are the establishment of a level playing field, an improved investment climate and enhanced relationships to local stakeholders as well as the urge for a better reputation. As the quote further above highlighted, there are limited down-sides for companies supporting the EITI (although, as will become evident through the course of this chapter, active participation at the international level does require a degree of investment). As outlined in chapter three, there are different forms by which members of the extractive industries can nationally and internationally become involved with the EITI process: as “supporting company”, as a member of the EITI’s

\textsuperscript{147} For a recent example, see the announcement of the newly elected government of Mali in September 2013. Article available from: http://www.reuters.com/article/2013/09/10/mali-mining-idUSL5N0H64AR20130910.
Board or/and as a contributor to the national multi-stakeholder processes in implementing countries.

The simplest way to engage with the Standard is to become a “supporting company”. This requires a company to publicly announce their support for the initiative (usually done via your company’s website) and to submit what is called an “international level self-assessment form” to the Secretariat within a year of public endorsement. In addition, supporters are expected to financially contribute to the MDTF and actively engage and cooperate with the local EITI multi-stakeholder group (MSG) of countries the company is operating in. As frequently highlighted by interview partners from civil society, public endorsement of the EITI seems to be widespread and regarded as quite “cheap” for the companies without necessarily indicating the depth of commitment to the process. Apparently, as indicated by the variety in the country reports and indicated in the EITI Scanteam Report (2011), the levels of engagement and cooperation in the implementing countries vary quite drastically from company to company as well as from country to country. Empirically, there has never been a case in which a company has been rejected in an attempt to become EITI member, nor was an active corporate member of the EITI excluded.

International-level engagement for the EITI requires participation in the EITI governance structure. This can in a first step result in sending company representatives to attend and participate in EITIs global meetings, such as Board Member Meetings or the bi-annual EITI Global Conference (both events are regularly attended by a variety of delegates from the business sector as indicated by the list of participants). In an additional step, these representatives can become a more permanent member of EITI’s international governance structure by becoming one of the Directors of the Board representing the corporate constituency. As a representative of the corporate constituency at the International Board of the EITI, the individual acquires voting powers at the EITI International Board table as well as the additional opportunity to engage or chair the committees which support the Board. As a committee member, the representatives can draft recommendations, influence the agenda or revise the initiatives rules and guidelines. Due to the fact

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148 See EITI Supporting the EITI for Extractive Companies (2013).
149 In email communication a member of the Secretariat indicated that the EITI Board has been considering minimum requirements for supporting companies. However, it was noted that ‘it is tough to establish anything that falls within Anti-Trust law’ (29 August 2014).
that the EITI International Board is elected during the Members Meeting, which usually takes place at the bi-annual Global Conference, the election period for Board Members until recently has been two years (see chapter three for EITI’s international level governance structure).

At the country level, however, there are different ways by which companies can contribute to the process. As every resource-rich country wanting to implement the Standard needs to set up their own national multi-stakeholder process, participating in the EITI process at the national level usually means for companies engaging in the local EITI multi-stakeholder group, which includes attending meetings, drafting the national guidelines and procedures, engaging in a dialogue with the local stakeholders and ultimately facilitating the implementation by providing the required data for the validation process. Apparently, there are examples of companies which have approached their local government suggesting EITI implementation (see EITI Supporting the EITI for Extractive Companies 2013). However, the role of companies in national EITI implementation processes has not been systematically assessed.

**Participating companies**

The official list of EITI supporting companies includes extractive and non-extractive companies\(^\text{150}\) and consists of ‘over 80 of the world’s largest oil, gas and mining companies’ raging from A African Oil to W Woodside.\(^\text{151}\) The institutional investors are listed separately and again ‘over 80 global investment institutions, that collectively managed over US $19 trillion’, have signed the "Investors' Statement on Transparency in the Extractives Sector" and support the EITI.\(^\text{152}\) There are no estimations available regarding the percentage of extractive companies participating in the EITI.\(^\text{153}\)

When it comes to representation at the Board level, however, the picture becomes much clearer, with only the major oil/gas and mining companies actively participating. Amongst the initial supporters of the process are: BP, AngloAmerican, Chevron and PetroBras, with F&C Asset Management participating for the investors.

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150 Interestingly, this includes German automotive manufacturer Volkswagen AG
153 This figure would be difficult to calculate due to the numbers and varieties of companies subsumed under the category of extractives, which also includes their sub-contractors.
The first EITI Board established in 2007 saw AngloAmerican and the International Council on Mining and Metals (ICMM)\textsuperscript{154} for the miners; BP, Chevron and Petrobras for the oil and gas companies (with ExxonMobil, Shell and Pemex as alternates); and F&C Management for the investors on the Board, representing the company constituency (EITI Minutes 1\textsuperscript{st} Board Meeting 2006). At the time of writing, the 2013-2015/2016 Board is composed of representatives from Total, Chevron, Freeport-McMoRan Copper & Gold Inc, Rio Tinto, Royal Dutch Shell and Allianz Global Investors (with Statoil, ExxonMobil, BHP Billiton, Arcelor Mittal, BP and SNS Asset Management as alternates).

Out of six of the world’s biggest oil companies, only ConocoPhilips has been absent from the EITI Board (although officially supporting the EITI). There are no Asian or African-based companies represented at the Board. As a result, changes in the industry over the last decade, such as the increased importance of national competitors from Russia or China are not reflected at EITI’s Board table.\textsuperscript{155} Neither are companies from the developing countries taking on seats as Board members. And although Petrobras and Pemex came on the Board in an attempt to reflect a broader geographical coverage, it was indicated that they were not much engaged partners. Interviews suggest that in general, ExxonMobil and Chevron came to be perceived as the most conservative companies, BP is supposed to be the more progressive one which is probably due to its role in EITI’s inception while Shell and Total occupy a middle ground.

The corporate constituency at the international level of the EITI process broadly consists of three sub-groups: the oil and gas companies, the mining companies, as well as the institutional investors. Understanding some of the considerations and realities of the different sectors is not only important for the functioning of the constituency but allows also for a more nuanced picture of the visions and challenges of extractive industries participating.

\textsuperscript{154} See following section on miners for more detailed information.
\textsuperscript{155} The consequences of China’s economic development for the state-owned oil companies and their increased activities and public engagement in Africa are explored in Yergin (2012: chapter nine).
**Oil and gas companies**

It is the oil and gas sector which is usually more prominently featured in academic articles, civil society reports and media coverage on the resource curse and environmental degradation. A few conversations with EITI stakeholders made it also apparent that this sector plays a different role to the miners at EITI’s international level. Oil and gas companies are widely regarded as the most conservative and risk-averse partners in the company constituency. In general terms, oil and gas extraction can be characterised as highly-industrialised operations which require large up-front investments, cutting-edge technology as well as high-profile personal expertise. Complex operational dimensions, for example in cases where drilling basins cross national borders, can result on average in larger initial investments compared to the miners. This makes the business extremely sensitive to political instability, epitomised in a quote by Lucio Noto, CEO of Mobil: ‘Once you sink a couple of billion dollars into the ground you can’t move it’ (cited in Yergin 2012: 34).

In addition, it can be argued that this sector is very prone to reputational damage and thus extremely sensitive to reputational concerns. In contrast to miners and investors, these MNCs are publically well-established and thus easily recognised brands with more direct contact to individual consumers. Both factors make them extremely vulnerable to public shaming campaigns. Due to a number of disastrous incidents over the course of the last three decades, such as the ExxonValdez oil spill or Shell’s involvement in the prosecution of the Ogani movement leaders, or latest, the BP Deep Water Horizon Oil Spill, the potential for environmentally disastrous catastrophes attached to this industry was brought to public awareness by widespread global media coverage. The resulting negative image of the “greedy environmental polluters” has since been tackled by the oil companies through enhanced CSR activities (see, for instance, the re-branding strategy of BP conducted in 2000 in order to symbolise BP’s commitment to sustainability and environmental protection). If, as Stephen Wilks summarises, ‘(...) the public image of the corporation is as shadowy, self-interested, manipulative and not to be trusted’ (2013: 195) then the oil and gas companies can easily be identified as the most demonised in the public sphere.

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However, in the past 25 years, the oil and gas sector experienced a number of new developments, such as the spread into new territories after the end of the Cold War; technological innovations which enabled extraction of “unconventionals” (see chapter four); the rise of new, predominantly state-owned competitors from China and India as well as the process described by Yergin as “financialization” and “commodification” of oil (see chapter four or Yergin 2012). Partly as a reflection of these new challenges and trends, the internationally operating oil and gas industry saw an unprecedented concentration in market power, known as the establishment of the “supermajors” (see Yergin 2012: chapter four). These companies are BP, Chevron, Royal Dutch Shell, ExxonMobil, and Total (occasionally, ConocoPhillips is added). Also known as "big oil", they are well represented at the EITI’s Board table, as previously stated (again, except ConocoPhillips).

The already described negative public image, or “reputational concerns”, widely serve as an explanatory variable for understanding the vital role played by members of the sector, particularly BP, at EITI’s inception and therefore for the emergence of the ‘oil sector transparency as international norm’ (Gillies 2010). Additionally, Shell is credited with helping ‘to get EITI up and running by giving quiet encouragement to the UK Government. Shell became the first major extractive company to openly support the call for individual company disclosure at company level in 2004’ (PWYP 2009: 58). However, an additional explanatory factor for understanding the more prominent position of the oil and gas sector can be found in this sector's direct relationship to the concept of energy security, and their corresponding status as guarantor of national security.

To summarise, the businesses cases stated for the extractive industries apply strongly for the oil and gas sector. These companies are arguably more present in the public eye due to their brand status and therefore more vulnerable to public shaming campaigns and consumer boycott. In addition, they are a key strategic agent in the quest for energy security. At the same time, oil and gas companies’ operational realities make them also extremely vulnerable for political instability and conflict. As a result, the sector is generally portrayed as conservative and risk-averse which corresponds to the role attributed to them in the EITI. Therefore, it is important to note that all of the five major players in the industry participate in the EITI and
have been active members at the Board table since EITI’s establishment, while BP played also a vital role in the Standard’s establishment.

**Mining companies**

The negative economic effects subsumed under the umbrella term resource curse which are most prominently associated with oil and gas extraction, also affect countries with a strong mining sector. Therefore, it is often argued that the sector needs to play an important part in resource revenue regulation and management.

For example, statistical data provided by the IMF and analysed by Paul Mitchell, former president of ICMM, illustrates how fiscal revenues from the mining sector in mineral-rich countries are on average much smaller than revenues from the oil and gas sector (12.8% in comparison to 55%). This might prompt the conclusion that mining is not as important to a country’s risk of developing the resource curse. However, the data also shows how both hydrocarbon and mineral-rich countries are strongly fiscally dependent on the resource sector, with natural resources accounting in most cases for more than 50% of total national exports (Mitchell 2009: 11). It can therefore be concluded that although the fiscal revenues from minerals are on average smaller, a country’s dependence on resource revenues might in fact be just as strong as in the case of extracting oil or gas.

However, it has been pointed out by a representative from the mining constituency, that the link between mining and conflict or organised crime, as articulated in the literature on the resource curse, generally applies to ‘informal, artisanal’ mining which makes ‘it difficult to find many countries where mining is at the root of governance and macro-economic problems in the way that applies to oil and gas in countries like Nigeria and Angola.’ It was further highlighted that in a number of countries, such as Canada, Australia, the US and South Africa, mining has proven to be a ‘basis for economic advance’, while other countries with a strong mining sector, such as Chile, Peru or Ghana have ‘progressed reasonably well’ (ibid.).

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157 For the tables on which these calculations are based, see IMF (2007: 55-56).
158 In civil wars, natural resources are assumed two perform to functions: Firstly, they provide militia with a constant source of income required to pay for the costs of keeping the conflict going. Secondly, the control over resource extraction sites is assumed to be a primary motive for outbreak of violent conflict (the empirical evidence for the latter assumption has proven weak). As a result, however, the term “conflict resources” has been coined by civil society (see also chapters one and three).
159 This was a comment on the initial draft of this chapter made on 08 September 2014.
In terms of composition, the mining sector includes global giant companies with diversified focus as well as small exploration juniors and producers. In addition, the sector has experienced an increase in concentration between 1975-2006 (EITI Advancing the EITI in the Mining Sector 2009: 23). In general terms, the sector is described by insiders as fairly complex due to various factors such as the diversity and quality of minerals extracted, the diversity of geological conditions, and the already mentioned involvement of different companies of varying size. In contrast to some of the oil and gas companies which are very public brands, miners on average are less often involved in the production process of the final product and thus are assumed to have less direct contact with the average high street consumer. As a consequence, miners are understood to be less vulnerable to international public shaming campaigns than oil and gas companies, although recent examples included in Dashwood (2012) suggest that this assumption should be reconsidered.

In addition, a few key points are highlighted as important for understanding the economic and political challenges faced by mining companies in their operations: Firstly, the industry describes itself as fairly inflexible, both regarding the operational grounds as well as with reference to the operation itself, and thus vulnerable for changes of external circumstances. The decision of where to invest is ‘largely dictated by the geology and the identification of economically viable mineral deposits’ (Bickham 2009: 7). Thereby, the author, who represented the miners at EITI’s Board table, elaborates that ‘such deposits are decreasingly likely to be found in stable OECD and other developed economies’ (ibid.). Moreover, the two initial phases of the minerals cycle, which is the name of the mining production cycle, i.e. the

160 For more detailed information regarding the mineral production cycle and empirical examples in different mineral-rich countries please refer to the EITI Guide for Advancing the EITI in the Mining Sector (2009).
161 For a more comprehensive summary of major developments in the mining sector, see Dashwood (2012: chapter 3).
162 The literature on the Kimberley Process Certification Scheme considers the diamond industry to be an exception. The diamond sector is highly concentrated, with DeBeers as the most prominent actor, while the products fall under the category of “luxury goods”. As a result, a public campaign against so-called “blood diamonds” became very successful and allowed for the establishment of a certification scheme against the illegal trade of diamonds in zones of conflict (see Grant and Taylor 2004 or Haufler 2010a). As the Kimberley Process had difficulties in delivering its goals in recent years, it is interesting to observe that DeBeers is an EITI supporting company and opted for becoming a Board Member in 2013.
163 A recent study by Davis and Franks (2014), for example, calculates the potentially high costs of such company-community conflict for the extractive industries.
exploration and mine site development phase, require large up-front, long-term investment before the actual production starts and profits can be made.\textsuperscript{164}

Secondly, mineral extraction sites are often very visible with direct and large-scale environmental and socio-economic impact on the communities and regions where operations starts. They are therefore much more likely to raise social and environmental issues than for example off-shore exploration of oil. Dashwood illustrates in great detail the significant environmental footprint of miners:

Hard-rock mining involved the displacement of large amounts of earth in order to extract the desired metal ore. The discarded earth, or waste rock, is then stored in huge piles, which can leach toxic metals or acid produces when previously unexposed rock is exposed to the air and water. Acid produced by mine arsenic, mercury, cadmium, and lead. Acid-rock drainage can seep into groundwater, streams, and rivers, endangering potable water supplies, aquatic and human life. (...) Toxic chemicals used to extract ore, such as cyanide in the case of gold, must be stored in tailings ponds, which if not properly maintained can spill (...). Tailings dam failures are the most common major accident associated with mining (Dashwood 2012: 77-8).

Interestingly, environmental issues do not feature prominently as factors in EITI implementation or country evaluation. However, there have been cases in which countries had to defend themselves at the Board table for issues which can broadly be subsumed as “social”, although mainly related to the treatment of civil society representatives. However, as a reflection on the broad impact of their operations, the academic literature argues that miners require a “social license to operate”, much in accordance with the CSR perspective described in chapter four. Summarising the literature, Prno and Salcombe define the concept as:

A social license exists when a mining project is seen as having the broad, ongoing approval and acceptance of society to conduct its activities (citing Joyce and Thomson 2000; Thomson and Boutilier 2011). Gunningham et al. (2004: 307) add that it “governs the extent to which a corporation is constrained to meet societal expectations and avoid activities that societies (or influential elements within them) deem unacceptable, whether or not those expectations are embodied in law” (Prno and Salcombe 2012: 346-347, quotation marks in the original).

As this perspective is frequently acknowledged by representatives from the miners, it can be assumed that this further increases their incentives to participate in the EITI.

\textsuperscript{164} 'Typically, a mining major will explore on the basis that less than 1% of exploration targets generates a viable mine. Exploration and appraisal may well take 3-7 years (or longer if the commodity price cycle is unfavourable) and permitting and project development a further 3-5 years. Thus it may be 10 years of cash outflow before there is any production, let alone a payback of the upfront (now captive) investment' (Comment on initial chapter draft, made on 08 September 2014).
Thirdly, the view of minerals as a country’s non-renewable ‘natural capital’ (Mitchell 2009: 24) is very prevalent (see chapter four for a discussion on commodification of natural resources) and the expectations for generating resource-based economic growth are consequently high. This understanding evidently also relates back to the previously described sustainable development equation which ascribes a vital role to resource extractive companies for a country’s economic development (see chapter four). This is expressed in the following statement:

Transparency is not by itself a sufficient condition to guarantee success, but it is an important contributor to better governance. Indeed, this is partly a matter of self-interest. It is more likely that we will gain access to resources in the future if our industry is seen to make the lives of ordinary people better and to contribute to the realisation of the Millennium Development Goals (Bickham 2009: 8).

At EITI’s international level, part of the miners have been consistently represented by the ICMM, a CEO-led industry association representing the sector up until 2013. As one of the initial consultation partners for the process, the London-based ICMM has participated in the EITI Board and the corporate constituency since the early days of the IAG (see chapter three). This consistency in representation allowed the miners to speak with a common front and is perceived to have translated into a more advantageous position of the sector compared to the participation by the oil and gas sector (on the point of consistency, see chapter six).

It is further interesting to observe, that the participation of the mining sector has shifted towards a more pro-active role during the course of their contribution at the international level of the EITI. However, in contrast to the oil and gas industry, the miners are not credited with playing a pro-active role at EITI’s establishment by civil society:

Mining companies were not as closely engaged early on in discussions about the formation of EITI. Many viewed the NGO campaign and the push to develop EITI as focused more on the oil industry and so there was less at stake for the mining industry. Mining company representatives even stated that EITI was yet another in a

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165 ICMM brings together 21 of the world’s leading mining and metals companies as well as 33 national and regional mining associations and global commodity associations (...). Together, our member companies employ some 800,000 of the estimated 2.5 million people working in the mining and metals sector, with over 800 sites in 62 countries across the globe. (...) Our companies are responsible for a significant percentage of global minerals production: about 50 per cent of the world’s copper and platinum group metals; 40 per cent of the world’s iron ore, nickel, and gold; and 25 per cent of the world’s zinc’. Available from: http://www.icmm.com/members.

166 For a comprehensive historical introduction to the self-regulatory initiatives of the miners, including the establishment of the International Council on Mining and the Environment and the Global Mining Initiative, as well as the launch of ICMM, see Dashwood (2012: chapter seven).
long list of initiatives that companies were increasingly being called upon to participate in (PWYP 2009: 59).

Assessments of the contribution of miners by interview partners suggest, however, that the sector is keen in being recognised as progressive in recent years, particularly observed throughout the strategy review process and in contrast to members from the oil and gas companies. Miners are consciously adopting what has been described by a representative from the industry as “a co-ownership strategy”, which proposes the view:

that it is incumbent on the industry, as an EITI partner, that we have a responsibility to be pro-active in proposing changes rather than responding to the agendas of others. Hence, in the 2011 Standard it was the miners which (with the World Banks support) pushed for the inclusion in EITI of opaque infrastructure for minerals barter deals and first proposed the creation of an MSG annual report (not to be confused with the annual reconciliation report). In the 2013 Standard, the miners would claim lead responsibility for the inclusion of material on budgeting and transparency around expenditure choices, and were co-authors of the provisions on beneficial ownership and license transparency. In both cases, the miners were also the leading and most consistent advocates of transparency around payments to sub-national levels of government.\(^{167}\)

In summary, it can be stated that mining companies are interested in mitigating the economic and political risks of their operations for which the EITI can prove a helpful tool. They place a strong emphasis on improving local community relations and make the benefits of mineral extraction tangible and visible. In recent years, the adaptation of a strategy of co-ownership signals that the miners are keen for their participation to be understood as pro-active and progressive.

**Institutional Investors**

Over the years, the EITI Board has seen representatives from Standard Life Investments, Allianz Global Investors, F&C Asset Management, and others. The institutional investors’ case supporting the EITI slightly different from miners and oil companies. As economic agents, investors need to calculate the social, financial and political risks which the companies in which they share equity might encounter operating in particular regions or political systems. To perform their vital function of safeguarding investments, described by Gourevitch and Shinn in *Political Power and Corporate Control* (2005) as “minority shareholder protection”, investors share the

\(^{167}\) Comment on a previous draft of this chapter, made on 8 September 2014.
preference for stable and predictable political conditions with the extractive industries and regard EITI as a tool contributing towards improved governance performance.

Their vital role within the EITI and particularly throughout the Standard’s establishment has been summarised as follows:

As they have significant holdings in publicly listed extractive companies, investment management funds can exert influence over corporate policies through their investment decisions. Thus the backing of investment and pension fund managers was crucial in getting EITI underway and continues to be crucial in pressuring for change of company policies and practices (PWYP 2009: 59).

However, as their investments are usually spread more broadly and into more aggregated units, their interests can be described as less direct and more general. As summarised by an interview partner: ‘What may be bad for one company and possibly cause the Shell price to fall, is worth it if the aggregate benefits across the economy outbid’ (Company constituency interview, 31 October 2012). In other words, investors prioritize the overall investment climate over the temporary well-being of individual companies. In general, this has been mentioned as the main reason why investors support mandatory disclosure legislation, such as Dodd Frank or the EU Transparency Directive. This prioritizing made, for instance, an impact at EITI’s inception as the option of disclosure of disaggregated data was discussed and opposed by some of the oil companies (particularly ExxonMobil, Total and Chevron). Some oil and gas companies subsequently called on the investors to support their protest against making disaggregated data a requirement within the Standard but were refused (ibid.).

Another dimension of investors’ interests regarding EITI is the assumption that fiscal transparency is essential for good governance and therefore a precondition for repaying the sovereign debts in which they invest (see also chapter four). This argument is additionally endorsed by the World Bank and the IMF (see World Bank

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168 Aggregation is defined as ‘a method of reporting by which the payments made by individual companies are consolidated, so that individual company payments cannot be identified in a published EITI report. It can also refer to the consolidation of different types of payments made by a company so that individual payment types cannot be identified’ (EITI Business Guide 2013: 36). In contrast, disaggregation refers to ‘a method of reporting by which individual companies’ payments made to a government are disclosed and can be identified separately. It can also refer further to reporting individual types of payments, so that each payment type (royalty, tax, etc.) can be identified’ (ibid.: 37).
Fiscal transparency as an indicator for turning resource revenues into sustainable economic development and ultimately of a country’s ability to repay its loans, also plays an important role in the assessment of countries via credit rating agencies.

In summary, institutional investors share an interest in stability and predictability of their investment with the extractives, albeit from a broader perspective. In general, they are regarded as positive and supportive partners in the EITI who played an important part in EITI’s establishment (see also chapter three). Despite some differences in contrast to the extractives, the standing of the investors can be assumed to rest on the same two underlying beliefs described in the previous chapter which portray their engagement as positive and responsible contribution to resource-rich countries’ overall economic development. However, they do not operate under an equally strong linkage to national security which would give them a sense of exceptionality. Investors regard EITI primarily as a tool for improving governance performance, and particularly fiscal transparency.

