

CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION
IN
BAKU-TBILISI-CEYHAN PROJECT
AND
COMMUNITY INVESTMENT PROJECTS

A Master's Thesis

by

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Ankara
September 2008

To my beloved father

CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION
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AND
COMMUNITY INVESTMENT PROJECTS

The Institute of Economics and Social Sciences
of
Bilkent University

by

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in

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ANKARA

September 2008

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ABSTRACT

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This thesis examines the Corporate Social Responsibility (CSR) implementation in Baku-Tbilisi-Ceyhan (BTC) Project and Community Investment Projects (CIPs), the latter having been initiated as part of BTC project in Azerbaijan, Georgia and Turkey. It does so by conceptualizing the CSR implementation with extant approaches to CSR, namely as a combination of *CSR as a socio-cognitive construction*, *CSR as a social function* and *CSR as a power relationship*. It specifically focuses upon the CSR implementation in CIPs being underway in Ardahan, Kars and Erzincan/Gümüşhane provinces in Turkey. While assessing the CSR implementation in the Community Investment Projects, it focuses on their contribution to human development in project regions and, consequently, to energy security. Within the framework of new energy security paradigm in which security of

the whole global energy infrastructure has become vital instead of a mere supply security, it puts an emphasis on corporations' responsibilities for improving human development in project regions. Similarly, instead of earlier development models in which concerns about economic development dominate the development agenda, a participatory community development model is being suggested for energy security and human development.

Keywords: Corporate Social Responsibility, Energy Security, Human Development, Participatory Development Model, Community Investment Project.

ÖZET

BAKÜ-TİFLİS-CEYHAN PROJESİ VE TOPLUMSAL YATIRIM PROJELERİNDE ŞİRKETLERİN SOSYAL SORUMLULUĞU UYGULAMASI

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Bu tez, Bakü-Tiflis-Ceyhan projesinde ve bunun bir parçası olarak Azerbaycan, Gürcistan ve Türkiye’de başlatılan Toplumsal Yatırım Projelerinde (TYP) Şirketlerin Sosyal Sorumluluğu (ŞSS) uygulamasını değerlendirmeyi amaçlamaktadır. Bunu, ŞSS’ye var olan yaklaşımlardan yola çıkarak, yani ŞSS’ye sosyo-bilişsel oluşum, sosyal fonksiyon ve güç ilişkisi olarak bakan yaklaşımların bileşimi şeklinde bakarak yapmaktadır. Özellikle, Türkiye’de Ardahan, Kars ve Erzincan/Gümüşhane illerinde halen devam etmekte olan Toplumsal Yatırım Projelerinde ŞSS uygulaması üzerinde durmaktadır. Toplumsal Yatırım Projelerinde uygulanan ŞSS’yi değerlendirirken, aynı zamanda bu projelerin proje bölgelerindeki insani kalkınmaya, dolayısıyla da enerji güvenliğine katkısını değerlendirmeye çalışmaktadır. Sadece arz güvenliği yerine, tüm küresel enerji altyapı güvenliğinin

hayati hale geldiđi yeni bir enerji gvenliđi anlayıřı erevesinde, proje blgelerindeki insani kalkınmanın geliřtirilmesi adına řirketlerin sorumlulukları zerine vurgu yapmaktadır. Aynı řekilde, ekonomik kalkınma adına kaygıların kalkınma gndemine hakim olduđu nceki kalkınma modelleri yerine, enerji gvenliđi ve insani kalkınma iin katılımcı toplumsal kalkınma modeli nerilmektedir.

Anahtar Szckler: řirketlerin Sosyal Sorumluluđu, Enerji Gvenliđi, İnsani Kalkınma, Katılımcı Kalkınma Modeli, Toplumsal Yatırım Projesi.

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CHAPTER 1:

INTRODUCTION

Business-society relations in global business life have lately produced a very critical discussion about corporations' social responsibilities, besides their environmental and financial ones. The corporations, especially those having a transnational span of activity, have assumed these responsibilities in several developing countries to create 'safe heavens' eventually for their corporate activities. As a matter of fact, there has already been thorough monitoring of transnational actors' activities in developing world by various international actors, and critical questions have been asked whether these foreign companies actually contribute to developing countries' overall development and integration with the developed world. The concept of *community* in this regard came to the forefront to be an underlying consideration of corporations in designing their corporate conduct. Thus, development of communities where these corporations operate has become one of the business priorities.

Within this framework, development of communities in energy exporting developing countries and transit developing countries has become very important for energy security since any possible physical attack on the energy infrastructure costs

billions of dollars for global energy corporations and endangers global energy security. Changes in global energy security paradigm have produced a new line of thought about corporations' social responsibilities, which in fact touches upon business ethics. For this reason, within Corporate Social Responsibility (CSR) understanding, big corporations have noticed the need to create positive impacts upon communities and environment besides mitigating their core business impacts. It was not long time ago when there was a pervasive understanding that state-led development initiatives focusing solely upon economic development could ensure energy security. However, later in time this development model proved insufficient and ineffective for ensuring energy security in true sense. Thus, alternative models have been discussed within development discourse. Human development, especially since the turn of the millenium, has been put forward more loudly for sustainable corporate conduct.

The main objective of this dissertation is to assess the implementation of CSR within BTC project and Community Investment Projects (CIPs), the latter of which have been initiated within the framework of Baku-Tbilisi-Ceyhan Crude Oil Pipeline project. In doing so, an alternative development model where human development is the main focus, rather than a state-led one, is suggested for ensuring enery security within the framework of CSR.

The present study is structured into five chapters, the first being Introduction and the last being Conclusion chapters. The second chapter attempts to portray the transformation of energy security paradigm and describes the growing links between energy security and development. The third chapter dwells upon Corporate Social Responsibility and its linkages to energy security and human development. The

fourth chapter, more specifically, assesses the CSR implementation in the CIPs within the framework of extant CSR approaches.

CHAPTER 2:

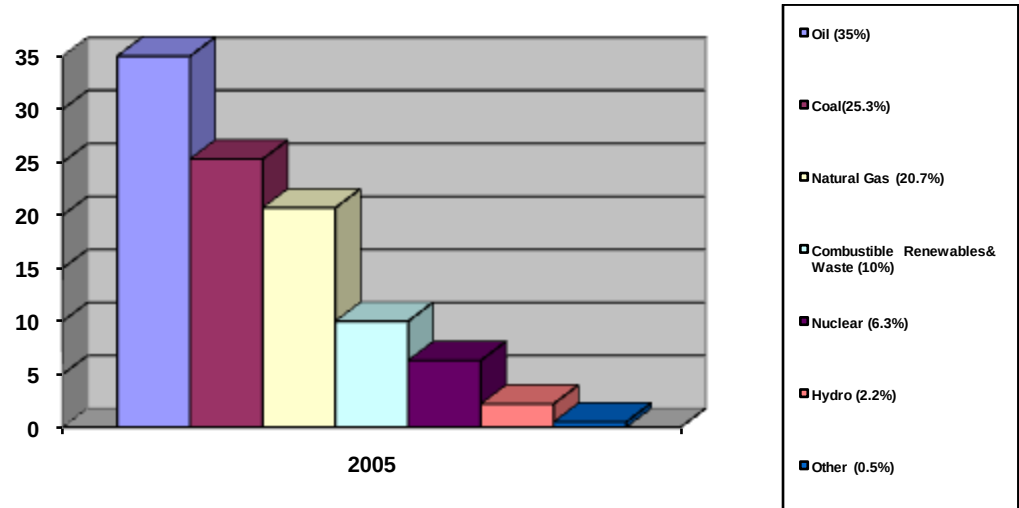
ENERGY SECURITY AND DEVELOPMENT

This chapter falls in two parts. The first part examines the growing importance of energy security. It lists the continuities in securing energy supply and in energy dependency. Then, it attempts to shed some light onto the transformation of the concept of energy security by listing the changes in the nature of energy dependency and security environment. As opposed to earlier conviction that primarily energy supply security should be the focus, a new paradigm of understanding energy security given the changes in the nature of energy dependency and security environment is suggested. The second part of the chapter mainly looks at the growingly important links between energy security and development within the context of emerging needs for alternative approaches for human development given the development concerns of major energy exporting and transit countries. In doing so, the gear from the narrow focus on state-centered approach to energy security to the new focus on the relation between energy security and human development forms the basis of conceptual discussion.

2.1. Importance of Energy Security

Fossil fuels are expected to remain to be the main energy sources for economies in the foreseeable future. Although new research and development programmes regarding renewable energy resources and nuclear energy are continuously embedded in the national energy policies, those will remain limited. For example, World Energy Outlook issued in 2004 makes references to the energy security and sets vital projections for the future. It puts that considering the persistence of current energy trends in the world (See Figure 2 1 and Figure 2 2), it is expected to see the dominance of fossil fuel mix in energy resource use. Accordingly, the share of both renewables and nuclear energy is expected to be limited.¹ In fact, despite various policies to increase efficient use of energy, oil continues to have the largest share in final consumption in 2005 when compared to the level in 1973 (See Figure 2 3 and Figure 2 4). Moreover, the global energy demand is estimated to be %60 higher in 2030 than it is now.²

Figure 2 1: Fuel Shares of Total Primary Energy Supply, 2005

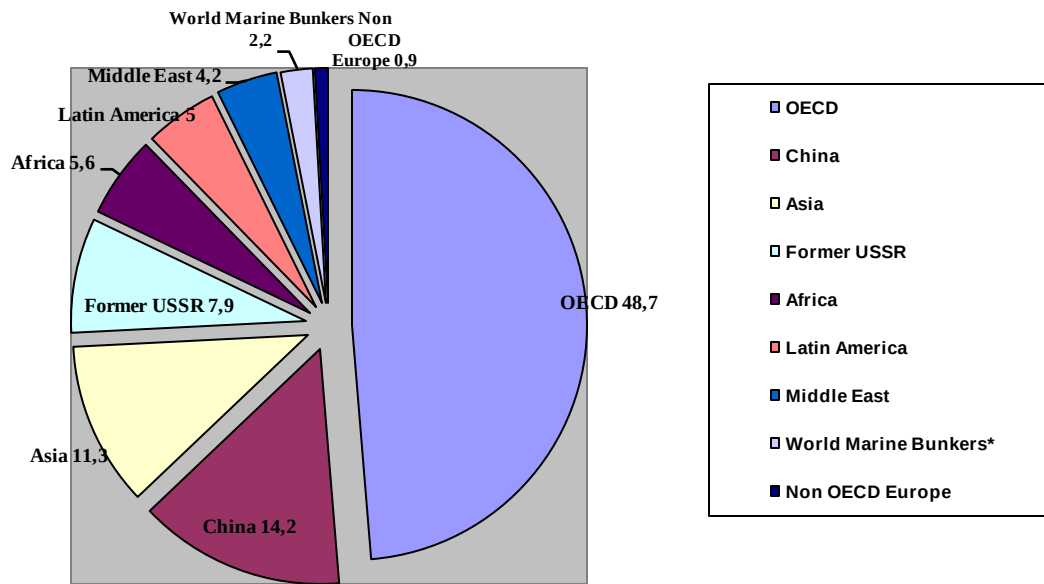


Source: International Energy Agency, *Key World Energy Statistics 2007*, p. 6.

Figure 2 2: Regional Shares of Total Final Consumption, 2005

¹ International Energy Agency, *World Energy Outlook 2004*, p. 29.

² Ibid.



Source: International Energy Agency, *Key World Energy Statistics 2007*, p. 30.

* International marine bunkers cover those quantities delivered to ships of all flags that are engaged in international navigation. The international navigation may take place at sea, on inland lakes and waterways, and in coastal waters. Consumption by ships engaged in domestic navigation is excluded. The domestic/international split is determined on the basis of port of departure and port of arrival, and not by the flag or nationality of the ship. Consumption by fishing vessels and by military forces is also excluded.

Figure 2 3: 1973 Fuel Shares of Total Final Consumption

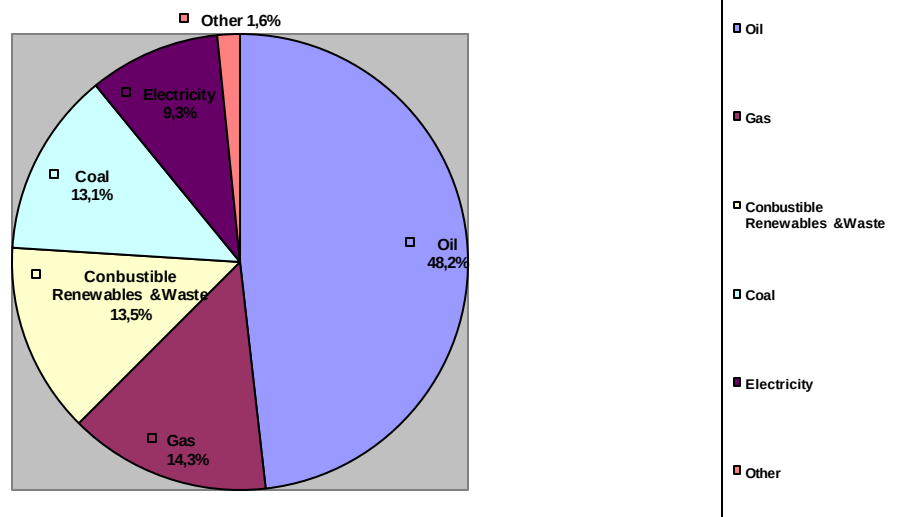
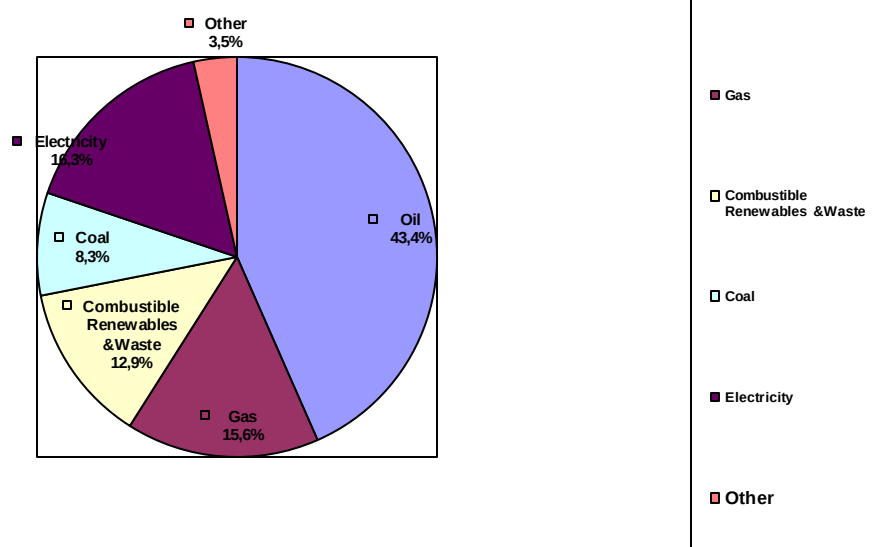


Figure 2 4: 2005 Fuel Shares of Total Final Consumption



Source: International Energy Agency, *Key World Energy Statistics 2007*, p. 28.

Table 2 1: Oil and Gas Production and Consumption Amounts of Major Industrialized Countries

<i>Growing Demand (Dependency) of Major Industrialized Countries</i>	Total Domestic Oil Production* (Thousand Barrels per day)	Oil Consumption	Total Domestic Gas Production** (Billion Cubic Feet)	Gas Consumption
The US	8,330.49	20,687.41	18.074	22.241
China	3,844.87	7,273.29	1.763	1.655
Japan	128.87	5,159.45	179	3.081
Germany	151.33	2,644.88	701	3.566
India	853.61	2,586.89	1.056	1.269
Korea	18.05	2,173.79	18	1.074

Source: Energy Information Agency, *Country Energy Profiles*

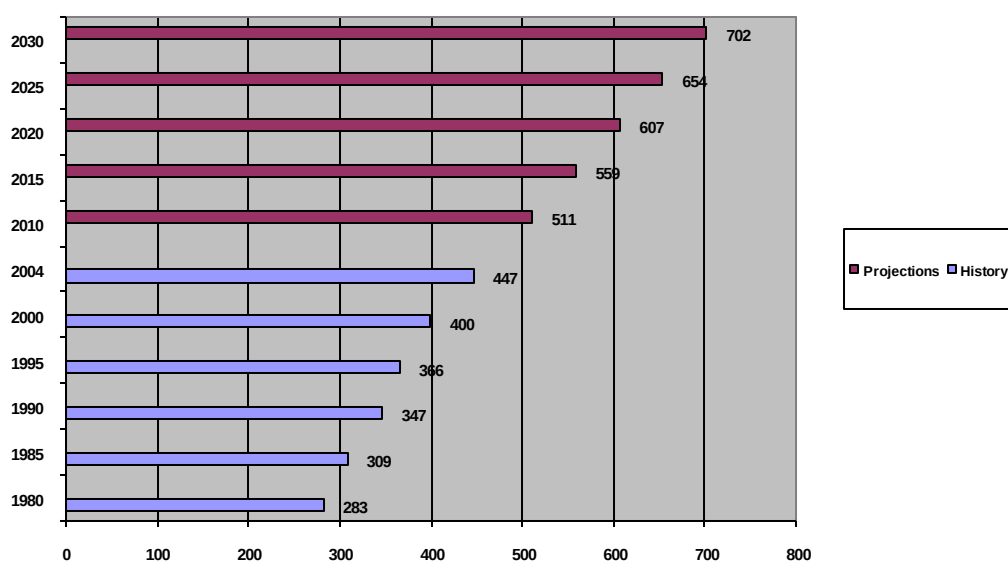
* Oil production and consumption amounts belong to 2006.

** Gas production and consumption amounts belong to 2005.

In Table 2 1, the dependency of major industrialized countries for oil and gas is evident since their consumption amounts exceed their domestic production.

Furthermore, there is a global increase in demand for energy (see Figure 2 5) and there are limited resources, of which many countries are deprived. As for the resource-rich countries for example, in total proven oil reserves, Saudi Arabia with its share of 21,3%, Iran with 11,2%, Iraq with 9,3%, Kuwait with 8,2% and the United Arab Emirates with 7,9% are the top five countries.³ In the rising demand trend, the share of Asia cannot be disregarded since the main demand for energy resources is coming from two large industrializing countries: China and India. Cambridge Energy Research Associates Chairman Daniel Yergin recalls that for the first time in history, Asia's oil consumption exceeded North America's in 2005. He also strikingly points out that China's share of total growth in demand since 2000 has been 30% while its share in global oil market is about 8% by 2006.⁴

Figure 2 5: World Marketed Energy Consumption, 1980-2030 (year/quadrillion Btu⁵)



Source: EIA, *World Energy and Economic Outlook*, <http://www.eia.doe.gov/oiaf/ieo/pdf/world.pdf>

³ BP, *BP Statistical Review of World Energy* June 2008, p. 6.

http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2008/STAGING/local_assets/downloads/pdf/statistical_review_of_world_energy_full_review_2008.pdf, 22 March 2008.

These figures belong to the end of year 2007.

⁴ Daniel Yergin, 'Ensuring Energy Security,' *Foreign Affairs*, Volume 85, No. 2, March/April 2006, p. 72.

⁵ Abbreviation for British Thermal Unit.

Energy security is defined as ‘a condition in which a nation and all, or most, of its citizens and businesses have access to sufficient energy resources at reasonable prices for the foreseeable future free from serious risk of major disruption of service.’⁶ Thus, the primary obstacle to development of energy resources is not geology today but it is what is happening above the ground. New technologies of major energy companies render it possible to extract oil, for instance, from the most difficult terrains. However, ethnic conflicts, terrorist attacks, political leverage competition and geopolitical conditions are increasingly identified as potential threats which might hamper the flow of energy from supply centers to demand centers at reasonable prices in the near future without any disruption. For example, Yergin, in his testimony in front of the US House of Representatives Committee on Foreign Affairs' hearing on ‘Foreign Policy and National Security Implications of Oil Dependence’ emphasizes that energy policymakers should consider the fact that ‘a good part of the growth in world energy supply after 2010 will occur in countries going through transitions or subject to turbulence’⁷.

Accordingly, Yergin summarizes the fundamentals of energy security as follows⁸:

- Diversification, different sources of supply rather than dependence on a single or a few sources of supply
- Resilience—‘a security margin’
- High quality and timely information

⁶ Gawdat Bahgat, ‘Central Asia and Energy Security,’ *Asian Affairs*, Vol. 37, Issue 1, March 2006, p. 1.

⁷ Daniel Yergin, ‘Fundamentals of Energy Security,’ <http://www.cera.com/aspx/cda/public1/news/articles/newsArticleDetails.aspx?CID=8689>, 22 March 2008.

⁸ Ibid.