5.2. The company constituency as influential stakeholder

The company constituency represents the business perspective within the process. It encompasses the three different sectors and, reflecting on the variety of supporters, consists of companies of all sizes and origins. This section establishes how the representation of the business perspective at EITI’s international level can be described as institutionalised and organised. In addition, it describes how the collective representation functions.

Generally, business representation is guaranteed by EITI’s multi-stakeholder design which insists that the stakeholders need to be represented at the international level (see chapter three). The EITI gives each constituency (countries, civil society and companies) ‘the right to determine their own internal processes’ (EITI Constituency Guidelines 2011: 1). The companies agreed to apply an internal rule for the allocation of Board seats, in an attempt to reflect the most important divisions within the business community. This rule allocates two seats at the Board table to the oil and gas companies (again informally divided between one seat for a North-American

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and the other for a European company): two seats for the mining sector: one seat for state-owned or national oil and gas company: and the final seat is supposed to represent the investors’ community (ibid.).

Representing at the Board level as a company is usually a matter of stepping forward within your sub-constituency, for instance oil and gas (sometimes the selection process is overseen by the previous Board Director for this seat). The miners, for instance, explicitly state that they are looking for a company or association who has ‘relevant experience and prior involvement (in the process)’ and ‘a good regional coverage’ as well as someone who might count as representative for the entire sector (EITI Constituency Guidelines 2011: 2). Once the sub-constituencies have put a list of potential candidates together, the names are shared amongst all members of the constituency and agreed upon by consensus. The announced candidates are then later elected at the EITI Members Meeting prior to the Global Conferences. Thus, the representational process consists of an element of delegation in which the business community grants individual companies the right to represent them at EITI’s international level and sent individual employees to the Board. Following a Bourdieusian line of argumentation as elaborated in chapter two, this practice is an example of the delegational component of political capital, a community granting authority to represent to individual players which then becomes institutionalised in the position of the corporate Board director. As indicated by the big names sitting at the Board table, the likes of ExxonMobil, BP or Shell usually lead the way. In general, active engagement at EITI’s international level is regarded as opportunity to demonstrate ‘international credibility’ and ‘leadership’ within the industry (EITI Business Guide 2008: 9). In addition, it is supposed to serve as mechanism for ‘reputational assurance’ (EITI Business Guide 2013: 12).

When it comes to the functioning of the constituency, the most important factor facilitating effective representation is the establishment and maintenance of a good communication process. This process needs to enable the flow of information from the national to the international level of the process and from the EITI Board table back to the individual members of the constituency. A very important role for

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170 The already mentioned article by Elbra concludes that this leadership role within the industry is an important explanatory factor for miners contributing to regulatory arrangements in the sub-Saharan African countries (2014).
maintaining effective communication is played by regularly held teleconferences for the separate sectors, to which all members of the sector (e.g. oil and gas companies) are usually invited. Interestingly though, there are no calls on behalf of the combined extractive sector – miners, oil/gas and investors debate separately. The perspectives thus only come together once individual Board members share them at the international Board level. And, as one interview partner highlighted, even though the representation at the international level is dominated by the big companies, smaller or middle-sized corporations participate in these teleconferences as a way of keeping up with newest trends and developments at the international level and for providing input from their perspectives (Company constituency interview, 27 February 2013).

Active international involvement usually means that a company is willing to put personal and financial resources or capital into the process, a point further illustrated by the following description of procedures within the constituency: Whenever there is an upcoming issue to be discussed or a decision to be made, one of the companies would take on a lead role and ask for instance their legal department to assess the issue, if it were to be a legalistic problem, as well as the risks related to it, and draft a position paper. Such a leadership role is usually taken on by a company who has a special interest in the particular topic. This means that one company allows for their resources (people, money, time, etc.) to be used on behalf of the constituency. In a second step, the position paper is circulated amongst the members for consultation and re-drafted until it becomes the constituency's position on a topic. In a third step, one representative is chosen to put the position forward at the EITI Board. In-between Board meetings the constituency usually operates via conference and bilateral calls as well as circulations of position papers. In addition, the constituency gets together before every Board meeting in order to prepare the meeting and discuss the interests. Occasionally, there is an additional session after the Board meeting to discuss the outcomes.

As the practice demonstrates, it is the big MNCs who have the resources and the interests to perform an active role. Depending on the issues discussed, different and

171 At the 22nd Board Member Meeting in Oslo Norway, for example, the members of the company constituency were invited to meet at the headquarters of Statoil (the Norwegian oil company). The individuals attended a meeting organised by the EITI Secretariat in Oslo's City Centre in the morning and were picked-up by taxis after lunch (the coordination and costs appeared to be Statoil's).
multiple departments of the company can be involved, e.g. legal and public affairs. However, the effort is usually coordinated by the Board Director and the respective department. This Board practice also displays the substantial advantages in terms of access to resources that these companies have readily available in contrast to, for example, civil society representatives at EITI’s international level (see chapter seven).

Reviewing the company homepages, it can be stated that EITI engagement is usually highlighted at the sustainability sections, here exemplified by BP’s international homepage:

As a founding member of the Extractive Industries Transparency Initiative (EITI) and an alternate member of the initiative’s Board, BP works with governments, non-governmental organizations and international agencies to improve transparency and disclosure of payments to governments. We have supported governments’ efforts towards EITI certification in countries where we operate. We have worked with many countries on implementation of their EITI commitments, including most recently with the US and UK administrations following their decision to join the initiative (BP Homepage, Financial Transparency).  

The fact that EITI participation features in companies’s external representation indicates that the initiative has become an important, albeit not necessarily central part of their CSR activities.

In summary, it can be stated that the functioning of the corporate constituency is based on the establishment of an effective communication process operating along sectoral lines. In addition, the functioning is maintained by individual representatives and substantially supported by the willingness of individual companies to use their resources. The previous Board practice shows that the big players in the industry have the resources and the motivations to act as members of the Board. Operating from an already outstanding position within the industry, their EITI engagement grants them access to political capital and thus the legitimate authority to represent the business community which can be assumed to re-affirm and re-produce their privileged status further (for the effects of political capital, see chapter seven).

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5.3. Assessing inconsistencies in companies’ participation

Elaborations in the previous section illustrated how corporate collective representation at the international level is institutionalised and organised while already powerful players within the sector also take on the role as Board Directors. Through this delegation, they are granted an additional source of power which is political authority. This section examines three inconsistencies regarding the contribution of the constituency which stem from direct observations as well as remarks by the interview partners and allow for additional insights into the constituency’s performance over time.

It is argued that these observations demonstrate two points: Firstly, the existing room for strategic manoeuvre and interpretation available to the corporations, and secondly, their taken-for-granted status as positive, responsible and exceptional agents within the Standard which translates into low expectations towards their actual contribution, and, as the following chapters six and seven will demonstrate, also into significant influence.

5.3.1. “Staying the same while moving forward”

The first inconsistency in corporate engagement with the EITI is the ambiguity displayed regarding supporting EITI’s existence in general while opposing changes in EITI’s regulatory framework over the course of EITI’s evolution. The inconsistency of wanting EITI to exist but not wanting it to change is most obviously displayed by the oil and gas companies and became particularly evident throughout the course of EITI’s strategy review process from 2011-2013. As already elaborated in chapter three, an external evaluation conducted by Scanteam concluded amongst other things that there was little evidence for societal change, e.g. actual governance reforms, induced by EITI implementation (EITI Scanteam 2011). The EITI decided to address this problem over the course of a two-year strategy review (see chapter three for greater details). This was recognised by civil society as an excellent opportunity to push for more rigid and more comprehensive compliance requirements and reporting standards. It was argued that by including the additional requirements of contract transparency, reporting of in-kind payments, beneficial
ownership\(^{173}\) of companies and project-level reporting, the effectiveness of the Standard in implementing countries could be improved significantly. Obviously, these suggestions had already been discussed in international and national discourses on revenue transparency over the last years, particularly with reference to changes in legislation in the US and EU (see chapters three, seven and eight). However, in the strategy review discussions it became evident that the oil and gas companies had a very conservative vision for EITI's evolution and rejected the inclusion of new requirements:

> We feel we stick to the original principle of EITI, this good compromise which is in favour with every important point for everyone. Now, I can understand that some parties, NGOs particularly, consider it as a first step to get more, but that's not the original plan.

*(Company constituency interview, 14 February 2012)*

The oil and gas representatives argued that the stakeholders should focus on strengthening the already existing implementation framework which was established in 2007 by paying closer attention to the implementing practice in participating countries. The 2007 Standard was the idea and the framework they signed-up for, it has been discussed and agreed upon and therefore should be preserved. In contrast, it appeared that miners and investors put greater priority towards procedural aspects and the achievement of EITI's aims which means they appeared more flexible towards changes and extensions of the existing standard and had a more pro-active role in the debates.

To achieve their goal, the oil and gas representatives deployed two strategies: argumentation and blockage of decisions. They argued that these changes a) could be perceived as imposition on national jurisdiction and thus a challenge on resource-rich countries' national sovereignty (an argument particularly stated in the context of contract transparency as national legislation in China or Angola effectively prohibits such disclosure, see also chapter three); b) that such requirements could compromise competition law, particularly when it comes to the disclosure of pricing information\(^{174}\) or reveal commercially sensitive information;\(^{175}\) c) it was argued that

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\(^{173}\) Defined as "the "natural" person(s) who, directly or indirectly, ultimately own(s) or control(s) a corporate entity, a license or other property" (EITI Glossary, quotation marks in the original). Available from: https://eiti.org/glossary.

\(^{174}\) This is a valid argument. However, in practice, most of the EITI reports are retrospective, e.g. the data disclosed refers to fiscal periods which date back several years.
ultimately that they were simply costly and difficult to implement. Alternatively, the companies would refuse to participate in discussions on these topics, thus stopping the Board effectively from making decisions (which are adopted by consensus, see chapters three and eight on the rules and practicalities respectively).

At the same time, however, the strong business case(s) already discussed in the previous sections of this chapter made the potential benefits of a voluntary standard that actually works quite clear from the beginning. Therefore, the oil and gas corporations also had a strong interest in EITI’s existence and flourishing, e.g. an imperfect but functioning EITI was always understood to be better than no standard at all. A perspective which put the sector into a difficult position:

They (the oil and gas companies) have got themselves into an impossible position: on the one hand side they clearly don’t want the EITI to change (...) but on the other side they want it to be a success. And the two are not consistent (...) the EITI has to move or it will die.

(Secretariat interview, 14 November 2012, content in brackets added for clarification)

From the observer perspective it is interesting to note the constructive contributions made by the other members of the company constituency – the miners, for example, did not oppose contract transparency and are credited with playing a more constructive role throughout the strategy review process by civil society representatives and members of the Secretariat – the conservative stance of the oil and gas companies naturally reflects on the constituency performance as a whole. This is illustrated by the following statement:

I mean (...) they occasionally did helpful things here and there that helped the process a lot...but they have basically two positions: One is to be against something, e.g. to say we can’t do this, we need to be flexible we must not past judgement, this is too far, this is confidential, for one or the other reason to say something can’t be done; the other position they have is two keep quiet. They very rarely come and say: Come on guys this isn’t good enough we need to fix xyz, you will almost never hear that from one of the company people. They are not mandated to do it.

(Civil society constituency interview, 9 August 2012)

175 This argument has been assessed by the Natural Governance Institute with reference to the Dodd-Frank legislation. They argue that ‘information on basic concession terms (such as bonus payments and royalty rates) is widely known within industry circles, while leases and their bid terms are made publicly available by many governments, including the United States. Nothing in the new U.S. law requires the publication of the sort of information (for instance on geological data or proprietary technology) that might qualify as commercially sensitive.’ Available from: http://www.resourcegovernance.org/publications/fact_sheets/costs-criticisms-facts-about-disclosure-rules.
As a result of this strategy, the company constituency’s performance in the process is generally understood to be rather re-active and conservative, to a point where the entire constituency is viewed as the biggest obstacle for EITI’s evolution into a stronger and more coherent standard by civil society.

If miners and investors have not been in accordance with the oil and gas sector on particular issues then they neither voiced their disagreement openly nor have been able to influence oil and gas into adapting the more progressive stance of the others. This indicates a dominance of the oil and gas sector over the other partners from the business community which, following Bourdieu’s logic, likely stems from the exceptional status granted to them through their role as provider and guarantor of energy security as described in the previous chapter. Against this background, it is also interesting that the company constituency never made use of their voting power to block certain decisions, trusting that the consensus principle would not make such a move necessary (see also chapter seven).

5.3.2. “Respecting and contesting legislation at the same time”

The second interesting observation revealed what appears to be an ambiguous, if not instrumental, attitude towards legislation:

On the one hand, as “good citizens” and “partners”, as the CSR-rhetoric evokes, representatives from the company constituency have frequently stressed that adhering to sovereign law is understood as a vital underlying principle of economic activity. This argument is particularly emphasised with reference to resource-rich or host countries as this interview partner argues: ‘We think the first respect we owe is to the state that welcomes us’ (Company constituency interview, 14 February 2012). It was already elaborated how representatives from the oil and gas companies frequently stated the argument that a particular point, for instance transparency of contracts, should not be included in the EITI regulatory framework as this could easily be understood as imposing Western or imperialist standards (remember that EITI requirements need to be implemented at the national level. In some countries, particular requirements have been incorporated into national legislation, see chapter three). This public display of respect for national law and

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176 This stands in contrast to discourses on energy security which portray Western-based MNCs as agents of their countries.
thus national sovereignty is certainly due to the fact that the extractive industries, in particular the miners, require a “license to operate” a concept which indicates that governments perform the function of a gate-keeper for extractive companies. At the same time, it might well have something to do with the fact that from a historical point of view extractive industries have always been quite close to power (in industrialised as well as resource-rich countries) with their influence and proximity generally been regarded by the public as opaque and non-beneficial for citizens. Therefore, it can also be interpreted as a strategy to downplay existing power asymmetries in these countries by publically subordinating themselves to political authority.

On the other hand, this standpoint becomes an entirely different dimension if contrasted with the oil and gas companies’ approach towards the Dodd-Frank Act in the US. As already mentioned in chapter three, Congress passed the Dodd Frank Wall Street Reform and Consumer Protection Act, in July 2010, a bill aiming to improve accountability and transparency by imposing stronger regulations on the financial system. Part of this legislative package is the so-called Cardin-Lugar Amendment or Section 1504, a provision with significant consequences for the extractive industries, as the following statement by the Natural Resource Governance Institute summarises:

In July 2010, the U.S. Congress passed Section 1504 of the Dodd-Frank Act, a measure requiring companies registered with the Securities and Exchange Commission (SEC) to publicly report how much they pay governments for access to oil, gas and minerals. Revenue Watch and a wide range of development, anti-corruption and anti-poverty organizations worked hard to support the passage of this landmark requirement. It is a powerful tool that allows investors to properly assess risk and citizens to see the value placed on their natural resources.

In greater detail, this bill effectively requires extractive industries listed in the US to publically and unilaterally disclose their payments to the governments of the countries in which they are operating on a project-by-project basis. The major oil and gas companies, amongst which were ExxonMobil and Chevron, reacted through the American Petroleum Institute (API), a US-based industry association, and filed a lawsuit against the SEC. They presented the argument that Dodd Frank would effectively force these companies to reveal commercially sensitive data and thus

\[177\] A number of illuminating examples regarding this proximity are included in Lord Browne’s memoir in which he describes meetings with UK’s Prime Minister Tony Blair, Libyan’s dictator Muammar Gaddafi or Russia’s President Vladimir Putin amongst others (Browne 2011).

undermine their ability to compete on the international stage. In addition, implementing the law would impose high compliance cost due to the details required. This lawsuit brought a major controversy into the EITI process with civil society publically calling the companies out on the discrepancy of being Board Members of an international transparency standard while at the same time legally fighting mandatory transparency legislation in the US (see this described in greater detail in chapter seven).

As the lawsuit was still pending during EITI’s 22nd Board meeting which was attended for the fieldwork and took place in Oslo, Norway, 26-27 February 2013, it was observable that particularly the representatives from American oil companies found themselves in an extremely difficult position: in the beginning of the meeting they announced that they have been legally advised not to participate in discussions that would touch on issues which might be linked to the litigation case in the US (particularly project-level-reporting and contract transparency). Strategically, oil and gas entered the meeting by stating their red line. At the same time the EITI Board was having its last session prior to the Global Conference which was to take place a few months later in Sydney, Australia, and which was meant as a platform to publically introduce an improved standard resulting from the strategy review process. It was evident that these issues were going to be discussed.

This strategy demonstrated the confidence displayed by the business representatives in their status and their resources. It could be argued that at this point the bill passed, meaning the legislation was in place and thus should be considered as basis for orientation and action of everyday business conduct. The company’s stance suggested, however, that the existing regulation in the US was regarded as provisional or temporary, something that has to be, and through the lawsuit would be, corrected. The oil and gas company’s standpoint on mandatory legislation was interpreted by civil society and other representatives at the international stage to be inconsistent with the aim of transparency. Importantly, however, the companies effectively made the national legislation in the US a decisive factor for EITI’s evaluation, thereby confirming the importance of Western-based MNCs in a Standard which targets resource-rich countries mostly located in

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179 For information, the lawsuit has been dismissed on April 26 by the Court of Appeals due to lack of jurisdiction.
the South (see chapters seven and eight). In addition, this approach confirms the international perspective of these players which stems from their role and engagement in the global political economy (see chapter one) and explains their aforementioned emphasis of a level playing field (see chapter three and further above).

In summary, it was observed how, on the one hand, respect for national legislation was strongly voiced with reference to economic activities in resource-rich countries while on the other hand, certain aspects of the Dodd-Frank Act in the US were opposed and legally contested. Again, this observation displays a confidence by the constituency which re-affirms their status quo as privileged agent in the arena.

5.3.3. The blurred lines between politics and “managerial” or “technical” problems

It was described earlier in this chapter how the political representation of the constituency works at the international level of the EITI process. Additionally, chapter three illustrated the rules and guidelines for the implementation of the Standard while highlighting the highly political nature of the validation process. Considering this, it is evident why the nature of the companies’ involvement automatically provokes questions of political power and legitimacy. Interestingly, however, from the perspective of some members of the company constituency, the picture is more complicated. On the one hand, it is quite easily acknowledged that the EITI Standard is an international governance mechanism:

Yes it is a political process. Before meetings and during meetings you would see a lot of lobbying going on, a lot of side discussions (...) a little bit akin to (...) what you see in a EU context or multi-government context, where you do see lobbying and discussions going on and between constituencies and within constituencies that’s certainly (...) yes. I think it is a political process and I think also that for all of the representatives although you are there to be a director of EITI it is also difficult to leave behind your wider political context.

(Company constituency interview, 31 October 2012)

On the other hand, there have been various occasions in which company constituency representatives, explicitly and repeatedly stated that they would not want to engage in politics or political decisions (examples include the topic of violation of human rights in particular implementing countries usually introduced by
members of civil society and resulting discussion on whether or not this should make a difference for accepting a country as candidate or compliant country or even delisted it from the standard). From a historical perspective, it can be reasonable assumed that a number of high profile corruption cases in the past and present might have contributed to this aversion of being seen publically as mingling in politics.\textsuperscript{180} Such incidents build the basis for the overall very negative public image of the oil and gas companies.\textsuperscript{181}

It was directly observable, that the corporate constituency is very careful to avoid ‘moral judgements’, and argues instead in favour of what is called a ‘rules-based-approach’:

If for example we were debating a particular country and the debate was usually around whether that particular country qualified or not, I think, that’s a very legitimate debate, (as) sometimes outside factors could come in. So we had examples were a particular country might have satisfied some of the requirements for becoming a candidate country but because of some of its human rights record that the civil society groups admitted to be problematic, so it could be an area not directly linked to revenue transparency, but equally it was one that civil society felt this country just because of its record should not be admitted and I think that’s a very legitimate debate to have. The companies generally speaking try to follow a rules-based approach, (They) try not to make judgements by the ethics of otherwise individual countries but rather take a view that if the countries have satisfied the rules (referring to the EITI requirements) than we are not there to make moral judgements of whether or not that country should be admitted. And the NGOs find that distinction more difficult to make and that’s understandable given the different background.

(Company constituency interview, 31 October 2012, insert in brackets added for clarification)

Another illustrative example of this distinction is highlighted the following statement:

It’s better to have a responsible government, which is accountable to its population, because if they show what they do with the money, it’s more likely to be better


\textsuperscript{181} In an informal conversation the following statement was made by a company representative who did not want to be cited on this: ‘We do not interfere politically (...) but, there is legitimate interference taking into account our own interests as a company and the economic interests of the country which hosts our activities’.
governance. I would not use the term democratic because this is then becoming political, just better governance, economic governance.

(Company constituency interview, 14 February 2012)

Therefore, it is legitimate to hold decision-making power in an international standard which makes explicit demands on resource-rich countries about the ways by which the administrative and economic sector should be run and also assess or “validate” their performance and at the same time not acknowledging this as political practice. This line of argumentation only works if the problems addressed by the EITI process – lack of transparency about the generated revenues and the ways in which these incoming revenues are spent – are considered to be of managerial or technical nature. These inconsistencies are an attempt at strategic interpretation serving the already dominant agent, the companies, effectively aiming to mask their actual influence:

Firstly, if the problem is identified as a lack of managerial and technical capacities, it makes perfect sense to help fill this void with the contribution of actors who are supposed to be experts in these areas – the helping to fill “governance gaps” argument prevalent in the literature on global governance (see chapter one).

Secondly, it can be interpreted as a strategy to prevent forms of disclosure which are considered sensitive by the companies, such as contract transparency, as the following anecdote on the discussions at the 21st EITI Board Member meeting on 25-26 October 2012 which took place in Lusaka, Zambia, suggests:

I would also say that there is a little bit of a tactic going on here, I mean, if you don’t want something to happen you say we cannot go there because that’s politics, we don’t get involved in politics, that’s their (the companies) way of saying, I am drawing a line here. Now what happened at the last Board meeting (Lusaka) is when it came to project by project transparency discussions, the companies said: ‘This is an area of national sovereignty we don’t think that the EITI should require this.’ When it came to the discussion on contract transparency they said: ‘This is an area of national sovereignty we don’t think that the EITI should require this.’ When it came to scoring they said: ‘Don’t tell me what is my national sovereignty! I am sick of being told what we can or can’t rule on because you have my best interests at heart! Common! I am telling you, I want this!’ And that, oh my god, that was an amazing moment, that was one of the most amazing moments I witnessed in all EITI Board meetings that I have attended, the dynamic changed immediately, they could not use that card anymore. (...) I mean the investors, they talk about politics and that’s because they are terrified, that’s not their territory at all, and there I think its naivety,
at least with the present representative, because when this person says: ‘We don’t touch political issues, this is all a technical process’, sure, in an ideal world it would be a pure technical process, but it’s not. There is an enormous amount of judgement involved whether Iraq is compliant; because you cannot write the rules so clearly to be easily interpreted objectively in 37 different political environments. The rules are not, they can’t be that developed, so there is gonna be some political judgement and Equatorial Guinea is gonna get treated harder than Mozambique.

(Secretariat interview, 14.November 2012)

Thirdly, these blurred lines between political and technical issues also indicate the presence of an economic mode of interpreting the complex issues around natural resource extraction and management which corresponds to the arguments presented on the prevalence of a liberal economic approach and the commodification of natural resources stated in the previous chapter.

In summary, it seems as if some members of the corporate constituency have difficulties in openly acknowledging the fundamentally political nature of EITI as an international governance process and consequently their part in it. At the same time, the drawing of a line between politics and technical or managerial issues appears to be a strategic instrument in the battle over what effective and legitimate international natural resource governance should look like.

Interpreting these observations in combination, it is argued that these findings largely confirm our understanding of the companies as privileged agents in the EITI arena and the picture of them inherent in the shared beliefs on natural resource management (see previous chapter). Hence, the rather passive or conservative stance of the oil and gas sector regarding more detailed disclosure requirements is in fact consistent against a discourse on natural resource extraction which identifies a lack of governance capacity as the main problem, as explored in chapter four. From the companies’ perspective, therefore, more detailed disclosure, such as project-level-reporting, will only increase the costs for them but from a regulatory perspective does nothing to address the “real problem” which lies with the governments.

Moreover, it was observed how a sense of exceptionality evident in the energy security discourse, in combination with the positive depiction in the global governance/CSR discourse, provides the companies with self-confidence derived from an awareness of their strategic position – as displayed in the public statements
on the API lawsuit and the legislative contestation. At the same time, their portraying as resourceful and ethnical partners is consistent with their public affirmation of a high esteem for sovereignty and the rule of law in resource-rich countries. Moreover, the discrepancy between their political practices in the EITI and their interpretation of addressing managerial or technical problems reflects on the ambiguity inherent between the global governance/CSR discourse and the more conventional appreciation of companies as contributing to society by generating wealth. In summary, this section concludes that the inconsistencies displayed in the performance of the company constituency can be explained as resulting from the role attributed to the companies and the governments in natural resource extraction relying on the shared beliefs elaborated in the previous chapter.

5.4. Conclusion: The ambiguous partners

Having established the companies’ legitimate and privileged status in discourses on natural resource governance, this chapter paid closer attention to the question of how corporate power actually operates in practice in a multi-stakeholder governance process. It became evident that corporate political practice at the international level is institutionalised, formalised and requires a substantial amount of various forms of capital. In addition, further insights into EITI's inner workings were generated, enhancing our understanding of this social arena. Therefore, the chapter relied on the concept of corporate political practices which was defined as an institutionalised performance, recognised as competent by others and adapted through socialization (see chapter two). In greater detail, the following findings were made:

It became evident that the effective functioning of the constituency depends on two factors: Firstly, the provision of resources that individual companies made available; and secondly, the leadership of individual Board Directors representing the companies who take on the task of coordinating the decision-making process and/or argue the case at the Board level (for a further exploration of the role of individuals see following chapter). More broadly, and as Bourdieu would expect, a substantial amount of various forms of capital is required. These findings confirm that the representational practice of the EITI not only favours the dominant major players in the extractive sectors, but also already indicate that the companies have resources at their disposal which are likely to be superior to those of the other stakeholders at
EITI's international level, particularly the members from resource-rich countries (see this aspect further explored in the following chapters six and seven).

As we recall from chapter two, the concept of political practice emphasises repetition and reiteration. Reflecting on the findings, this would suggest that the already existing power asymmetries within the extractive sectors as well as in the broader field of natural resource governance more generally (see chapters three and four), are not only constantly reflected in the companies’ political practice at EITI’s Board level but, perhaps more importantly, re-enforced and thus potentially perpetuated (see chapter seven). On this reading, EITI participation and contribution is an excellent instrument to maintain leadership and power by individual companies since, following Bourdieu, social practices play an important part in preservation and enhancement of hierarchies in social arenas. This conclusion is further affirmed by the interesting findings that there is a surprising consistency in the companies actively participating on the international stage which does not reflect the changes this industry has been undergoing in the recent decade (as state-owned companies and companies from resource-rich countries are generally underrepresented at EITI’s international level).

At the same time, the findings in this chapter illustrated that social arenas are dynamic places of change and contestation. As became observable, the EITI is embedded in broader fields of power at the international level which affect the game, here exemplified by the impact of mandatory disclosure requirements in the US and EU on EITI’s discourses. In addition, differences and varieties in the engagement and contribution were explored not only of the extractive sectors over time but also between individual companies from the same sector. In addition, changes in single company’s performance over the years could be observed (particularly BP’s performance, which changed from a pro-active model stakeholder to today’s more consolidated status). Moreover, the prominent role of the oil companies at the time of EITI’s inception, for example, was followed by a more consolidative stance in the following years. At the same time, the miners seem to have decided on a hands-on and proactive strategy since the early days of EITI’s launch, probably reflecting an increased international awareness of the consequences of their operations and the call for a “license to operate”. Moreover, it became evident that over the course of EITI’s evolution a number of requirements affecting business have been included
into the Standard which the companies’ initially opposed. This can be interpreted as confirming companies’ still vital interest for making this governance endeavour work, as indicating for the progress of discourse on disclosure and governance, and as an indicator for the influence of civil society at EITI’s international level.

Observing corporate political practice unfolding over time, as summarised in the section on the company constituency’s performance, it was further found that the shared beliefs elaborated in the previous chapter provided the companies with a strong confidence regarding their standing. As their contribution and status is institutionally enshrined and essentially uncontested, they are granted a tremendous amount of space for manoeuvre and interpretations which in itself is a strategic advantage. This is exemplified by the discussions on the political nature of the EITI which in summary attempt to disguise political influence by framing the process in more “neutral” terms, by using managerial or technical language. The taken-for-granted status of their participation is further illustrated by the fact that the companies frequently stressed how important it was that their collaboration through the EITI does not collide with existing competition law. However, there was no evidence found that any of the other stakeholders is exploring the companies potential to use EITI cooperation for enhancing their position in international markets, which indicates a lack of critical engagement.

In conclusion, this closer examination of companies’ collective representation has not only enhanced the understanding of EITI’s inner workings, but also revealed corporate contribution to the EITI as institutionalised, formalized and resource-based practice which has a representational and delegational component, thereby further confirming the emerging academic consensus of companies as political agents at the international level. In addition, it became evident that corporate power operates in practice and through practices which reflect and enhance existing power asymmetries in favour of the companies (for the problematic effects see chapter seven). The following chapter explores the second component of corporate political practice, the individual representation and the effects of political capital granted to them through EITI participation.
6. Corporate political practice in action II: Leadership by individual corporate representatives

This chapter focuses on the individuals serving on the EITI Board as company representatives on behalf of the big multinationals, industry associations and institutional investors. It begins by introducing and interpreting the insights on recruitment and mandate of the company representatives. Furthermore, it elaborates on the personal qualities regarded as helpful for being an effective EITI Board Director and introduces examples of leadership by corporate representatives. The final section summarises and evaluates how corporate representatives reflect on their experiences as members of the EITI Board. The insights presented have been generated through the interview process and are complemented by findings from the text-analysis and participant observation (see chapter two, part two on methods). These findings supplement the insights from the previous chapter on the performance of the constituency and thus corporate political practice in the EITI.

This chapter makes use of Bourdieu’s concepts of capital and disposition (see chapter two). It follows Bourdieu’s assumption that power usually has a pre-reflexive, embodied dimension, as encompassed in his concept of disposition. Therefore it can be expected that a) the practices of corporate representatives strongly rely on the knowledge structure and shared beliefs elaborated in chapter four, as these would be the thinking tools which enable interpretation and action, and b) that the representation and practice rests on particular forms of capital and whose identification will help to assess the corporate representative’s standing in relation to other stakeholders in greater detail.

It is argued that, complementary to the ways by which corporate power operates through the company constituency as a collective body, it also operates through the actions of individual representatives. Firstly, this chapter identifies how corporate political practice is based on cultural and social forms of capital, culminating in the possession of a form of expertise which is very specific to the EITI Standard. It is this form of expertise which is identified as the most valued form of capital at the EITI’s international level. Secondly, the argument is presented that corporate power as

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182 This research understands leadership as defined by Haslam et al. who elaborate an identity-based approach to leadership from a psychological perspective as a ‘process of influencing others in a manner that enhances their contribution to the realization of group goals’ (2010: 247).
symbolic authority can be seen operating in such a way that achievements and status are attributed to personal qualities rather than understood as the effect of an exercise of power by a privileged agent.

6.1. Recruitment and mandate

The following sections introduce the company representatives, examine how they were recruited as EITI Board Directors, and elaborate on the mandate they have been given.

Educational background and the practice of recruitment

In Bourdieu’s terminology, education is understood as an institutionalised form of cultural capital which requires the previous investment of economic capital. In the case at hand, the complexity of issues with which the EITI process deals (see chapter three) makes it reasonable to assume that company representatives come from quite diverse educational backgrounds as there are financial, environmental, social, legal and administrative details to deal with as well as technical and practical issues related to the operational process to take into account. Unfortunately, there was no publically accessible information available for every corporate member serving the EITI Board from 2007-2013. The following section thus exemplarily concentrates on the twelve Board Directors representing the corporate constituency from 2009-2012, out of which three members had a degree in law; five in the broader category of business administration and economics; two hold a degree in social science; an additional member in geological engineering.\(^\text{183}\) Two of the representatives had also previously been members of the UK Diplomatic Service.

Seven out of the twelve were heading what in broader categories could be described as their company’s CSR department (alternately called public or environmental affairs; international relations; business ethics; upstream international; or, in the case of the investors, socially responsible investment). They represented Chevron, ExxonMobil, AREVA, Freeport-McMoRan Copper&Gold Inc, Statoil as well as Standard Life and Allianz Global Investors. In addition, two Directors were representing the ICMM, amongst which one was the President of the Council. Statoil’s representative was Senior Vice President of Corporate Communication, and

\(^{183}\) For one individual there was no public information on educational background available.
finally PEMEX representative was Chief of Staff. As this detailed listing of the 2009-2011 Board further illustrates, the individuals representing the corporate constituency can be described as well educated and quite senior, with the majority of them coming from or heading CSR-related divisions within their organization and an educational background in business administration and economics. This leads to the conclusion that they interpret and evaluate their role and contribution to natural resource governance from a perspective which is likely to have a CSR-sympathetic outlook but is nevertheless based on profound knowledge on business operation. In Bourdieu’s language, educational background and expertise are understood as a form of cultural capital. Interesting to note also, only two out of the twelve Board Members, representing the investors and Statoil, were female while all corporate representatives were white and from what can broadly be described as of “Western” background and education. It can be concluded that the representational bias from “Western”-based companies discussed in the previous chapter is further perpetuated in individual representation.

Having approached the subject of recruitment in the interview process as well as in more casual conversations during the meetings, it appeared as if the choice of becoming a representative depends on two factors: One is obviously the strategic decision within a company to be more visible at the international stage, whereas the second one is the degree of willingness and personal engagement of the individual. Apparently also, there has never been a formal election within the corporation constituency regarding their representatives:

> Within the constituency there is no election as such, I don’t think there has ever been an election. It’s really a question of either being asked: would you prepared to take this on? Or indicating that you are happy to be involved and a lot of it comes down to a mixture of the readiness of the company to make you available, because it is quite a commitment of time, but also the individuals commitment to be involved and the level of energy and interest that you have in the topic.

(Company constituency interview, 31 October 2012)

A few representatives mentioned how they pro-actively suggested a more profound engagement via Board membership within their company, after learning about this option by regularly attending EITI meetings. Other individuals seemed to have been brought in because of their expertise. Here are two examples of specific expertise:
the first is experience with doing business in politically highly sensitive situations and the second professional knowledge regarding economic and legal issues:

When (...) we realised that the company was becoming very big, one of the number four, number five companies in the world (...) and among the twenty-five strongest companies in the world, we thought that reputational issues were certainly more of importance (...) because we would be under the scrutiny of stakeholders. And so it was decided to have a person in charge of all the reputational issues. At that time I was general manager for country x¹⁸⁴ which was a potentially hot issue, and the CEO decided that he would give me all the potentially hot issues (the person names other countries in similar situations) but also such as transparency, finance transparency in our operations, and so I became it without having chosen it really. But I do enjoy it.

(Company constituency interview, 14 February 2012)

And one of the reasons that I was asked to become involved was that it was becoming clear that the debate within the EITI was moving on and the whole debate on transparency was changing with the civil groups looking for more transparency. And it was felt within my company that my company’s argument in that context might be better made by somebody who was closer to business and who understand some of the issues perhaps better. But also that having a lawyer in that role could be helpful because some of the issues started to become quite legalistic in nature. So I was asked if I would take on that role and that’s really why it worked that way (...)

(Company constituency interview, 31 October 2012)

The last statement suggests that EITI participation comes with a gradual process of inclusion which is supposed to facilitate the individual’s adaption towards EITI’s internal procedures and which includes an element of socialization into EITI’s norms. This fits nicely with the definition of practices as competent performance which requires and reflects the actor’s socialization into the arena (see chapter two). In consequence, as the following observation from an EITI Members Meeting will illustrated, not understanding EITI’s functioning marks participants as outsiders:

It should be noted that several of the members who attended the meeting where not very familiar with the EITI’s International internal procedures and are not within the inner core of the EITI family (EITI Scanteam 2011: 56). Moreover, this comment illustrates why some interview partners described throughout the interview process the merits of extending the Board’s period of office as a method to speed-up the decision-making process (the assumption being that

¹⁸⁴ This country is a war-torn African country with tremendous natural resources, ranking amongst the bottom few regarding development indicators. It has been for decades struggling with conflict and for political stability.
the greater the number of Board Directors familiar with the EITI process, the faster consensus can be reached since representatives better understand the process, the challenges and their role at the Board table).

**Consistency in participation and acquisition of capital**

A further interesting finding is the remarkable consistency in staff of the company constituency compared to the other constituencies. The company constituency consists of some individuals which have been serving the Board as representatives and alternates or generally participating in the process since the early discussions on EITI’s establishment and thus approximately for over a decade (see chapter four):

There were four people who have been around more or less from the beginning. Four of them I remember from the meetings back in 2003. A couple of them dropped out of the Board now but they still come occasionally to the meetings, you know, it’s a matter of public record: It’s Stuart Brooks from Chevron, Jean-Francois Lasalle from Total, Oliver Loubiere from Areva and Edward Bickham who was with AngloAmerican when he started and then he went to ICMM. So those guys have been associated with EITI for a long time now.

(Civil society constituency interview, 9 August 2012)

I think within the EITI certain individuals who have been in their roles for a long period of time, naturally generate a great deal of respect.

(Company constituency interview, 31 October 2012)

Interpreted in a positive light, this consistency in engagement indicates an honest personal commitment by individual corporate representatives to the cause of transparency in natural resource governance. This assumption is further strengthened by the examples of outstanding individual contributions which will be outlined in the following sections of this chapter. In addition, a more cynical reason has come up in an informal conversation, namely the lack of interested candidates. One representative explained their long personal participation with this person’s growing expertise on the subject but added frankly that within the corporation there were no other candidates willing to take on this role. Being a, EITI Board director obviously includes being visible within the transparency debate at the international level and thereby becoming approachable by members of civil society – apparently a prospect not everyone in the business community is keen to experience.
However, it is argued that this consistency of engagement strategically serves the accumulation of cultural and social capital, in the forms of expertise and social relationships, which requires the investment of economic capital in form of financial resources and time. Here it is suggested that cultural capital in the form of expertise, understood as specialized knowledge on and about the EITI Standard, enhances the already existing knowledge and status of representatives which they have acquired through formal academic education in addition to their status stemming from being delegate of a powerful company (see also previous chapter). This form of expertise is extremely helpful in the highly complex and partly rather technical discussions at the international stage of the EITI, for instance, when it comes to validation procedures or to the run-up for the strategy revision. It can therefore be concluded that these members, having served the Board for a long period of time thereby acquired a degree of expertise regarding the finer details of the process which is not likely to be met by new, incoming participants. In addition, a prolonged period of participation provides a great opportunity for establishing and maintaining social relationships with other members of the EITI family. Thereby company representatives established themselves as constructive and trustable partners – Bourdieu has described this as the accumulation of social capital which is regarded as strategic asset:

The reproduction of social capital presupposes an unceasing effort of sociability, a continuous series of exchanges in which recognition is endlessly affirmed and reaffirmed. This work, which implies expenditure of time and energy and so, directly or indirectly, of economic capital, is not profitable or even conceivable unless one invests in it a specific competence (knowledge of genealogical relationships and of real connections and skill at using them, etc.) and an acquired disposition to acquire and maintain this competence, which are themselves integral parts of this capital.185

Equipped with social and cultural capital, it was directly observed how these members of the company constituency provided more frequent and confident contributions at the Board table and in subsequent discussions. In addition, they are more frequently consulted by other stakeholders and members of the Secretariat as well as in a better position to analyse existing problems and present an informed position. This tendency is further fostered by the fact that neither has there been a large turnover regarding the companies represented at the Board, particularly with

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185 This quote stems from an online version of Bourdieu’s (1986) article on forms of capital. Available from: https://www.marxists.org/reference/subject/philosophy/works/fr/bourdieu-forms-capital.htm, see list of references for printed versions.
regard to the representation of “big oil” which is very influential, as the previous chapter has demonstrated. It can therefore be concluded that the personal and organisational coherence of the company constituency builds the basis for a strategic advantage in comparison to the other stakeholders.

**Mandates for representation**

An important component of political representation is the mandate given to the individual by the organisation or institutions which are supposed to be represented (corresponding to the delegative component in the concept of political capital, see chapter two). In the EITI, the individual representative has the obligation not only to represent their own company but the broader constituency at the Board. In addition, it is assumed that every Board Member has the responsibility to act in a way that supports the overall development of the Standard, thereby mirroring the classical question of political representation between delegate and trustee famously discussed by Edmund Burke (1790). The EITI rules further stress that Board Members are expected to constructively participate in the process and have an obligation of loyalty to the Board (EITI Role and Responsibility of Board Members 2014). This implies a potential for tension and raises questions about the explicit mandate under which the individuals operate, e.g. whether or not the company constrains or empowers the individual’s contribution. It was therefore specifically inquired after the company representatives’ mandates and what was found is a discrepancy in assessment:

From a civil society perspective, corporate representatives are assumed to operate under constraint, inflexible mandates: ‘They have been given an incredibly narrow mandate by their employer which makes it very difficult for them to respond to the civil society people’ (Civil society constituency interview, 9 August 2012). In particular, this seems to be the case for individuals representing US-based oil companies, described as ‘run by legal and risk management experts’ (Civil society constituency interview, 23 July 2012). It was suggested that this is the reason why their representative might have been ‘kept under tighter constraint’ (Company constituency interview, 31 October 2012).
The following quote illustrates the problem in greater detail:

I said to one of them: ‘You know, you guys come with some ideas, what are we supposed to do? You are just pacing yourself into a corner by just saying no to everything’ and the response was: ‘Well, but if we could get an official position, it has to been signed by all the companies and all their lawyers and once it’s written down that’s it, you can’t change it.’ Particularly the American companies are preoccupied by legal considerations. If they sign a piece of paper that then commits them legally to do something. For the American companies are all very legalistic, in spite of how they work and where they work and who they work with, the mentality is very legalistic and that’s been the theme: ‘We can’t do this because the lawyers won’t let us. We don’t have a budget line for that. We can’t.’ So in a way I think they are quite constrained.

(Civil society constituency interview, 9 August 2012)

Legal considerations as constrains on corporate political practice have been widely affirmed, as exemplified by the following statement:

The Oil companies tend to be much more legally driven (...) so the US attorneys tend to dictate how Exxon (Mobil) and Chevron can port themselves. (...) They tend to find their red lines and stand behind them (...), it’s in part because their mandate tends to be reviewed by lawyers and for lawyers everything is about lines.

(Company constituency interview, 27 February 2013, insert in brackets added)

These findings tie to the previous discussion on applying a rather formal, rules-based approach in a dynamic political process which made the corporate constituency as a collective appear rather defensive and conservative, despite the more progressive stance of investors and miners.

Contrasting this impression, company representatives, particularly from European oil companies and miners, acknowledged this tendency within the US companies, but also highlighted that their operating mandate has been ‘reasonably expansive with not a lot of argument about how we should proceed’ (Company constituency interview 27 February 2013) and thus with much more opportunities for individual or more nuanced contributions:

I did really feel I was there to represent the interest of my company and my constituency, but I did not feel constrained in terms of how I did that.

(Company constituency interview, 31 October 2012)

I can’t remember having to sit on the Board and argue a case that I don’t agree with.

(Company constituency interview, 27 February 2013)
Several factors have been stated in attempts to explain this discrepancy in perception and assessment of the company representative’s mandate by a former member of the EITI Board. The interview partner suggested that there might be three sets of explanatory variables for the differences in the contribution of individuals: a) the decision-making process inside the corporate constituency, b) the role of CEOs, and c) the internal decision-making process of individual companies. With reference to the first point, the person argued that ‘the enormous rigidity of the decision-making process in the company constituency’ made it difficult in cases in which an issue was brought to the table during the meeting that the constituency had not prepared for (refer back to chapter five for a more detailed description). Then the representatives could only state that they were not in a position to comment and would have to come back the issue. For a Board that meets only three times a year, such a practice slows down the communication as well as decision-making processes at the Board table significantly.

As second point, the interview partners mentioned the progressive and public stance in support of transparency taken by BP’s former CEO Lord Browne (see also chapter three) which resulted in sending senior people to the Board. In these conditions, the individual representative was much more visible: ‘Graham Baxter (representing BP at the EITI International Board), even though he couched everything in a formal language, he pushed very hard’ (Company constituency interview, 31 October 2012). This interpretation is further confirmed by civil society observations:

So I think the first problem that they face is that their corporate bosses are not that interested in the details, they are not at all interested in the details of the EITI. They are not that interested in the EITI anymore, cause it’s kind of, you know, being around for a while and their mandate pushes them to a position where they always have to defend and sometimes that can get a little bit tense, I mean it’s all very courteous but you know because they are basically sitting there saying no to stuff.

(Civil society constituency interview 9 August 2012)

With reference to the third point, a representative from the company constituency described differences in the internal governance structure of companies which limited or extended the operating space for individual representatives. For example, ExxonMobil’s internal structure appears to be relatively authoritarian with the company frequently presented as “military hierarchical machine”. In contrast, Shell seemed to allow their representatives a much bigger space for manoeuvre:
Apparently, previous CEO's have been generally supportive of the EITI and the transparency cause,

(...) than Peter Voser came in, and Peter Voser has been really difficult, and has led the charge against Dodd-Frank; so what’s interesting is that (...) even though Peter Voser was saying shocking things that were embarrassing to everybody, Keith Ruddock (Shell’s representative at the EITI Board table) was actively participating in Workshops and Conferences taking a much more conciliatory line on Dodd-Frank. (...) Shell has been quite productive.

(Company Constituency interview, 31 October 2012, content in brackets added)

The evaluation of the mandates of corporate representatives revealed differences between US- and EU-based companies based on the degree by which they are preoccupied with prospective legal consequences of their EITI participation which have a direct impact on the flexibility and scope of mandate. In addition, however, it exposed how the internal decision-making process of the company constituency, described in the previous chapter, proves problematic for EITI’s ability for effective and decisive communication at the international Board table.