- Collaboration among consumers and between consumers and producers
- Expanding International Energy Agency systems to include China and India
- Expand the energy security paradigm to integrate infrastructure and supply chain
- Robust markets and flexibility
- Renewed emphasis on the importance of efficiency for both energy and environmental reasons
- Energy investment
- Need for new technological developments and R&D

The major determinant underlying these fundamentals is the concern for energy disruptions. To better manage these growingly possible energy disruptions, International Energy Agency was founded in 1974 with an authority to implement the International Energy Program (I. E. P.), a collective initiative to deal with oil security issues worldwide. The foundation of IEA dated just after the major oil disruption of 1973, inflicting severe world wide macro economic effects thereafter. Thus, IEA has developed emergency response strategies to address possible supply disruptions to ensure efficient, cost-effective, adequate, rapid, timely, clean and permanent supply to consuming sectors. Being a member of IEA is compulsory for all OECD (Organisation for Economic Co-operation and Development) countries, which brings along two major commitments. Member countries are committed to retain oil stocks equivalent to at least 90 days of oil imports and to have emergency

response measures in case of supply disruptions.⁹ For example, the hurricane season in 2005 in the Gulf of Mexico made it clear that the supply infrastructure is susceptible to natural disasters and proved that the oil market has become very much vulnerable to short periods of supply disruptions, ultimately leading to skyrocketing prices. Moreover, rising demand for the remaining oil reserves in fewer number of countries, the growing use of oil in transport sector and inadequate capacity capabilities (upstream and downstream) for both oil and gas have rendered supply security an important issue in the world politics.

Within this framework, the concerns for geopolitics and potential instabilities in energy exporting countries are increasingly attached to the relation between energy security and development. In fact, proven energy resources are mostly found in developing countries, which have different levels of development.

In table 2 2, except for Canada, Norway and the Netherlands, other major energy exporting countries are placed relatively at lower ranks in all human development indices. Thus, given the new focus on the relation between energy security and development, the human development levels of these major energy exporting countries should be a concern in analyzing and defining energy security.

⁹ IEA, 'Executive Summary, Oil Supply Security: Emergency Response of IEA Countries 2007,' p. 11. <http://www.iea.org/Textbase/npsum/OilSecurity2007SUM.pdf>, 22 March 2008.

Table 2 2: Major Oil and Gas Exporting Countries, 2006 & their rank by HDI, HPI, GDI Indices, 2005

Major Oil and Gas Exporting Countries		HDI ⁽ⁱ⁾ (Human Development Index)	HPI ⁽ⁱⁱ⁾ (Human Poverty Index)	GDI ⁽ⁱⁱⁱ⁾ (Gender related Development Index)	Freedom ^(iv)		
					PR	CL	Status
Top 5 (Oil Exporters)	Proven Oil Reserves (Billion Barrels)						
Saudi Arabia	262,275	Rank 61 Value 0,812	NA	Rank 69 Value 0,783	7	6	NF
Russia	74,435	Rank 67 Value 0,802	NA	Rank 58 Value 0,801	6	5	NF
Iran	133,000	Rank 94 Value 0,759	Rank 30 Value 12,9	Rank 83 Value 0,750	6	6	NF
Nigeria	37,200	Rank 158 Value 0,470	Rank 80 Value 37,3	Rank 138 Value 0,456	4	4	PF
Norway	7,070	Rank 2 Value 0,968	Rank 2 Value 6,8	Rank 3 Value 0,957	1	1	F
Top 5 (Gas Exporters)	Proven Gas Reserves (Trillion Cubic Feet)						
Russia	1.688,755	Rank 67 Value 0,802	NA	Rank 58 Value 0,801	6	5	NF
Canada	56,800	Rank 4 Value 0,961	Rank 8 Value 10,9	Rank 4 Value 0,956	1	1	F
Norway	81,294	Rank 2 Value 0,968	Rank 2 Value 6,8	Rank 3 Value 0,957	1	1	F
Algeria	161,200	Rank 104 Value 0,733	Rank 51 Value 21,5	Rank 94 Value 0,720	6	5	NF
Netherlands	50,818	Rank 9 Value 0,953	Rank 3 Value 8,1	Rank 6 Value 0,951	1	1	F

Sources: International Energy Agency, *Key World Energy Statistics 2007*

UNDP, *Human Development Reports 2007/2008, Tables 1, 3, 4, 28*

Energy Information Administration, *International Energy Annual 2006*

Freedom House, *Freedom in the World Country Ratings 2006*

(i) Total 177 countries are ranked. The **Human Development Index** is a new way of measuring development by combining indicators of life expectancy, educational achievement (adult literacy rates and the combined gross enrollment ratio for primary, secondary and tertiary schooling) and income into a composite human development index. It ranges from minimum value of 0 to maximum value of 1.

(ii) Total 177 countries are ranked. The **Human Poverty Index** uses indicators of the most basic dimensions of deprivation: a short life, lack of basic education and lack of access to public and private

resources. HPI is evaluated differently for developing countries (HPI-1) and for a group of high income OECD countries (HPI-2). The HPI-1 measures deprivations in the three basic dimensions of human development captured in the HDI: A long and healthy life—vulnerability to death at a relatively early age, as measured by the probability at birth of not surviving to age 40. Knowledge—exclusion from the world of reading and communications, as measured by the adult literacy rate. A decent standard of living—lack of access to overall economic provisioning, as measured by the unweighted average of two indicators, the percentage of the population not using an improved water source and the percentage of children under weight-for-age. The indicators used to measure the deprivations are normalized between 0 and 100 (because they are expressed as percentages). The HPI-2 measures deprivations in the same dimensions as the HPI-1 and also captures social exclusion. Thus, it reflects deprivations in four dimensions: A long and healthy life—vulnerability to death at a relatively early age, as measured by the probability at birth of not surviving to age 60. Knowledge—exclusion from the world of reading and communications, as measured by the percentage of adults (ages 16-65) lacking functional literacy skills. A decent standard of living—as measured by the percentage of people living below the income poverty line (50% of the median adjusted household disposable income). Social exclusion—as measured by the rate of long-term unemployment (12 months or more). For both HPI-1 and HPI-2, the value of 0 shows no deprivation while the value of 100 shows the whole population is deprived of those three (four in case of HPI-2) indicators.

(iii) Total 177 countries are ranked. The ***Gender-related Development Index*** measures achievement in the basic capabilities as the HDI does, but pays attention to inequality in achievements of both men and women. It is simply the unweighted average of the three component indices—the equally distributed life expectancy index, the equally distributed education index and the equally distributed income index. It ranges between 0 and 1. The value of 0 shows absolute inequality in three dimensions of HDI while the value of 1 shows absolute equality.

(vi) Freedom is composed of three subcategories. PR stands for ‘political rights’, CL stands for ‘civil liberties’ and F, PF, NF respectively stands for ‘Free’, ‘Partly Free’, ‘Not Free’. A value of ‘1’ indicates perfect score whereas a value of 10 indicates imperfect score.

Top 5 Oil and Gas Importing Countries are as follows:

Table 2 3: Oil and Gas Import Amounts of Top 5 Importing Countries, 2005-2006

Major Oil and Gas Importing Countries	
Top 5 (Oil Importers)	Amount Imported (Mt)
United States	582
Japan	213
China	127
Korea	115
Germany	112
Top 5 (Gas Importers)	Amount Imported (Mm3)
United States	118.569
Germany	93.730
Japan	88.633
Italy	77.399
Ukraine	50.221

Source: International Energy Agency, *Key World Energy Statistics 2007*

Although supply security and energy dependency have been the crux of definition of energy security particularly for the developed countries, any disruptions stemming from regional conflicts, political/social instabilities or ‘resource nationalism’ due to tension in North-South relations could be analyzed within the human development context. Accordingly, while energy exporting countries perceive energy security as ‘security of demand’¹⁰, the lack of diversification in the economies of energy exporting countries highlights the problems of oil-gas led development such as poor democratization process and rent-seeking state behavior in income distribution favoring certain social groups in return for consolidation of power as well as legitimization of the government. Thus, the definition of energy security seems to be limited to a state-centered approach without considering the human dimension, which should be the major focus given the transformations on the regional, national or global levels. Similarly, a narrow focus on economic

¹⁰ Daniel Yergin, ‘Ensuring Energy Security,’ *Foreign Affairs*, Volume 85, No. 2, March/April 2006, p. 71.

development of energy exporting countries would be misleading to demonstrate the insufficiencies in their human development. For example, although energy export revenues constitute an important income source for major energy exporting developing countries, the population living below \$2 a day and GINI index as a measure of inequality in income distribution demonstrate that energy wealth does not bring high human development and specifically gender development to those countries (See Table 2 4 and Table 2 2). In fact, while Russia and Saudi Arabia are ranked as high/upper middle income countries, their ranks in HDI and GDI as well as GINI index reflect the insufficient levels of human development in these countries.

Table 2 4: Oil and Gas Exporting Developing Countries in Top 5 and Some of their Economic Indicators

<i>Oil Exporting Developing Countries in Top 5</i>	GDP (2006) (US Billions) /Ranks	Energy export revenues (2006)	Energy export revenues as % of GDP	Population living below \$2 a day (1990-2005)	GINI Index*
Saudi Arabia	309.8 /25	193.8	%62.5	NA	NA
Russia	986.9 /11	109*	%11	%12.1	39.9
Iran	189.8 /29	57.3	%30.1	%7.3	43.0
Nigeria	115.3 /47	55.3	%56.7	%92.4	43.7
<i>Gas Exporting Developing Countries in Top 5</i>					
Russia	986.9 /11	NA		%12.1	39.9
Algeria	114.7 /46	NA		%15.1	35.3

Sources: IEA, *Key World Energy Statistics 2007*

EIA, *OPEC Revenues Fact Sheet (OPEC Oil Export Revenues)*

Country Tables for each country / Human Development 2007-2008 Report

* Russia's revenues are estimated for the year 2005 by EIA in 'Major Non-OPEC Countries' Oil Revenues,' June 2005.

* The *Gini Coefficient* is a measure of inequality of income distribution or inequality of wealth distribution. A value of 0 represents absolute equality, and a value of 100 absolute inequality.

2.2.Continuities in Securing Energy Supply and Energy Dependency

Despite a need for putting energy security in a broader context of human development, there are some basic continuities that should be considered while analyzing energy supply security. These can be summarized as follows:

2.2.1. Diversification of Supply

This is the most important one for all countries to avert an absolute dependency on a single source as primary energy supply or on a single supplier. If a country is dependent heavily upon only one energy supplier country, then the supplier can manipulate its advantage over the other by playing with the prices as it wishes. This is evident in Russia's different price setting for its trade partners. For example, in 2005 Russia sold natural gas to Germany at \$255 per 1.000 cubic meters whereas it sold to Armenia at \$110 per 1.000 cubic meters.¹¹ Apart from this, countries might employ its energy resources as a strategic control power, most recently proved in examples of Russian energy cuts to Ukraine and Georgia to make them know that Russia is still more powerful vis a vis these states in January, 2006.¹² The Green Paper issued by the Commission of the European Communities exactly dwells upon this observation that the EU should be dependent on various sources. It observes, 'Reserves are concentrated in a few countries. Today, roughly half of the EU's gas consumption comes from only three countries (Russia, Norway, and Algeria). On current trends, gas imports would increase to %80 over the next 25

¹¹ Necdet Pamir, 'Energy (In)security and the Most Recent Lesson: The Russia- Ukraine Gas Crisis,' <http://www.asam.org.tr/temp/temp111.doc>, 28 March 2008.

¹² C. J. Chivers, 'Explosions in Southern Russia Sever Gas Lines to Georgia,' *New York Times*, 23 January 2006. <http://www.nytimes.com/2006/01/23/international/europe/23georgia.html>, 28 March 2008.

years.¹³ This observation about the EU's growing gas import dependency alerts the policy makers to diversify their energy suppliers by means of trying other routes of energy trade.

2.2.2. Foreign Direct Investment

Another fundamental continuity in energy security paradigm is investments and technological development. This is extremely important once one takes the difficulty and high costs of resource exploration, development, refining and transportation into account. Oil extraction and development prices are not the same everywhere among oil producing countries, and it costs significantly less in oil-rich Middle East countries where oil industry is controlled by national oil companies (See Table 2 5). For example, Saudi Arabia, being the largest net oil exporter in the world, enjoys some of the lowest production costs (due to the proximity of oil wells to the surface), and its economy has been dominated by big state-owned corporations such as Saudi Aramco.¹⁴ In addition, the costs of extraction and development of oil in remote, landlocked fields and from in-depth offshore ocean fields are relatively higher due to geological and topological reasons. The amount of sand or tartar in oil resources also makes it expensive to extract like those in Canada and Venezuela.

¹³ 'Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy,' *Commission of the European Communities*, Brussels, 8 March 2006, p. 3.
http://ec.europa.eu/energy/green-paper-energy/doc/2006_03_08_gp_document_en.pdf, 28 March 2008.

¹⁴ EIA, *Country Analysis Briefs: Saudi Arabia*, February 2007,
http://www.eia.doe.gov/cabs/Saudi_Arabia/Oil.html, 28 March 2008.

Table 2 5: Lifting Costs for FRS¹⁵ Countries by Region, 2005 and 2006

Country/ Region	Direct Production (Lifting) Costs 2006 (Dollars Per Barrel of Oil Equivalent)		
	2005	2006	% of change in production costs, 2005-2006
United States	5.56	6.83	22.8
Canada	7.20	8.29	15.1
Europe	5.89	6.34	7.6
Former Soviet Union	5.38	4.09	-24.0
Africa	4.22	4.10	-2.7
Middle East	4.96	4.59	-7.5
Other Eastern	3.86	4.32	11.8
Other Western	3.27	3.21	-1.9

Source: Energy Information Administration, *Performance Profiles of Major Energy Producers 2006*

As opposed to national oil companies in the Middle East, multinational companies specifically from developed countries invest in other energy rich countries, such as those in Africa, energy-rich Central Asian countries, Mexico and Indonesia given in these countries the lack of sufficient know-how and difficult geographical structures that require sophisticated oil extraction and development technologies. Thus, the need for foreign investments is expected to rise in the future. International Energy Agency expects that \$16 trillion will be needed to afford the energy infrastructures of all kind between 2003 and 2030.¹⁶ Since the idle capacity is becoming more important for use in case of energy shock, the investment for storage

¹⁵ FRS is an abbreviation for 'Financial Reporting System'.

¹⁶ International Energy Agency, *World Energy Outlook 2004*, p. 72, <http://www.iea.org/textbase/nppdf/free/2004/weo2004.pdf>, 22 March 2008.

facilities gets vital, as well. Although oil can easily be stored, natural gas requires a specific form to be stored which is Liquefied Natural Gas (LNG), which is at current costs quite expensive.

2.2.3. Enforcement of International Energy Regimes

The third fundamental continuity in energy security paradigm is the creation of international energy regimes, pioneered by the establishment of Organization of the Petroleum Exporting Countries (OPEC). OPEC's mission is identified 'to coordinate and unify the petroleum policies of member countries and ensure the stabilization of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers and a fair return on capital to those investing in the petroleum industry.'¹⁷ The creation of OPEC is specifically significant to gather many energy-producing countries under the same framework to work out uniform energy policies. Through negotiations and transfers of ideas, the organization operates as a forum to observe the consumer-producer interests evenly. Energy security debate has been exacerbated by the tight oil market and high oil prices.¹⁸ There is no inter producer competition among producing countries today given high oil prices. However, when it happens to fall down, the creation of forums such as OPEC might prevent unfair gains among producers.

In addition to the establishment of OPEC, to ensure more cooperation among the industrialized countries and to deter exporting countries from employment of energy as a strategic weapon in line with their interests, International Energy Agency was founded in 1974, as stated earlier. This is also a part of international energy

¹⁷ OPEC, <http://www.opec.org/home/>, 23 March 2008.

¹⁸ Daniel Yergin, 'Ensuring Energy Security,' *Foreign Affairs*, Volume 85, No. 2, March/April 2006, p. 69. Oil prices level at around \$110.51 per barrel by 26 August 2008.

regime building efforts to avoid a victimization of dependent countries in case of oil disruptions in energy supply chain since member countries are committed to share available resources at hand. Bottlenecks in oil refining capacity, limited idle crude oil production capacity, electricity blackouts, the brief interruptions of natural gas supply and the decline in oil production due to extreme weather conditions, unforeseen accidents, geopolitical conflicts, and potential terrorist attacks are widespread concerns, which all necessitate the enforcement of international energy regimes.

2.2.4. Energy Efficiency & Energy Conservation

While the dominating fuel mix has been fossil fuels which are limited on the Earth, energy efficiency has increasingly been promoted as a cost-effective tool for accomplishing a sustainable energy policy. For example, according to the IEA, improvements in energy efficiency since 1990 have allowed an annual energy saving of 16 EJ¹⁹ by 2004, which is actually equal to avoidance of 1.2 Gt of CO₂ emissions and an estimated USD 170 billion of energy cost savings.²⁰ IEA foresees that more efficient use of energy may reduce the investment in energy infrastructure worldwide, decrease energy prices, boost competitiveness and help improve consumer welfare ultimately.²¹

Countries use energy in different sectors of daily life. For example, fossil fuel energy resources can be used in industries, chemistry, heating and transportation. More efficient use of energy is simply compulsory for energy security particularly

¹⁹ EJ is abbreviation of *exajoule* which is equal to 10¹⁸.

²⁰ IEA, 'Executive Summary: Energy Use in the New Millennium,' p. 19.
<http://www.iea.org/Textbase/npsum/Millennium2007SUM.pdf>, 24 March 2008.

²¹ IEA, *Energy Efficiency*,
http://www.iea.org/Textbase/subjectqueries/keyresult.asp?KEYWORD_ID=4122, 24 March 2008.

given the depleting fossil energy resources which have been the major primary energy supply for energy importing countries. Then, there should be a better mixture of energy sources, and new methods for clean and environmentally safe renewable energy production to reduce heavy dependency upon fossil fuel energy resources should be explored. Furthermore, countries like Turkey should avoid complex energy import agreements without well studied reliable estimations of domestic energy demand for a certain period of time based on different scenarios. Since, for example, long-term contracts obliging import of certain amount of natural gas might undermine incentives to reduce energy consumption.

2.3. Changes in the nature of energy dependency & security environment

Today, energy security should be understood in a different context given the changes in the nature of energy dependency and security environment since supply disruptions have led to significant revisions within the perception and implications of the concept. While previous supply disruptions were due to Arab oil embargo of 1973, 1978/79 Iranian Revolution and the Persian Gulf War between 1990 and 1991 within the specific context of cold war politics, the recent disruptions such as a mixture of different sporadic attacks on the Nigerian oil production facilities, the Iraqi War of 2003, Venezuela's cuts of oil production of 2006 and current debate over Iran's nuclear plans can be assessed as a reflection of the changing security environment, which also reflects the weaknesses of state in those countries. In addition, environmental disasters such as hurricanes Katrina and Rita caused shutting off several offshore American oil production facilities in the Mexican Bay in 2005. Given these major disruptions, different intervening variables such as changed

supply and demand centers, neo-geopolitics and transformation in understanding global security have been added up to the energy security framework.

The new paradigm of energy security then is not simply about energy diversification or supply security but about the whole network of energy market embedded in broader concept of global security including human security. The risks are now different and the ways to be followed for the best response to any possible shocks have become more complicated. The changes can be summarized as follows:

2.3.1. Supply and Demand Centers

Probably, the most visible change emerged in the supply and demand centers. Historically, concerns concentrated upon the possibility of oil disruptions in the oil producing countries with a special focus on the Middle East. This still holds true while major developed countries are struggling to ensure sufficient oil supplies. However, this concern has come to be shared also by developing countries which have relatively higher growth rates.²² Thus, they have higher rates of oil demand than before. For example, China's share of total growth in oil demand since 2000 has been 30%.²³ Also, the expansion of the EU and the explosion of East Asian economies increased the energy demand. In the past, the demand centers were clustered around the members of the OECD. Today, the demand share of Brazil and

²² China and India are the fastest growing economies among developing countries. China's GDP growth was 10.2% in 2005 and 10.7% in 2006. EIA estimates that China's oil consumption will increase by almost half a million barrels per day in 2006 which accounts for 38% of total growth of world oil demand. China has been the third biggest net oil importer behind the US and Japan in 2006. It has also been the second largest oil consumer behind the US in 2007. Similarly, India has achieved GDP growth from 4% in 2004 to 9.2% both in 2005 and 2006. EIA estimates that India became the fifth largest oil consumer in 2006. Again, EIA estimates that India had oil demand growth of 0.1 million barrels per day in 2006.

²³ Daniel Yergin, 'Ensuring Energy Security,' *Foreign Affairs*, Volume 85, No. 2, March/April 2006, p. 72.

India is growing, in part exceeding those of Western developed countries from time to time.