This section on mandate and recruitment established that the companies do take developments in the EITI as well as in the broader field of natural resources governance, into account and react towards anticipated challenges for and changes in the underlying power structure of the arena. This is for example indicated in the fact that the representatives are strategically selected. Moreover, this strategic perspective is further confirmed through the acknowledgement and deployment of expertise and knowledge as important forms of capital in the EITI, as illustrated in the understanding that legally complex issues are best addressed by a representative with a background in law. In addition, it was found that for what is considered effective participation, representatives apparently require a degree of familiarity and socialisation into the EITI which corresponds to the concept of corporate political practice as competent performance (see chapters two and also five).

6.2. Leadership and personal qualities

Reflecting on the trend towards greater inclusion of business (refer to the introductory chapter), it is obvious that the individual’s political practice raises a number of critical questions about their performance, actual contribution and the
legitimacy of their status. Is their participation to be characterised as competent, resourceful and overall positive to the endeavour, or is there reason to be more critically suspicious, as Stephen Wilks suggests:

What levels of competence and judgement do corporate executives bring to social and environmental programmes? They have not engaged in public debate like politicians, nor accepted principles of integrity and public service like civil servants. At best, they are likely to be technically competent; at worst they may be careless, paternalistic, even neo-colonialist (2013: 297).

The interview process engaged in conversations about what it takes to be regarded as a good representative at the Board. In addition, conversation partners were invited to name important individual contributions made by corporate representatives. Overall, these discussions illustrate the political dimension of the process as well as the scope for political practice, thus adding to and complementing previous findings.

**Expertise as cultural capital**

For representatives of the oil companies and miners, a profound knowledge of the business of resource extraction was obviously considered essential. In addition, a sense of “contextual knowledge” about the broader political, social and environmental discussions and developments was regarded as vital for understanding the framework under which EITI is operating, in addition to the issues the initiative is trying to address. This quality corresponds to the field-specific form of expertise described in the previous section. Also, legal expertise or practical experience in the “field”, and thus with the particular problems and challenges in specific countries, are considered assets.

An additional factor frequently acknowledged as helpful for effective representation is the seniority of the representatives, e.g. the ability to act and make decisions ‘without having to constantly refer back to somebody in the head office’ (Company constituency interview, 31 October 2012). This is essentially a question of status and can be attributed to the degree of cultural capital the individual holds. The seniority of the corporate representatives on the Board is thus understood as directly affecting the space for manoeuvre that an individual has to speak on behalf of their company. In addition, interview partners from all constituencies indicated that they took the rank of a corporate representative as indicator for the value placed by the company
in the EITI Standard.\footnote{So when for instance Lord Browne, who was regarded as strong champion of BP’s CSR-efforts, stepped down, the contact person for the EITI also changed (although BP still remained on the Board). However, as the representative was not substituted by someone with quite the equal level of seniority this decision was regarded as a shift in priorities (see chapter three for the role played by Lord Browne and BP in EITI’s inception).} It can therefore be concluded that the representative’s seniority has a direct effect on the credibility of the individual representative as a partner at the Board table. This observation confirms Swartz’ description on the delegated component of symbolic power as political capital, which is an ‘authority granted by an (... ) institution’ (Swartz 2013: 66, see also chapter two).

Furthermore, it needs to be considered that EITI engagement can take a significant amount of time and effort depending on the personal engagement of the individual. It requires constant keeping up with current developments at the international and many of the national levels which is usually provided for through information prepared by the EITI’s Secretariat.\footnote{The Board papers for the 22\textsuperscript{nd} Meeting, for example, included over 200 pages, ranging from proposed changes to rules and guidelines, to recommendations for the validation of specific countries.} One representative estimated that an ordinary Board member spends around 12 working days of the year on EITI related issues. However, the amount of time changes drastically, if the individual becomes further engaged in the committees (see chapter three for greater details on the committees):

‘On average, I would say, I spent 25-30 days per year on the EITI, with the strategy review last year probably 35, so 5-6 weeks per year’ (Company constituency interview, 27 February 2013). The notorious Validation Committee is understood to be the most demanding which was estimated to require at least 50% of the committees chair’s time. These observations further confirm the necessity of a significant investment of economic capital and the prerequisite of cultural capital in form of education as basis for effective corporate political practice.

However, it is argued, that while a significant amount of cultural capital is required for effectively participating at EITI’s international level, at the same time this participation naturally fosters the individual’s accumulation of more expertise which translates into a better standing within the EITI. In addition, this is also likely to affect the individual’s standing within the company.

Inviting interview partners to reflect on their experiences as representatives, it became evident that participation had enhanced understanding and knowledge on
the position and situation of the other stakeholders, particularly civil society, as exemplified by the following statement:

And also if you can try and understand some of the challenges being faced by some of the others parties at the table and you can help them understand some of the challenges that you are facing then actually I think that is very valuable, and to me that was one of the best parts of the EITI because it was fascinating sometimes working with let’s say an NGO to realise that the NGO might have its own political internal issues that it has to deal with and its own challenges internally, which, as a company, you rather assume that every NGO has everybody aligned within the organisation, they all agree. But they are actually as diverse as many companies. That to me was a fascinating part of being part of the EITI.

(Company constituency interview, 31 October 2012)

As this statement indicates, particularly the direct personal encounter with civil society representatives seems to have provided companies with the opportunity to learn about motivations, strategies and ambitions of these stakeholders. Further highlighted was the understanding that civil society’s advocacy function can occasionally result in vocal and controversial contributions as the Board table. The same applies to some of the government representatives whose first intention is assumed to be that they want their country’s voice on natural resource management to be heard at the at the international level without necessary paying too much attention to the finer details of the Standard. In contrast, it was noted that the corporate approach might appear more pragmatic and result orientated (ibid.). Interestingly, a member of the Secretariat speculated that it might be the case that individual corporate representatives who are perceived as quite conservative within the EITI setting might actually be understood as -liberal or CSR-friendly inside their corporate environment.188

Social capital and socialisation

However, as one would expect for political practice, the importance of so-called social or “diplomatic skills” was strongly emphasised. Corresponding to Bourdieu’s concept of social capital, the speakers subsumed under this category the ability to listen to and empathize with the position of others, to address issues in a constructive and non-confrontational way as well as the ability to effectively communicate and cooperate with a variety of individuals.

188 Unfortunately, this assumption could not be assessed systematically in this study.
Diplomatic skills are actually very important because you are trying to engage with the other constituencies, some of whom have very different positions. But you are also trying to do it in a way that still advances the fundamental principle of transparency because yes you sit on the Board to represent your constituency but you also sit on the Board as a Board director of the EITI and so you have a responsibility to try and make sure that EITI itself is moving forward and try to get to the bottom of that so... it’s an interesting combination. I think that somebody who went on to the Board with a real focus of making sure that they where only representing their company (...), I don’t think actually that would be very productive.

(Company constituency interview, 31 October 2012)

Again, it can be argued that this form of capital is also accumulated through participation in the EITI: Reflecting on the endeavour and value of EITI’s participation, the first thing that becomes apparent is that former and current representatives of all constituencies appear to be quite fascinated by the process, calling it “unique”, “unusual”, “exceptional”: ‘The only one that works under this format (e.g. multistakeholder-based) is EITI’ (Company constituency interview, 14 February 2012). As a broad observation, it can be stated, that participating in an international standard like the EITI is very appealing not only because of the variety of people with different backgrounds and purposes one gets to meet, but also because of the sheer fact that the meetings take place on various, sometimes quite exotic locations which require frequent travelling.

You know, you get to these conferences and meetings and they are always in different countries, and you get to meet interesting people, and you get a weird camaraderie, even if you got very different objectives. I mean, it’s funny when we were going down to Wiston Park, and there were just a lot of us in the bus together and we were making jokes about the bus being late and the Secretariat handing us sandwiches. And it was utterly surreal that these were representatives from these enormously powerful corporations with very cruel records in some cases, very cruel, indeed, very cynical, and yet there is a bunch of us in a bus going down to Sussex together. It’s one of the things that particularly people from the civil society side find very, very strange, (...) but some people like it, you know, it’s a very interesting setting in that way.

(Civil society constituency, interview 9 August 2012)

In addition, it is observable that the participants seem to have been able to establish remarkably positive personal relationships across constituency barriers.

A body like the EITI is a very unusual organisation, it’s very rare to have an organization where you are sitting at the same table as civil society, as governments and ultimately you are trying to further the same objective but you are coming at it from different perspectives. So it’s a little bit like having a coalition government, you have different parties at the table, but you are all trying to govern for the interest of the country but you are looking at it from your perspective and you are not always
going to agree, but if you can function in a way that helps build trust and respect then I think that actually becomes very valuable.

(Company constituency interview, 31 October 2012)

As this quote illustrates, it is highly valued by stakeholders to be able to engage in a communication process which facilitates mutual understanding. It allows for the establishment of personal ties and maintains a positive underlying atmosphere which in consequence provides the basis for trust and respect. Furthermore, it can be argued that EITI’s communication process provided the companies with the opportunity to explain their position to critiques from civil society. A company representative highlighted, that it is not well understood by civil society that not only aligning different companies with various backgrounds can prove to be a challenge, but that in every company different prioritisations and understandings regarding transparency exist. These internal political dimension needs to be taken into account by the individual corporate representatives.

**Symbolic power through political capital**

Interestingly, the decision to become involved in committee work is usually attributed to a combination of the individual’s personal commitment and special expertise, as some of the empirical examples further above illustrated and as again exemplified here by the following statement:

Some of the corporate representatives have made useful contributions to the process (...) I mean as individuals they have put quite a lot in over the years. I don’t think the decision to sit on a committee or become chair comes from headquarters (...). I mean the chair of the Validation Committee was actually an institutional investor, not an extractive industries person, and she did that because she was very good at chairing committees, she was the person with the most experience and she was very good at it. So she stepped forward on her own behalf to do it. The other chairs (...), I mean the Finance and the Audit Commitee I think had corporate chairs, because they have more background in that kind of thing. (...) Well, some of them don’t do a whole lot, but some of them do actually actively make the process work. And being on a committee or chairing a committee is part of it. It’s not necessarily a political calculation on part of the company. It’s just part of being in the process and wanting to be involved.

(Civil society constituency interview, 9 August 2012)

Obviously, not every corporate representative at the international level is credited with leadership qualities. In fact, some agents might simply attend the EITI meetings and report back, as was observable during the meetings. However, as the previous
example from the Validation Committee and the following examples illustrate, it appears as if over the years several of the corporate representatives have made substantial contributions to the EITI Standard. Interview partners elaborated on the role that members of the company constituency have played during EITI's establishment through approaching stakeholders, facilitating contacts and introducing ideas (see also chapter three, part one). Others would engage in advocating the transparency argument within the industry, push for EITI implementation in particular countries, and chair and contribute to committees. This is another interesting example:

I suppose the initial in-depth discussion would have been a dinner in 2012 in London to which I was invited and at which Georg Soros was the speaker (...). That was an interesting discussion. I remember thinking that it was a bit broad-brush and it wasn’t entirely clear how such process would work but anyway, as often happens when you get invited for dinners to discuss an issue, you didn’t think and hear about it for a while and this was probably in April. (...) Then I went to the Rio Plus 10 Summit, the Johannesburg Summit on Sustainable Development (...) and on this occasion I was approached by the Foreign Office on instructions that the Prime Minister was going to launch the concept of the EITI, and (my company) would express their support, wouldn’t we? I said that the objective is fine but obviously we would need to see more of the details; ‘Well there isn’t any detail’ was broadly the answer. And it just happened that our Executive Committee was meeting in Johannesburg that week; cause this was only a week or so before the speech was due to be made, so there wasn’t a lot of preparation, and I was able to talk colleagues through what I understood to be proposed, the benefits I saw and the potential risks,... and got them to agree that, in principle, we would express support.

(Company constituency interview, 27 February 2013)

In interviews and texts, an influential role played by company representatives as described in the example above is not only openly acknowledged but is usually attributed to the individual and their personal qualities:

So someone like Stuart Brooks from Chevron is someone who is well respected by all constituencies and tries to be a very positive player (...) I think he was always very good.

(Company constituency interview, 31 October 2012)

Another example:

The efforts of Katrina Litvack, representing the investment company F&C Asset Management, to bring together investment firms collectively under one umbrella to support the calls for greater transparency gave a huge credibility boost to the revenue transparency movement in business circles. The signatories to the Investors Statement on Transparency in the Extractive Sector now collectively represent some US$13 trillion in funds, making this one of the most significant public declarations
from the investment community. The statement highlights the business case for revenue transparency: mitigating country risks and enhancing long-term investment benefits in risky or unstable resource-rich countries. Litvack is widely credited for the leadership role she played to get revenue transparency on the agenda with the investment community (PWYP 2009: 59).

It is argued that these examples, as well as the emphasis on interpreting them as singular examples of individual leadership, are based on personal qualities, and should be interpreted as an indicator of the presence of symbolic corporate power. In his concept of political capital Bourdieu described a personal component of symbolic power which centres on charismatic leadership and extraordinary skills without necessarily acknowledging the structural and materialist foundations of which these qualities are indicators. This section argues that for playing an effective leadership role within the EITI Standard, corporate representatives make use of their accumulated cultural and social capital which is substantially based on economic capital and easily accessible for representatives of some of the biggest players in the industry. Therefore, discussions on the leadership of individual corporate representatives are ultimately examples of corporate power which in a Bourdieusian language, is misrecognised for what it is: Instead of being recognised as an exercise of power by a privileged agent, stakeholders prefer discussing it in terms of individual effort and personal qualities, exemplified by the concept of leadership.

Further indicators for the argument that access to the resources required for participation directly affects contribution can be found by closer examination of the period of 2011-2013, in which EITI undertook the strategy review process. During this period, the Governance, the Validation and the Finance committee, three out of seven and arguably the most important and most work-intense committees, were chaired by company representatives. In addition, the EITI working group on the strategy review was composed of seven members from the company constituency; four member of civil society; four members of supporting or donor countries and only three members from the implementing countries, in addition to two participants from the World Bank (for more detailed elaboration on the role of the companies on this strategic period, see chapter seven).

This section illustrated how, although corporate representatives are assumed to have been operating under quite constrained mandates and despite the generally critical assessment of the overall contribution of the company’s constituency, it is
evident that a handful of individual representatives have accompanied the EITI
process for years and are widely acknowledged for their contributions to the
Standard. This consistency in engagement resulted in exceptional knowledge and
expertise about the fine details of the process on the one hand, but also with great
personal relationships with other participants on the other hand. Consequently, they
are generally singled-out as exceptions or mentioned as individuals to approach
whenever there is progress to be made. It can therefore be concluded, that they
have establish themselves as trusted and respected members of the EITI family and
have managed to substantially accumulate and increase their cultural and social
capital. Thus, it was demonstrated in the discussions on corporate representative’s
performance and contribution and in applying Bourdieu’s concept of symbolic
authority how the effects of corporate power on EITI’s decision- and policy-making
process are obscured by an emphasis on the competences and charisma of
individuals – which is precisely how Bourdieu suggests that symbolic power operates
when it is most effective.

6.3. Conclusions: Symbolic authority as misrecognised corporate power

This chapter deployed Bourdieu’s concepts of capital and symbolic authority for
understanding how corporate power operates through political practices of individual
corporate representatives. Bourdieu’s conceptual framework has proven very helpful
for approaching actions and experiences of the individuals representing MNCs as
Board Directors, a perspective which is rarely taking into account in studies on
corporate power (see chapter one).

Through this chapter additional insights into the resourced-based advantages of the
companies were gained. In addition, the understanding of the amounts of economic,
cultural and social capital which are required for effective participation in the EITI
process (and which complement our findings from the previous chapter on collective
representation of the companies) was refined. Hence, knowledge on the most valued
form of capital in this social arena was also enhanced, which is, as already
suggested in chapter three, a context-specific form of expertise, or cultural capital,
combining knowledge about operational aspects of resource extraction and a wider
understanding of the political, legal, environmental and social circumstances with
practical experience and information on the functioning of the EITI process.
Moreover, the potential effects of granting decision-making rights, and thus political capital, to companies in multi-stakeholder processes were explored: namely, a further enhancement of an already powerful position through the accumulation of symbolic authority and thus the effective concealment of power. As examined, symbolic corporate power is extremely effective as it has a tendency to operate in the background. In the EITI process, this translates into the fact that the influence of companies becomes associated with exceptional personal qualities and charisma of individual representatives. It was argued, that this is extremely problematic, not only because such an interpretation misrecognises, as Bourdieu would call it, the substantial resource-based nature of their contribution which is fundamentally linked to whom they represent and the kind of resources they have, but also, more importantly, it effectively undermines EITI’s emphasis on transparency as an instrument against poverty and for empowering the citizen.

Relating these findings to the previous chapters it can be concluded that the relative privilege of business in the EITI is not only legitimised through shared beliefs as elaborated in chapter four but also, and as Bourdieu would suggest, substantially based on the availability and strategic deployment of various forms of capital. Following Bourdieu it can be deduces that these forms of capital are more likely to be further accumulated through continuous EITI participation – a conclusion which is further supported by the findings of a remarkable degree of consistency with personal and company representation. Importantly, however, the granting of decision-making rights has provided the business community with political capital and thus symbolic authority which further enhances their powerful position, all of which can be expected to have significant impact on the Standard as will be critically explored in the following chapter.
7. EITI's privileged partners

The previous chapters explored that the status of companies as positive, responsible and exceptional agents is legitimised through shared beliefs in broader international discourses on natural resource governance. At the same time, these beliefs attribute responsibility for the problems linked to and consequences of natural resource extraction almost exclusively to national governments, a perspective on the problems which has a tendency to downplay the existing power hierarchies between big MNCs and governments of resource-rich countries and in consequence to overstate the existing scope for action of governments. Examining corporate political practice by the company constituency as well as individual corporate representative it became evident that corporate power rests on social and cultural capital, which are ultimately based on economic capital. These forms of capital can therefore be reasonably assumed to be held in greater quantities by the companies in comparison to the other stakeholders. Moreover, it was elaborated how corporate political practice at EITI’s international level is based on political capital, a form of symbolic authority which produces the effect that company’s influence is not recognised and is instead attributed to exceptional leadership qualities of individual corporate representatives. In combination, these findings indicated that companies are in a privileged position at EITI’s international level.

Building on and extending these findings, this chapter examines the consequences which the inclusion of companies into EITI and the granting of decision-making rights at EITI’s Board level have had for the Standard up until May 2013. As stated, Bourdieu’s conceptual framework is ultimately a theory of domination (see chapter two). Following his line of thought, an agent’s power is most effective, when it is not exercised directly through coercion or consent, but operates through symbolic authority and shared beliefs which establish an advantageous social and institutional structure. Therefore, Bourdieu argues that social arenas like EITI not only reflect and but also reproduce the underlying power structure between the agents involved.

Against this background it can be expected that EITI’s core principles reflect and consolidate the privileged status of the companies in contrast to other stakeholders, while EITI’s formal and informal procedures reproduce and reinforce it (this corresponds to an establishment of material and cognitive structures which Bourdieu
describes as “hierarchies of discrimination”, refer back to chapter two). Following Bourdieu, a player’s dominance is confirmed by a general recognition of this agent’s status and a non-contestation of the resulting structure. It can therefore be assumed that even where the company’s influence is directly observable it is very likely that the other stakeholders will rather acknowledge than challenge it. To investigate these assumptions, the strategy review process and the resulting outcomes are examined. In addition, findings are presented which demonstrate the advantages enjoyed by companies and other resourceful stakeholders in informal processes in contrast to partners from implementing countries.

7.1. A privilege reflected in principles

Building on the analysis in earlier chapters, this research proceeds by exploring less directly observable consequences of the companies’ powerful presence in the EITI, which come in the form of a consolidation of their status, particularly observable in EITI’s approach to transparency.

Unpacking EITI’s transparency notion

These days transparency seems to have been granted the status of a ‘quasi-religious authority as a contemporary doctrine of governance’ (Hood and Heald 2006: 1). Particularly in discourses on natural resources, the principle is widely endorsed:\textsuperscript{189}

Revenue transparency is now regarded as the priority initiative to address governance in resource-rich countries by policy makers, the major oil companies and non-governmental organisations (Frynas 2009: 140).\textsuperscript{190}

Transparency is a concept in political thought with a long history.\textsuperscript{191} Similar to concepts such as power or security, there exist contesting perspectives on transparency which have a tendency to serve particular interests:

\textsuperscript{189} There is academic evidence that transparency and transparency initiatives can make a positive contribution (summarised, for instance, in Frynas 2009: 145ff). Nevertheless, Frynas also highlights that ‘most oil-producing countries lack the necessary preconditions for the success of transparency’ (ibid.), including free media or an active civil-society.

\textsuperscript{190} Interestingly, as elaborated by Hood, this understanding can be linked ‘to government accounting and associated issues of organization, which is linked to the corporate governance strain of thinking about ‘transparency’. (...) This is the doctrine that government should operate accounting regimes that separate out different kinds of activities specially to make it possible to identify who pays and who benefits from particular programmes and measures’ (Hood 2006: 15). This is reflected in the world of corporate governance as an obligation ‘to disclose and publish information about themselves’ (ibid: 17) in an attempt to minimise information asymmetries and prevent insider trading or more generally market and corporate failures (ibid.).
At some level, they all (perspectives on transparency) translate into some view of openness about rules and behaviour, but those to whom they apply – citizens, government, organizations – are different, and the underlying doctrines of governance that they reflect may be conflicting (Hood 2006: 19, information in brackets added for clarification).192

In the EITI, transparency is the fundamental cornerstone on which the entire mechanism centres, as the following quote illustrates:

A country’s natural resources belong to its people. For too long, (the narrator tells), citizens had no way to see how much money their government received from their oil, gas or minerals. Lacking this knowledge, they were unable to hold their government onto account on how these resource revenues were being used. (...) When these figures are being published, citizens can follow the money, they ask questions and they can demand improvements. (...) Transparency is a necessary first step and informs the public on how the natural resources should be governed and used (EITI Video. Information in brackets added for clarification).193

The centrality of transparency is not only visible in EITI’s name, it is also deeply enshrined in the initiatives’ fundamental principles to the extent that the standard can be described as an example of ‘governance-by-disclosure initiatives’ (Gupta 2008: 2).

We underline the importance of transparency, defined as openness and disclosure of activities by governments and companies in the extractive industries and the need to enhance public financial management and accountability.194

We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business (EITI Principles, No. 5 and 9).195

From an analytical point of view, the perspective on transparency invoked by the Standard can be described as instrumental/relational, taking a retrospective, events-
orientated approach. In greater detail, the EITI aims at empowering citizens of resource-rich countries and ultimately reducing poverty and inequality by facilitating transparent and accountable governance of natural resources (see chapter three). As a result, transparency in the EITI is a mean for achieving specific outcomes. This translates into an instrumental function as well as a relational aspiration. As Mason notes: ‘Transparency in governance is always relational: it is invoked to support other, more primary, social purposes and values’ (2008: 9), in this case mainly accountability and poverty reduction.

In addition, this research argues that in the EITI transparency in governance reflects core normative liberal values (see Florini, 2007, introductory chapter; Mason 2008: 9). Gupta summarises: ‘Transparency as a moral and political imperative is closely associated with goals such as accountable, inclusive, legitimate and democratic governance’ (Gupta 2008: 1). In consequence of this liberal perspective, transparency at the national level is understood as ‘a right of citizenship’ which is ‘necessary to protect the form of democracy that developed through the twentieth century’ (Birkinshaw 2006: 58). This understanding is clearly present in EITI’s attempts to improve governance capacities by imposing requirements which aim for downwards transparency, so that:

(...) The ‘ruled’ can observe the conduct, behaviour, and/or ‘results’ of their ‘rulers’. The rights of the ruled in relationship to their rulers figure prominently in democratic theory and practice, often under the umbrella of ‘accountability’ (Heald 2006a: 27, quotation marks in the original).

Additionally, and consolidating a line of thought already introduced in chapter four, the liberal perspective in discourses on natural resources is predominantly based on the idea of sustainable development which advocates that ‘economic growth, environmental protection, distributive justice, and long-term sustainability go together’ (Dryzek 2005: 157). Essentially, this discourse accepts that Earth’s resources are limited while at the same time highlights the right to development and

Note that in the EITI transparency is not understood as core value in itself. Such an interpretation would, for example, be the understanding of transparency as basic human right, usually linked to Freedom of Information (FOI) as a means to protect ‘individuals against inefficient, oppressive, or even bullying government’ (Birkenshaw 2006: 55). This line of argumentation encompasses a normative dimension of intrinsic value which is not present in instrumentalist perspectives on transparency.

Heald introduces four analytical categorises for the direction of transparency which are upwards, downwards, inwards and outwards (2006a: 27-8).
the central role economic growth plays in it (for a more detailed elaboration of this argument refer back to chapter four).

Unpacking EITI's transparency approach further it can be noted that the perspective evoked can in Heald’s analytical terms be described as ‘retrospective, event transparency’: The category of events, as opposed to processes, ‘represents points/states that are externally visible and – at least in principle – measureable’ (Heald 2006a: 30). To recall, EITI reports are designed to provide information in form of figures or data, they are not designed to shed light on the procedural aspects such as terms and conditions of contract negotiations or the internal decision-making processes of which these “events” are the result. A retrospective approach ‘allows an organization to conduct its business and then, at periodic intervals, to release information relevant to its performance, on which assessment will actually or potentially be based’ (Heald 2006a: 32).

**Consequences of this understanding**

Information disclosure as required by EITI implementation does not happen in an a-historical, neutral context:

As scholars (...) have long argued, information (including scientific information) is neither value-neutral nor universally valid, and thus information alone is not likely to resolve normative and political conflicts (Gupta 2008: 5, citing Jasanoff 1990. In information in brackets in the original).

The important follow-up questions therefore are: How much and what kind of information should be released, in addition to the critical: Who benefits? Answers to both questions reflect on existing power relation. Florini, arguably the most prominent voice in academic transparency debates, summarises:

And because information is related to power, reason is only part of the debate over how far disclosure should go and when secrecy should reign. The battle over the right to know versus the right to withhold also reflects bitter struggles over existing patterns of political and economic privilege (2007: 4).

This section argues that EITI’s transparency notion has two effects: Firstly, the focus on revenue transparency translates in practice into a strong emphasis on data. On the one hand, this emphasis re-affirms the value of expertise as capital and on the other hand attributes an important function to the validation process further re-

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198 In contrast, a Real-Time approach would mean that ‘internal processes of the organisation are continuously liable to disclosure’ (Heald 2006a: 32) which is not the case in EITI implementation.
affirming the status of the companies as decisive players in the arena. Secondly, it is argued that transparency itself functions as a euphemism shifting the focus of attention from responsibilities and power-asymmetries to policies and solutions.

Moreover, the instrumental approach on transparency in the EITI and natural resource governance has led to a focus on payments and cash flows. These, in turn, translate in accumulative form into “data” which needs to be collected, organised, decoded, interpreted and ultimately translated into useful information. As chapter three outlined, the observation that the provided data is difficult to understand and only used by a small audience is one of the central deficiencies of EITI implementation. The prominent argument is that these reports are too complex and technical to be easily accessible by a broad audience. In addition, the sheer volumes of some of the reports published might also be interpreted as a strategic move by the local EITI process to undermine the effort: the bigger and more complex the reports become, the less likely it is that they might be used as intended, as they require a vast amount of time and resources to be deciphered in the first place.

EITI’s Chair Clare Short spoke in the context of the strategy review to an audience of EITI members of a ‘danger of proliferation of information’. Her observations correspond with findings in the academic literature which highlight a ‘danger of drowning in disclosure’ (Gupta 2008: 4). In analytical terms, this has been described by Heald as difference between nominal and effective transparency, in which the gap is called ‘transparency illusion’ (2006: 34). As he argues further: ‘Even when transparency appears to be increasing, as measured by some index, the reality may be quite different’ (ibid.). EITI’s case proves the point since the unprecedented amount of “new” information available does not necessarily make results in the intended outcome, because ‘for transparency to be effective there must be receptors capable of processing, digesting, and using the information’ (Heald 2006a: 35).

199 Heald therefore cautions against the “sunlight metaphor”, the general assumption that the more transparency the better. He argues for a more considerate balance of the expected benefits of transparency against the limits of transparency and potential trade-offs (Heald 2006b: 59ff). However, he also elaborates that these trade-offs, such as lack of trust or decrease in efficiency, usually become important in organisational structures in which the level of transparency is already relatively high.
Furthermore, this debate also indicates the importance of EITI’s mechanism for assessment, the so-called validation, and the role played by the companies in it. The EITI homepage describes the process as follows:

Validation is EITI’s quality assurance mechanism and an essential feature of the EITI process. It serves to assess performance and promotes dialogue and learning at the country level. It also safeguards the integrity of the EITI by holding all EITI implementing countries to the same global standard.\footnote{EITI Validation, available from: \url{https://eiti.org/validation}.}

In the EITI, candidate countries are required to implement requirements. The results need to be presented in a report on which basis the payments made by companies and received by governments can been reconciled by an external validator company (see chapter three). The validator is selected from an already existing list and chosen by EITI’s Secretariat. The company engages with the report and this country’s EITI-stakeholder group and examines whether or not a country has met EITI requirements (the result is the validation or EITI report). This report is examined in greater detail by the Validation Committee, a sub-committee of EITI’s international Board, which makes recommendations to the Board. In a second step, the Board confirms the recommendation and a country becomes EITI compliant or remains candidate. As this brief summary indicates, companies play a vital part in the validation process: The external validator is from the business community (although not a member of the extractives), e.g. the international stakeholders rely on and pay for business expertise in a vital stage of their process.\footnote{Previously, countries were paying for validation. As this practice proved difficult for financial and accountability reasons, following the new regulatory framework for 2013, validation is paid for from the money for EITI’s international management from the MDTF, out of which’s total budget was in 2014 funded to 38\% by business (see also chapter three).} In addition, it is important to recall that the Validation Committee is composed of and occasionally headed by representatives from the company constituency (see also chapter six). Finally, as frequently stated, the Board has company representatives as Directors.

The Validator produces a Validation Report that assesses each of the EITI Requirements as requirement met, requirement unmet with meaningful progress, or requirement unmet with limited progress. The Validator’s report is reviewed by the multi-stakeholder group and the EITI Board. The EITI Board will only designate a country as EITI Compliant where it concludes that all requirements are met.\footnote{EITI Validation, available from: \url{https://eiti.org/validation}.}

It is argued that this and the following statements illustrate how the decision of the Board is ultimately an assessment of a countries performance, a judgement on
actions taken and aims achieved against the requirements stipulated by the Standard. As Moberg and Rich (Head and Deputy Head of EITI’s Secretariat, see chapter three) summarise the challenges associated with EITI implementation in their forthcoming book Beyond Governments: Lessons on multi-stakeholder governance from the EITI.

(...) Assessing real political will is a perennial challenge for development initiatives, as is finding the balance between encouraging and keeping difficult countries inside the tent, and throwing them out (2015: 119).

This quote, clearly articulates the political nature of EITI as a governance mechanism. It is particularly interesting against the previously outlined discussion on how reluctant some of the companies are in acknowledging this dimension (see chapter five).

At this point it is also important to note that company’s performance at the national level is only peripherally examined in validation. In fact, the EITI has no explicit mechanisms in place for assessing it. Furthermore, there are no consequences for companies if they chose not to participate or comply with EITI’s requirements at the international level (at the national level this depends on the political will of the governments). The fundamental problem is, as Frynas summarises, that ‘the initiative does not assign an active role to oil, gas and mining companies in improving governance’ (2009: 156). Against the background of the important part business plays at the international level of the standard and how enshrined their participatory rights are within the institutional design (see chapters five and six), it is interesting to observe that their overall contribution remains on a voluntary basis which provides them with an enormous amount of bargaining power, a fact that is tacitly acknowledged by the other stakeholders as will be illustrated in the next section. Instead of addressing responsibilities and making explicit demands for contribution, there is a much more general plea for a self-serving participation and advocacy on a voluntary basis, epitomised by the following quote:

That’s why when we engage with companies in the EITI, we say to them: You know it’s not enough for you to say we comply with whatever the rule in x is... you have to go out there and proactively say: We value the EITI, we stand for the EITI, we have strong preference for operating in an environment that is transparent. Because by simply

203 At the time of fieldwork, only one chapter has been made available by the authors at EITI’s Homepage. The book’s insights, although presumably very helpful for this project, could therefore not be included. At the time of writing, the title was forthcoming for summer 2015.
saying that under the umbrella of a multistakeholder-effort like the EITI, you are not taking a huge risk and you are sending an important message.

(Company constituency interview, 31 October 2012)

In summary, this section argued that the decisive role played by companies and the low level of responsibilities attributed to them corresponds to the portrayal of companies as positive, responsible and exceptional agents elaborated in chapter four, and demonstrates their privileged status in the Standard.

Moreover, it is widely acknowledged that corruption is a form of dishonest conduct by people in power for personal profit. As abuse of power, it is in the majority of countries morally condemned and at the same time prosecuted as violating the law. The term corruption transports strong negative connotations. At the same time in discussions on corruption identifying the perpetrators and addressing responsibilities feature prominently. Building on elaborations in chapter three, it can be recalled that the initial impetus behind the PWYP-campaign called for disclosure by companies based on empirical evidence stressing the complicity of companies in corruption and mismanagement. Inherent in this earlier debate was an acknowledgement of existing power asymmetries between countries and companies which open up opportunities for abuse, in addition to the recognition of the potential for fundamental clashes of interests. In contrast to the notion of corruption, the concept of transparency, linked to a liberal perspective, is associated with more positive outcomes, such as freedom and accountability. The opposite of transparency is opacity which, as it is argued here, is a mere description of a status or condition without necessarily including moral judgement. This corresponds with a general tendency to depict negative consequences associated with natural resource extraction in a-political terms as problems of administrative and managerial nature. In chapter four it was illustrated how underlying shared beliefs placed the burden of the problem on the shoulders of resource-rich countries, thereby reducing the problem assessment to a lack of capacity, what Mason (2008: 9) calls “functionalist concerns” of effectiveness and efficiency. This tendency can further be observed in the framing of the problem and the general debate, for example: ‘Extraction of these resources can lead to economic growth and social development. However, when poorly managed it has too often
lead to corruption and even conflict’ (EITI Homepage, emphasis added). Thus, transparency as a euphemism becomes a ‘synonym for absence of corruption’ also ‘thought of as a solution or vaccine against corruption’ (Henriques 2007: 137, cited in Frynas 2009: 141).

It is argued here that the instrumental and downwards looking perspective on transparency also signals that the initial focus on the complicity of companies in abuses of power has clearly been lost over the course of EITI’s development despite the fact that the potential for conflict between the “partners” still exists as the following quotes illustrates:

If you say: Well, I believe that transparency can lead to better accountability and better management of this resources benefitting people, somewhere in there, of course, there is a clash of interests: Clearly the interest of the companies is to maximise their profits and clearly it’s in the interest of the countries to both gain a bigger slice of these profits and then of course the other issue is sharing this wealth within the country. (...) and although the clash of interests between countries and companies is rarely explicitly discussed, it’s clearly there.

(EITI Chair interview, 16 April 2013)

The EITI video explicitly highlights company’s positive contribution to the process as well as the potential benefits for business to participate:

(The narrator’s voice:) Working together, creates understanding and reduces accusations of wrong-doing. (John Deah, President of the Liberian Timber Association elaborates further): ‘At first, even if the companies are paying their taxes and governments are not doing what they are supposed to do in the communities, they jump on the companies. So we were at loggerheads. But since the presence of LEITI that has been put to rest’.205

Clearly, the general focus of the debate which originally targeting the opaque business practices of extractive industries with the PWYP campaign has shifted from a focus on the industry to a much broader on resource-rich countries (see chapter three). In addition, it is interesting to note that despite mentioned problems regarding inclusion and legitimacy of the process, a substantial part of EITI’s Strategy review focused on solving problems regarding data, e.g. efficiency and effectiveness. These findings consolidate the observation that expertise is a fundamental form of capital for the EITI, and also strengthened previous observations about the disadvantages for less well resourced stakeholders from resource-rich.

204 Available from: https://eiti.org/eiti.
Formerly, the implicit disadvantage against public actors from resource-rich countries manifests in a variety of ways within the process: primarily in the fact that the Standard has been designed as an implementing task for governments: the government has to take the initiative and sign-up for the EITI and implementation costs are paid by them.\textsuperscript{206} Additional principles of the Standard, however, in tendency also favour the business partners. The standardisation of requirements which affects all resource-rich countries (and their national-companies) can be interpreted as contributing towards the establishment of the level playing field companies are constantly arguing for. Multi-stakeholderism, voluntariness and inclusiveness combined provide an ideal background in which the participatory status is not compulsory, responsibilities can be spread amongst various actors and actions and practices can be legitimised via reference to pluralist democratic arguments.\textsuperscript{207} As the BP Homepage states:

\begin{quote}
We believe the comprehensive, multi-stakeholder approach of EITI is the best approach for the extractive industries. The EITI is an inclusive process, involving governments, civil society and companies, that is tailored to fit the local, fiscal and legal regimes.

(BP Homepage, cited in EITI Business Guide 2013: 10)
\end{quote}

In fact, however, it is precisely the balance of the Board where the powerful status of the companies is reflected, as stated by EITI’s Chair (Interview, 16 April 2013), a Board in which the business community has been allocated six representatives (five for the extractive and one seat for investors), whereas the implementing countries and civil society both have five representatives.

\section*{7.2. Privileges enshrined in procedures}

Next to the concrete principles on which the Standard rests, it is also the more informal rules and procedures under which the EITI operates at the international level which have a tendency to privilege business and disadvantage stakeholders from resource-rich countries. The following sections elaborate on the more directly observable consequences of corporate power with reference to the consensus decision-making principle and the role of informal procedures.

\textsuperscript{206} However, they can apply for assistance at the international financial institutions or the MDTF

\textsuperscript{207} See pluralist arguments on PPPs legitimacy discussed in Schäferhoff et al. (2009).
The role of informal politics and hands-on expertise

This section focuses on the more informal politics and procedures of the EITI and is based on evidence gathered through participant observation and the interview process. Following up a line of thought already suggested in the previous chapter, it is argued that these informal processes require substantial investment of capital and in consequence have a tendency to reinforce and perpetuate the disadvantage of agents from resource-rich countries while favouring actors from “industrialised” or “Western” countries. With reference to this aspect it could be argue that the EITI does not seem to differ much from any other international organisation or institution. However, it is at these occasions – such as informal chats over the coffee table – were the resources or forms of capital of some of the individual corporate representative, as discussed in chapters five and six, play a vital role for making them not only influential actors, but additionally, for becoming members of EITI’s “inner-circle” at the international level.

Akin to many other governance processes, a big part of the decision-making in the EITI takes place outside the actual Board meetings. This is primarily a matter of practicality for an international mechanism in which the Board only meet several times a year for a few days and which aims at reaching a decision by consensus. Important decisions are supposed to be decided at the Board table. Against this background it is helpful to know that within the EITI, a particular type of communication document, the Board Circulars can reach decision-making status if not objected after a communicated deadline has passed. These documents are circulated amongst Board Members prior to or in-between Board sessions.

The building-up to a consensus takes place through informal communication channels such as conference calls, emails or in private conversations in corridors, meetings at other events and over lunch. A practice which is generally supported and actively promoted by the Secretariat against the background of the diversity of players involved:

If you have the big row over the Board table than something went wrong. You need to work-out different positions with bi-lateral discussions, with committee phone calls either over telephone or bringing people together outside of the meetings, just to keep get on (...) where people can come to the Board without threatening to walk out. (...) It’s one of the lessons I learned: try to avoid a big buzz stop at the Board meetings at all costs. One of the key lessons is the importance (of) when meetings
have enough social events around them. Whether it be visiting a mine or receptions (...) where people are basically locked in the same room in a non-formal environment and you just bring people together and say: ‘Right, what are you gonna be saying tomorrow? How are we gonna work to bring this to a conclusion?’

(Secretariat interview, 14 November 2012)

This practice evidently gives the international Secretariat of the EITI an important role in facilitating a consensus which was particularly visible in the strategy review process as it was the Secretariat which in between meetings would interpret discussions and based on that re-draft proposals for the new edition of the rules (for the role of the Secretariat, see also chapter three).

There is, however, additional evidence suggesting that an important part in these procedures is played by an elite or “inner circle” at the international level of the EITI which is composed of representatives from all constituencies and some members of the Secretariat.208 These individuals play a vital part in facilitating agreements and break-troughs, are members of the Board or Secretariat and share the characteristic that they have acquired a substantial amount of EITI-related expertise, e.g. cultural capital, on the process. This corresponds with Bourdieu’s expectation of the most dominant players in the field holding a specific context-related form of capital. Hence, this acquisitions of expertise is obviously build on the substantial investment of economic capital, required amongst other things for actual participation, in addition to cultural and social capital for interpreting and addressing the issues discussed. Corresponding to the findings in chapters five and six, a significant number of them are members of the corporate constituency. In comparison, fewer members are from the implementing countries.

This argument can be illustrated by the following observations: Despite some controversy, the 22nd Oslo Meeting reached an informal consensus regarding the inclusion of project-level-reporting as an encouraged requirement at the very last minute of the last day of the meeting. Apparently, despite the initial blockage of the

208 Against the background of this project’s focus on business actors and due to restricted resources, it was not possible to access and assess these informal networks and the ways by which they influence decision-making in a more systematic and comprehensive way as, for instance, a classical network-analysis might have offered (which, given his empirical work, would presumably have been Bourdieu’s choice of method in this case). However, these networks clearly play an important role and it can be assumed that in future research such an analysis might provide fascinating additional insights complementing the existing body of work on elite networks in international governance processes (see Useem 1984; Sklair 2001; and particularly in IR, studies on “epistemic communities” Haas 1992).
company constituency, the consensus has been agreed on over the lunch break. It was later communicated at the Board Table in a statement by the Secretariat, much to the surprise of some of the observers in the audience. What could not have been agreed upon in an open and transparent discussion at the Board table became possible through more informal procedures, obviously facilitated by individual endeavour. This is not to suggest that this network has been consciously established to dominate the EITI process, rather that its existence has important repercussions for EITI’s diversity and inclusiveness.

I completely see this (the inner circle) as problematic. For example, (...) look at the composition of each constituency: because for the companies, it’s all white people from the “North”, there is actually no southern representative at the Board.

(Civil society constituency interview, 30 October 2012)

As the following statement illustrates, ultimately, this circles’ existence further enhances the already existing disadvantages for representatives from resource-rich countries.

**The consensus principle**

The decision-making process at EITI’s international Board follows a consensus principle, despite the fact that the rules do include a voting-mechanism (see chapter 3).\[^{209}\] In practice the preference for reaching decision by consensus goes to a point in which this vote has actually never been evoked. In general it can be stated, that members of the Board associated the principle with inclusiveness and collaboration, it is interpreted as far less confrontation than voting:

The philosophy was: you want a Board that like a corporate Board is a mix of people who ultimately have the interest of the collective at heart. It’s not like the UN were everyone is fighting, it shouldn’t be anyway, where everyone is fighting for a very narrow interest and seeking alliances with people who may be able to support them on their specific thing (...) so if you had a vote system, you would have these alliances and it would be frankly quite dysfunctional.

(Company constituency interview, 31 October 2012)

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\[^{209}\] This is interestingly from a Bourdieusian perspective, who presumably would interpret it as an evident case of a successful doxic battle, none of the interview partners remembered who actually proposed or promoted the consensus principles. The only thing that became evident is that it has been debated at the time of the IAG. Given the fact that the principle has been favoured in British committees and, as was pointed out the British Cabinet rarely votes, it can be speculated that the introduction of consensus might also be due to the involvement of the British government and in fact a number of other British-based agents at the time of EITI’s inception (see chapter three).
You see, everybody has got a reason to be at the table (...) if you get to the situation where you had to vote than trust has already been lost, its build on the idea that these guys have to trust each other.

(Secretariat interview, 14 November 2012)

In the EITI, the acknowledgement of a tacit commitment to consensus allows the principle to perform the function of a safety net reflecting the inclusive and multi-stakeholder-based nature of the Standard and thus providing legitimacy to the decisions taken. This shines through in some of the statements, for instance:

Does it work? (the consensus principle), I think so. I think it avoids the kind of politicking that might happened, if there were more strict voting, were I think you would end up seeing companies and civil society fighting for the government votes, so the governments would often be stuck in the middle of these things which I don’t think would help anyone.

(Civil society constituency interview, 31 Mai 2012, information in brackets added for clarification)

As in similar committees, a very important role is thereby played by EITI’s Chair of the Board for facilitating the dialogue and in crafting the consensus. However, against the background of EITI’s unequally equipped partners, the principle becomes a tool for re-establishing a privilege and disadvantages, as illustrated by this statement:

They (the companies) have very bright, hard working people who attend all the details, read the papers, scrutinise all the proposals and only agree to something proposed that they have got right. (...) And because this thing has to be agreed upon by consensus, they are a powerful force.

(EITI Chair interview, 16 April 2013, content in brackets added for clarification)

Thus, the EITI can serve as illustrations for problems which arise in consensus-based political processes: a) the potential for block by a fraction of the partners, b) the slow pace of the decision-making process, and c) the reaching of agreements on the least common denominator, with all three factors leading to a sense of frustration amongst the involved participants.

This downside was directly observable in discussions on project-level-reporting and contract transparency at the 22nd EITI Board meeting which took place in Oslo, Norway, from 26-27 February 2013 (see chapter two for information on the
fieldwork). Already in the run-up it was evident that this meeting would be important, as a number of issues where on the table. Regular topics on the agenda include reports from the Secretariat and committees, the constituency meetings, and decisions that need to be made about the validation process in several implementing countries. However, this was the last Board meeting prior to the Global Conference in Sydney (which was due to take place in May, see chapter three for a timeline on EITI’s evolution). The Board needed to agree on a new version of the EITI rules for implementation and thus bring the strategy review process to a conclusion. As a consequence of the heated discussion at the previous Board meeting, in Lusaka, Zambia, however, the two most controversial issues, the inclusion of requirements for project-level reporting (proposal 9) and contract-transparency (proposal 18), were still to be discussed and agreed upon. At the same time it was evident for everyone attending the meeting that the initial positions – civil society calling for both principles to become mandatory requirements while companies arguing for leaving them out or at most make them “encouraged” requirements – remained unchanged.