Furthermore, there are new energy producing countries such as Angola, Azerbaijan, Turkmenistan and Uzbekistan joining the energy exporting countries group and expanding the physical geography of energy production.

2.3.2. Neo-Geopolitics

As opposed to orthodox geopolitics, neo-geopolitics rejects and questions the sole state-centric approach to national security. Neo-geopolitics has come to be defined more broadly to integrate other actors such as transnational non-governmental organizations and institutions, firms, armed forces, terrorist organizations, peace organizations, human rights advocates, and environmental organizations.²⁴ In the absence of superficially defined ‘us’ vs ‘them’ power relations in which national security has been considered only in terms of threats coming from other nations and outlaw groups, the energy security cannot be thought separate from neo-geopolitical understanding, which produces more complex risks and threats. Accordingly, energy security is directly related to the geographical distribution of energy resources in which a divergent set of energy exporting countries with different development levels and political regimes interact in a broader context of global security.

²⁴ Mehdi Parvizi Amineh, ‘Rethinking Geopolitics in the Age of Globalization,’ *Globalization, Geopolitics and Energy Security in Central Eurasia and the Caspian Region*, The Hague: Clingendael Energy Publication, 2003, pp. 20- 21.

2.3.3. Transformation in Understanding Global Security

In the post-cold war era, Cold war power balances and alliance features came to be redefined with different kinds of international developments such as German Unification, break-up of Yugoslavia, NATO expansion and economic booms in Asia-Pacific. In the Cold War Era, the power blocs were divided along ideological lines, which represented different perceptions of economic and political systems. Security discourse at national level based on military capabilities dominated the security agenda. However, following the 9/11 terrorist attacks when the USA vowed to hunt down terrorists across the world and its fight against terrorism particularly in Iraq turned into a 'bloody and increasingly unpopular occupation', it became clear that unilaterally-used military tools often proved insufficient to restore global peace and stability. Security perceptions merely at national level have been criticized for being too ethno-centric and narrowly defined, and normative discussions as to new security understanding to deal with new risks and threats have occupied the security literature.

Integration as well as fragmentation in the globalization process emphasized broader understanding of security and its relation to development which, in turn, came to be replacing cold war politics' heavy focus upon narrow power struggles.²⁵ New developments like the break-up of the Soviet Union and Yugoslavia, and later Russia's transformation to be anchored within the global politics changed the Cold War threat perceptions²⁶ and brought forward the idea of security at societal level by putting renewed focus upon human security. Human security has growingly been seen as synonymous with global security especially after the co-chairs of the UN

²⁵ Michael Cox, 'Chapter 6: From the Cold War to the War on Terror,' *The Globalization of World Politics: An Introduction to International Relations*, ed. By John Baylis and Steve Smith, New York: Oxford University Press, 2005, p. 140.

²⁶ Ibid. pp. 143-150.

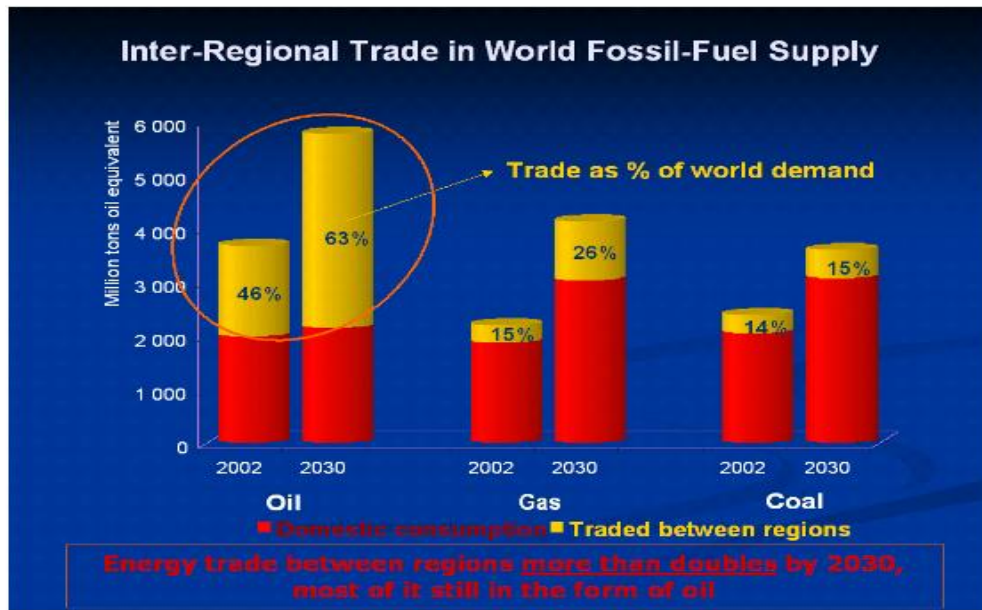
Commission on Human Security presented a written report to the UN Secretary General entitled 'Human Security Now' in 2003.²⁷ Given these international developments, the concept of security has been broadened beyond a mere politico-strategic approach (interstate/militarist/diplomatic) to include political, economic, societal, environmental aspects as well since new threats to security such as international terrorism, a breakdown of international monetary system, global warming and the dangers of nuclear accidents 'are viewed as being largely outside the control of nation-states'²⁸. The possible sources of insecurity have also been recognized to be economic pressures, authoritarian political regimes and social ethnic conflicts. Thus, new perceptions of threats as being at planetary level geared the main focus of enquiry in security from orthodox state-centered security understanding to more cooperative and collective international and global understanding of security.

Within this new security environment, the whole network of both upstream and downstream activities from energy resource drilling to marketing is important. In fact, Figure 2 6 demonstrates the growing importance of regional trade for energy resources.

²⁷ Ralph Pettman, 'Human Security as Global Security: Reconceptualising Strategic Studies,' *Cambridge Review of International Affairs*, Wellington: Victoria University, 2005, p. 138.

²⁸ John Baylis, 'Chapter 13: International and Global Security in the Post-Cold War Era,' *The Globalization of World Politics: An Introduction to International Relations*, ed. By John Baylis and Steve Smith, New York: Oxford University Press, 2005, p. 301.

Figure 2 6: Inter-regional Trade in World Fossil-Fuel Production²⁹



Source: Necdet Pamir's article titled 'Energy (In)security and the Most Recent Lesson: The Russia-Ukraine Gas Crisis,' at <http://www.asam.org.tr/temp/temp111.doc>

Approximately %63 of the fossil fuel supply is estimated to be traded between regions at greater distances in 2030. Moreover, the necessity of trading across narrow choke points like Hormuz and Malacca Straits render the energy supply more vulnerable to sudden interruption.³⁰ Thus, not only energy producing areas but also the gateways, pipelines, storage facilities and sea traffic in transporting oil and LNG are essential parts of the whole network of energy security embedded in the emerging perceptions of new threats in the post 9/11 era such as terrorism and 'failed states'.

Another growingly worrisome global threat is climate change which complicates the energy security. As a consequence of global concerns as to climate change, a series of meetings and agreements have been concluded. After the initial step taken in Rio de Janeiro in 1992 where a set of objectives were identified during

²⁹ This figure has originally been quoted by Necdet Pamir from World Investment Outlook 2003, International Energy Agency at <http://www.iea.org/textbase/work/2003/washington/Cozzi.pdf>.

³⁰ John C. Gault, 'Energy Security, Globalization, and Global Security,' *Geneva Centre Security Policy Brief No. 8*, September 2006, p. 4.

Convention on Climate Change, the Kyoto Protocol was signed by developed countries in Kyoto, Japan, in 1997 in order to commit developed countries to cut their greenhouse gas emissions comparable to the levels in 1990.³¹ The growing concern about the greenhouse gas emission has pushed countries to shift their energy supply from fuels to nuclear power and renewable energy resources. However, the initiatives taken in this respect prove to be insufficient and predictions show that fossil fuels will maintain their dominance within the global energy mix.

The changing security landscape has therefore pushed nations to focus more on human security ‘in which instruments and agents other than the military may prove the primary means of protection’³². The risk of boomerang effect has also forced nations to deal with the rising global concerns not single handedly but collectively, regardless of being developed or developing and energy producing or energy consuming. Energy security has growingly been related to these concerns in which the balance between hard traditional security and soft non traditional security has appeared vital for addressing new emerging risks and threats given the profound transformation in understanding global security.

2.4. Energy Security and Development

Rising concerns about energy security bring forward the importance of development to the forefront as an issue to be addressed. Not only economic growth and political stability but also human development in energy exporting and transit countries are important to ensure permanent energy supply for consuming countries.

³¹ Energy Information Administration, ‘Preface - Summary of Kyoto Protocol,’ <http://www.eia.doe.gov/oiaf/kyoto/kyotorpt.html>, 25 March 2008.

³² P.H. Liotta, ‘Boomerang Effect: The Convergence of National and Human Security,’ *Security Dialogue*, Vol. 33, No. 4, December 2002, p. 474.

Accordingly, HDI, HPI and GDI indices should be used as indicators to measure the development level of major energy exporters. Table 2.2 shows that especially among the major oil exporting countries, some countries do not perform well in terms of HDI, HPI and GDI. For example, in Nigeria where poverty and human rights abuses are widespread, the energy infrastructure is susceptible to sabotage and other types of attacks. Similarly, unsatisfied marginal groups within energy exporting developing countries might impose their political agendas on the central government by threatening to inflict damage upon energy infrastructure. Thus, these countries' different development concerns should be perceived as a threat within the emerging concept of energy security. Moreover, the growing amount of energy trade between regions which are prone to threats stemming from changed supply and demand centers, neo-geopolitics and transformation in understanding of global security, is also prioritizing the relationship between security and human development.

The new global security framework requires to encompass some 'non traditional' concerns such as environment, health and poverty. Therefore, narrowing down security issues to just national security dimension and ignoring human security dimension could be insufficient or counterproductive in terms of achieving peace and stability in the long run. In fact, former World Bank President James Wolfensohn warned in 2000 stating 'If we want to prevent violent conflict, we need a comprehensive, equitable, and inclusive approach to development.'³³ Moreover, the Millennium Development Goals place human security issue in developing countries at the center of international agenda³⁴, with which it could be possible to address all causes of insecurity such as poverty and health epidemics. The prevention of violent

³³ UN Address by James D. Wolfensohn, President of the World Bank, 2000. <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTPROGRAMS/EXTTRADERESEARCH/0,contentMDK:20016179~menuPK:162686~pagePK:210083~piPK:152538~theSitePK:544849.00.html>, 19 August 2008.

³⁴ UNDP Human Development 2005, Chapter 5, p. 151.

conflict in developing countries is seen as pre-requisite for the achievement of all millennium development goals, the primary of which is to reduce global poverty. Consequently, seen as intimately interlinked, security and development have been subjected to redefinitions given pending global problems.

While there has been an increasing focus on the link between security and development, there is an inconclusive debate as to what development is and how it should be defined. Conventional wisdom suggests that development is the attainment of certain measures and goals reach the level of industrialized countries. That is, transformations in Third World countries towards increasing similarity with the large industrialized countries are regarded as development.³⁵ However, this definition, which has been formulated by western modernization theory, sometimes falls short of conveying the differentiation between growth and development in true sense. So, it comes under redefinitions by means of different development theories, which have been constructed to answer several fundamental questions about development. Briefly, these questions are: How can defined development objectives be achieved and by which actors for what reasons? What are the possible factors that obstruct, delay or facilitate the attainment of defined development objectives? How do changes affect various societal groups and geographical regions?

Firstly, development was perceived merely as increase or expansion of capital and production, which was the development understanding of modernization theory. According to this theory, the more similar other countries were to the large industrialized ones, the more developed they were accepted to be. However, conventional development theories were unable to account for the patterns of rapid transformations and stagnations in many developing countries. Later, starting from

³⁵ John Martinussen, 'Chapter 1 : Development Studies as a Subject Area,' *Society, State, and Market: A Guide to Competing Theories of Development*, London: Zed Books, 1997, p. 14.

early years after WWII, development understanding came to integrate non-economic factors and conditions such as societal, cultural, political or ecological, which have been thought to possibly be catalysts of or obstructions to development. Peculiar socio-economic conditions to third world countries have been taken into account when setting development objectives. Once theories of modernization or economic growth proved unable to address development problems of third world countries, increasing focus upon human development came to the fore to understand internal dynamics within those countries.

Human development concept was celebrated first in the Human Development Report of the UN in 1990 to be defined as ‘enlarging people’s choices’.³⁶ Later, alternative development theories put human development objective to the center stage, stressing that economic growth and state-led development initiatives alone are not sufficient for development. They argue that economic growth needs to be managed well enough to provide people with ‘a healthy and long life’, ‘education’ and ‘decent standard of living’. In these theories then, ‘human factor’ comes to the center stage as the main concern in setting development strategies. In alternative development perspectives, one group of people, redefining development goals, assert that economic growth is not an end in itself, instead, they stress that welfare and human development should be higher order objectives.³⁷ The other group not only stress that development process might inflict dissimilar impacts on different social groups, consequently creating inequality, but also they gear the primary focus to the importance on civil society as a social agent for change.³⁸ There is a growing consensus that the state needs to be robust and effective in forging a framework

³⁶ UNDP Human Development Report 1990, p. 10.

³⁷ John Martinussen, ‘Chapter 20: Dimensions of Alternative Development,’ *Society, State, and Market: A Guide to Competing Theories of Development*, London: Zed Books, 1997, p. 291.

³⁸ Ibid.

within which people are able to make their fullest contribution to development—to expand their capabilities and to put them into practice—but that the state should not perform developmental functions. NGOs, entrepreneurs and people at large would carry out better.³⁹ In addition to state then, growing focus has been paid to community participation in development process, which led to rethinking of the relationship between state and private sector.

Considering that today millions of people live lacking above mentioned three pillars of human development in many developing countries, human development approach remains crucial to be addressed to ensure energy security in a stable and economically well-off social environments. Accordingly, the role of state in development process and energy security as well as energy security and new approaches to development need to be discussed further.

2.4.1. The Role of State in Development Process & Energy Security

In realist perspective, the state should be the primary actor which will ensure security for the people. However, in normative theories of development in light of the empirical studies explaining divergent development paths of countries, the debate is still going on. Considering that security is increasingly seen as a prerequisite to development, such political scientists as Chai-Anan Samudavanija⁴⁰ argue that the primary role of the state should be ensuring security for creating a safe environment where development efforts could bear a fruit. According to this reasoning, security

³⁹ UNDP Human Development Report 1990, p. 29.

⁴⁰ A Thai political scientist, Chai-Anan Samudavanija talks about the concept of ‘three-dimensional state’, by which he means that state has three major tasks. According to him, the most important role of the state is to ensure security, while the other two are promoting development and regulating participation of citizens in decision making processes. See ‘Chapter 19: Development and Security’ from *Society, State, and Market: A Guide to Competing Theories of Development* by John Martinussen for further information.

considerations play vital and sometimes decisive roles in the framing of governments' development efforts. On the other hand, other political scientists are of the opinion that lack of development itself creates ground for security problems. For instance, Martunissen asserts that 'uneven development with concentrations of growth, progress and privilege in small geographical and social enclaves may also contribute to creating security problems for many states.'⁴¹ Exclusion of some segments of society or their feeling as to they are not benefiting enough from accrued national wealth as being citizens often leads to revolt or social upheaval. So, security and development must be considered together without prioritizing one above the other. In fact, governments in the third world countries are increasingly put under heavy pressure to handle all security, development and participation issues at the same time.

State-led development policies are often insufficient given the concerns in energy exporting developing countries. Governments in energy exporting developing countries often turn out to be rent-seeking institutions, which means, according to rent-seeking theory, that the existence of valuable natural resources induces states to spend time and effort to accrue export revenues to itself and remain in power as long as they can.⁴² This, in turn, creates an authoritarian type of political regime or failed state within which people are denied their basic right to participate in decision-making processes. Relegated a supreme responsibility and authority to regulate development efforts in state-led development models, states in energy exporting developing countries are prone to engage both in public and private spheres in legal and illegal activities to claim earned rents or to control them. Shankleman observes '...the curse of oil is evident in many oil-rich countries worldwide, with oil producing

⁴¹ John Martinussen, 'Chapter 19: Development and Security,' *Society, State, and Market: A Guide to Competing Theories of Development*, London: Zed Books, 1997, p. 277.

⁴² Jonathan Di John, 'Oil Abundance and Violent Political Conflict: A Critical Assessment,' *Journal of Development Studies*, Vol. 43, No. 6, August 2007, p. 963.

states showing a high incidence of corruption and violent conflict, and low scores in education and health services and economic strength.’⁴³ Similarly, Wiig and Ramalho argues that specifically in oil industry, oil companies should take additional responsibility (if they have the capability to do so) where other institutions/ agents (mainly states) do not take responsibility given the challenges of redistribution of oil revenues, non-democratic regimes and corruption.⁴⁴ Thus, in absence of proper institutions to regulate oil revenues, rent-seeking governments focus on seizing the accrued energy wealth, ignoring human development concerns in energy exporting developing countries, which consequently jeopardizes global energy security.

2.4.2. Energy Security and New Approaches to Development

Lack of human development is a serious challenge to energy security given the fact that there is a link between natural resources and conflict and also that there is a higher incidence of civil war in oil producing countries.⁴⁵ Like other resources such as water, oil is vital enough to produce conflict when quantities are not infinite and when more than one interest group lay claim upon the same source of supply. As Table 2 2 indicates, some of the major energy exporting countries do have low ranks in HDI, HPI and GDI indices, which should partly tell us about developmental problems in those countries. These developmental problems are mostly regional

⁴³ Jill Shinkleman, ‘Introduction,’ *Oil, Profits and Peace: Does Business Have a Role in Peacemaking?*, Washington D.C.: United States Institute of Peace Press, 2006, p. 3.

⁴⁴ Madalen Ramalho and Arne Wiig, ‘Corporate Social Responsibility in the Angolan Oil Industry,’ *CMI Working Papers*, Bergen: Chr. Michelsen Institute, 2005, p. 1.

Ramalho and Wiig quotes from Ross that oil hurts democracy in three ways: through a rentier effect (through lowering tax rates and raising spending rates), a repression effect (through the increase of security forces) and a modernization effect (populations do not move to industrial and service jobs), thereby putting off the establishment of well-functioning democratic institutions.

⁴⁵ Jill Shinkleman, ‘Links between Oil and Conflict in Producing Areas,’ *Oil, Profits and Peace: Does Business Have a Role in Peacemaking?*, Washington D.C.: United States Institute of Peace Press, 2006, p. 37.

poverty, unequal distribution of income, relatively high maternal and infant mortality rates, low adult literacy rates, low life expectancy rates, and gender-based inequality.

The likelihood of struggle over wealth created by high energy prices and consequent within or inter-state conflict in the years ahead is in part due to competition for the control over energy wealth among different ethnic or political groups in energy rich countries such as Russia, Iran, Nigeria and Algeria and also in part due to the mismanagement of energy wealth by authoritarian governments. The mismanagement of energy revenues by authoritarian governments creates a problem of rentier state, in which the states generally live on the revenues generated on energy resources. Thus, states in those countries do not pay attention to the surplus of production of the populations, but rather are prone to diminish the wealth-generating sectors given their rich energy resources, which is mostly referred as Dutch Disease⁴⁶ in literature. For most of the energy producing countries, energy revenues make up a substantial part of their government budget. Thus, for these countries dependent largely on energy revenues, with weak institutions or limited capacity for peaceful resolution of political conflicts, mismanagement of energy revenues remains a chronic challenge.⁴⁷ Accordingly, the structure of distributive state is mostly obsolete given higher rates of unequal income distribution. For example, as Table 2 4 indicates, Nigeria's exports revenues account for %57 of its total GDP in 2006. However, its gini coefficient, being a measure of inequality of wealth distribution, is 43.7, which means that the generated wealth is not evenly distributed, rather concentrated at the hands of the more advantaged.

⁴⁶ 'Dutch Disease' is a term used to refer to frequent situations in oil exporting countries where the resource rent from oil may increase the domestic price level, thus crowding out other exports and industries.

⁴⁷ Jill Shinkleman, 'Links between Oil and Conflict in Producing Areas,' *Oil, Profits and Peace: Does Business Have a Role in Peacemaking?*, Washington D.C.: United States Institute of Peace Press, 2006, p. 41.

Furthermore, there are inequalities in supply of energy among developing countries. Nearly 2.4 billion people in developing world rely on biomass for their basic energy needs and 1.6 billion people are estimated to have no access to electricity in Sub-Saharan Africa and South Asia.⁴⁸ This kind of inequality in energy supply renders it impossible for the people to break the chains of poverty.