In discussions over the coffee table and in corridors people observed that at this point of the process it was clear that both principles would sooner or later have to be incorporated into the Standard as the issues were “on the table” and already legally required in the US following the Dodd-Frank legislation. It was also generally assumed that the Chair, Clare Short, would opt for a strategy which would prioritise the non-controversial issues on the agenda leaving the expected heated discussions for late afternoons or before-lunch-slots in an attempt to limit the time available for the controversy to come into full display again (a strategy which only partially played out). However, the cautious approach by corporate members, particularly from the oil and gas companies (see chapter six for further information) who argued that for “practicality and complexity” reasons these principles should not be made a mandatory requirement did not seem to evoke much sympathy from other participants. It was frequently argued that the Board should agree to include them as requirements and then discuss the details later. The corporate representatives made the statement that unless the requirements were elaborated in greater detail, and in explicit reference to Dodd-Frank and the EU Transparency Directives (which seemed to be of particular importance for these companies’ legal departments), they could not agree and therefore a “consensus was missing” as highlighted by one
representative from the sector. However, as already noted they later made the concession to “stand-aside” if the Board decided to make project-level reporting an encourage requirement. In result of this strategy, the Board agreed to include project-level-reporting as “encouraged” rather than “mandatory” requirement for the EITI Rules 2013. With regard to the topic of contract transparency the minutes state: ‘The international oil and gas company representatives to not support suggestions to address contract transparency within the EITI’ (EITI Minutes 22nd Board meeting 2013: 10).

This example confirms the already mentioned potentially problematic consequences of the consensus principle and illustrates what civil society participants generally described on several occasions as the “slow pace” of EITI’s decision-making process (calling it “frustrating” and thus implicitly posing questions of effectiveness and efficiency). On the positive-side, and in theory, the consensus principle can be of tremendous value for less-privileged groups or minorities as it guarantees that no other party can simply overrule them via majority vote. In the practice of the EITI Board during the strategy review the principle became an instrument for the already privileged to keep the evolution of the process confined.

**Disadvantages facing representatives from resource-rich countries**

This section elaborates on the disadvantages for representatives from resource-rich countries to illustrate more broadly how the informal rules and procedures listed above have a tendency to re-produce and thus re-establish different standings of the players involved. These findings stand in contrast to the principles of inclusiveness and transparency which are central to EITI’s self-image and severely undermine the impetus on empowerment for local communities and civil society.

A significant number of representatives from resource-rich countries find it difficult to participate and contribute to the standard at the international level due to a lack of social, educational and financial resources, e.g. social, cultural and economic capital (for problems in participation at the national level, refer back to chapter three). The financial aspect of this problem is easily illustrated, starting with the money required to pay for the visa, flight and accommodation; for acquiring suitcases for travel and a wardrobe suited for an international conference in the winter months in Norway while for instance travelling from an African country which only has a rainy season; to the
pocket money required for placing international phone calls and accessing the internet; meeting up with other participants in bars and restaurants in an expensive city like Oslo or simply using public transport. Despite financial support from EITI’s international Secretariat, this aspect is not only problematic for representatives from civil society but accounts in general for representatives from resource-rich countries, as was indicated by various insiders, and could directly be observed in practice. A number of occasions were mentioned, such as dinner parties, in which participants were expected to pay individually and which brought representatives from resource-rich countries in quite an uncomfortable situation, and the problem more strongly at the forefront. At the actual Board meetings, for example, individuals representing resource-rich countries civil society are easily recognisable due to their more casual outfits in contrast to the uniformity of the business suits worn by government and corporate representatives.

The inclusion of local civil society representative at the international level is further problematic due to often existing language barriers. Although the EITI provides simultaneous interpretation in French and Spanish at the official discussions, this obviously becomes a problem on the corridors, during lunch and tea breaks. The language barrier makes entering a casual chat rather difficult while at the same time slowing the conversation down and making it less personal once an interpreter is involved:

*My personal experience with the process is not much (...) well on the one hand it’s interesting because you get to meet a lot of fascinating people, all the travels, etc., but on the other hand there is one aspect that I do not like which is the fact that as I don’t speak English (although I speak French). The main conversations are not taking place in a language I command fluently. This severely limits my options (…), I feel like I can only express half of the things I would like to say. This is my basic problem but it might also account for the fact my region doesn’t have a bigger representation and impact in the initiative in general.*

(Civil society constituency interview, 27 February 2013, translated by the interviewer)

This factor is further deepened by the existing differences in expertise and knowledge regarding the extraction process and the finer details of the EITI Standard. Staying up-to-date on the discussion and developments not only at the international level (details which sometimes have quite a legalistic or technical nature), but also taking into account various country-level perspectives, requires a particular analytical skills and experience, e.g. expertise as cultural capital. In
addition, a supporting infrastructure such as simply a reliable and speedy internet and phone connection to participate in conference calls are essential. As noted by an interview partner, the technical and legal complexity of some of the issues discussed appear to be particularly problematic for government officials from implementing countries which simply ‘have other jobs’ and therefore ‘very rarely say anything in the discussions’ (Civil society constituency interview, 9 August 2012).

In the fieldwork, these discrepancies in resources and the diversity of challenges faced by individual representatives could be directly observed at the 22nd Oslo Board meeting. For example, Hannah Owusu-Koranteng representing Wassa Association of Communities Affected by Mining (WACAM),210 a civil society organisation in Ghana, made an attempt to illustrate the everyday problems of local communities. She described that the region in which she lives, and which apparently has an operating mine in close proximity, was affected by a power breakdown which took almost two month to resolve after a heavy winter storm (this example also illustrated how the infrastructural improvements required for resource extraction, in this case energy supply for mining operations, have not been extended to benefit the local communities). The next conference day, however, in a different discussion, Statoil’s representative Baiba Rubesa indicated that she would be happy to support a particular issue by making ‘one of our lawyers available’ to implementing country’s representatives should legal expertise be required.

A representative from international civil society described what the person had labelled the “two-speed problem” thereby referring to the fact that particular verbal and non-verbal processes, such as travels and communications, tend to require much more time in countries with less developed infrastructure than in highly industrialised ones where responding to an email after 24 hours is often already regarded as impolite. In an environment of informal decision-making as described further above which already is lead by a handful of insiders this factor further deepens existing mechanisms of exclusion and is very difficult to overcome:

Inclusion is a huge issue. One dynamic which you see and which is very powerful and problematic is what I call the two-speed problem. People based in the West with good internet connections and a familiarity with this kind of discourse communicate

\[210\] At the time of fieldwork WACAM was not represented by an official homepage, which further illustrates the argument made. At the time of writing, the following homepage was available from: http://www.wacamgh.com/index.php?launch=page&name=about.
much more rapidly and much more fluently with each other than people from the developing world, whether it’s government, civil society or whatever. So the discussion will sometimes move very, very fast, because it’s going on, you know, informally amongst the people based in the "West". And then for people based in the developing countries, it’s just much harder for them to catch up. And it’s not just communication, there are also some subtle linguistic barriers. And so there is a constant tension between the desire to be inclusive and the desire (...) or the idea to move ahead and take decisions.

(Civil society constituency interview, 9 August 2012)

Another example for more subtle problems of inclusion linked to the availability of expertise as capital in the process is the acceptance and acknowledgement of the consensus principle: Not recognising the tacit rule of the consensus principle makes individuals from resource-rich countries automatically identifiable as not being part of EITI’s inner family and thus signals that they are generally less influential in the process. To illustrate this: At the second day of the already frequently mentioned 22nd Oslo Board Member meeting, it became evident during the discussion that the majority of participants were in favour of an inclusion of contract transparency as mandatory requirement for EITI. This position was opposed by the company constituency and some members of implementing countries (a debate already mentioned in the previous section). In the midst of a heated discussion on the topic, a civil society Board member from a non-English speaking implementing country suggested a formal vote on the subject as it was clear that mainly the company constituency was blocking the requirement from adaption. As stated in chapter three, technically, there is a majority voting-mechanism in place. People at the Board table politely ignored the preposition with no intention to follow it up and the session was soon afterwards closed by the Chair.

Actions taken by the Secretariat, such as the fact that civil society representatives do have the right to request that their mobile phones cost are covered or ask for a package of the distributed documents to be handed to them prior to the meeting by the Secretariat instead of having to print them out by themselves, are therefore only a small contribution towards greater inclusion:

We give them considerable allowance (particularly for communication), but it hasn’t solve the problem obviously. I mean, these are bigger problems than just financial. It’s a fair point. Communication challenges, the language, the day time jobs some of these people have, the capacity that some of the Board members, some have teams working on positions and Board papers where other people are just coming by themselves (...) people are coming from a whole host of different backgrounds and
facing different challenges; there is different seniorities, different confidence, different languages, I mean (...) it’s not a level playing field. People don't come to the table levelled, we try to level out, but (...) our interest is making sure that the representation is fair and making sure that people outside the Board meeting feel that they have a voice at the Board table either through submissions or through their Board representatives, making their constituency work, making sure that people are not just shooting from the hip or stating their own positions, it’s really important.

(Secretariat interview, 14 November 2012)

While it is without a doubt a fascinating fact of the EITI that it brings representatives from small local communities at the same table as representatives from the largest internationally operating corporations, the practice comes with tremendous problems attached for a process which such unequal partners. While it promotes dialogue and enables the process in the first place, it brings at the same time the existing distinctions between participants to the forefront. Therefore, this section argues that the Board practice constantly re-produces the existing differences in capital and standard between the players. The dynamics of inclusion and exclusion become further problematic if it is recalled that countries from Asia and Latin America are generally underrepresented at the international stage of the EITI, as are state-owned companies from non-Western countries (see chapters three and five).

**A worthwhile game and a recognised status**

While the strategy review was on the way, two external events had a tremendous impact on the effort. In what some of my interview partners saw as an accumulation of several contributing factors the US Securities and Exchange Commission (SEC) approved the Dodd-Frank Financial Reform and Consumer Protection Act in July 2010, including section 1504, or the Cardin-Lugar Amendment. Section 1504 calls for detailed mandatory disclosure of resource revenues of companies at a project level basis. At the same time, the EU was undertaking similar steps by revising their Accounting and Transparency Directives (passed in April 2013).

211 Two explanatory facts that have come up in the interview process: Firstly, the financial crisis which demonstrated how much opaque business operations can damage the public even in industrialised countries and well-established democracies. Secondly, the devastating consequences of the BP oil spill in the Gulf of Mexico followed by public revelation on the ways by which extractive companies and industries associations had up until then successfully lobbied the US Environmental Protection Agency to prevent more rigorous environmental regulation.

212 As the Guardian summarises: 'Under the new EU laws, European companies are obliged to report payments of more than €100,000 (£85,000) made to the government in the country in which they operate, including taxes levied on their income, production or profits, royalties, and licence fees. Companies have to disclose the payments they make at project level as opposed to just government
disclosure legislation came as a big shock, particularly for the oil companies, and their strong opposition epitomised in a lawsuit filed by the American Petroleum Institute (API) the Chamber of Commerce of the United States of America, the Independent Petroleum Association of America and the National Foreign Trade Council against the SEC in October 2011 (this topic has already been discussed in chapters three and five).

The oil companies at the EITI Board as members of the API and supporter of the lawsuit found themselves in the uncomfortable position of fighting mandatory legislation legally in the US while at the same time working on an improved voluntary international regulatory framework in the EITI. A position they understood as perfectly reasonable arguing that Dodd Frank undermines a global level playing field by making mandatory disclosure only a requirement for US-listed companies, and highlighting several implementation costs of the bill as detrimental for their competitiveness. At the same time, the companies publically affirmed their commitment to voluntary global disclosure rules agreed upon by consensus. In fact, their EITI contribution was highlighted as one of the reasons why stronger national legislation like Dodd Frank is actually unhelpful and unnecessary as this pioneering and global effort in form of the EITI Standard has already been established.\(^{213}\) In reaction, civil society, particularly the US-based members of the PWYP Campaign interpreted this parallel strategy as “hypocrisy”. For them it became quite obvious that part of the business community in fact strongly opposed attempts for more rigid national regulation and mandatory disclosure, thereby undermining the entire effort of the coalition while at the same time using their participation in the EITI process as a legitimising strategy against stronger regulation.

In the run-up to the 21\(^{st}\) international EITI Board Member Meeting, which was due to take place in Lusaka, Zambia, on the 25-26 October 2012, it became clear that a controversy between the civil society constituency and the oil companies seemed inevitable.

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A week before the meeting PWYP-US called upon the companies in a statement to:

1. Make public their position on the lawsuit to overturn United States transparency law and regulations, and make clear whether they are formally backing the lawsuit. PWYP US will consider the non-publication of a position to constitute support of the lawsuit.
2. Make public their positions on the specific proposals for improvements to the EITI standard under negotiation within the EITI Strategy review Process. Oil companies involved in the EITI standard negotiations have yet to make public their proposals, analysis or positions on specific standard improvements, such as project-by-project reporting, or contract and licensing transparency (PWYP-US Press Release, 2012).\(^{214}\)

As the civil society deadline approached and no public statement on behalf of the companies was released\(^{215}\), the coalition at one point discussed if they should actively demand the oil companies to step down from the EITI Board at the upcoming Lusaka meeting. It was evident, that Lusaka would prove to be a very tense meeting, arguably the most controversial in the history of the EITI yet.\(^{216}\)

After the meeting took place, a few points were interesting to observe. Firstly, the oil companies did not give in to the demands of civil society (no public statement of dissociation was issued, no strategy revealed), in addition they remained on the Board. Secondly, the EITI strategy review process was still ongoing. Oil companies had managed to stop the initiative from including requirements such as contract transparency and project-level-reporting into the new version of the rules. Civil society, on the other hand, regarded it already as a partial achievement that these issues were still on the table. Thirdly, the voices and public statements became much more conciliatory although still acknowledging the controversy. A Global Witness press release for instance from 30 October 2012 is titled: ‘EITI Makes Partial Progress Despite Big Oil’s Resistance to Contract and Project Level Disclosure’,\(^{217}\) The Board meeting minutes however, although mentioning Global Witness public plea to the oil companies to disassociate themselves from the lawsuit

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\(^{214}\) Available from: http://www.pwypusa.org/node/162.

\(^{215}\) After substantial pressure from civil society, and a few months following this controversy, Statoil, the Norwegian publically-owned oil company indeed distanced itself from the API lawsuit in a letter to Global Witness: ‘Statoil has not supported the lawsuit initiated by API; in fact, Statoil has explicitly withheld support for the litigation’ (see Global Witness Press Release 2013.)

\(^{216}\) Ultimately this was considered too drastic by the European wing of the PWYP Coalition. From a strategic point of view it seemed to make more sense to directly confront them and demand changes at the Board table (Civil society constituency interview, 30 October 2012).

on p. 7, only states further that there was a debate, for instance on the issue of contract transparency but without explicitly mentioning the participants: ‘Some Board members noted the need to respect confidentiality clauses, in particular in production sharing agreements and preferred that EITI should avoid any reference to contract transparency. Others saw contract transparency as part and parcel of resource transparency: contract transparency was needed in order to value revenues’ (EITI Minutes of the 21st Board Meeting 2012: 11).

This incident serves as a fascinating example for the extraordinary resilience of EITI’s institutional structure even in incidents of conflict which, as it is argued, indicates a tacit recognition by the stakeholder of EITI’s value. This interpretation was shared by interview partners suggesting that this situation could best be explained by the fact that apparently all partners still have enough to gain to keep engaging and participating in the EITI. Recalling our classroom example of the rebellious student presented in chapter two, an analogy can be made with the actions of civil society in this incident: Members from international civil society recognised the company’s influence at EITI’s Board and attempted to challenge it by speaking up at the Board table as well as through public shaming, as exemplified by the press releases. However, they did so clearly with the intention to influence the company constituency, not to jeopardise EITI. This highlights how non expandable the participation of the companies have become, even if they are slowing the process down or blocking evolution altogether. None of the actors involved contested the legitimacy of the process or the rules by which the game is played to a degree which would threaten the entire effort. Following Bourdieu, this engagement already confirms the effectiveness of the structure and the recognition of the company’s status as legitimate and privileged, in his language, this would be an example of “doxic subordination” (see chapter two). In contrast, note the extraordinary stance by the oil company Board members who insisted on their position without hesitation while at the same time taking into account that the tensions might seriously damage EITI’s international reputation. This makes sense against a background of symbolic authority based on political capital and a legitimised status based on shared beliefs.

which established them as positive, responsible and extraordinary members in the first place (see chapters six and four respectively).

From this example can be further deduced that it is international civil society and MNCs which can be regarded as the major protagonists at EITI’s international level. A conclusion which was frequently confirmed throughout the interview process and here exemplified by the following statements:

From my point of view it’s clearly civil society (which benefits the most from the EITI). If you compare the actions of the various stakeholders it is clear that it’s civil society which pushes for change and carries the torch whereas the corporations are engaged in making sure the process progresses as slowly as possible. The governments are caught in the middle.

(Civil society constituency, interview, 27 February 2013, content in brackets added for clarification)

This also confirms the findings which suggest that the most important form of capital in the EITI is cultural, e.g. context-specific expertise. In addition, it more generally illustrates how much an influential position is tight to the availability of various forms of capital:

With such a combination of sources there is a danger that the most resourceful and organised become dominant. So you see in some of the Northern NGOs who have full-time very clever stuff, they can be sort of dominant and speak for the whole civil-society (...). Similarly the companies employ former diplomats; (...) very competent people who are very methodical and busy. (...) And some of the representatives of governments they have got millions things to do and are less concerned with the details when there are different drafts or proposal and so it’s called multi-stakeholder but some of the partners are better resourced and then become too dominant and there is a risk of it becoming unbalanced.

(EITI Chair interview, 16 April 2014)

7.3. Companies’ influence in the strategy review process

In 2010, following the initial 3-4 years of EITI’s operation, the necessity to agree on a strategic direction for the upcoming years became apparent in order for EITI to meet its objectives. Feedback from the experiences with EITI implementation process in candidate countries suggest the importance of a revision of the rules while the Scanteam Evolution Report (2011) pointed out existing weaknesses, most importantly the lack of impact at the societal level, and made suggestions regarding EITI’s future (see also chapter three). Against this background, the Board
commanded a strategy review process which was supposed to take place over the course of two years guided by EITI’s newly-appointed Chair Clare Short.

This process led to the establishment of a Strategy Review Working Group (SWG) which was mandated to ‘supervise a process that will enable the Board of EITI to examine options and make recommendations regarding the strategic direction of the EITI (EITI Board Paper 2011: 21, Annex 1). Main tasks included the revision of EITI’s principles, criteria and scope; the system of assessment; EITI reports usage and communication, technical assistance provision, governance and organisation; and potential synergies with other governance reform programmes (ibid.). In addition, the Secretariat called out for an open consultation process amongst EITI members on the direction of the EITI and suggestions for improvement.

The SWG consisted of 21 members including the Chair out of which three represented implementing or resource-rich countries; four supporting or donor countries; four civil society; two World Bank and seven companies and investors. The scope of SWG’s mandate as described above signals that participation in this group required a profound engagement with the Standard which includes: time for preparation and organization of resulting meetings; labour and knowledge in form of reading and interpreting proposals and drafting recommendations; communication and negotiation skills for active and effective participation; financial resources which supports engagement through technological devices or covering travel expenses, etc...; all of this, importantly, on top of the already existing engagement with the EITI (see previous chapter six for an estimation of how the effects of SWG participation on top of regular EITI participation). In a Bourdieusian language, this participation is based on economic, social and cultural capital which is, as elaborated in the previous chapter, at the disposal of corporate representative, and it is argued here that this explain the imbalance in the members of the SWG. In addition, this would lead to the reasonable expectation of corporate representative’s exercising a great deal of influence within the working group.219 Three broader topics dominated the discussions: The extension of EITI’s scope by inclusion of the entire value chain or other sectors, the revision and refinement of the existing criteria for implementation, and potential benefits of changing the assessment system (from binary

219 This is difficult to assess from an external perspective as sessions of the SWG at EITI Board Meetings were closed for non-members of the Board.
compliant/non-compliant to a ranking and/or sliding scale). EITI’s minutes and papers from this period usually name diverse positions on topics without attributing the opinion to particular stakeholder groups or individual representatives. However, insights from the interview process as well as direct observation made it clear that most cautious and most conservative voices in this debate came from the company constituency, and particularly the oil and gas companies (refer back to chapter five), whereas the most detailed input regarding potential changes and additional requirement was contributed by civil society.

The companies deployed the following active and passive strategies for influencing the EITI on topics such as project-level-reporting and contract transparency: Active engagement in discussions, thereby arguments presented against specific suggestions include references to completion law, impracticalities and financial burden, and sensitivity to political issues. However, if a proposition was regarded unacceptable, the representatives would refuse to participate in the conversations thereby effectively blocking the decision-making process in a consensus-based setting (refer back to chapters five and six on corporate political practice).

However, examining the result of the strategy review process it becomes evident that the stakeholder decided in favour of measures strengthening the existing standard instead of broadening the scope of the EITI (see chapter three, part two for details). The revision of the rules and the assessment system were prioritised. In an attempt to facilitate implementation and improve the quality of the EITI reports, existing EITI requirements were clarified, additional included and at the end the 27 requirements have been reduced to seven. In this revision of the rules, however, the influence of the company constituency becomes directly observable: A number of propositions which have been discussed but would have required more detailed disclosure by companies, including the highly controversial discussed topic of contract transparency, have not been included into the new regulatory framework. In addition, the Board managed to include project-level reporting only as an ‘encouraged’ but not mandatory requirement which, with obvious reference to demands made by the company constituency, needs to be ‘consistent with requirements in the US and EU’. As an “encouraged” requirement, it is up to the national multi-stakeholder

\footnote{As stated by Moberg in a contribution to EITI’s Blog (2013). Available from: https://eiti.org/blog/charting-next-steps-transparency-extractives.}
group for each specific country to decide whether or not they want to include this level of disclosure which makes it far less likely to be adopted with reference to the power-asymmetries between companies and resource-rich countries described in previous chapters.

This is of particularly interest when related to a declared lack of an overall strategy or vision towards EITI’s evolution by the company constituency. Although, right from the beginning, the motivations for joining EITI have been as clear as the red lines - from the constituencies perspective it is evident that disaggregated data has over time found its way to the Board table and into the regulatory framework:

I think that one of the things that I certainly learned as being part of this process was that if I look at where the companies’ position ended up compared to where it started I think actually what the companies were not so good at doing was working at a proper strategy. It was fine for looking at (...) an individual meeting or topic. What we as companies were not good at doing was to actually say: These are the desires of civil society, this is what society as a whole seems to be moving towards. What do we really think we could accept? Where do we think we could end up that we would actually be prepared to accept? Part of the reason for that is that companies, because we compete with each other, do have general limits of cooperating with each other. That is something that civil society organisations find very difficult to accept. They think that actually as companies we were making up strategies in the longer term. We were very scrupulous in not doing that because we were very careful to not engage in anti-competitive behaviour. So we were very careful about that, we tried to do that probably, but it’s not an easy one.

(Company constituency interview, 31 October 2012)

This lack of an overall strategy reflects on two things: Firstly, it can be interpreted as a profound underestimation of the political dynamics within the EITI (and subsequently the ambitions of civil society) which would somehow mirror the statements separating political from “technical” or “managerial” issues. Secondly, however, it signals that the company’s entered EITI out of a position of strength, being confident that they would have the resources to keep the process evolving in a direction which does not have negative consequences for the industry. As the result of the strategy review reveal, they still hold this position.