Accordingly, the developmental problems in energy-rich developing countries and energy transit countries⁴⁹ could provide a stage for potential threats such as sabotage and terrorist attacks on pipelines as well as disruptions stemming from ethnic violence, political upheavals and persistent poverty in certain enclaves. Thus, human development and human security are ultimately important for the energy security. Earlier, state-centered approach was largely adopted within development process, which in essence aims at legitimizing the state in the society using state bureaucracy to consolidate power and to manage development by central planning and allocation mechanisms.⁵⁰ Later, neoliberal global development policies based on the market guidance were championed, which turned out to widen the gap between rich and poor social groups. This neoliberal vision of development processes was undertaken by international institutions such as World Bank and IMF, which in fact mostly worked through developing states' governments.⁵¹ However, Caroline Thomas clearly points out 'Ultimately human security requires development strategies from those currently favored by global governance institutions, strategies that have redistribution at their core. It also requires a different type of global

⁴⁸ International Energy Agency, *World Energy Outlook 2004*, p. 329.

⁴⁹ There is no literature on energy transit countries relating their lack of development to lack of energy security except for Chad and Cameroon.

⁵⁰ John Martinussen, 'Chapter 18: State or Market,' *Society, State, and Market: A Guide to Competing Theories of Development*, London: Zed Books, 1997, p. 258.

⁵¹ Caroline Thomas, 'Global Governance, Development and Human Security: Exploring the Links,' *Third World Quarterly*, Vol. 22, No. 2, 2001, p. 159.

governance, one that better reflects the concerns of the majority of the world's states and citizens.'⁵²

The alternative approaches to development address to the needs and wishes of the communities with a bottom-up approach which, in turn, benefits the whole society. Following the influential guidance of the UNDP on human development, community and self-help organizations help ordinary citizens to explore their collective strength to resolve some of the problems they face.⁵³ In this sense, NGOs operate as mediating agents between governments and people, which voice the people's common concerns and wishes to the governments about a particular challenge. Thus, governments are increasingly becoming aware that for the sustainability of a particular development initiative, the support of NGOs and people should be ensured since, instead of large bureaucratic institutions, NGOs are more flexible and more familiar with local communities. Bottom-up approach works better for people because only when they reflect their concerns and wishes via NGOs, they find an opportunity to participate into development work. In many energy exporting developing countries where the state legitimacy is still being questioned by some segments of society, attachment to the state by citizens through participation in development process and decision-making mechanisms appears to be an important issue.

Within this framework, the orthodox policies of state-led or market-oriented development policies are likely to be useless especially in the protection of the vast energy networks across the world. For example, in line with orthodox approaches, financial assistance aimed to support state-led development practices during the Cold War under the modernization paradigm were explicitly 'subordinated to military,

⁵² Caroline Thomas, 'Global Governance, Development and Human Security: Exploring the Links,' *Third World Quarterly*, Vol. 22, No. 2, 2001, p. 174.

⁵³ UNDP Human Development Report 1990, p. 29.

foreign policy and economic interests of donor countries or organizations'⁵⁴. Thus, there is a need for redefining the development goals, which put human development at the forefront rather than merely focusing on achievement of economic growth and political stability to ensure energy security. Alternative development theories of civil society and people-managed development consider the participation of the target communities within the actual development process. Local participation in designing, implementing and monitoring of the projects is important for sustainability and for responding to the needs given the specific local context.

Furthermore, what is being done under the guise of 'war on terror' actually complicates the development scene. Howell describes as follows: 'There are two emerging tendencies here that frame the environment in which development agencies operate. These are the appropriation of the language of terror by governments to repress perceived political opponents and the veil of suspicion that governments cast over all society actors as potential terrorist fronts.'⁵⁵ Thus, the political conjecture linked to fighting against global terror creates challenges for the local participation and NGOs' works.

⁵⁴ Jude Howell, 'The Global War on Terror, Development and Civil Society,' *Journal of International Development*, No. 18, 2006, p. 122.

⁵⁵ Ibid. p. 127.

CHAPTER 3

CORPORATE SOCIAL RESPONSIBILITY AND BAKU-TBILISI-CEYHAN CRUDE OIL PIPELINE PROJECT

This chapter falls into three parts. This first part attempts to define and trace through the evolution of the concept of Corporate Social Responsibility (CSR). Later, it takes a glance at the approaches presented by the extant literature on CSR. Before analyzing how CSR has been conceptualized given a growing focus on human development to better ensure energy security, it summarizes CSR understanding specifically in oil industry. The first part concludes by drawing growingly important interlinkages between CSR, energy security and human development. The second part of the chapter exclusively makes its emphasis on the BTC project by conveying history and technical details of BTC Crude Oil Pipeline Project for a start. It later moves on to examine CSR in the BTC project by articulating two opposing perspectives on the CSR implementation in the BTC Project. The third part concludes the chapter by briefly combining the first two parts; namely, by comparing and evaluating proposed CSR conceptualization, BP's CSR perspective in official statements and the actual CSR implementation in the BTC project.

3.1. Corporate Social Responsibility

3.1.1. Definition and Evolution of the CSR

3.1.1.1. Definition of CSR

Today many largest international companies operating across the world are privately owned ones, which makes the private actor an important one in global production and trade. The resources in many developing countries are transformed into valuable productive assets by means of private business enterprises.⁵⁶ Transnational corporations (TNCs) have become one of the engines of global economy given the expansion of their activities through free trade agreements and regional trade agreements, which actually help reduce government intervention. The underlying notion of *integration* within the global economy through an increase in foreign direct investment (FDI) in developing world has highlighted the important role and power of TNCs within global production and trade. Developing countries enjoyed their highest levels of FDI with an amount of \$379 billion in 2006 (%21 more than the amount attained in 2005).⁵⁷ The sales, value added and exports of some 78,000 TNCs and their 780,000 foreign affiliates are estimated to have increased by 18%, 16% and 12% respectively, which accounted for the equivalent of 10% of world GDP and one third of world exports.⁵⁸ Being cardinal parts of regional production networks, these corporations started to produce standardized set of goods

⁵⁶ Frederick Bird and Joseph Sucker, 'The Social Responsibilities of International Business Firms in Developing Areas,' *Journal of Business Ethics*, Spring 2006, p. 1.

⁵⁷ UNCTAD, *World Investment Report 2007* titled 'Transnational Corporations, Extractive Industries and Development', p. XV.

⁵⁸ Ibid. p. XVI.

in different locations.⁵⁹ As opposed to local business enterprises in developing countries, they ‘typically enjoy the advantages of larger size, greater financial resources, more advanced technologies, better marketing networks and established brand names’⁶⁰. With such a significant role in production and trade where they operate comes a series of expectations by Non-Governmental Organizations (NGOs), academic circles, policy makers, media, consumers and public opinion.⁶¹ Then, not only those of stockholders and employees but also the concerns and interests of all stakeholders have started to be taken into account given the significant share of TNCs in world production and trade.⁶² Thus, expectations of different stakeholders enforced the concept of Corporate Social Responsibility (CSR) into the centre of discussions about the role of TNCs in global economy and about challenges to overcome persistent poverty in specific regions of the world.

Defining CSR is a challenging task since it is essentially a contested concept due to its value loaded nature. CSR has also been regarded as synonymous with other types of business-society relations. Moreover, defining CSR depends on the national context.⁶³ The importance of local context appears when the challenge of establishing common standards to ensure that companies take the responsibility seriously is considered by policymakers at national and international levels. For

⁵⁹ UNCTAD, *Trade and Development Report 2007* titled ‘Regional Cooperation for Development’, p. XIV.

⁶⁰ UNCTAD, *Trade and Development Report 2007* titled ‘Regional Cooperation for Development’, p. 63.

⁶¹ Oddny Wiggen and Lene Bomann-Larsen, ‘Introduction: Addressing Side-Effect Harm in the Business Context: Conceptual and Practical Challenges,’ *Responsibility in World Business: Managing Harmful Side-effects of Corporate Activity*, Tokyo: United Nations University Press, 2004, p. 3.

⁶² Ronald R. Sims, ‘Chapter 3: Understanding Corporate Citizenship: Social Responsibility, Responsiveness, and Performance,’ *Ethics and Corporate Social Responsibility*, Connecticut, 2003, p. 40.

⁶³ Dirk Matten and Jeremy Moon, ‘Implicit and Explicit CSR: A Conceptual Framework for Understanding CSR in Europe,’ *International Centre for Corporate Social Responsibility Research Paper Series*, p. 3. <http://www.nottingham.ac.uk/business/ICCSR/pdf/ResearchPdfs/29-2004.pdf>, 12 March 2008.

example, CSR has been defined by World Business Council for Sustainable Development as follows:

Corporate Social Responsibility is the continuing commitment by business to behave ethically and to contribute to economic development while improving the quality of life of the workforce and their families as well as local community and society at large.⁶⁴

Another definition goes:

The idea of social responsibility...requires the individual to consider his/her acts in terms of a whole system, and holds him/her responsible for the effects of his/her acts anywhere in that system.⁶⁵

In both definitions, rather than a focus on how to ensure CSR or how to regulate corporate conduct, CSR is presented as a moral conduct to be carried out by firms or individuals. Although the concept requires globally active corporations to pay attention to the well being of customers, employees, shareholders, communities and the environment by assuming a moral responsibility and trying to account for any damage they might inflict due to their activities, the responsibility extends beyond mere legislative procedures and connotes an enhancement of people's life standards and quality.

In his often cited work, Carroll defines the responsibilities under four headlines: the *economic* responsibility to be profitable; the *legal* responsibility to abide by the laws of the respective society; the *ethical* responsibility to do what is right, just and fair; and the *philanthropic* responsibility to contribute to various kinds of social, educational, recreational or cultural purposes.⁶⁶ However, CSR is

⁶⁴ WBCSD, 'Meeting Changing Expectations,' p.6.

<http://www.wbcsd.org/DocRoot/hbdf19Txhmk3kDxBQDWW/CSRmeeting.pdf>, 13 March 2008.

⁶⁵ Ronald R. Sims, 'Chapter 3: Understanding Corporate Citizenship: Social Responsibility, Responsiveness, and Performance,' *Ethics and Corporate Social Responsibility*, Connecticut, 2003, p. 43.

⁶⁶ A.B. Carroll, 'A Three Dimensional Model of Corporate Social Performance,' *Academy of Management Review*, Vol 4, No 4, 1979, p. 500.

sometimes defined to encompass everything ranging from helping the poor in local communities to volunteering for lobbying to save the planet. Sometimes, it is used by some companies by omitting the 'social' to enhance the responsibility areas beyond society to such areas as environment in developing countries in which it is very hard to avoid problems coming along. Instead, they use 'corporate citizenship', 'corporate responsibility' or 'building a sustainable business'.⁶⁷ These concepts have growingly been used following global initiatives such as Partnership for Development, which is among the Millennium Development Goals⁶⁸ set by the United Nations Development Programme in 2000. More and more companies are placing CSR as a vital priority on their corporate activities list by advertising through their websites, big television screens, billboards or pamphlets. For instance, in the face of rising threat of global warming, some companies boast that they are becoming more carbon-neutral. Accordingly, the companies attempt to define being responsible by focusing on such questions: What are the possible impacts of corporate activities on communities and environment? Is there any chance to mitigate negative impacts? What should be done to minimize possible negative impacts?⁶⁹

⁶⁷ The Economist, 'Just Good Business,' *A Special Report on Corporate Social Responsibility*, 19 January 2008, p. 3.

⁶⁸ Millennium Development Goals (MDGs) simply create a blueprint adopted by all the world's countries and all the world's leading development institutions to meet a list of development goals by the target year of 2015. These goals are respectively: 1- Eradicate extreme poverty and hunger, 2- Achieve universal primary education, 3- Promote gender equality and empower women, 4- Reduce child mortality, 5- Improve maternal health, 6- Combat HIV/Aids, malaria and other diseases, 7- Ensure environmental sustainability and 8- Develop a global partnership for development.

⁶⁹ Oddny Wiggen and Lene Bomann-Larsen, 'Introduction: Addressing Side-Effect Harm in the Business Context: Conceptual and Practical Challenges', *Responsibility in World Business: Managing Harmful Side-effects of Corporate Activity*, Tokyo: United Nations University Press, 2004, p. 4.

3.1.1.2. Evolution of CSR

CSR has become an issue of international concern with the advancement of TNC activities especially in developing world such as Africa and Latin America where the taxation system is relatively favorable to TNCs in extractive industries.⁷⁰ It is known that TNCs in developing world account for a considerable share in total export-oriented production where ‘they may benefit from wider economic space by being able to organize their production and distribution networks at the regional level much more easily than small-medium sized firms’⁷¹. However, there is a dual evidence for the development impact of FDI in automotive and high-performance electronics industry for some selected developing countries such as Brazil, Malaysia, Mexico and Thailand. Moran observes:

‘I concluded that FDI that was integrated into the global sourcing network of the parent multinationals would provide diverse positive impacts on the host economy. I also concluded that FDI that was oriented toward protected domestic markets and prevented from being integrated into the parent’s global sourcing network by mandatory joint venture and domestic content requirements would not have such a positive effect.’⁷²

The dual development impact has also been traced through 83 foreign investment projects in 30 developing countries for more than 10 years for various other sectors. The result indicates that while the majority of projects have made a positive impact to host government economy, the large minority yielded fewer goods and services than the costs.⁷³ Thus, it seems there is no clear-cut answer to whether

⁷⁰ UN Trade and Development Report 2007 titled ‘Regional Cooperation for Development’, p. 12.

⁷¹ UN Trade and Development Report 2007 titled ‘Regional Cooperation for Development’, p. 111.

⁷² Theodore H. Moran, ‘How Does FDI Affect Host Country Development? Using Industry Case Studies to Make Reliable Generalizations,’ *Does Foreign Direct Investment Promote Development?*, Ed. By Theodore H. Moran, Edward M. Graham and Magnus Blomström, Washington D.C.:Institute for International Economics and Center for Global Development, 2005, p. 286.

⁷³ Theodore H. Moran, ‘How Does FDI Affect Host Country Development? Using Industry Case Studies to Make Reliable Generalizations,’ *Does Foreign Direct Investment Promote Development?*, Ed. By Theodore H. Moran, Edward M. Graham and Magnus Blomström, Washington D.C.:Institute for International Economics and Center for Global Development, 2005, p. 291.

FDI inflows in developing countries would necessarily make a positive impact upon the host economy.

The more the TNCs operate and invest in developing countries, the more likely they face pressures from local and global NGOs and local communities about what they do, and these companies are pushed to organize their activities within a responsible corporate conduct. Also, it has proved difficult for states to regulate corporate activity, and this has galvanized the efforts to influence corporate behavior via introducing, monitoring and enforcing codes of conduct. Consequently, the corporations have started to create new posts within their organizational schemes for consultants who will 'advise business directors on human rights, and operational managers on dialogues with communities and NGOs',⁷⁴ or they started implementing codes of conduct by banning labour exploitation or by halting their corporate activities in countries where extreme forms of authoritarian industrial relations are enforced upon workers.

So, the evolution of the concept has gone a long way from mere charitable donations of companies to a mindset of more sustainable interest in community development and environmental protection. For example, while in 1993 the cash donations amounted to be 95% of total philanthropic giving, in 2008 it makes up around 35%.⁷⁵

The Corporate Social Responsibility principles have been consolidated firstly during the 1970s when some documents accepted by international organizations made clear references to companies. In 1977, for example, International Labor Organization adopted a 'Tripartite Declaration of Principles Concerning

⁷⁴ Jill Shinkleman, 'Corporate Social Responsibility,' *Oil, Profits and Peace: Does Business Have a Role in Peacemaking?*, Washington D.C.: United States Institute of Peace Press, 2006, p. 56.

⁷⁵ The Economist, 'The Feelgood Factor,' *A Special Report on Corporate Social Responsibility*, 19 January 2008, p. 6.

Multinational Enterprises and Social Policy’, which committed all parties concerned by the declaration to respect human rights and to assure that freedom of expression and association are fundamental to sustained progress.⁷⁶ In line with the similar logic of the ILO initiative, an African American named Reverend Leon H. Sullivan developed ‘the Sullivan Principles’ to establish a set of principles in apartheid South Africa in 1970s. He was a civil rights activist working for the black people’s civil rights when anti-apartheid movements gained momentum. When he was working in an important post in General Motors, he developed those principles to equalize the working conditions of black people with those of whites, the principles of which were put forward later as ‘Global Sullivan Principles’ in 1999. The Leon H. Sullivan Foundation was then established and identified the values that Reverend Sullivan championed to be the underlying norms of the foundation’s activities. Those norms included self-help, social responsibility, economic empowerment and human rights.⁷⁷

From 1980s onwards, just giving out cash has seemed useless for the achievement of desired goals because of several industry accidents and scandals in big companies. During 1980s and 1990s, catastrophic events such as the Bhopal chemical plant disaster⁷⁸ and anti sweatshop and anti child labor campaigns led to the development of a more serious code of conduct for big companies. Some companies such as Nike and Gap were drawn into huge external pressures because of alleged child labor use. The outbreak of these events ultimately created a change in CSR understanding pushing more companies year by year to pay increasing attention to

⁷⁶ Bronwen Manby, ‘The Debate on Corporate Social Responsibility,’ *Shell in Nigeria: Corporate Social Responsibility and the Ogoni Crisis*, Case 520, p. 9.

⁷⁷ Leon H. Sullivan Foundation Webpage, <http://www.thesullivanfoundation.org/foundation>, 12 April 2008.

⁷⁸ Bhopal chemical plant disaster was one the world’s worst industrial disasters. It happened in Bhopal, India. It caused death of more than 3000 people, according to Indian Supreme Court. However, medical doctors who provided medical assistance during the event claim that over 15,000 people died due to gas related diseases in the first month alone. Today, more than 100,000 people suffer from disaster-related permanent injuries. Because of the release of 40 tonnes of methyl isocyanate (MIC) gas, the groundwater of the area is still contaminated. The disaster happened in December 3, 1984.

risk management. Consequently, CSR activities are subordinated to minimizing risk in their operational environments since the amount of risk is defined to be dependent on economic welfare or social security systems of a country. For instance, Larsen points out this relation ‘The potential for harm is greater in vulnerable societies—and, therefore, the responsibility to avoid or minimize it is also greater.’⁷⁹

In 1990, a draft titled ‘UN Code of Conduct on Transnational Corporations’ was publicized, which, in fact, commits transnational corporations to respect human rights and essential freedoms of people where they operate beyond a mere interest of economic profit. Late 1990s saw a heightening of interest in CSR when UN Commission on Human Rights Subcommittee on Prevention of Discrimination and Protection of Minorities made a decision that a working group be established to ensure that transnational corporations’ activities be conducted with no violation of human rights. The World Bank released reports about the development of principles for the optimum international business practice for the oil industry. In 1995, the World Business Council for Sustainable Development (WBCSD) turned out to be a platform to coordinate activities of corporations focusing on 3 issues for new sense of business: economic growth, environmental balance and social progress.⁸⁰ Similarly, to ensure the commitment of businesses ‘to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption’⁸¹, the UN also embarked upon a new initiative

⁷⁹ Oddny Wiggen and Lene Bomann-Larsen, ‘Introduction: Addressing Side-Effect Harm in the Business Context: Conceptual and Practical Challenges,’ *Responsibility in World Business: Managing Harmful Side-effects of Corporate Activity*, Tokyo: United Nations University Press, 2004, p. 6.

⁸⁰ Jill Shankleman, ‘Corporate Social Responsibility,’ *Oil, Profits and Peace: Does Business Have a Role in Peacemaking?*, Washington D.C.: United States Institute of Peace Press, 2006, p. 57.

⁸¹ United Nations Global Compact, ‘What is the UN Global Compact?’
<http://www.unglobalcompact.org/AboutTheGC/index.html>, 4 May 2008.

in 1995 called ‘the Global Compact’⁸², which by 2005 had 2000 companies as signatories.

On a national level, the US has introduced some legislations as to promotion of CSR to be an international business norm. The 1986 Comprehensive Anti-Apartheid Act and later in 1996 a special legislation on sanctions against Burma for its authoritarian ruling are some of the US-led global initiatives. In 1995, President Bill Clinton revealed ‘a set of model business principles, a voluntary code of ethics to be used by US-based multinational companies, which supports respect for fundamental human and labor rights’⁸³. The EU also accepted a report in 1998 in which a new EU code of conduct for multinational companies, which would be independently supervised, was created.⁸⁴ Furthermore, for example, Britain with its 2006 Companies Act is one of the leading countries since this act actually commits public companies to regularly report on environmental and social issues.⁸⁵

New ranking systems such as FTSEGood and the Dow Jones Sustainability Index are some examples that demonstrate how CSR practice reflected on initiatives to assess the degree of CSR among corporations that have their shares listed in stock exchange markets.

⁸² Being the world’s largest global corporate citizenship initiative aiming at building social legitimacy of business and markets, the Global Compact is a global initiative, concerned about the commitment of business to ten universally accepted principles. These principles are: Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses. Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation. Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies. Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

⁸³ Bronwen Manby, ‘The Debate on Corporate Social Responsibility,’ *Shell in Nigeria: Corporate Social Responsibility and the Ogoni Crisis*, Case 520, p. 9.

⁸⁴ Bronwen Manby, ‘The Debate on Corporate Social Responsibility,’ *Shell in Nigeria: Corporate Social Responsibility and the Ogoni Crisis*, Case 520, p. 9.

⁸⁵ The Economist, ‘Just Good Business,’ *A Special Report on Corporate Social Responsibility*, 19 January 2008, p. 3.

The increasing focus on CSR and associated debates since 2000s are partly due to growing concerns on climate change and the expanding use of internet. Any notorious news about a company can widely be disseminated across the world at once, which puts pressure on big companies. The surge in the number of NGOs and other community groups active against corporate misconduct is another driving force which in turn enforces awareness both in public and business world for the debate on CSR. There is also an internal reason for why more companies are interested in CSR principles. This is the recruitment issue. Employees now pay more attention to whether a particular company internalizes CSR understanding within its business ethics.⁸⁶

However, despite the blossoming of CSR, there is a growing concern that CSR might be a strategic tool for companies to employ over their rivals. Some people argue against CSR because they suspect that it could be used strategically to gain competitive advantage over rivals in the market. Arguments against CSR could briefly be summarized as follows⁸⁷:

- The costs of acting socially responsible in business get reflected in higher prices for consumers, lower wages for employees and lower dividends for stockholders.
- The costs of acting socially responsible reduces a corporation's efficiency, thus, harms its ability to compete and to offer goods and services at lower prices.
- Unrealistic expectations may emerge on part of communities if they do not know what to expect from companies in the name of social responsibility.

⁸⁶ The Economist, 'Just Good Business,' *A Special Report on Corporate Social Responsibility*, 19 January 2008, p.4.

⁸⁷ Ronald R. Sims, 'Chapter 3: Understanding Corporate Citizenship: Social Responsibility, Responsiveness, and Performance,' *Ethics and Corporate Social Responsibility*, Connecticut, 2003, pp. 62-63.

- Relegating more responsibilities to business may strengthen the hands of corporations even more so they may exploit opportunities that may come along for their benefits.
- Business people are trained with a profit maximization mentality, and they do not know much about how to cope with social and environmental problems. So, the implementation of social responsibilities should be the task of governments.

Because of these arguments, some people keep suspicions about CSR. They claim that many companies already fall short of actualizing their intended social responsibilities. Companies are alleged to have words on their lips all the time. Thus, the gap between aspirations and corporate actions is believed to widen. CSR, according to them, became a matter of faith rather than a reality.

3.1.2. Approaches to CSR

The extant CSR literature presents one dominant business-centred and instrumental approach to CSR with a heavy focus on corporation within business-society relationships. This is also called a *functionalist approach*, which tends to ignore the sociological roots of CSR, and, in fact, its pluralistic nature. However, recently new approaches to CSR have emerged with the new conceptualizations of CSR. For example, there has been a growing acknowledgement that CSR should be conceptualized not only at organizational level but also at individual, national and international levels. Similarly, some prominent researchers in the field such as

Matten and Moon⁸⁸ attempt to understand CSR within a broader cultural and institutional context of national environments and organizational fields. Other researchers such as Scherer and Palazzo provides a notion of CSR as a conceptualization of the political role of business in society.

Thus, the extant literature on CSR presents us with two major set of approaches, being functionalist approaches with a business-centric approach on one side and pluralistic approaches, which might be analyzed in four differentiated perspectives, on the other. Apart from two major set of approaches, the extant literature also draws on other dual views on CSR being stakeholder view as opposed to stockholder view, which actually centers around the question of for whom the corporations should be held responsible. Now, these approaches need to be detailed further:

3.1.2.1. Functionalist Approach

This approach puts main focus on corporation at organizational level rather than on society at inter-organizational, national or international level of analyses. Therefore, it can be argued that it does not very much talk of CSR in theoretical conceptualization and practices. Within definitions of CSR or Corporate Social Performance (CSP) is embedded the prominence of corporation as the primary unit of analysis, ultimately leading to ignorance of stakeholders' perspectives. It represents a move away from societal regulation of state behavior in management and organization research, with an aim of increasing corporate profitability. Economic considerations, thus, present themselves as justifications for social

⁸⁸ Dirk Matten and Jemery Moon, 'Implicit and Explicit CSR: A Conceptual Framework for Understanding CSR in Europe,' 2004, p. 23.

endeavors of corporations. The basic reasoning of this approach then appears to be that commitment to social responsibility principally produces long term value, which indeed increases financial performance, with CSR being just a tool of marketing.

3.1.2.2. Pluralistic Approaches to CSR

Common to this set of approaches is a primary focus on society within business-society relationships since all CSR concepts are assumed to be sociologically derivative. Pluralistic approach to CSR could be analyzed under 4 perspectives: 1) *CSR as a social function* embedded in a functionalist view; 2) *CSR as a power relationship* embedded in a socio-political view; 3) *CSR as cultural product* embedded in a culturalist view; and 4) *CSR as a socio-cognitive construction* embedded in a constructionist view.⁸⁹

CSR as a Social Function: This perspective is closely related to the above mentioned functionalist view and suggests that corporations meet the society's social needs for a certain period of time. Thus, CSR is defined as a social function, which operates as regulative apparatus to satisfy society and corporations simultaneously. Corporate activities are justified by the fact that socially functioning CSR is assumed to produce 'win-win situations' for both corporations and society. Similarly, CSR becomes a strategic tool to improve corporate performance and to create attraction for both consumers and employees. Critics of this approach often make references to its narrow focus upon corporation, rather than a broader focus upon the whole society.

⁸⁹ Jean-Pascal Gond and Dirk Matten, 'Rethinking the Business-Society Interface: Beyond the Functionalist Trap,' *International Centre for Corporate Social Responsibility Research Paper Series*, Nottingham: International Centre for Corporate Social Responsibility, No. 47, 2007, p. 13.

CSR as a Power Relationship: CSR, in this approach, is conceptualized with a socio-political view suggesting that society and corporations clash for controlling resources. Vulnerable to external pressure, corporations are assumed to possibly be influenced by diverse societal actors such as NGOs, government and ordinary people. Similarly, CSR is a reflection of corporation's power over society since CSR could serve as a legitimization of such a power. Thus, this approach assumes that corporations and/or society might have hidden political or social agendas towards each other. Corporate citizenship is a product of this approach, since it inherently connotes a political power game, in which corporations and stakeholders are drawn. In this sense then, CSR is a politically driven concept that legitimizes silencing protesting voices against corporate conduct or that help exploit resources from underdeveloped countries illegitimately. Jones, for example, criticizes CSR for helping maintain the capitalist status-quo via not being viable in the absence of a historically grounded capitalist political economy.⁹⁰ CSR is also criticized for being used as a shield against any possible misconduct.

CSR as a Cultural Product: In this approach, corporations are treated as culture or cultural system in which corporations and society exchange or share common values. In fact, corporations are socialized into a culture which is also shared by the society. Thus, CSR definitions are dependent on cultural contexts, and a standard understanding of CSR can not be universally formulated. Matten and Moon argue that CSR is growingly becoming important in both Britain and Europe as being 'implicit' which means that CSR became embedded with norms and regulation while 'explicit' CSR characterizes the American perspective. Matten and Moon delineates the differences in the approach as following:

⁹⁰ M.T. Jones, 'Abstract: Missing the Forest for the Trees: A Critique of the Social Responsibility Concept and Discourse,' *Business and Society*, Volume: 35, No 1, 1996.

Table 3 1: Explicit and Implicit Corporate Social Responsibilities

<i>Explicit CSR</i>	<i>Implicit CSR</i>
Describes all corporate activities to assume responsibilities in society	Describes all formal and informal institutions of a society which assigns and defines the extent of corporate responsibility for the interests of an entire society
Consists of voluntary corporate policies, programs and strategies	Consists of norms, values and rules which result in (chiefly codified and mandatory) requirements for corporations
Motivated by the perceived expectations of all stakeholders of the corporation	Motivated by societal consensus on the legitimate expectations towards the role and contribution of all major groups in society, including corporations

Source: 'Implicit and Explicit CSR: A conceptual framework for understanding CSR in Europe'

by Dirk Matten and Jeremy Moon, 2004

Based on the differentiation made in Table 3 1, it can be argued that whereas the US stresses the voluntary type of CSR based on responsibilities towards society, Europe, more seriously, defines it as an institution through which long term interests of all interested groups within corporate conduct are considered.

CSR as a Socio-Cognitive Construction: This approach treats CSR as a dynamic process of social construction in which corporations and society negotiate its content. On the basis of consensus of both sides, CSR is carved out from mutually and legitimately negotiated balance of rules and expectations. Through time, CSR comes open to redefinitions as social responsibility devices of various actors get involved such as government, NGOs, corporations, unions might change.

3.1.2.3. Stakeholder View vs. Stockholder View on CSR

The main reason of this dichotomy is that there is no clear guideline as to how much responsibility to assign to corporations given the difficulties in moral division

of duties between corporations and states. This ambiguity leads corporations in confusion as to for whom they should be held responsible. For example, the extant guidelines such as the Organization for Economic Cooperation and Development (OECD) guidelines for multinational enterprises and the Global Compact do not clearly define what the private actors should do if other agents (mainly states) are not pursuing their responsibility.⁹¹ Therefore, in this section, these approaches can be said to simply be related to the normative place of private sector within the triangle of market, state and society in terms of responsibility.

As opposed to stockholder view, stakeholder perspective is broader in the sense that it explicitly refers to all aspects of business: economic, environmental and social. Furthermore, the normative number of actors that corporations are held responsible to is higher. The idea of ‘corporate citizenship’⁹² highlights the role of a private company as an inalienable part of society, which ‘has tended to partly take over certain functions with regard to the protection, facilitation and enabling of citizen’s rights –formerly an expectation placed solely on the government’⁹³. Thus, normatively, all stakeholders hold many expectations from these companies. Sims observes ‘Every business faces a slightly different set of stakeholder groups, which

⁹¹ Madalena Ramalho and Arne Wiig, ‘Corporate Social Responsibility in the Angolan Oil Industry,’ *CMI Working Papers*, Bergen: Chr. Michelsen Institute, 2005, p. 1.

⁹² The extant literature presents two conventional perspectives on Corporate Citizenship (CC), being a limited view largely equating CC with strategic philanthropy and an equivalent view primarily conflating CC with CSR. According to Dirk Matten and Andrew Crane, these two approaches are essentially performance-oriented, narrowly conceptualized and present limited serious reflection, if any, upon the actual meaning of citizenship in a business context. Thus, for them there is a need to further extend CC conceptualization to define the new role of corporations as citizens. For this end, they argue that corporations not only got entitled to civil and social rights but also came to assume an active political right to itself by taking over government functions to render corporate involvement in citizenship as a largely unavoidable occurrence. Thus, following the failure of nation states to any longer be the sole guarantor of citizenship rights, CC comes to be redefined not simply as corporate social policies or programs but as a process in which the gaps, created by incapacity of national governments due to economic forces of globalization and political transitions, are filled by corporate providing role for social rights, corporate enabling role for civil rights and corporate channeling role for political rights. They conclude that corporations are not citizens as individuals, rather, they act as administrators of citizen rights for people.

⁹³ Andrew Crane and Dirk Matten, ‘Corporate Citizenship: Towards an Extended Theoretical Conceptualization,’ *International Center for Corporate Social Responsibility*, Research Paper Series, No. 4, 2003, p. 11.

vary in number, size, influence, and importance. Organizational leaders and managers must take the time to identify all the stakeholder groups and to weigh their relative rights and their relative abilities to affect the company's success.'⁹⁴ In this approach, private actors in general, TNCs in particular are assumed to have substantial effect and an inherent responsibility towards society of which it is a part given different expectations of stakeholders.

In stockholder view, profit maximization is the primary incentive for foreign enterprises. Private companies fear that acting socially responsible might reduce their benefits, even in the long run. Stockholder view in framing the issue simply suggests that TNCs should be responsible for their acts only in accordance with the host country's law.⁹⁵ TNCs are implied to have certain degree of autonomy as long as their activities are compatible with the host country's law. However, this approach has a weak point since TNCs might hold the host country law as superior above all other regulations, consequently might tend to abuse the existing host country law to their favor given the lack of clear guidelines as to how much responsibility TNCs should assume. Furthermore, the governments of many developing countries might be authoritarian, rent-seeking or corrupt, which possibly enhances or reduces the autonomy of TNCs further. For example, Robert Reich, a former labour secretary under the Clinton Administration in the US, believes that companies are not people so they should not have a right to free speech.⁹⁶ He argues that corporations are not set up to be social institutions; therefore, he asserts that it should be the job of elected

⁹⁴ Ronald R. Sims, 'Chapter 3: Understanding Corporate Citizenship: Social Responsibility, Responsiveness, and Performance,' *Ethics and Corporate Social Responsibility*, Connecticut, 2003, p. 40.

⁹⁵ Oddny Wiggen and Lene Bomann-Larsen, 'Introduction: Addressing Side-Effect Harm in the Business Context: Conceptual and Practical Challenges,' *Responsibility in World Business: Managing Harmful Side-effects of Corporate Activity*, Tokyo: United Nations University Press, 2004, p. 8.

⁹⁶ An interview of Economics Editor Peter Coy with Robert Reich, please see the excerpts from the interview titled "It's Not Business' Business" at http://www.businessweek.com/magazine/content/07_37/b4049106.htm, 22 April 2008.

governments to set social rules to advance common good rather than of profit maximizers.⁹⁷ This approach actually narrows the scope of CSR because it basically bears an objection to CSR which considers all stakeholders. And it carries a traditional view of corporation that it should hold a primary, if not sole, responsibility to its owners, stockholders.

3.1.3. CSR in Oil Industry

In order to have a better understanding of CSR in oil industry, the general characteristics of oil industry should be observed first. These characteristics can briefly be summarized as follows:

Oil as a non-renewable resource: Oil, as a non-renewable resource, is not infinite. Having this in mind, the governments of oil-rich countries have to keep substituting financial assets or human capital to maintain capital stock or boost future growth in their countries. They are simply responsible for maintaining the positive effect of oil wealth across generations by means of proper public investments. If they lack necessary capabilities and institutions to distribute or invest, then an expectation to do so arises for other actors: most notably oil companies.

Oil as an immobile and randomly scattered resource: Oil has been randomly discovered in different parts of the world and it is an immobile resource that needs to be extracted from underground. Since it is randomly distributed among nations, there is no international tax regime that possibly regulates income from oil across producing countries. Furthermore, especially within energy producing developing countries, distribution of oil wealth is not even since oil producing regions receive

⁹⁷ An interview of Economics Editor Peter Coy with Robert Reich, please see the excerpts from the interview titled "It's Not Business' Business" at http://www.businessweek.com/magazine/content/07_37/b4049106.htm, 22 April 2008.

more regional transfers of oil income except in Nigeria. That kind of uneven distribution both between and within oil exporting countries creates different development levels, which ultimately hampers human development. Given the problem of distribution energy exporting developing countries, an expectation arises for oil companies to be transparent and to improve human capital in countries where they operate.

Oil as rent generating resource: Since oil is scarce, it might cause rent seeking behavior or corruption. In oil exporting developing countries, rent seeking behavior mostly leads to weakening of the existing institutions, which should be responsible for distributing the oil wealth. For example, according to measurement done by the Transparency International, such oil rich developing countries as Azerbaijan, Chad, Angola, Ecuador, Nigeria and Iran generally have higher levels of corruption than other countries.⁹⁸ In absence of proper institutions that restrict resource exploitation and allocation of economic windfall by public officials and politicians, an expectation arises to contribute to building robust distributing mechanisms in oil exporting developing countries and to dismantling any rent-seeking behavior.

Oligopolistic Oil market: Oil industry is oligopolistic in the sense that oil market is dominated by few major players. There is no obliging international competition law or regulation. The lack of regulation of competition on both local and international levels may entail the emergence of extra market rent via output manipulation, in addition to the resource rent, which might cause waste of resources. In light of uncoordinated marketing with no competition regulation, an expectation arises for oil companies to influence the efforts to building international competition regulation or

⁹⁸ Madalena Ramalho and Arne Wiig, 'Corporate Social Responsibility in the Angolan Oil Industry,' *CMI Working Papers*, Bergen: Chr. Michelsen Institute, 2005, p. 3.

law. Furthermore, local oil industry may also be encouraged to engage in competition to curb the leverage for the benefits of local communities.

Given these characteristics of oil industry, CSR in oil industry becomes a matter of discussion especially in energy exporting developing countries, which need foreign investment the most since several domestic problems of those countries complicate the responsibilities of oil companies further. The resource curse⁹⁹ is determinative in formulating the CSR for oil companies in energy exporting developing countries since economically unsustainable activities of host governments to maintain capital stock, uneven distribution of oil wealth, lack of proper institutions, rent seeking behavior and oligopolistic market structure are widespread problems in those countries. The lack of international tax regime and competition regulation also adds up to problems arising in those countries. In coping with these problems and in further contributing to human development emerge expectations on part of stakeholders, which forms the CSR understanding in oil industry. However, it is still subject to empirical studies whether oil companies structure their policies on CSR simply based on economic considerations or by taking due account of business ethics.

3.1.4. CSR, Energy Security and Human Development

The *perspective* of stakeholders seems to be important in defining CSR because they have been pursuing different objectives. In Sims' words, 'Stockholders claim appropriate returns on their investment; employees seek broadly defined job

⁹⁹ To break resource curse, The Extractive Industries Transparency Initiative (EITI) has been started to strengthen governance to improve transparency and accountability. It basically establishes a global standard for companies to reveal what they pay for and for governments to disclose what they receive. For further information, visit www.eititransparency.org, 23 September 2008.

satisfactions; customers want what they pay for; suppliers seek dependable buyers; governments want adherence to legislation; unions seek benefit for their members; competitors want fair competition; local communities want the company to be a responsible citizen; and the general public expects the company's existence to improve the quality of life.'¹⁰⁰ Accordingly, the problem of measurement is also dependent on the perceptions of different stakeholders since they may have different answers as to how CSR should be practiced as well as who should be responsible in its monitoring. It has proved to be difficult to decide whether the companies fulfill the responsibilities they vowed to undertake. Monitoring and supervising have become partly possible through various benchmarks created by organizations such as Social Accountability International and the Interfaith Center for Corporate Responsibility¹⁰¹. However, this remains limited to the investments of a particular set of stakeholders who are mostly faith-based institutional investors.

There are some pending problems as to setting global codes of conduct for corporations. Corporations still fear that enhancement of labor standards would lead to protectionism employed by states and reduction in their financial profits. Recently, market-based solutions have been put forward to alleviate the plight of workers in many countries since it has proved difficult to reach agreements between states, which would establish codes of conduct for transnational corporations. But, solutions on merely market scale have appeared to be inadequate because they fell short of

¹⁰⁰ Ronald R. Sims, 'Chapter 3: Understanding Corporate Citizenship: Social Responsibility, Responsiveness, and Performance,' *Ethics and Corporate Social Responsibility*, Connecticut, 2003, p. 40.

¹⁰¹ Social Accountability International (SAI)'s mission is to promote human rights for workers around the world. It is best known for SA8000, its comprehensive and flexible system for managing ethical workplace conditions throughout global supply chains. Interfaith Center for Corporate Responsibility (ICCR) is a 35 year old international coalition of 275 faith-based institutional investors including denominations, religious communities, pension funds, healthcare corporations, foundations, asset management companies, colleges, and dioceses. They aim at utilizing religious investments and other resources to change unjust or harmful corporate policies, working for peace, economic justice and stewardship of the Earth.

‘collecting and distributing information, mobilizing citizens and the need for constant vigilance’¹⁰². In case of energy sector, CSR requires further discussion given the democratization challenges, regional inequalities as well as income redistribution problems in most of the energy exporting developing countries and energy transit countries. Accordingly, it becomes necessary to reformulate CSR understanding by integrating human development concerns in its implementation as a way of boosting energy security in many energy exporting developing countries and transit countries.

Thus, problems remain as to how CSR should be practiced and who should be responsible for the enforcement of global codes of conduct for corporations. For example, definition of CSR by the WBCSD might be criticized on the basis that it puts the primary focus on economic development rather than on a broader concept of human development. Furthermore, it is ambiguous what the definition truly reflects by stating ‘...improving the quality of life of the workforce and their families as well as local community and society at large’. It might be the case that it is taken for granted that workforce and their families have a *certain* amount of quality in their lives, and corporations might be held responsible to *contribute* to that amount. However, the human development indicators in many energy exporting developing countries and transit countries indicate that people are deprived of basic necessities, social services and other political rights, which do impede quality of life for certain segments of the population in these countries.