In summary, this section illustrated directly observable consequences of corporate influence at EITI’s international level which confirm the assessment of a privileged position.
7.4. Conclusion

This chapter assessed the consequences of corporate power on EITI’s design and performance. Bourdieu suggests that social spaces like EITI are structured by unequal distribution of resources in which the well-resourced have considerable advantages over the other players and thus ultimately dominate the field (see chapter three). This is consistent with the findings of previous chapters, particularly chapter four which established how the companies’ participation is legitimised through a depiction as positive, responsible and exceptional agents in natural resource governance and chapters five and six which exposed businesses’ contribution to rely strongly on a variety of forms of capital. The relative advantages of the companies could be expected to strongly impact the Standard.

This chapter demonstrated that the companies are indeed in a privileged position, particular in comparison to stakeholders from resource-rich countries, which is not only traceable in EITI’s principles and procedures but also widely acknowledged by other stakeholders. The resulting scale and impact of their influence, however, is rarely discussed, which also reflects the degree to which their position has become “normal”. Thus, the once highlighted responsibility and complicity of companies in corruption and mismanagement, which was so crucial in the early days of the transparency movement and for EITI’s establishment (see chapter three), has been lost over the course of EITI’s existence. This is most evidently demonstrated by the discussions on evolution and strategy of the process which shied away from openly acknowledging existing power asymmetries and conflict between companies and stakeholders from resource-rich countries at the international and national level and instead focused predominantly on data quality and country assessment. At the same time, and as Bourdieu would expect, the disadvantages of the members from resource-rich countries became more directly observable. Therefore, the scale of the problem suggests that the counter-measures taken by EITI’s international Secretariat can only mildly be expected to water-down the most apparent problems, but will, however, not be able to level the playing field.

Furthermore, this chapter argued that these observations are important in combination with the findings on EITI’s performance and evolution already discussed in chapter four which rightly point towards the need for reform. EITI’s most important
challenge consists in proving that implementing the Standard can make a difference in terms of outcome and impact, that it can actually contribute to policy reforms and change at the societal level and not just increase information. This challenge has been further increased by the passing of mandatory disclosure rules in the US and EU which are expected to produce information on revenues which are overlapping with EITI’s disclosure requirements (see also chapter three). As many authors have rightly pointed out, there are ample opportunities for making EITI implementation more effective by refining and adding reporting requirements (O’Sullivan 2013; Bleischwitz 2014) and surely there is more that can be done to increase revenue and financial transparency in resource-rich countries. However, in retrospective and taking into account our examination of EITI’s transparency principle, it appears very optimistic to presume that improving transparency can induce the quality of policy reforms that could minimise or even demolish power hierarchies in complex social structures. Firstly, because of the fact that for the causal link between information, society and government accountability to work the political system needs to be democratic and the people need to be aware of and ready to use their constitutionally guaranteed rights, e.g. this usage of information requires a number of pre-conditions in existence. Secondly, because of the inherent dilemma which arises from too much information, on occasions effectively decreasing instead of increasing transparency. But ultimately, because information in itself in neither value-neutral nor exists in a power-vacuum. Instead, and again following Bourdieu’s general line of thought on power in social structure, the amount and quality of information is likely to reflect underlying power structures or/and simultaneously serve a re-enforcing purpose. Against the degree of companies’ privilege as suggested in our findings, it is concluded that increasing transparency and improving data quality is a limited tool for addressing the resource curse.

It was demonstrated through the course of this chapter that despite EITI’s emphasis on inclusiveness, equality (in voting-power) and transparency, the fundamental power asymmetries at the heart of the problems associated with natural resource extraction (see chapters one and three) have been incorporated into the Standard. Even more problematic, the principles and procedures constantly re-established and thus further perpetuate these structures and thus effectively undermine the normative aim of empowering citizens, which is highly problematic and needs to be
addressed. However, as the literature on the resource curse points out, opportunities for irresponsible or bad governance as well as mismanagement and corruption lie at the heart of the problems which produce large-scale poverty. These opportunities fundamentally originate from existing power-asymmetries – between governments and companies, and more importantly, between both these players and the people in resource-rich countries. It is their existence which makes the abuse of power tempting and impunity so likely. In conclusion, the discourses and practices in the EITI need to acknowledge and address this privilege and the underlying power asymmetries much more openly and directly in the future.
8. Conclusion: Refining theories of corporate power and companies’ influence in the EITI

This thesis began by outlining the importance of large corporations in the everyday life of people all over the world. The introductory chapter described how the recent decades saw changes in the numbers, sizes and scope of MNC’s which indicate a significant, qualitative shift regarding autonomy and presence of large companies, particularly vis-à-vis the state, which resulted, for instance, in substantial bargain power or the ability to avoid and in cases override national legislation. In addition, it was described how corporations have been included into international governance processes in an attempt to close global governance gaps, an approach championed by the United Nations. Resulting from these developments, these days not only a variety of companies are engaged in international governance processes, but it has been established that corporate power has increased significantly over the last decades. This is most obviously epitomised by the consensus in the academic literature on corporations as political actors which the findings of this research substantially confirm (see chapter one).

Against this background and in addition to the fact that corporation as actors at the international stage have not been the most prioritised subject for academic study, this research engaged with questions of corporate power and the political role of large corporations in international governance processes. It explored the political engagement of some of the largest MNCs from the extractive industries in a standard setting mechanism at the international level, called the EITI. The EITI Standard operates against a fascinating paradox: the majority of the world’s impoverished people live in countries rich in natural resources. The Standard aims at empowering civil society and people by increasing transparency on the revenues so they can demand a fair share of the enormous profits generated in the resource sector. At the international Board level of this Standard, corporations hold decision-making rights. Company representatives sit at the same table as delegates from governments and civil society. Thus, they are directly involved in the prescription of global requirements for transparent and accountable governance as well as in the evaluation of countries’ performance towards implementation. Due to its multi-stakeholder design, EITI is a prime example of what has been described as co-regulation, or governance with governments, in the introductory chapter.
Examining EITI's principles, informal procedures and the initiative's performance, it was concluded that the stark power asymmetries which exist between companies and stakeholders from resource-rich countries and which characterises the issue area of natural resource extraction have been imported into the Standard. On the one hand, the companies' privileged position has been consolidated and is widely acknowledged while their influence is directly observable. On the other hand, the EITI attributes very little actual responsibilities and requirements for action to the companies. Thus, the initial impetus for change which emphasised the role of companies in corruption and illustrated potential conflicts of interest has been lost over the course of EITI's evolution. These days, the spotlight of regulation is on policy reforms of governments.

Meanwhile, evaluations of EITI's performance have shown mixed-results. They indicate that the Standard has definitely improved transparency on natural resource revenues. However, there is only sporadic evidence suggesting that it actually contributes to public-sector reforms or empowerment of citizens. Thus, EITI is in urgent need to reform and evolve. This conclusion argues that until the privileged status of companies, and the multiple ways by which corporations influence the EITI, are openly acknowledged, discussed and addressed, these limitations are unlikely to be overcome.

Furthermore, this research presented the argument that by including corporations into international governance processes, and particularly the granting of decision-making rights to companies at the Board level as practiced in the EITI, these actors not only gain direct access to decision-making, but additionally to political capital and symbolic authority. This allows companies to consolidate and enhance their influential status further. As a form of power, corporate symbolic authority is extremely effective as it has a tendency not to be recognised as exercise of power. Consequently, as much including corporations into political processes at the international level might appear reasonable against their influential position in the global political economy, and prevalent functionalist arguments in part of the academic literature, this inclusion comes with significant problems attached.

The following sections explore these concluding arguments further and in doing so outline the distinctive contributions to knowledge which this thesis makes. This study
undertook what was, to our knowledge, the first ethnographical account of corporate political power in practice in multi-stakeholder global governance. Overall, this research generated findings on corporate power which can be characterised as falling into the following categories, corresponding to the research questions posed in the introductory chapter. These are findings on operational aspects of corporate power and the political role of companies in the EITI, on legitimacy of corporate power and on direct and indirect consequences of corporate power for the EITI.

8.1. Towards an improved understanding of corporate political power

From an analytical perspective, this research contributed towards a refined understanding of corporate power by introducing corporate political practice and symbolic corporate authority as conceptual tools for interpreting a type of political engagement of companies at the international level which takes an institutionalised and representational form and requires socialisation and recognition. Both concepts are embedded into a broader theoretical framework elaborated by Pierre Bourdieu and follow his argumentative logic.

Chapter two elaborated the concept of corporate political practice which was defined as institutionalised, competent and meaningful performance (in accordance with previous elaboration on practices by Adler and Pouliot 2011). It is an analytical tool for approaching, depicting and interpreting the empirical phenomenon of corporations’ active, institutionalised and recurring contribution to governance mechanisms. This concept has had the following advantages for answering the research questions: Firstly, it focuses on action, e.g. the performative or operational aspect of power. As an analytical category, the concept provides access to action and individuals and thus allows for a profound engagement with the practices through ethnographical methods such as observation (see chapters five and six). Thus, it helps to overcome the overall reliance on ex post facto explanations of corporate power, a limitation of conventional approaches to corporate power as identified in the introductory chapter. Secondly, corporate political practice as an analytical concept is distinct from more traditional forms of corporate political influence, as for example lobbying, because it is codified by and embedded in an institutional framework and consequently highlights the importance of socialisation and recognition for effective exercise of power (see chapters six and seven). Thus, it
is a concept which captures the newly established political practices taking place in various MSIs and PPPs. Following Bourdieu’s logic, corporate political practice in the EITI was identified as resting on various forms of economic, social and cultural capital (see chapters three, five, six and seven). Importantly, however, the practice requires a context-specific form of resource, which was identified as EITI-specific expertise. In addition, corporate political practice translates into a distinct form of legitimacy, symbolic authority, which is based on political capital.

With the concept of symbolic corporate authority a particular, relational form of legitimacy was introduced which a) is based on political capital acquired by the companies as a result of the granting of decision-making rights, b) is composed of a delegational and personal element allowing the researcher to assess the role of the company constituency as collective representational body as well as the role of the individual corporate Board Directors, and c) comes with a tendency to be “misrecognised” as a form of power in the Bourdieusian language. The concept includes an element of empowerment by which the individuals representing a collective entity, in our case the individual corporate Board Directors representing the extractive sectors, are entitled to certain privileges and political authority as they become delegates of this collective. At the same time, the influence these delegates exercise in the arena is attributed to their individual leadership qualities and not recognised as exercise of power. As an effect of symbolic authority, the other stakeholders in the arena recognise that this particular player is influential, but fail to understand the complexity of interrelated materialist, cognitive and ideational structures on which this influence, and thus ultimately their subordination, is based (see chapter six).

It could be argued that symbolic authority comes close to the concept of private authority as encompassed in Fuchs dimension of discursive power and proposed, for example, in Cutler et al. 1999 or Hall and Biersteker 2002. From an analytical point, however, they are not identical to Bourdieu’s concept of symbolic power for reasons which specifically relate to Bourdieu’s comprehensive understanding of what power is: Hall and Biersteker for example, explicitly differentiated between power as coercion and private authority as a legitimate form of power. They argue ‘that there is some form of normative, uncoerced consent or recognition of authority on the part of the regulated or governed, “the normative belief by an actor that a rule of institution
ought to be obeyed” (Hurd 1999: 381, cited in Hall and Biersteke 2002: 5). In this line of argumentation ‘consent is the product of persuasion, trust, or apathy, rather than coercion’ (ibid.). However, from a Bourdiesuan perspective this conceptual difference between authority as legitimate form of power and power as coercion makes only sense for academic purposes as for Bourdieu they both depict different sides of the same phenomenon which is social domination. In fact, ideational or normative structures can have equally subordinating effects than what is understood as “coercion”, and therefore might not make a difference for the ones being dominated in a social setting. To illustrate Bourdieu’s comprehensive perspective even further, it can be highlighted that he understands one form of capital/power as translatable or exchangeable into other forms of capital. ‘There exists an “exchange rate” between different types of capital, which permits the holder to profit from a social investment in a number of connected fields’ (Pouliot and Mérand 2013: 34). In comparison, it would be difficult to assume a situation in which power as coercion is translatable into power as authority if relying on the concept of private authority, as the way in which both elements are analytically defined, for example in Hall and Bierstecker (2002), makes them mutually exclusive.

8.1.1. Companies’ political representation in practice

This research contributed towards an improved understanding of corporate political power in practice by examining the collective and individual components of corporate representation in the EITI, particularly in chapters five and six. From a critical perspective it can therefore be argued that understanding exactly how businesses’ interests are represented, e.g. in practice, is a necessary precondition for assessing the scale of corporate influence (Moran 2008: 64).

Examining the functioning of the company constituency more closely, the differences between oil and gas, miners and institutional investors and their respective reasons for participating in the EITI were explored. Chapter three, elaborated on how the rights granted to companies can be interpreted as the result of a power struggle between the stakeholders at the time of EITI’s establishment, which the business actors managed to decide in their favour. Their influence resulted in a shift of the focus from responsibilities of companies to requirements for governments, and additionally brought the UK government on the table. This confirms constructivist
arguments of companies as norm-entrepreneurs, as put forward by Flohr et al. (2010). In addition, the EITI became established as an inclusive multi-stakeholder initiative which focused on regulating governments and opted for voluntary implementation instead of mandatory disclosure rules. The vital role businesses’ played for EITI’s establishment is also reflected in the composition of the Board which grants six seats to the business community, five seats each to civil society and implementing countries and three seats to supporting or donor countries.

Corporate political practice in the EITI a) is based on institutionalised access; b) is relatively formalized in terms of procedures, with communication lines predominantly running within instead across sectors; c) relies strongly on individual company’s willingness to take on a leadership role and grant access to their resources; and finally d) as a practice, is characterised by consistency in participation, whereby the industry leaders take on role as Directors at EITI’s Board table. These findings confirmed the assumption that the practice is substantially based on the availability of resources, most evidently economic capital, to which companies have access in far greater quality and quantities than the other stakeholders. Moreover, the directly observable strategies deployed by members of the company constituency for influencing the process were described: Firstly, through active contributions to the discussions thereby usually referring to business-centred arguments, e.g. complexity, practicality, costs and sensitivity towards impositions on national sovereignty which might jeopardize their relations to their host countries. Secondly, the decision-making is influenced through passive opposition, e.g. non-participation in discussions and decision-making, thereby explicitly relying on EITI’s consensus principle.

These observations correspond to more classical analytical categories of corporate power, as for example differentiated by Fuchs into direct/ instrumentalist and structural power. Whereby according to Fuchs, instrumental approaches to power ‘employ an actor-centred, relational concept of power based on the idea of individual voluntary action and focus on the direct influence of an actor on another actors’ (Fuchs and Lederer 2007: 4; see also Fuchs 2007: 56). In this category ‘power
came to be seen as a political actors’ ability to achieve results’ (Fuchs and Lederer 2007: 4).\footnote{As a consequence, instrumentalist approaches to corporate power tend to focus on the classical way by which business is understood to influence politics in their favour, e.g. lobbying and party or campaign financing.} In contrast, structural power is commonly associated with agenda-setting but needs to be extended to include rule-setting ability (Ibid.: 7).\footnote{With regard to corporate power, agenda-setting is predominately associated with the ‘ability to punish and reward governments for their policy choices by moving investments and jobs’ (Fuchs 2007: 59).} However, is it through the concept of resources or capital where Bourdieu’s approach differs from instrumentalist approaches to power as defined by Fuchs and is more precise than her dimension of discursive power. For Bourdieu ‘power is not in the resource as such, but defined through its role within the field. Only what affects a field’s logic and hierarchy counts as capital’ (Guzzini 2013: 86). And further: ‘Capital is never only in the material or ideational resource itself, but in the cognition and recognition it encounters in agents’ (ibid.: 87). In this analysis it was illustrated how corporate representatives are considered influential agents mostly based on their individual qualities which are well suited for international diplomacy, and how this status depends on access to symbolic authority which is based on political capital (see chapter six). In this example, corporate power operates in a specific form against a particular contextual setting. Consequently, and contrary to assumptions made by instrumentalist approaches to power, it is neither simply deducible from mere possessions of particular resources, e.g. military capacities or financial assets, nor only from behavioural changes. In addition, power is not directly translatable to other fields (although, as will be described further below, it can be brought into other fields).

The identification of the privileged position of business in the EITI affirms findings in the literature on business power in global governance which portraits corporations as being in a ‘special position’ and ‘endowed with particularly power resources’ (Ougaard 2010: 22), exemplified for instance by Fuchs (2007) or Falkner (2008). These authors strongly emphasise businesses’ structural power which is attributed to their central role within the capitalist economy.

In addition, the practice of individuals representing companies as Directors at EITI’s Board was explored. Examining educational background, recruitment, mandate and
personal qualities of their representation, it became evident that their participation essentially relies on three forms of capital – social, cultural and political capital – which are all to a certain degree derived from economic capital. The qualities and quantities in which corporations hold these capitals in relation to the other stakeholders at EITI’s international level makes them highly influential players. In addition, the chapter identified and elaborated on the fundamental importance of context-specific expertise, also a form of cultural capital, for EITI participation. EITI-expertise combines knowledge on the operational aspects of resource extraction with understandings of the complex interrelation between economic, political, environmental and legal aspects related to the business in addition to insights on and experience with the functioning of the EITI process. This form of expertise is significantly enhanced through a relative consistency of participation over time by some of the representing individuals (which adds to a consistency in company representation, as found in chapter five). These findings complement existing elaboration on the importance of expertise for explaining corporate power inherent in structuralist approaches to global governance (see chapter one). At the same time, arguments on companies’ expertise are extended as it becomes clear that expertise does not need to be limited to specialised knowledge on economic issues, such as production processes, but instead can also encompass experience with and understanding of political arguments and regulatory processes such as the EITI.

Moreover, and albeit implementation of the EITI is voluntary, studies show that most countries who implement the Standard do so in an attempt to attract aid by donor agencies, improve their international reputation, and ultimately their investment climate (David-Barett and Okamura 2013). Therefore, it can be concluded that EITI reports provide the background against which not only the international donor community and the international financial institutions evaluate the support for these countries and modify and adapt their programs and conditions, but also the business community takes investment decision. In consequence, EITI implementation does play a vital part for regulating implementing countries’ governance performance and companies hold decision-making power in an institution which sets a global standard and which stipulates requirements against which a country’s governance performance is evaluated. It can therefore be argued that this institutionalised form of companies influence encompasses a substantial potential for dominant companies to
use the EITI as instrument for prescribing and inducing business-friendly governance reforms in these countries.

Broadly, these findings reaffirm the necessity for additional research on companies as political actors at the international stage, and illustrate the benefits of applying ethnographical methods for generating comprehensive details: Varieties of engagement displayed between companies and sectors highlight the importance to deviate from the standard account of the unitary (and often rational) business actor, as criticised in the introductory chapter, and instead engaged more profoundly with individual companies and their internal culture and decision-making processes, supporting respective calls in the constructivist academic literature for example by Brown et al. (2010). Particularly interesting has been the companies’ conduct in the EITI with reference to the strategy review which displayed great varieties from strong and active opposition to open encouragement to changes in strategy as for example illustrated by Statoil’s open disassociation with the API lawsuit after pressure from civil society (see chapters five and seven). This confirms findings in the constructivist literature on IPE, for example by Woll (2010), who argues that far from being pre-determined and transparent, firm’s interests are socially constructed and require time and effort to crystallize. They also affirm constructivist claims identifying companies as social actors (Hofferberth et al. 2011; Brown et al. 2010) who are sensitive to norms (Kantz 2007; Kollman 2008, Abdelal et. al. 2010).

The findings also highlighted the valuable contributions made by a focus on individuals, particular on political representatives of companies, for understanding corporate influence in a specific social setting. This adds to findings from Dashwood (2012), who highlighted in her examination of CSR norms and their adoption by Canadian mining companies the important role played by senior management.224

As stated in the introductory chapter, the predominant perspectives on corporate power which generally rely on structuralist explanations, such as materialist and ideational factors, have limited options for approaching the level of individual companies or individuals agents. And apart from the literature on global elites, such as Sklair’s study on the transnational capitalist class which deals with individuals as agents of an influential elite, individuals as category for research has not been paid

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224 For a summary of findings regarding management leadership, see Dashwood (2012: 265ff).
much attention in the academic literature on business and global governance. As this research’s findings suggest, however, individuals can be a very fruitful category for investigation since their experiences and reflections allow for a more insightful understanding of company’s political practices and thus ultimately the personal and direct exercise of corporate power. Particularly the focus on practices allowed for a comprehensive picture of company’s political representation by which it became possible to understand it for the formalised, resource-intense and influential endeavour it is.

8.1.2. Contributions on legitimacy of corporate power

This research contributed towards an improved understanding on the legitimacy of corporations as political actors in the EITI relying on Bourdieu’s concepts of shared beliefs and political capital. Thus, a complex picture was portrayed of pre-reflexive, embodied and institutionalised elements legitimising companies which operate simultaneously and result in a privileged status for these agents. Whereby the concept of symbolic authority helped to identify a form of legitimacy which is deduced from political rights for representation and delegation, shared beliefs illuminated a supporting knowledge structure which, embodied into actor’s dispositions, legitimises the companies as a collective.

Guided by chapter two’s conceptual framework and primarily relying on Bourdieu’s concept of shared beliefs, this research began to understand the basis of corporate legitimacy in the EITI by investigating core underlying assumptions in international discourses on natural resource extraction and the messages transported in them on corporations. Three such underlying beliefs were identified which legitimise the company’s role and status in natural resource governance more broadly and in the EITI Standard more specifically, by portraying a picture of corporations as positive, e.g. resourceful and contributing, responsible and exceptional agents. At the same time, these beliefs transport a particular interpretation or perspective on natural resource extraction – a viewpoint which rests on liberal political and mostly economic premises, highlighting the prospects for sustainable development while attributing responsibilities for social, economic and environmental problems to the governments of resource-rich countries. It was further explained why in the case of natural resource governance this is a highly problematic perspective as it has not only a
tendency to downplay the status of extractive industries as powerful independent agents which pursue their own interests, but also effectively to conceal an existing power asymmetry which roots in this sector’s high investment, cutting-edge-technology-requiring operations on the ground, as well as the sheer economic, social and environmental impact of their presence in resource-rich countries. As became evident through the course of this study, this privileged status has not only been enshrined into EITI’s principles but is also directly observable in formal and informal procedures as well as in the actions of the stakeholders.

Moreover, this privileged status underlines corporate argumentation and action in the EITI and provides substantial space for manoeuvre, for example apparent in the inconsistencies in chapter five. Hence, arguments on what is political, e.g. evoking the politics/market dichotomy, need to be understood as attempts by an already influential actor to impose a particular meaning on a problem, e.g. in the case at hand by linking refined disclosure requirements to the sensitive topic of impositions on sovereignty. These findings confirm critical perspectives on dichotomies in social science which already highlighted how depictions of “naturally” separated societal spheres which follow a distinct logic of action, are biased perspectives which have discriminating tendencies (for the effects of the state/market dichotomy on IPE for example, see Bruff 2011). At this point, Bourdieu’s conceptual framework was very useful as it enabled the researcher not to reproduce these dichotomies (as was lamented in the introductory chapter to be frequently the case in research on business), but instead to access and interpret them as an instrument for distinction and domination.