Given the gaps in human development between major energy importing developed countries and major energy exporting developing countries, CSR needs to be reformulated not by just focusing on economic growth but by diminishing inequalities among people due to their genders, ethnic identities, political affiliations

¹⁰² Robert O’Brien and Marc Williams, ‘Chapter 8: Global Division of Labor,’ *Global Political Economy: Evolution and Dynamics*, Hong Kong: Palgrave Macmillan, 2007, pp. 259-260.

or locations. In chapter 2, it has been argued that energy security should be reconceptualized within the broader context of human development in energy exporting developing countries and transit countries. Similarly, how CSR is being defined and implemented in those countries should be assessed in the context of human development. Given the importance of national context in CSR understanding and different development concerns of energy exporting developing countries and transit countries, the national as well as local dynamics are likely to affect CSR definition and implementation to ensure energy security for both consumers and exporters.

At the nexus of CSR, energy security and human development lies another important issue which is ensuring human security via conflict prevention and peacebuilding. There is a growing attention to links between oil and conflict. If oil is likely to produce conflict, and if stability and peace are vital for energy security, then CSR should be reformulated by delegating some amount of responsibility to businesses in conflict prevention and peacebuilding. Actually, corporations already have *incentives* for contributing to conflict prevention and peacebuilding since they need peaceful business environments for corporate performance. So they do not need to be ordered to have a responsibility in this sense. Nelson writes about the role that business might play in conflict prevention in her seminal report ‘The Business of Peace’ because business actors have a vested interest in peaceful environment for their operations. She argues that the private actor ‘has a vital role to play in creating wealth and promoting socioeconomic development but also has a role in contributing—both directly and indirectly—to the prevention and resolution of violent conflict’¹⁰³. It is increasingly advocated that the business leaders should assume responsibility in

¹⁰³ Jane Nelson, ‘Executive Summary,’ *The Business of Peace—The Private Sector as a Partner in Conflict Prevention and Resolution*, London: International Alert, 2000, p. 5, also available at <http://www.iblfi.org/docs/BusinessofPeace.pdf>, 21 August 2008.

peacebuilding ‘by collaborating with partners in government and civil society’¹⁰⁴. Nelson favors five principles for corporate engagement in conflict prevention and resolution. These are strategic commitment, risk and impact analysis, dialogue and consultation, partnership and collective action, and evaluation and accountability. The investment by business leaders in oil industry is likely to occur towards conflict-prone countries; thus, CSR understanding of corporations should also integrate conflict-prevention patterns in order to ensure energy security by a long term commitment to human development. Table 3 2 shows the countries in which the struggle to control oil wealth triggered or deepened the conflicts while Table 3 3 lists global oil supply disruptions since 1951 due to various reasons.

Table 3 2: Oil-Driven Conflicts

Country	Duration of Conflict	Resource
Angola, Cabinda	1975-	Oil
Congo	1997	Oil
Sudan	1983-2005	Oil

Source: Summary, Human Development Report 2007, p. 39.

¹⁰⁴ Jill Shinkleman, ‘Corporate Social Responsibility,’ *Oil, Profits and Peace: Does Business Have a Role in Peacemaking?*, Washington D.C.: United States Institute of Peace Press, 2006, p. 65.

Table 3 3: Global Oil Supply Disruptions Since 1951

Date of Oil Supply Disruption	Duration (Months)	Average Gross Supply Shortfall	Reason for Oil Supply Disruption
3/1951- 10/1954	44	0.7	Iranian oil fields nationalized May 1, following months of unrest and strikes in Abadan area.
11/1956- 3/1957	4	2.0	Suez War
12/1966- 3/1967	3	0.7	Syrian Transit Fee Dispute
6/1967- 8/1967	2	2.0	Six Day War
5/1970- 1/1971	9	1.3	Libyan price controversy; damage to Tapline
4/1971- 8/1971	5	0.6	Algerian-French nationalization struggle
3/1973- 5/1973	2	0.5	Unrest in Lebanon; damage to transit facilities
10/1973- 3/1974	6	2.6	October Arab-Israeli War; Arab oil embargo
4/1976- 5/1976	2	0.3	Civil war in Lebanon; Disruption to Iraqi exports
5/1977	1	0.7	Damage to Saudi oil field
11/1978- 4/1979	6	3.5	Iranian revolution
10/1980- 12/1980	3	3.3	Outbreak of Iran-Iraq War
12/2002- 2/2003	3	2.1	Venezuela strikes and unrest
3/2003- 8/2003	6	0.3	Nigeria unrest
3/2003- 9/2004	19	1.0	Iraq war and continued unrest

Source: Energy Information Administration, <http://www.eia.doe.gov/security/distable.html>, 21 August 2008.

While energy security is becoming a critical issue particularly in oil industry across the world, the CSR understanding in oil industry should not make its primary focus on economic development of energy exporting developing countries and transit countries, but on yielding wider social benefits to enhance human development. For this end, conflict preventive measures to be put on business agendas might be one viable tool to ensure energy security. Overall, specific concerns and different levels

of development in energy exporting developing countries and transit countries should be taken into account when implementing the CSR in different national contexts.

3.2. Corporate Social Responsibility in Baku-Tbilisi-Ceyhan Crude Oil Pipeline Project

3.2.1. BTC Project: History and Technical Details

3.2.1.1. History of BTC

The Baku-Tbilisi-Ceyhan Pipeline Project is divided into three major phases: planning, construction and operation. The planning phase started with seeking for a new route of transportation of Caspian energy sources to the West. The collapse of the Soviet Union raised concerns about how to transport Caspian energy resources to the Western markets by bypassing both Russia and Iran. Russia was intentionally chosen to be bypassed since all available pipelines at the time were already crossing across Russian territory during the Soviet time. Iran was also bypassed for deliberate reasons such as its political regime and American embargoes due to Iran's nuclear program. Aware of its potential role to be a safe transit country, Turkey made an official offer to the Central Asian countries and Azerbaijan in 1992. In pursuit of strengthening national independence and national security, Azerbaijan opted for a pro-western foreign policy 'by resorting to the oil card on the Karabakh conflict, the demarcation of the Caspian Sea, and the pipeline routes, while giving some concessions to Russia',¹⁰⁵. Thus, Azerbaijan intentionally preferred a western BTC route, which not only best met its interests on the basis of the results of the Main Export Pipeline (MEP) project feasibility study and within geopolitical dimensions

¹⁰⁵ Pinar İpek, 'Azerbaijan: Oil Booms and Challenges,' in *Turkey's Neighborhood* by Mustafa Kibaroglu, Ankara: Foreign Policy Institute, 2008, p. 125.

of each route option but also have had a full support of the US and Turkey.¹⁰⁶ The first document for the construction of BTC pipeline was signed between Azerbaijan and Turkey in 1993. Georgia was preferred over Armenia because of Azerbaijan's political dispute over Nagorno-Karabakh with Armenia. The biggest official stride towards the realization of the project was the signing of Ankara Declaration by the then Presidents of Turkey, Azerbaijan, Georgia, Kazakhstan and Uzbekistan in 1998. The year of 1999 saw the signing of intergovernmental agreement among Azerbaijan, Georgia, Kazakhstan and Turkey during OSCE (Organisation for Security and Co-operation in Europe) İstanbul summit, which the US President Bill Clinton signed as well to show how much the US prioritized the project as the main export route.

The second phase of the project started with the official ceremony heralding the construction of the pipeline in September 2002. Yet, the actual start of construction was in April 2003. The Turkish section of the pipeline was constructed by Turkish Petroleum Pipeline Corporation (BOTAS). Consolidated Contractors International based in Athens constructed the Azeri section of the pipeline, while French-US joint venture Spie Capag/Petrofac installed the line in Georgia.¹⁰⁷

The last phase started in late days of May 2006 when the Azeri oil reached Ceyhan port. First tanker loaded with oil left the port on 4 June 2006. Since then, it carries Azeri oil to the international markets. In fact, Baku-Tbilisi-Ceyhan oil pipeline project has been defined as 'the Silk Road of the 21st century'¹⁰⁸ by ex Turkish President Ahmet Necdet Sezer at the opening ceremony at Sangachal

¹⁰⁶ Pinar İpek, 'Azerbaijan: Oil Booms and Challenges,' in *Turkey's Neighborhood* by Mustafa Kibaroglu, Ankara: Foreign Policy Institute, 2008, p. 124.

¹⁰⁷ Terry Knott, 'Caspian Connection,' *Frontier Magazine*, Issue 7, August 2003, p. 25.

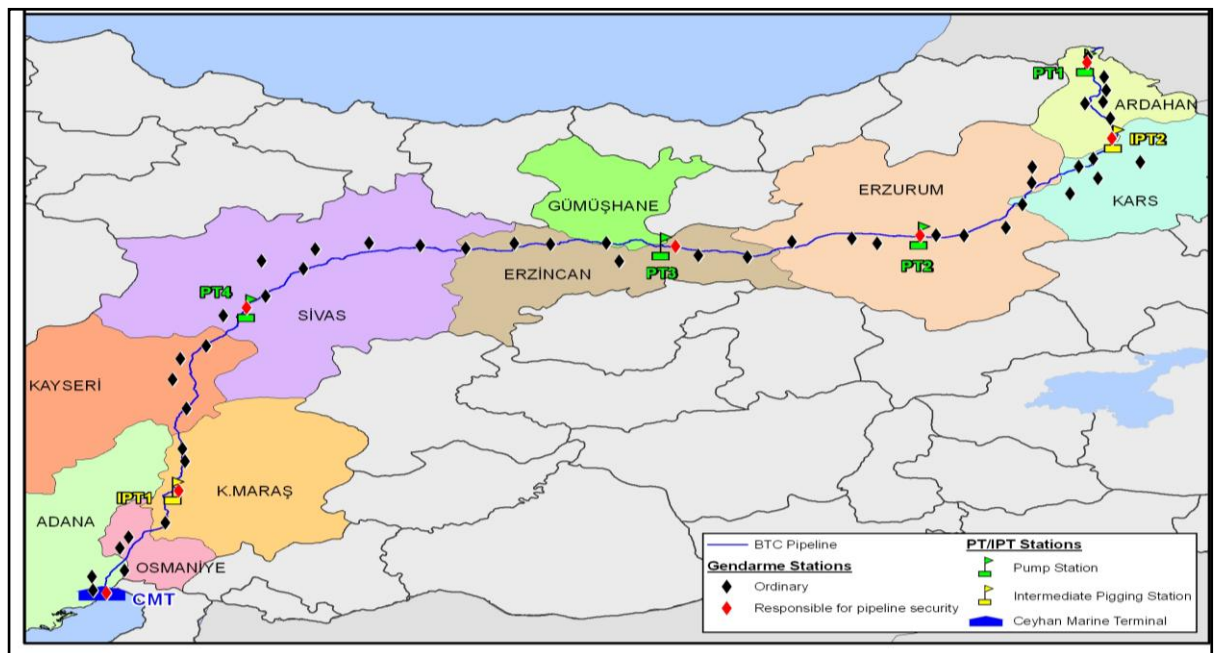
Also see:

http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/downloads/F/Frontiers_magazine_issue_7_Caspian_connection.pdf, 12 May 2008.

¹⁰⁸ Turkish President Ahmet Necdet Sezer was quoted in a news titled 'BTC Pipeline: the New Silk Road' published on 26 May 2005 on *Financial Times*.
<http://www.ft.com/cms/s/0/92c5e7f6-cd84-11d9-aa26-00000e2511c8.html>, 13 May 2008.

Terminal. It has been initiated with the aim of creating an alternative source of energy supply from Caspian Basin to the western markets through three countries: Azerbaijan, Georgia and Turkey. Since the rising energy demand of both developed countries and developing countries has shaped economic and strategic policies around the world, the projects, such as BTC, for oil delivery in clean, safe, efficient and environmentally friendly transport systems have grown in importance.¹⁰⁹ By means of the project, Azerbaijan became an important non-OPEC oil producer for international energy markets exporting 50 million tones of oil per year while Georgia and Turkey have come out to be important transit countries.¹¹⁰

3.2.1.2. Technical Details of BTC



Source: BTC Co.

It is one of the largest oil pipeline projects in the world with a length of 1768 km, which is undertaken by ‘close correspondence at all stages of the pipeline’s

¹⁰⁹ BTC Project Directorate, <http://www.btc.com.tr/>, 12 May 2008.

¹¹⁰ BTC Project Directorate, <http://www.btc.com.tr/>, 12 May 2008.

development between the politicians, businessmen, and economists'¹¹¹. It crosses three countries starting from Sangachal Terminal in Azerbaijan through Georgia reaching to the Ceyhan Port of Turkey. It has a capacity of exporting one million barrels in a day in its normal operation. It runs 1076 km in Turkey with four pumping stations, 443 km in Azerbaijan with two pumping stations and 249 km in Georgia with two pumping stations.¹¹² It crosses 10 provinces in Turkish section, which are respectively Ardahan, Kars, Erzurum, Erzincan, Gümüşhane, Sivas, Kayseri, Kahramanmaraş, Osmaniye and Adana. Totally along its route, it crosses 57 environmentally sensitive areas and 333 villages within 4km wide pipeline corridor.¹¹³

The total cost of the BTC project is approximately \$3.6 billion.¹¹⁴ The legal procedures as to the project can be summarized in four categories, namely being the Inter Governmental Agreement (IGA), the Host Government Agreement (HGA), the Turnkey Agreement and the Turkish Government Guaranty. The first two of these legal procedures have been undertaken by all governments concerned while the last two solely apply to Turkish government.¹¹⁵ The conclusion of financial agreements with the financiers lasted till February 2004 after more than two years of initial implementation of environment and social impact assessments. The project has been funded mainly by the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC). EBRD and IFC provided loans, export credits and risk insurance, which nearly accounted for %70 of the project's

¹¹¹ S. F. Starr, 'The Baku-Tbilisi-Ceyhan Pipeline: School of Modernity,' *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West*, S.F. Starr and S.E. Cornell (eds.), Central Asia-Caucasus Institute, Uppsala, 2005, p. 7.

¹¹² BP, 'BP Caspian, Overview,' <http://www.bp.com/genericarticle.do?categoryId=9006669&contentId=7014358>, 11 May 2008.

¹¹³ A pamphlet published by BTC Company titled 'BTC: More Than a Pipeline,' p. 3.

¹¹⁴ BTC Project, available at <http://www.ifc.org/btc>, 12 May 2008.

¹¹⁵ Reha Aykul Muratoğlu, 'Trilateral Agreements: Baku-Tiflis-Ceyhan Pipeline Case Study,' Transit Petroleum Pipelines Department, Istanbul, 2002. p. 5.
<http://www.iea.org/Textbase/work/2002/seegas/NMCMURS2.PDF>, 21 August 2008.

total costs. Other finance sources include export credit agencies of seven countries and a syndicate of 15 commercial banks.¹¹⁶

The Turkish Section of the pipeline has been constructed by BOTAS, Petroleum Pipeline Corporation on behalf of BTC Company, which is led by BP (British Petroleum) with 30.1 interest. Other BTC Co partners are AzBTC, Azerbaijan (25.00%); Chevron, USA (8.90%); Statoil, Norway (8.71%); TPAO, Turkey (6.53%); ENI, Italy (5.00%); Total, France (5.00%), Itochu, Japan (3.40%); INPEX, Japan (2.50%), ConocoPhillips, USA (2.50%) and Amerada Hess, USA (2.36%).¹¹⁷ Azerbaijan International Oil Company (AIOC), an international consortium responsible for over 70% of oil production in Azerbaijan since 1997, has also several partners, which are BP, Chevron, SOCAR, Inpex, Statoil, ExxonMobil, TPAO, Devon Energy, Itochu and Delta/Hess.¹¹⁸

3.2.2. CSR in BTC Project

CSR in BTC project is represented in two different phases. While the second phase called *additionality phase* is the main focus of Chapter 4, the first phase is the *core business impact management*.

Since the BTC Project has been operated by the BTC Co on behalf of BP (British Petroleum), an assessment of to what extent CSR has been implemented in the BTC Project can be made by looking at the practices, official statements and published documents of BTC Co/BP on one side and by considering various

¹¹⁶ BP, 'BP Caspian, Overview,' <http://www.bp.com/genericarticle.do?categoryId=9006669&contentId=7014358>, 11 May 2008.

¹¹⁷ BP generic article titled 'BTC Lifts First Oil from Ceyhan' published on 4 June 2006, <http://www.bp.com/genericarticle.do?categoryId=9006615&contentId=7018494>, 7 May 2008.

¹¹⁸ Energy Information Administration, *Country Analysis Briefs: Azerbaijan*, <http://www.eia.doe.gov/cabs/Azerbaijan/Oil.html>, 7 May 2008.

opposition groups such as NGOs on the other, the criticisms of which cast doubt on CSR implementation in the BTC Project. Thus, this section provides two different views on the first phase, core business impact management.

3.2.2.1. Stockholder (BTC Co) View on CSR Implementation in the BTC Project

In BTC Co/BP's practice, statements and documents, it is emphasized that the project management has been responsible as much as possible during construction and operation of the pipeline in terms of considering environmental, social and human rights impacts. For example, to clear away doubts about any particular project's possible social, environmental and human rights effects, the project management issued probably the largest set of Environmental and Social Impact Assessments (ESIAs) at the start of the project¹¹⁹ with 46 volumes with more than 11.000 pages.¹²⁰ Three separate ESIAs were carried out by international teams of independent consultants with significant input from national consultants and scientists.¹²¹ It is stressed that objectivity principle is being respected during those assessments. In these ESIAs, the main goal is to minimize the 'project footprint', which aims to lessen any harmful effects of 'the right of way'¹²², temporary facilities

¹¹⁹ BP Caspian, 'Environmental and Social,'

<http://www.bp.com/genericarticle.do?categoryId=9006669&contentId=7014360>, 27 April 2008.

¹²⁰ IFC Sustainability Report 2004, 'Challenges of Development, The BTC Pipeline and Extractive Industries Review,' available at

[http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/\\$FILE/Part+5.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/$FILE/Part+5.pdf), 27 April 2008.

¹²¹ IFC Sustainability Report 2004, 'Challenges of Development, The BTC Pipeline and Extractive Industries Review,' available at

[http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/\\$FILE/Part+5.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/$FILE/Part+5.pdf), 27 April 2008.

¹²² 'Right of Way' is a term used by the BTC Co. to describe the land of 28m corridor along the pipeline. Land was required on a temporary basis until the construction and reinstatement were completed; thus, the project management had the right to use the 5m of land on one side and 15m of land on the other side of the route on a temporary basis while they had the right to use the 8m strip of land directly above the pipeline on a permanent basis until reinstatement was completed.

and access roads.¹²³ In order to avert negative environmental scrutiny over the project, the project management attempts not to inflict any substantial damage to ecological areas and archeological sites. As for the social impacts, efforts were made to assure no resettlement and no permanent disruption to livelihoods of local populations.¹²⁴ BP proudly announces that there was not a single person that had to resettle due to the project.¹²⁵ The project management was in dialogue with all the relevant parties. The basic logic of these assessments stems from the principles to which the BP has stated its commitment to. In fact, while the assessments had been continuing, it was promised to disclose the assessments to public for interested people to comment on the project. In the mid 2002, the ESIA was made public within the Public Consultation Disclosure Plan for 60 days after meticulous work of observation. The plan has been stated to ‘conform not only to Turkish regulations and the standards of BP and BOTAS, but also to the standards of the World Bank, the World Bank’s International Finance Corporation, the European Bank for Reconstruction and Development, the European Commission, and relevant international conventions’.¹²⁶

The ESIA for Turkey included social and environmental impacts ranging from employment to infrastructure use, which would have an impact upon the well-being and development of local communities. A spate of issues in the assessment are related to the land use, which include land acquisition through permanent or temporary expropriation and physical resettlement issues. The planning phase of the

¹²³ BP Caspian, ‘Environmental and Social,’ <http://www.bp.com/genericarticle.do?categoryId=9006669&contentId=7014360>, 28 April 2008.

¹²⁴ Ibid.

¹²⁵ IFC Sustainability Report 2004, ‘Challenges of Development, The BTC Pipeline and Extractive Industries Review,’ available at [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/\\$FILE/Part+5.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/$FILE/Part+5.pdf), 27 April 2008.

¹²⁶ BTC Co., BP and BOTAS, ‘Environmental Impact Assessment, Baku -Tbilisi-Ceyhan Crude Oil Pipeline: Turkey, Draft for Disclosure, (Non-Technical Summary),’ June 2002, p. 4-6.

project was completed carefully to determine the pipeline route avoiding residential areas.¹²⁷ Other issues highlighted within the ESIA were reinstatement of soil through Reinstatement Plan, mitigation of landscape impacts through soil management practices, operations at watercourses during low flow periods, waste management to avoid surface/underground water pollution, protection of ecology, taking measures to avert air pollution by dust, noise/vibration reduction measures, traffic/ transport safety considerations, protection of cultural sites through Cultural Heritage Management Plan, compensation of loss of livelihoods such as grazing land loss, procurement of goods from local communities, in-migration from vicinities to the facilities for employment, self-sufficient infrastructure and services without utilizing local resources, obligatory health screening of communities, construction workers code of conduct to avoid community disturbances of any kind, community relations procedures to ensure harmony between workers and communities, and environmental risk assessments to respond suddenly to any possible oil spill.¹²⁸

During the construction period, the right of way of the pipeline, the terrain of both temporary and permanent facilities of BTC, has been delegated to the authority of the BTC Co through different types of procedures. In these procedures, the CSR perspective of BP is operationalized.

BP sees its responsibility falling into two categories the first of which is the 'sphere of control' where BP management could ensure their operations be run in the safest and most responsible way it can.¹²⁹ The second category is the 'sphere of influence' where BP management attempts to take a responsible attitude in key areas such as climate change and development, to pave the way for a change and help

¹²⁷ BTC Co., BP and BOTAS, 'Environmental Impact Assessment, Baku -Tbilisi-Ceyhan Crude Oil Pipeline: Turkey, Draft for Disclosure, (Non-Technical Summary),' June 2002, p. 36.

¹²⁸ Ibid. pp. 25-38.

¹²⁹ BP, 'CSR,' <http://www.bp.com/sectiongenericarticle.do?categoryId=9023248&contentId=7043210>, 29 April 2008.

produce positive results. For example, in terms of climate change, it sees its role extending beyond minimizing its own gas emissions to helping find new sources of clean energy and contributing to global research and development (R&D) programmes via building its own Alternative Energy business. BP sees its responsibility extending well beyond the mere compliance with the law of host governments; instead, it aims to set new universal business standards that responsibly exceeds the requirements enforced by the host government law. In his speech on business ethics, Lord Browne, Group Chief Executive, encapsulates the BP's CSR perspective: 'the purpose of business gave it a distinct, unique and indispensable role in society that embraced creating wealth, removing barriers to human progress, developing people and contributing to the development of countries.'¹³⁰

In the interview of Robin Knight, Graham Baxter, vice president of BP, stresses that BP prefers talking about 'the responsibility of the company' since he thinks that corporate social responsibility is a fluffy term. He defines BP's perspective on CSR by stating that for them CSR starts with abiding by the law first. BP then aims to have the leadership in certain business areas where it can create long term shareholder value. He encapsulates his ideas by clearly stating 'There are times when a company like BP needs to act long term in a way that may reduce short term profitability by investing in social issues that ultimately will create a positive environment for us to operate in.'¹³¹ He simply asserts that sustainability¹³² and transparency are important ethical principles of BP's business conduct; however, he later calls that transparency should be favored only in specific contexts not to expose

¹³⁰ BP, 'Making the Right Choices,' *Sustainability Report 2004*, p. 5.

http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/downloads/S/Sustainability_Report_2004.pdf, 19 August 2008.

¹³¹ BP, 'Corporate Responsibility, Embracing Responsibility,' p. 29,

http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/downloads/B/BPM_05t_w_o_responsibility.pdf, 25 May 2008.

¹³² Graham Baxter gives BP's definition of sustainability as 'having the capacity to endure for the long term'.

BP's commercially sensitive information. BP also chooses to set standards where it operates in accordance with the local circumstances; thus, mostly where the host government law fails to enforce a particular way of business conduct, voluntary initiatives such as the Voluntary Principles on Security and Human Rights¹³³ guide. BTC pipeline project is one of the greatest endeavors of BP in which these principles are applied.

3.2.2.1.1. Procedures Applied in line with CSR

In order to mitigate the negative impacts upon environment and local communities involved in the project, BP/BTC Co has embarked upon several procedures. These procedures are given below:

- Public Consultation and Disclosure: 'At IFC's request, the project sponsors and governments released the Production Sharing Agreements (PSAs) and the Host Government Agreement (HGA) in order to inform civil society and reduce misinformation regarding the project'.¹³⁴ Since such a big energy pipeline project as BTC has been designed to pass through 'difficult' terrains, it is in people's right to aspire for an access to project information for the sake of sustainability of development and 'life' of the project. The meetings for consultation prepared by BTC Consortium and IFC were attended by some 800 locally affected people out of total 60.000 affected people on a total

¹³³ The Voluntary Principles on Security and Human Rights is a blueprint of BP which guides the business conduct in areas of security and human rights. It includes assessment of security risks that may affect local communities and human rights training which in Turkey and Georgia aims to enhance the skills of private sector security personnel in communicating effectively with external parties, to build their understanding of the need for restraint in response to potential security threats and to increase their awareness about international standards, legislation and BP's own stance on human rights.

¹³⁴ IFC Sustainability Report 2004, 'Challenges of Development, The BTC Pipeline and Extractive Industries Review,' p. 33, [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/\\$FILE/Part+5.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/$FILE/Part+5.pdf), 27 April 2008.

of 17.700 individual parcels in three countries.¹³⁵ People affected from the project are defined to include ‘those within a 2 km band of either side of the pipeline corridor, and within 5 km of a pump or pressure reduction station, a primary construction camp or pipe yard or the marine terminal facility, who might be affected by the activities of construction, operation, land acquisition and decommissioning’¹³⁶.

- Resettlement and Compensation: BTC Consortium under the auspices of IFC worked hard to ensure that no one would have to leave their houses along the 2km on either side of the pipeline. For that end, Land Acquisition Plan and a Guide to Land Acquisition and Compensation (GLAC) were put into practice through consultation with the affected population. Villages within 5 km corridor of facilities and construction camps were also considered in these processes.¹³⁷ Land acquisition is legalized through the Expropriation Law No: 2942, which stipulates acquisition of private lands for a public purpose in return for payment to the affected owners and users of the land within 45 days within the framework of the expropriation law.¹³⁸ According to this procedure then, 8 m above the pipeline would be acquired on a permanent basis whereas the outer 15 m on either side on land surface would be acquired on a temporary use. Such a document as GLAC (Guide to Land Acquisition

¹³⁵ IFC Sustainability Report 2004, ‘Challenges of Development, The BTC Pipeline and Extractive Industries Review,’ p. 33, [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/\\$FILE/Part+5.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/$FILE/Part+5.pdf), 27 April 2008.

¹³⁶ BTC Project, EIA, Appendix p. A 1-2, October 2002, http://www.bp.com/liveassets/bp_internet/bp_caspian/bp_caspian_en/STAGING/local_assets/downloads_pdfs/xyz/BTC_English_ESIAs_Amended_Turkey_EIA_Final_incorporating_comments_Content_BTC_EIA_Appendix_A1_PCDP.pdf, 30 April 2008.

¹³⁷ IFC Sustainability Report 2004, ‘Challenges of Development, The BTC Pipeline and Extractive Industries Review,’ p. 33, [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/\\$FILE/Part+5.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_2004SustReport_5/$FILE/Part+5.pdf), 27 April 2008.

¹³⁸ BTC Project: Resettlement Action Plan, Turkey Final EIA, p. 7. [http://ifcln1.ifc.org/IFCExt/spiwebsite1.nsf/0/76e86b2e17ee0cc085256d42006c8939/\\$FILE/TU%20PCDP%20Update%20%20SLIP%20Vol.1%20%20PCDP%20Annex%2010.pdf](http://ifcln1.ifc.org/IFCExt/spiwebsite1.nsf/0/76e86b2e17ee0cc085256d42006c8939/$FILE/TU%20PCDP%20Update%20%20SLIP%20Vol.1%20%20PCDP%20Annex%2010.pdf), 19 August 2008.

and Compensation) proved to be crucial in such a complex tenure system environment where compensation rates are hard to determine depending on the use of land. IFC sees it to be a success when less than %2 percent of affected landowners raises dissatisfaction or complaints about the compensation rates.

3.2.2.2. Stakeholder (NGOs, Local People) View on CSR Implementation in the BTC Project

Despite all meticulous efforts exerted to minimize the environmental and social impacts of the project upon local communities, challenges remain, complicating the expected prospects that the project is believed to bring along. Some of these challenges are related to the procedures mentioned above undertaken by BTC Co in collaboration with IFC, BOTAS and some NGOs. Given the small share of people involved in the meetings for consultation (800 out of 60.000), the public consultation and disclosure procedure seem to be limited in scope which in turn might affect the success of compensation procedure. In fact, not all people affected by the project end up satisfied with the compensation rates and claim that their livelihoods are affected by the project activities. One of the harsh criticisms about the project came from the Fact Finding Mission (FFM), consisting of representatives of the Center for Civic Initiatives, Committee of the Protection of Oil Workers' Rights, Corner House Research, Kurdish Human Rights Project, PLATFORM, Urgewald and UK Barrister. The representatives of these NGOs made a visit to Ardahan region to monitor whether progress has been achieved onto pre-detected problems about the project. They concluded in the fifth report that the problems identified by Fact

Finding Mission in 2004 in Ardahan region have still not been addressed or resolved, that freedom of speech in the region remains restricted, that landowners in the region got compensated less than those in Azerbaijan or Georgia, that villagers are paid for only one year for their lost crop, that the level of compensations is still being disputed, that users of community lands in Otağlı village were not compensated under Resettlement Action Plan (RAP) fund as required.¹³⁹

However, Compliance Advisor Ombudsman¹⁴⁰ listed no complaint from Ardahan, Kars, Erzurum and Erzincan. Many NGOs have raised complaints about the natural resources, sensitive historic and ecological places, possible oil spills and destruction of habitats of rare species. To alleviate complaints, BTC Co initiated Environmental Investment Program with a budget of \$3.250.000 in 2003.¹⁴¹ One of the complaints is from Ceyhan Area, where the physical security of the pipeline is at the highest risk with more than 10 hot tapping¹⁴².

In addressing these challenges and mitigating the corporate misconduct, the role of NGOs can not be underestimated. NGOs play a unique role in promoting Corporate Accountability to poorer and more marginalized groups, through their ability to garner public trust and to employ the mobilization of shame against powerful corporations.¹⁴³ Mobilization of ordinary people around NGOs, who normally lack necessary economic and political power, is social means to resist

¹³⁹ Final Report of Fact Finding Mission, 18-21 September 2005, <http://www.bakuceyhan.org.uk/publications/FFM05turkey.pdf>, 30 April 2008.

¹⁴⁰ Compliance Advisor Ombudsman (CAO) is the independent recourse mechanism for the private sector arms of the World Bank Group, which in this case is International Finance Corporation.

¹⁴¹ BTC Environmental Investment Program/Turkey, <http://www.btcinvestment.com/eiphome.asp?LANG=0>, 1 May 2008.

¹⁴² Hot tapping is a sort of theft of oil by placing a tap illegally on an oil pipeline with the aim of selling the stolen oil on the black market. Hot taps endanger the physical security of the pipeline and have become one of the major security risks for BTC Co.

¹⁴³ Niamh Garvey and Peter Newell, 'Corporate Accountability to the Poor? Assessing the Effectiveness of Community-Based Strategies,' *IDS Working Paper 227*, October 2004, p. 41, http://www.drc-citizenship.org/docs/publications/accountability/Working_Papers/Wp227.pdf, 1 May 2008.

unwanted outcomes of corporate activities. To the extent NGOs are visible to public eye, their voices should be heard by all parties involved in building or operating a pipeline: oil companies, investors and host governments. Resistance to NGOs criticisms or concerns might result in losing credibility in public eye, which would harm the sustainability prospects of any particular project.

However, in lobbying against the project, NGOs might differ in their reasoning for why they are against the project. One group of NGOs, as Mortished argues, is totally against such oil projects for environmental concerns in the face of climate change.¹⁴⁴ Among these opposing NGOs to the BTC project under all circumstances were WWF (World Wide Fund for Nature), London Rising Tide and Friends of Earth since they reject the global need for oil. Others like Central and Eastern Europe Bankwatch Network (CEE Bankwatch Network), however, acknowledge this kind of growing need but keep their skepticism about the project's more negative impacts onto environment and local communities than its benefits. Petr Hlobil, from CEE Bankwatch Network, was quoted saying 'We expect that if those institutions are involved using public money, it is for the public good. What is that good? It should be substantial development gains in the host societies, and that is not happening.'¹⁴⁵

WWF identified the reasons why it believes that BTC pipeline poses unacceptable risks to the human and natural environment of the region in its comment letter to IFC and EBRD in 2003. It argues that IFC and EBRD should not finance such projects as BTC for its unsustainable character and expects that these

¹⁴⁴ Carl Mortished, 'Oil Pipeline has the Power to Change Lives,' *The Times*, 14 February 2003, <http://business.timesonline.co.uk/tol/business/columnists/article876407.ece?token=null&offset=0>, 2 May 2008.

¹⁴⁵ Hlobil was quoted in Mortished's article titled 'Oil Pipeline has the Power to Change Lives,' *The Times*, 14 February 2003, <http://business.timesonline.co.uk/tol/business/columnists/article876407.ece?token=null&offset=0>, 1 May 2008.

financial institutions abide by the fundamental principles outlined by Collevocchio Declaration. This declaration outlines six principles that financial institutions should be committed to while investing in projects across the world. These principles are: commitment to sustainability, commitment to 'do no harm', commitment to responsibility, commitment to accountability, commitment to transparency and commitment to sustainable markets and governance.¹⁴⁶ In that letter, WWF briefly summarizes its concerns as follows:

- WWF believes that the whole planning procedure of the project is flawed due to failure to comply with the 'basic tenets of international standards, law and practice, and specifically those of the EBRD and and IFC itself'¹⁴⁷ with no Strategic Environmental Assessment. Moreover, it strongly points out that cardinal agreements have been signed before EIA for the project was prepared, which caused prejudgement against EIA. Also, WWF recommends that no free public money should be invested in BTC project since this pipeline project is believed to contribute very little to sustainable development. For example, the number of jobs created will be limited and the majority of it will disappear after the pipeline begins operating. WWF claims that International Financial Institutions have a responsibility to help emerging economies in their transformation to sustainable economies, so it asserts that IFC or EBRD should not provide financial support to the project. WWF also makes references to the corruption of revenues management within the oil companies in host

¹⁴⁶ Friends of the Earth, *Collevocchio Declaration on Financial Institutions and Sustainability*, <http://www.foe.org/camps/intl/declaration.html>, 2 May 2008.

¹⁴⁷ WWF, 'BTC Applications to IFC and EBRD for Finance: WWF Comment,' October 2003, p. 2, http://www.wwf.org.uk/filelibrary/pdf/btppipeline_financerep.pdf, 2 May 2008.

countries basing its claim on the World Bank's report 'Extractive Industry Review'.

- Both the planning phase and onset of the construction of the project fell short of complying with the due international standards such as those of IFC/EBRD, the OECD Guidelines for Multinational Enterprises or EU Law, including the latest Equator Principles initiative¹⁴⁸, which would produce best practice applications for the project. In terms of public consultation, again international standards have been ignored, for example, the public in Turkey was given only 60 days to review and comment on the EIA. It is a short period of time while many people are unable to reach the documents on internet. WWF asserts that BTC failed to 'adequately consult with project-affected communities on pertinent matters.'¹⁴⁹ The questions within the Public Consultation and Disclosure Plan have been phrased in such a way that the respondents can not have an informed view of the activities, their rights and responsibilities of the BTC Co. The fact finding mission states 'When BP/BOTAS used questionnaires in surveying muhtars and households, they did not provide information adequate to secure an informed response', the questions of which are vaguely phrased.¹⁵⁰ Further, some phrases within the questionnaires

¹⁴⁸ *The Equator Principles* is a financial industry initiative for determining, assessing and managing social & environmental risk in project financing. So far, BTC project is being accused of 127 violations of IFC Safeguard Policies and therefore of the Equator Principles.

¹⁴⁹ WWF, 'BTC Applications to IFC and EBRD for Finance: WWF Comment,' October 2003, p. 24, http://www.wwf.org.uk/filelibrary/pdf/btppipeline_financerep.pdf, 2 May 2008.

¹⁵⁰ Baku Ceyhan Campaign (NGOs: Campagna per la Riforma della Banca Mondiale, Kurdish Human Rights Project, The Corner House, Ilisu Dam Campaign, and PLATFORM), 'International Fact-Finding Mission, Azerbaijan, Georgia, Turkey Pipeline Project, Turkey Section,' August 2002, p. 26, <http://www.bakuceyhan.org.uk/publications/pipelines-factfinding-turkey.pdf>, 28 April 2008.

discourage the respondent to give frank answers due to fears of legal prosecution.

- Some important issues persist in terms of the failure of some agreements to be compatible with the legal regimes of host countries. Both the Host Government Agreements and the Intergovernmental Agreements ‘have taken precedence over existing and potential legislation in Azerbaijan, Georgia and Turkey’¹⁵¹. The BTC Co proved to use the power delegated to itself via HGA to prevail over the environmental legislations in host countries particularly in Georgia.¹⁵² For Turkey, for example, the signing of IGA and HGA will complicate Turkey’s EU accession process since these agreements will take precedence over the *acquis*. WWF claims that those agreements exempt the BTC pipeline from important provisions of international and national law in host countries, including from those on environment and human rights.
- Some concerns as to the whole routing of the pipeline have not been addressed because the EIA did not consider any other alternative routing. The project did not cover whole evaluation of possible overall impacts and consideration of alternative routes, which would otherwise possibly raise reputation of the project.
- The absence of zeal in mitigating the negative impacts of the project could result in deterioration of environmental systems in the region.¹⁵³

¹⁵¹ WWF, ‘BTC Applications to IFC and EBRD for Finance: WWF Comment,’ October 2003, p. 17, http://www.wwf.org.uk/filelibrary/pdf/btppipeline_financerep.pdf, 2 May 2008.

¹⁵² Ibid.

¹⁵³ WWF, ‘BTC Applications to IFC and EBRD for Finance: WWF Comment,’ October 2003, p. 2, http://www.wwf.org.uk/filelibrary/pdf/btppipeline_financerep.pdf, 2 May 2008.

To preserve biodiversity for example, field surveys or vegetation surveys were not done in susceptible areas.

Chief Executive of WWF-UK, Robert Napier argues that BP's past experiences in the Arctic and Colombia show that BP has proved unable to stop oil leaks and the environmental damage from occurring. He also makes an emphasis upon the unsafety of the geographical route of the pipeline, indicating that the pipeline is designed to pass through regions where there are risks of earthquakes, landslides, avalanches and terrorist attacks.¹⁵⁴

3.3. Evaluation

3.3.1. Proposed CSR Conceptual Framework & BP's CSR Understanding & CSR Implementation in the BTC Project

Having elaborated on the conceptual framework of CSR by continuously putting emphasis on the need to integrate human development to ensure energy security, BP's CSR understanding in theory framed through official statements at first glance raises our expectations for the BTC project. BP has stated its commitment to formulate a specific understanding of CSR in accordance with the local circumstances. Given the BTC pipeline regions' volatile circumstances (low human development, transition regimes, pending political tension, income distribution problem and regional inequalities), BP's establishment of Voluntary Principles to conceptualize CSR in local contexts is seemingly a good policy making. Furthermore, BP officially declares that it is committed to control possible negative

¹⁵⁴ WWF, 'WWF alarmed at World Bank impotence on BTC pipeline decision,' 10 November 2003, http://www.wwf.org.uk/News/n_0000001047.asp, 2 May 2008.

impacts first due to its activities and later to exert positive influence on such issues as climate change and development. So far, Chapter 3 focused on the core business impact management (sphere of control), in which BP operationalized its CSR understanding through relevant procedures. However, as stated above, in practice, several weaknesses and challenges remain as to the proposed conceptual CSR framework. The most fundamental gap between the proposed conceptual CSR framework to ensure energy security and BP's CSR understanding is that human development concerns in energy exporting developing countries and transit countries seemingly are not addressed enough to better reflect upon the consultation process of the project. Weaknesses in public disclosure and consultation expectedly create challenges for the compensation and land acquisition issues. Accordingly, it casts doubts over the project's prospects for future endeavors. Thus, as for the core business impact management phase, BP also should reformulate its CSR understanding in accordance with the human development concerns in regions where it operates along the BTC pipeline. It should better take account of the low human development features such as illiteracy, gendered literacy in favor of men, and social organizational schemes in villages. As argued earlier, the number of affected people consulted remains limited given that totally 60,000 people are estimated to be affected by the project-related activities. However, one should question the international NGOs' criticisms against the BTC project given their Western origins, unfamiliarity with the local communities and lack of knowledge of the local communities' needs and wishes. In this sense, IFC clearly backs BTC project by putting that the Public Consultation and Disclosure processes are 'consistent with the requirements of OP 4.01 and in many quarters would be considered best practice.