In addition, these findings confirmed what Bourdieu describes as the institutionalised and embodied nature of power. Not only can shared beliefs become prescriptions for interpretation and action, but they have consecutive effects when institutionalised: Particularly chapters five and six explored how the status of corporations as legitimate actors is further enhanced through participatory and decision-making rights. Furthermore it was described how these rights translate into political capital. And political capital, as already stated, is a form of power which produces symbolic authority. This authority is granted to individuals for representing institutions or collectives, in our case being a Board Director representing the extractive companies. As a result, corporate political power as symbolic authority is embodied
by the individual representative who is granted an exceptional and influential role epitomised as leadership-status. Moreover, this research observed how shared beliefs operate through agents' dispositions: When, for example, company representatives in debates at the Board table emphasize how the problems addressed by EITI are by nature technical/managerial, than this depiction disguises not only the political nature of the process, which ultimately aims for inducing liberal political and economic reforms, but automatically also the role played by companies in making this change happen. The highlighted differences between political and managerial/technical issues are strikingly similar to findings made by Catherine Weaver on decision-making processes in the World Bank which lead to the establishment of the good governance agenda. Observing the driving forces behind changes the author illustrates how the World Bank’s bureaucracy and particularly the Bank’s senior management, consisting predominately of economists, has been socialised into an ‘apolitical culture’ (2010: 55). These agents were cautiously guarded against suspicion of partiality or political interference, of a ‘break of sovereignty’ associated for instance with politically sensitive terms such as “corruption” by insisting on the technical nature of their support (ibid.: 56-7).

At this point it is important to note that these struggles for understanding and meaning might be influential or, as Jacqueline Best has put it, serve ‘a powerful political purpose – containing conflict by denying political influence in place’ (2005:16). However, they are not necessarily deliberate or conscious strategies. In fact, as elaborated in chapters five and six, the company constituency did neither prepare nor operated on the basis of a coherent strategy. In addition, it became evident that communication lines between sectors were limited. It would therefore be insufficient to explain their apparent influence on the EITI only relying on Fuchs’ discursive power dimension, as discursive power presuppose intentional, interest-based actions by players or elites. Here Bourdieu is very helpful: From an analytical perspective, shared beliefs and agent’s dispositions encompass more than social action based on the recognition of norms and ideas, such as proposed in March and Olson’s logic of appropriateness in constructivist perspectives (Abdelal et al. 2010).

225 Weaver further describes how modification in the Bank’s aims and policies, and particular a prescriptive focus on governance capacity in the 1990s, became acceptable after the strategic usage of a the more neutral language of good governance: ‘Promoting the governance agenda became much easier within the Bank, now that it was confined to language and modes of argumentation that stripped it of its political content and made it appear a more technocratic task’ (Weaver 2010: 57).
Bourdieu’s logic of action implies a dimension of embodied knowledge which precedes conscious strategising by the agent, e.g. is understood as pre-reflexive, because it is based on the “fit” between an agents positioning in the arena and the game’s implicit logic, captured in both, the notion of disposition and the idea of doxa (see chapter two). This idea is summarised in following illustrative example:

A scientist is a scientific field made flesh, an agent whose cognitive structures are homologous with the structure of the field, and, as a consequence, constantly adjusted to the expectations inscribed in the field (Bourdieu 2004: 41, cited in Moore 2008: 111).

Bourdieu’s emphasis is also summarised by Eagleton-Pierce:

Bourdieu rejects ideology and consciousness as suitable concepts (...). In contrast, Bourdieu repeatedly argues that power often works through very obscure processes, especially involving the space occupied by the body, for which the conventional definition of ideology in terms of representation and false consciousness has trouble accounting. (...) On the related question of intentionality, Bourdieu asks researchers to probe against the Marxist or compulsory-power vision of totalizing control, how behaviour is often regulated without necessarily being the result of ‘strategic’ purpose (2013: 53-4, quotation marks in the original).

Bourdieu’s analytical concepts shift the emphasis towards pre-reflexive, embodied exercises of power which are nevertheless effective as illustrated in chapter six by the influence of individual representatives or in chapter seven by the recognition of companies as influential players in the arena by all stakeholders. Highlighting the importance of dispositions and shared beliefs, it can be explained why company representatives do not necessarily self-identify as political actors, as elaborated in chapter five, while still emphasizing the necessity of diplomatic skills and cooperation as vital requirement for constructive contribution, thereby reflecting the rules and principles under which the arena functions.

In addition, this perspective differs from Neo-Gramscian approaches to corporate power, such as Levy and Newell, who use the concept of hegemony for analysing how business influences international environmental governance processes:

Gramsci’s most significant contribution to political thought is the concept of hegemony, referring to the persistence of specific social and economic structures that systematically advantage certain groups. Hegemony is not dependent on coercive control by a small elite, but rather rests on coalitions and compromises that provide a measure of political and material accommodation with other groups, and on ideologies that convey a mutuality of interests (Levy and Newell 2002: 86).
As this quote illustrates, the concept of hegemony also presupposes an intentional engineering of discourses by a dominant elite. This emphasis on conscious strategising is shared by constructivist approaches to discursive power (Fuchs 2007) or private authority (for instance Hall and Bierstecker 2002; Cutler 2003). For example, in Fuchs’ conceptualisation of discursive corporate power, ideas, norms and discourses take a centre stage. The author describes how the literature on global governance and IR more broadly elaborate on concepts such as framing, naming and campaigning to explain how non-state actors have gained authority in the international realm (Fuchs 2007: 62). As examples of discursive corporate power Fuchs states attempts to influence the public debate and societal norms or to legitimise corporations as ‘good corporate citizens’, all of which are active, intentional strategies.

In general, Fuchs’ and Bourdieu’s conceptual frameworks can both be called comprehensive, albeit in different ways. Fuchs’ framework is comprehensive because it is a synthesis of existing perspectives on corporate power into a single analytical framework. Bourdieu’s approach is comprehensive because of his integral understanding of power as resource corresponding to a field. Therefore, Bourdieu would not necessarily agree to the idea that Fuchs’ dimensions are in fact ‘analytically distinct’ (Pouliot and Mérand 2013: 38). Rather, he would understand them as ‘different sides of the same coin, which is social domination whether observed in direct social interaction or in large social structures’ (ibid.). Bourdieu would argue that conceptualising power on different levels – individual, structural and ideational/discursive – can have a tendency to obscure the simultaneous and interdependent ways by which power operates in favour of an academic exercise. Fuchs is obviously aware of these limitations, as she suggests that it would be interesting to investigate workings of power which are ‘not even (...) perceived as an exercise of power and therefore not be questioned’ (Fuchs 2007: 63) – and as this research has demonstrated, it is precisely at this point where Bourdieu’s conceptual framework and particularly the concept of symbolic authority is most fruitful, it explores a form of power which, unmeasured and unnoticed, becomes the “norm”. In the case at hand, it helps to understand how significant the influence of the company constituency on the strategy review process was, despite the fact that corporate
representatives openly acknowledged that they did neither prepare nor pursue a formal strategy for EITI’s evolution.

In summary, this thesis explored how corporate political practice operates in international governance processes, how it is legitimised, and also discovered the consequence the inclusion of companies has had for the EITI. It was demonstrated on the one hand, how corporate power can have effects on the institutional, procedural and outcome level, and that there is still a lot to learn about the role of individual representatives and individual companies for exercising it. On the other hand, however, the findings illustrated the limitations of conceptual approaches which separate power as operating through different dimension or/ and have a tendency to prioritise particular approaches to power, such as structuralist accounts. It is therefore argued that these approaches limit the researcher’s ability to understand the complexity of power’s modes of operation and consequently the multiple, directly and less directly observable effects of power.

8.1.3 Consequences of corporate power on the EITI and MSIs

In addition to generating insights into how corporate power operates in practice and its sources of legitimacy, corporate power’s effects on the EITI were examined in chapter seven. Broadly speaking, less-directly observable consequences which relate to EITI’s institutional design, and more directly observable consequence such as corporate influence on the strategy review process were identified.

Chapter seven elaborated on how the perspective on transparency promoted in the EITI – identified as instrumental, retrospective, downwards approach – is based on liberal principles and induces a focus on numbers and data. This emphasis, however, fosters the importance of expertise and enhances the standing of actors holding this form of capital while further disempowering ordinary citizens from resource-rich countries who are the least likely to hold it. At the same time, the emphasis on data strengthens the importance of assessment, or validation, in the EITI, further reaffirming the company’s privileged status. The resulting disadvantages of EITI members from resource-rich countries became directly observable in the procedural aspects. Furthermore, taking the example of the strategy review process, it was illustrated how the influence of the companies has direct observable effects on
strategy and policy outcomes. Thus, the findings suggest that the company’s privileged status is widely acknowledged and affirmed instead of being contested.

Evaluating EITI’s performance as Standard, it was concluded that EITI achieved the first part of its purpose which is to increase transparency of revenues in resource-rich countries. However, the initiative falls short on the accountability goal as the available data is used by a small audience and there are no indicators for widespread inducement of public sector reforms, improved living standards or other measurable effects for the ordinary citizens in these countries. These findings indicated the necessity for EITI to evolve, and prompted some changes and refinements in the regulatory framework proposed for EITI’s Global Conference in May 2013. In addition, the upcoming effects of the US and EU mandatory disclosure rules can reasonably be expected to put additional pressure on EITI for demonstrating benefits of implementation in outcome and impact. Meanwhile, however, the debates on these new legislations acutely illustrate how “Western”-centred discussions at EITI’s international Board table are, thus further confirming the disadvantage of stakeholders from resource-rich countries (see chapters three and seven). If the question of whether EITI can be reformed is answered following EITI’s inner logic, than an appropriate way forward are indeed more refined and comprehensive disclosure requirements and the inclusion of stakeholders from emerging economies, such as India or Brazil, as for example articulated in Bleischwitz (2014). In addition, for overcoming existing capacity problems regarding understanding and usage of data by local civil society, regularly held trainings in resource-rich countries, as currently organised by the Revenue Watch Institute, could indeed be useful. Moreover, NEITI’s experience, as outlined in chapter three, suggests that information on revenues generated needs to be complemented by broader contextual information (as demanded in the EITI 2013 Standard) and, in particular, by information on how this money has been spent by the local or national government.

However, in the majority of resource-rich countries the empirical reality of abundant resource wealth and simultaneous extreme poverty prevails. A situation for which, as empirical studies have shown, EITI implementation is a limited remedy. As findings by Smith et. al. (2012) or O’Sullivan (2013) have illustrated, natural resource management at the national and regional level is not only a fairly complex and
challenging process, but that it is an asymmetry of power – between local and national governments; governments and people; governments and companies; and companies and people – which characterises the situation and thus can reasonably be assumed to lay at the heart of the problem. Against this background, it is difficult to see how the suggested measures can have lasting effects for improving government accountability in non-democratic, authoritarian countries. Therefore unsurprisingly, this research’s findings on EITI’s international performance suggest the existence and prevalence of stark power asymmetries and severe inequalities between participants from industrialised or Western countries, including corporations, governments and Western-based civil society organizations, and participants from non-Western, less-developed countries (see chapter seven). This affirms critical findings on civil society contributions to global governance, made by Dany (2014).

In summary, what became evident is that the EITI Standard, despite an official emphasis on transparency, inclusion, and equality in decision-making rights, strongly reflects and re-establishes the existing power asymmetries which privilege companies. Therefore it is argued that EITI as an international governance mechanism is in danger of becoming little more than an instrument for inflicting business-prone governance reforms in resource-rich countries instead of empowering citizens to recognise corporate power and address its consequences.

This research’s findings and critical conclusion contributed to the growing academic literature on the EITI which assesses the Standard from a critical perspective (see also chapter three), pointing out the importance of reputational concerns for joining EITI for companies (Gillies 2010) and countries (David-Barrett and Okamura 2013); limitation for international multi-stakeholder governance due to differing “visions” on the endeavour (Aaronson 2011), or predominantly lamenting lacking results in implementing countries (Smith et al. 2012; O’Sullivan 2013; Van Alstine 2014). Moreover, by further exploring some of the inherent tensions of transparency as theoretical concept (see chapter three), this study contributed to critical voices such as Kolstad and Wiig (2008); Gupta (2010) or O’Sullivan (2013) which caution against the idea that transparency is “the cure” for the resource curse and demonstrate that ‘the hopes associated with transparency policies are often unrealistically high’ (Dingwerth and Eichinger 2010: 91).
Although, it could be deduced that these findings of corporate power suggest that the companies’ contribution in the Standard should be significantly downgraded, the line of argument presented here suggests otherwise. As described by Bourdieu, social arenas are structured by an unequal distribution of resources between the players. Thus it is little surprising that EITI reflects the power asymmetries in the broader field of natural resource governance and ultimately the realities in many resource-rich countries, the same could be argued for many international organisations. Therefore, limiting the companies’ presence and influence would indeed make the EITI less representative with regard to the problem. However, corporate power needs to be understood and acknowledged by all partners involved, it is important to re-shift the focus of attention in debates on natural resource governance back on the companies, explicitly highlighting their position and influence. It is only through acknowledging their privilege and embracing corporate leadership for what it is, namely an exercise of power, that the disadvantaged agents in the game can become empowered. In practice, this would implicate that the EITI as an institution as well as the companies participating in it, need to openly acknowledge and discuss corporate responsibility and influence to reach a degree of awareness which is then reflected in principles, procedures and actions. This also includes active, attentive and costly engagement with and contribution to local communities on the ground, beyond the standard CSR rhetoric.

This research corresponds and complements findings by Smith et. al. on EITI implementation at the national level, in which the authors conclude:

In many developing countries, where there is a lack of transparency and high levels of corruption, the value of this engagement, however, is debatable. Findings from this study indicate that the power relationships which exist between stakeholders in the highly lucrative mining industry override efforts to achieve “good governance” through voluntary community engagement. The continuing challenge lies in identifying where the responsibility sits in order to address this power struggle to achieve fair representation (2012: 241, quotation marks in the original).

Thus, this research argues that wanting to increase transparency and democratic accountability in resource-rich countries cannot be achieved without first acknowledging the fundamental and influential role played by the companies and the resulting responsibilities. Following a Bourdieusian logic, corporate power in the EITI can only be fundamentally contested by another well-resourced stakeholder. As it stands, however, the underlying power structure of the broader field of natural
resource extraction and the unequal distribution of resources amongst the players, points only towards international civil society as a potential candidate who can reasonably be assumed to perform this function in the years to come.

Furthermore, this study’s findings on the EITI Standard can contribute towards an improved understanding of the pitfalls and prospects of multi-stakeholder governance mechanisms. As introduced in chapter one, MSIs were initially conceptualised as instruments to tackle specific issues of global or international relevance which were difficult to solve by state-action due to lacking resources or political will. By pooling the resources of stakeholders who all share an interest in solving the problem, the assumption was that MSIs could improve the effectiveness of global governance (see chapter one). At this point the EITI example suggests that business contribution can in fact help approach a specific problem, in the case discussed the lack of transparency (see chapter three). However, EITI’s example can also illustrate the danger of MSI’s which are underlined by strong power asymmetries between the partners, as it becomes very likely that the most well-resourced stakeholders exercise the greatest influence. In the EITI, companies used their resource-based influential status throughout the strategy review to oppose more rigid disclosure requirements which are considered as non-beneficial for business. Similar findings (albeit with far more drastic and direct consequences) of how MSIs and PPPs can be used as instruments benefiting private interests have been presented by Horta in her examination of the failure of the Chad-Cameroon Oil and Pipeline Project, summarizing: ‘While public underwriting of the risks for ExxonMobil and its partners has contributed to record profits for the oil companies, local populations, including Cameroon’s vulnerable Pygmy communities, have been further impoverished’ (2012: 204). This project also contributed to the literature on MSI’s by providing the first ethnographical account which describes in detail the inner workings of an MSI at the international level (see chapters five to seven), a perspective which complements the standard evaluation of MSIs performance based on output and impact criteria (as performed in chapter three). This ethnographical engagement helped to identify and grasp the degree of political engagement by corporations in international decision-making processes as well as the effects of this engagement on EITI’s performance. In depicting corporate symbolic authority as based on political capital, it was identified how the inclusion of corporations into
international governance processes which is based on the granting of decision-making rights provides an already powerful player with an additional and highly effective source of power. This needs to be considered carefully in future research on the legitimacy of MSIs. In addition, the EITI example indicates that multi-stakeholder arrangements are limited in achieving their goals because of an inherent tendency to perpetuate the prevalent asymmetries and inequalities between stakeholders at the international level. This directly undermines arguments which were made, albeit in a minority position, from the perspective of pluralist democratic theory, which stated that MSI’s could help decrease the legitimacy problem of international governance by increasing the number of voices at the international realm and thus the likelihood of congruence between rule-makers and rule-takers. Contrary, EITI’s history serves as a good example for how MSI can help to shift the focus from one object of regulation to another, serving the interests of the well-resourced.

In summary, it is argued that these observations help to explain why the EITI is not having an impact on the ground, e.g. does not seem to have improved the everyday life of the impoverished people in resource-rich countries. In addition, these findings highlight how important the question and examination of corporate power is, not only in natural resource governance but also for multi-stakeholder initiatives.

8.2. Limitations of this research

There are conceptual and empirical limitations to consider with regard to this research which will be outlined in this section.

Theoretical limitations

From a critical perspective it could be argued that the first limit on the findings and the analysis of this project is imposed by the basic assumption underlying Bourdieu’s conceptual framework which is the idea that social arenas are always structured based on an uneven distribution of capitals. In result, Bourdieu's theory is ultimately a theory of social domination. Consequently, one could say if it is domination you are looking for then domination is what you will find. This is a valid general critique on Bourdieu’s framework, but, of less importance for this project which already started from the empirical observation of increased corporate power (as outlined in the
introductory chapter). This focus is also clearly reflected in the research questions. Obviously, this does not exclusively translates into corporations as the only influential players in the EITI Standard, such a view would be reductionist towards Bourdieu’s framework while ignoring empirical findings which clearly suggest that members of EITI’s inner-family, particularly international civil society and the Secretariat, are highly influential players too.

In addition, this research selectively applied and partially re-elaborated Bourdieu’s concepts. Some of Bourdieu’s disciplines would argue that such an approach is problematic as it does not do justice to the complexity of Bourdieu’s framework. However, such critics can be answered on two accounts: Firstly, re-conceptualisation and re-elaboration was a vital part of Bourdieu’s understanding of how social science should operate (as demonstrated by the fact that his concept constantly evolved over time). Secondly, it is important to note also that this project does not aim at elaborating on an international perspective to Bourdieu’s conceptual framework (for such an attempt see Bigo 2011). Instead, the study applied the concepts for the sake of introducing a new perspective on a particular social phenomenon – in this case the political practice of corporations in international governance mechanisms. In the quest for an alternative, relational perspective, Bourdieu’s concepts have proven very helpful.

Moreover, it is important to note that this research did not aim to provide a comprehensive, new theory of the corporation as a political actor in global governance which includes all types of business actors as well as all varieties of political activities on the international level. Such a comprehensive theoretical framework is not only not likely to be possible due to the existing variety of business actors and political activities on the global scale, but furthermore hardly derivable from an empirical study limited to a specific issue-area, natural resources, and with a particular focus on the extractive industries which, as already elaborated elsewhere, have characteristics which they do not share with other business actors such as retailers or financial institutions. As a result, it appears only plausible that this research aimed at portraying an accurate picture of the global governance of natural resources though the lenses of the EITI process and with a particular focus on practices. This study made selectively use of Bourdieu’s comprehensive conceptual framework, which was originally designed to understand the operations of power in
social reality, to understand a particular actor – the status of extractive industries as political agents in the EITI Standard. However, this does not mean that the findings and conclusions may not have significant implications or interesting insights for the study of business actors in world politics in general, it is simply to say that the scope is limited and this should be acknowledged.

**Empirical limitations**

Pierre Bourdieu’s conceptual framework requires an in-depth engagement with the empirical data, with attention to details which is extremely difficult to achieve in studies on the international realm. To gather such detailed findings, Bourdieu, usually accompanied by a team of investigators, applied in the majority of projects a mixed-method approach combining quantitative and qualitative methods, such as adding statistical analysis and network theory to semi-structured interviews and questionnaires conducted over a period of time. This is illustrated in the following quote in which Bigo summarises Bourdieu’s approach:

Bourdieu’s approach to “practices” offers (...) an attempt to combine empirical research with political and philosophical reflexivity (...). His theoretical arguments are rooted in detailed research in very precise locations. He chooses these locations very carefully and examines with a team of researchers, taking on board discursive frames, prosopography, ethnographical interviews, historical formations of the different kinds of capital, as well as large-scale surveys (2001: 233, quotation marks in the original).

Such an approach naturally results in an empirical thickness of data which is not likely to be achievable within a PhD study due to limitations in time and financial resources. Nevertheless, it is argued that by carefully selecting the EITI as case study and deploying a mixed-methods approach, this study aimed to increase data quality and generate as many rich and verified empirical findings as possible.

In addition, it could be argued that the relational emphasis of this approach also points towards limitations for the prospect of generalising the findings of this study. This is a fair point to the degree that the generated insights into EITI’s functioning are indeed very much context-specific. Nevertheless, as the reflections in this concluding chapter demonstrate, a single case-study can provide valuable insights which complement existing ‘big picture perspectives’, as was proved, for example, through elaborations on multi-stakeholder governance.
8.3. Concluding thoughts

Investigating corporate political power is a very intriguing subject: Not only because large corporations as influential actors at the international stage are a fairly recently discovered topic for scientific research, but also because the question of power is at the very core of political science as academic discipline. Thereby, research aims at identifying, conceptualising and understanding the manifold workings of power, sources of legitimacy and the various ways by which actors are affected by, obtain, and exercise power. It could be argued that almost every other subject of interest for politics – including topics such as inequality, cooperation and conflict – is directly or indirectly related to the fundamental question of power. Power as a concept in political thought has a long tradition and is as essential as it is contested, with definitions and conceptual approaches varying depending on the (meta-) theoretical perspectives of the authors.

However, what makes understanding power in general and corporate power in particular important, apart from the academic exercise, are the resulting opportunities for contestation and empowerment, the emancipatory effect which unfolds from understanding its sources of legitimacy and modes of operation. In consequence, it can be argued that for power to be contested it needs to be recognised for what it is. Otherwise, the privileged continue perpetuating and expanding their position at the expense of the disadvantaged who remain in the dark about the nature of their subordination.

Reflecting on this research’s findings as well as the general trends at the international level, this research stresses the need for additional studies on corporate political power. It encourages research on corporate political practice and individual corporate representatives for improving and refining our understanding of how corporate power operates. Particularly, what needs to be explored further is the role of individuals as agents of influence and change in both fields, the arena in which they exercise corporate power through political representation, and the corporation as a field of power on its own rights. Our findings specifically point towards a fascinating opportunity for future research as it would be extremely interesting to assess systematically the impact of individuals influential at EITI’s Board level on internal decision-making processes in their respective companies. Based on
Bourdieu’s emphasis on the embodied component of corporate power such studies could generate innovative new insights into the ways by which corporate power transcends various fields. Thus, it is argued that the conceptual tools elaborated in this study can facilitate future engagement on the topic.

More generally, this research’s findings demonstrated that despite the fact that the international realm lacks an overarching authority, prevalent power-asymmetries have a structuring effect for prospects and limitations of governance processes. The inclusion of MNCs into global governance processes at times in which these agents already dominate the global economy, results in institutional structures which privilege them further. A development which not only poses serious questions of legitimacy and effectiveness of global governance, but also, points towards the paramount importance of mandatory global regulatory frameworks which stipulate explicit boundaries for MNC’s operations and codifies the environmental and social responsibility of these agents. To establish essential ingredients of such a framework as well as assess options and identify preconditions for how this could be established, will be the challenge for future research.
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