Given the discussion above then, a combination of CSR as a Social Function, CSR as a power relationship and CSR as a Socio-Cognitive Construction would fit better for the BP's CSR implementation within the core business impact management phase since the procedures and resulting challenges reflect the features of those three pluralistic approaches to CSR. The inherent concern about BP's corporate performance is evident in Baxter's statement that BP should sacrifice short term profitability for the sake of long-term healthy business environments in which BP can operate better. This still shows that CSR is partly being utilized as a strategic tool to improve long-term corporate performance to create better business environments. CSR implementation of BP has also been shaped by external pressures such as NGOs, governments and ordinary people; thus, BP utilizes CSR as a power tool to counter external pressures to better market its corporate conduct in the eyes of other stakeholders. In order to satisfy the opposing voices possibly arising against any corporate misconduct, CSR serves for a good shield indicating that BP adheres to business ethics. However, rather lately, BP's CSR understanding has tended to get more influenced by the approach that treats CSR as a socio-cognitive construction. For example, BP tries to reformulate its CSR understanding to make it more of a socio-cognitive construction by officially declaring that one of two pillars of its CSR understanding is sphere of influence, through which BP management attempts to take a responsible attitude in key areas such as climate change and development, to pave the way for a change and help produce positive results. BP sees its responsibility extending beyond a mere compliance with the law of host governments; thus, the content of the responsibility gets shaped by mutually and legitimately negotiated balance of rules and expectations. BP also favors that the business rules and standards should be set locally to better manage the core business impacts that may

emerge locally. Therefore, in establishing the codes of conduct, they pay due importance to the expectations of society.

After exploring the BP's CSR understanding in the core business impact management phase, Chapter 4 directs the focus on the additionality phase where the answer of this question is attempted to be sought for: How has CSR in the BTC project been implemented in community development programs?

CHAPTER 4

CSR IMPLEMENTATION

IN THE COMMUNITY INVESTMENT PROJECTS

This chapter falls in four parts. The first part introduces the Community Investment Projects (CIPs) being implemented in four pipeline provinces of Eastern Anatolia, namely Ardahan, Kars, Erzurum and Erzincan/Gümüşhane. The second part draws a map of human and socio-economic development of these provinces. The third part examines the ways in which local participation has been achieved both in the BTC project and CIP projects. In doing so, it tries to assess the local participation particularly in CIPs being implemented in 3 pipeline provinces. In light of local participation in CIPs, the fourth part concludes with an evaluation as to which approach/es to CSR available in literature (see Chapter 3) has/have been implemented in CIPs.

4.1. Community Investment Projects (CIPs)

Within the additionality phase (sphere of influence), the project management of BTC embarked upon contributing to the development of local communities through community, social and environmental investment programs. For this end, three separate development programs were put into practice: Community Investment

Program, Environmental Investment Program and Regional Development Initiative. The fundamental aim of Community Investment Programs (CIPs) is to help sustainable development efforts and to galvanize economic development along the 4 km corridor of the pipeline¹⁵⁵ in total 330 communities in Turkey. In doing so, it is not aimed only to account for the damage inflicted during construction, but it is also assumed as a responsibility to add up to capacity building efforts for local people for their future endeavors. Through various training programs, it is intended to earn them necessary technical and income generating skills, and to provide them with economic opportunities. Having a long term sustainability perspective in mind especially concerning agriculture, CIP is designed to alleviate rural poverty by encouraging people to participate into actual development process, which is in accordance with the participatory development model. Starr comments ‘Every phase of the planning and construction required the help of thousands, and at times tens of thousands, of Azerbaijanis, Georgians and Turks. Most needed to be trained. Thanks to this, the project became a major purveyor of skills both in technical and civil areas, an educational institution whose benefits will outlive the construction of BTC and possibly BTC itself. Specialists in the development field refer to this process as – capacity building- and see it essential to economic modernization.’¹⁵⁶

The overall Community Investment Program were divided into two phases in time dimension: Construction and Operation phases.

Construction Phase (2003-2006): The commission established by the developmental and public institutions decided upon the types of projects to be implemented in 10 pipeline provinces in Turkish section of the BTC pipeline with a

¹⁵⁵ BTC Community Investment Programme, <http://www.btcinvestment.com/pressad.asp?EC=2&LANG=0>, 2 June 2008.

¹⁵⁶ S.F. Starr, ‘The Baku-Tbilisi-Ceyhan Pipeline: School of Modernity,’ *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West*, S.F. Starr and S.E. Cornell (Eds.), Central Asia-Caucasus Institute, Uppsala, 2005, p. 12.

budget of \$9 million during the first three years of implementation after project management carried out questionnaires and rapid rural assessments. Candidate implementing partners (consisting of non-profit NGOs, academic institutions and consultants) for the proposed projects were invited over through Request for Proposal Process (RFP). The selected partners conducted micro-level detailed needs assessments for each target village on the local level by means of consulting local communities and local governments in terms of infrastructure, land use, agricultural activities, potential additional income sources and training needs. On the national level, BTC Co kept working in close cooperation with the Ministry of Agriculture especially in areas such as husbandry, beekeeping, production of new crops, establishment of cooperatives and community based organizations. Till the end of 2006, two types of projects were put into effect to help sustain rural development and social infrastructure.

Quick Impact Projects:

These projects, being cost efficient social infrastructure projects in essence, were intended to meet the urgent needs of communities. They basically encompass construction or repair of schools, village meeting salons, healthcare centers, drinking water installations, micro-level watering systems and installations or utilization of solar energy, energy conservation, water management.

Long-term Development Programs:

These projects were intended for long term benefits and sustainable economic and social development. They had 4 fundamental purposes: 1) supporting the development of agriculture and animal husbandry; 2) enhancing the economic opportunities by means of creating income-generating activities; 3) raising public

awareness in education, health and hygiene, and 4) supporting capacity building efforts for the local communities to start community-based development.

Operation Phase (2007-): Independent assessments of the construction phase and self assessments of implementing partners based on the feedback from relevant developmental institutions characterize this phase. To assure effectiveness, the activities of this phase were complementary to the first phase. The intended activities can be summarized into two: 1) Sustain the large-scale income generating activities and develop selling/marketing activities, and 2) Develop local capacity by building social and technical skills. In order to empower local organizations, institution-building, fund-diversification and financial sustainability were the top priorities for local cooperatives, rural development organizations and community-based development organizations. For the aim of earning local organizations more experience and reflecting the acquired to the actual life, a small assistance fund was provided. In the meantime, it was aimed that the responsibility of managing projects would gradually be overtaken by local organizations from implementing partners for sustainability.

Along the BTC pipeline, given the geographical challenge of implementation, two phases of community investment projects were designed and set to be implemented. After meticulous consultation process with the relevant implementation partners, donor communities, NGOs and public institutions to identify the priority areas for investments on the strategy level, on 30 July 2003, BTC Company announced the start of the first phase of community investment programs. The first phase of the program encompasses **Ardahan, Kars, Erzurum**

and **Erzincan/Gümüşhane** provinces. Following this announcement, the following projects have been implemented¹⁵⁷:

Table 4 1: Community Investment Programs and Implementing Partners

IMPLEMENTING PARTNER	PROJECT
IBC (International Blue Crescent Foundation)	Ardahan Sustainable Rural Development Project
SÜRKAL	Kars Sustainable Rural Development Project
Atatürk University	Erzurum Sustainable Rural Development Project
PAR Consulting	Erzincan/Gümüşhane Sustainable Rural Development Project

4.1.1. Ardahan Sustainable Rural Development Project (June 2003-)

IBC (International Blue Crescent Foundation) is implementing the project from two new offices established in Ardahan and Posof. The Project Co-ordinator is managing the Regional Office. He is responsible for all the project activities in Ardahan, as well as relations with government bodies, the community, NGOs and coordination with several institutions (such as universities, government agencies, etc). The project is targeting women, school and pre-school children, the unemployed, craftsmen, farmers, tradesmen and the uneducated. The project covers 4 districts (Ardahan city center, Damal, Hanak, Posof) and 38 villages, with a total population of 17.387 people.¹⁵⁸ Long term development goals are the introduction of new techniques in agriculture and livestock, fruit production and empowerment of local people through training programs. Quick impact contributions are repair of hospitals, establishment of educational centers, repair of schools etc. Apart from BTC funding,

¹⁵⁷ BTC Community Investment Programme, <http://www.btcinvestment.com/pressad.asp?EC=2&LANG=0>, 2 June 2008.

¹⁵⁸ BTC Co., 'Community Investment Program: the 11th Workshop Booklet,' No.3, December 2007.

IBC is working to find other financial sources to make these projects sustainable. In this respect, funds from Caritas and CRS are already secured.¹⁵⁹ The total project budget is \$2.578.543, of which \$1.735.000 is covered by BTC Co.

The project's goals indicate that the project basically aims to improve the socio-economic underdevelopment of Ardahan. Creating income-generating activities and economic opportunities, improving agriculture and animal husbandry are the main goals. Besides, raising consciousness about social infrastructure, earning people self-organizational and capacity building skills to be able to start and manage community based development are the other goals. Within the implementation of the projects, peculiar features of the project locations have been considered. For example, the focal point is animal husbandry in Ardahan city center, Hanak and Damal while fruit grafting and growing vegetable are the priorities in Posof. As a key to successful project implementation and sustainability, consultation mechanisms have been created especially with the local NGOs and local authorities¹⁶⁰ such as the governorship, the municipality, agriculture and rural offices, education and health directorates to create a project ownership.

4.1.2. Kars Sustainable Rural Development Project (June 2003-)

SURKAL, as an NGO experienced in rural development, is implementing the project and will be in coordination with the UNDP's LEAP (Eastern Anatolia Participatory Rural Development Project). The Kars provincial Government and Provincial Agriculture Directorate have already expressed their support, and

¹⁵⁹ BTC Pipeline Community Investment Program/ Turkey, <http://www.rsdpinfo.com/trciper/content/view/18/59/>, 22 June 2008.

¹⁶⁰ BTC Co., 'Ardahan Sustainable Rural Development Project,' *Community and Environmental Investment Programs (Turkey)*, January 2006.

SURKAL has a good relationship with them owing to its ongoing projects in the region. SURKAL will also co-operate with the district-governate of Selim and Sarikamis, District Agriculture, Health, National Education and Public Education Directorates. For the construction of sewage refining plant (and for elements of the social infrastructure improvements) SURKAL will collaborate with TÜBİTAK Marmara Research Centre.¹⁶¹ The project covers 4 districts (Kars city center, Selim, Sarikamış, Susuz) and 26 villages, with a total village population of 13.700 people.¹⁶² Skill development programs, development of organizational capacity building programs, agricultural demonstration projects, pasture improvements, vaccination of animals and improvement of social infrastructure are some of the intended activities. SURKAL is working on attracting international donors such as the EU to invest. The total project budget is \$2.404.080, of which \$1.744.955 is covered by BTC Co.

The project's goals indicate that the project aims at contributing to the sustainable economic and social development of Kars since the project is basically designed to increase production and income via mobilizing and authorizing local people about improving their knowledge, capacity and practical skills. SURKAL is such an NGO that implements projects on a systematic and duration-based manner so it supports the local participation through mobilization and authorization. For this end, SURKAL establishes project committees which define the problems first, then offer solutions; thereby, provide local people with a sense of belonging and representation. SURKAL creates trust and sustainable relations among these committees through educational seminars so that committees could be ready to provide whatever the villagers need at any moment.

¹⁶¹ BTC Pipeline Community Investment Program/Turkey, <http://www.rsdpinfo.com/trcipen/content/view/19/60/>, 22 June 2008.

¹⁶² BTC Co., 'Community Investment Program: the 11th Workshop Booklet,' No.3, December 2007.

4.1.3. Erzurum Sustainable Rural Development Project (June 2003-)

Atatürk University is implementing the project activities through Project Coordination Unit (PCU), in close liaison with all stakeholders. PCU will be responsible for the implementation and overall management of the project. However, some activities and small-scale quick impact projects may be implemented with or subcontracted to the other partners, organizations and NGOs if this is more effective.¹⁶³ The project covers 7 districts (Erzurum city center, Aşkale, Horasan, Ilıca, Köprüköy, Pasinler, Şenkaya) and 63 villages with a total village population of 38.975 people.¹⁶⁴ Among the activities are establishment of Women Development and Project Councils, opening secondary& high school programs for girls, capacity development for village administration and other agricultural projects. Social Assistance and Solidarity Funds will be utilized by local governors, local NGOs and municipalities to sustain aimed development. The total project budget is \$2.478.388, of which \$1.895.585 is covered by BTC Co.

The project's goals indicate that the project basically aims at socio-economic development of the whole population in general, of the target population in particular. However, it is also emphasized that raising the quality of life of target population via improving social capital and bettering women's status in society is also a part of the defined goals. Although PCU is the main responsible body for the management and implementation of the project, some contracts have also been concluded with other local organizations or NGOs for quick impact projects and other activities to ensure

¹⁶³ BTC Pipeline Community Investment Program/Turkey, <http://www.rsdpinfo.com/trcipen/content/view/20/61/>, 22 June 2008.

¹⁶⁴ BTC Co., 'Community Investment Program: the 11th Workshop Booklet,' No.3, December 2007.

better contact with the target population. All stakeholders' due contribution is, therefore, prioritized.

4.1.4. Erzincan/Gümüşhane Sustainable Rural Development Project (June 2003-)

The project will be implemented by PAR (private consultancy firm) with the cooperation of the Rural and Urban Development Foundation (NGO). The Project Coordination Unit (PCU) will manage all activities with a small number of experts. The Turkish Dentists' Association will be a sub contractor. Setbir (meat and dairy producer's organization) and Çimteknik (seed company) will participate in the project as private companies who will practice contractual farming. Efforts will be made to include local NGOs in project implementation.¹⁶⁵ The project covers 4 districts (Çayırılı, Kelkit, Refahiye, Tercan) and 49 villages, with a total village population of 17.930. Among the goals are project disclosure, identification of community needs, identification of target groups for education, establishment of union of beekeepers, vaccination of livestock and training programs of different kind. Micro funding programs offered by the WB and the EU will be used to sustain the activities. Also relations with the state-led projects in the region are established. The total project budget is \$2.955.733, of which \$2.110.525 is covered by BTC Co.

The project's goals indicate that the project basically aims to galvanize the economic development of the region by creating income generating opportunities, improving the agricultural sector and social infrastructure. Besides, it is also aimed to build capacities of local people to organize, initiate and manage community-based

¹⁶⁵ BTC Pipeline Community Investment Program/Turkey, <http://www.rsdpinfo.com/trcipen/content/view/21/62/>, 22 June 2008.

development to produce project ownership. In this sense, PAR gives priority to establishing and supporting cooperatives to enable production and marketing activities for all local people. Sustainability, in their reasoning, can be achieved with participation and support by all segments of society. Mutual interests are vital for the sustainability of projects even if projects technically come to an end. In these projects then, the development approach of PAR can be summarized to be inclusive one that gives utmost importance to sustainability, cooperation among state, project and local people, participation, avoiding gendered development policies, and target-based rural development.

4.2.Human & Socio-Economic Development of 10 Pipeline Provinces

4.2.1. Human Development Indices by Province

Table 4 2: Human Development Indices by Province

Provinces	Life Expectancy at Birth (years)	Adult Literacy Rate +14 (%)	Combined first second gross Enrollment ratio (%)	Real GDP per capita (PPPS /\$)	Life Expectancy Index	Education Index	GDP Index	Human Development Index value/ HDI Rank	Real GDP per capita (PPPS) rank minus HDI rank
Kocaeli (Max. In Turkey)	73,8	91,8	99,2	16536	0,813	0,942	0,853	0,869/ 1	0
Malatya (Max. in Eastern Anatolia)	66,3	83,8	75,7	4077	0,688	0,811	0,619	0,706/48	3
Adana	64,3	85,9	93,5	7191	0,656	0,884	0,714	0,751/ 24	-5
Kayseri	66,4	88,0	92,5	5051	0,690	0,895	0,655	0,746/ 29	6
Sivas	67,3	83,6	75,5	3832	0,705	0,809	0,609	0,707/ 46	7
Osmaniye	64,3	85,0	86,0	3414	0,655	0,853	0,589	0,699/ 52	6
K.Maraş	60,4	81,6	78,4	4224	0,590	0,806	0,625	0,674/ 60	-14
Gümüşhane	64,7	85,3	58,8	3263	0,662	0,765	0,582	0,669/ 62	-1
Erzurum	62,3	82,6	70,1	3178	0,622	0,784	0,577	0,661/ 65	-3
Ardahan	60,3	83,0	89,5	2315	0,588	0,852	0,524	0,655/ 66	11
Erzincan	59,9	86,4	65,1	3348	0,581	0,793	0,586	0,653/ 67	-7
Kars	60,3	81,2	80,4	2482	0,588	0,809	0,536	0,644/ 69	4
Ağrı (Min. in Eastern Anatolia)	60,4	67,4	57,6	1803	0,591	0,642	0,483	0,572/ 80	0
Şırnak (Min. in Turkey)	57,7	62,3	70,6	1816	0,545	0,651	0,484	0,560/ 81	-2

Source: Human Development Report, Turkey 2004

<http://www.undp.org.tr/publicationsDocuments/NHDR2004engfinal.pdf>

4.2.2. Socio-Economic Parameters of Provinces in the First Phase

Table 4 3: Socio-Economic Parameters of Provinces in the First Phase of CIPs

Year	Type of Measurement	Educational and Economic Indicators	Ardahan	Eastem Anatolia	Turkey
2000	Percent	Ratio of Literacy	84,60	77,71	87,30
2000	Percent	Ratio of Literate Women to the Entire Women Population	76,05	65,90	80,62
2000	Percent	Ratio of Graduates to the Population Aged 22 and above	4,42	6,13	8,42
2000-01	Percent	Ratio of Enrollment at Primary Level	101,54	86,41	98,01
2000-01	Percent	Ratio of Enrollment at High School	25,05	26,33	36,92
2000-01	Percent	Ratio of Enrollment at Vocational School	10,54	9,29	20,49
2000	Percent	Share in GDP	0,07	4,14	100
2000	Million TL	Share in GDP per capita	671	841	1837

Year	Type of Measurement	Educational and Economic Indicators	Kars	Eastem Anatolia	Turkey
2000	Percent	Ratio of Literacy	82,94	77,71	87,30
2000	Percent	Ratio of Literate Women to the Entire Women Population	72,69	65,90	80,62
2000	Percent	Ratio of Graduates to the Population Aged 22 and above	5,64	6,13	8,42
2000-01	Percent	Ratio of Enrollment at Primary Level	104,28	86,41	98,01
2000-01	Percent	Ratio of Enrollment at High School	29,76	26,33	36,92
2000-01	Percent	Ratio of Enrollment at Vocational School	10,68	9,29	20,49
2000	Percent	Share in GDP	0,19	4,14	100
2000	Million TL	Share in GDP per capita	719	841	1837

Year	Type of Measurement	Educational and Economic Indicators	Erzurum	Eastem Anatolia	Turkey
2000	Percent	Ratio of Literacy	83,64	77,71	87,30
2000	Percent	Ratio of Literate Women to the Entire Women Population	74,57	65,90	80,62
2000	Percent	Ratio of Graduates to the Population Aged 22 and above	6,89	6,13	8,42
2000-01	Percent	Ratio of Enrollment at Primary Level	85,29	86,41	98,01
2000-01	Percent	Ratio of Enrollment at High School	25,92	26,33	36,92
2000-01	Percent	Ratio of Enrollment at Vocational School	11,36	9,29	20,49
2000	Percent	Share in GDP	0,69	4,14	100
2000	Million TL	Share in GDP per capita	914	841	1837

Year	Type of Measurement	Educational and Economic Indicators	Erzincan	Eastem Anatolia	Turkey
2000	Percent	Ratio of Literacy	87,16	77,71	87,30
2000	Percent	Ratio of Literate Women to the Entire Women Population	79,66	65,90	80,62
2000	Percent	Ratio of Graduates to the Population Aged 22 and above	6,74	6,13	8,42
2000-01	Percent	Ratio of Enrollment at Primary Level	69,37	86,41	98,01
2000-01	Percent	Ratio of Enrollment at High School	32,09	26,33	36,92
2000-01	Percent	Ratio of Enrollment at Vocational School	18,21	9,29	20,49
2000	Percent	Share in GDP	0,24	4,14	100
2000	Million TL	Share in GDP per capita	956	841	1837

Source: Devlet Planlama Teşkilatı (State Planning Agency), *İllerin ve Bölgelerin Sosyo-Ekonomik Gelişmişlik Sıralaması Araştırması*, Mayıs 2003.

According to the above quoted study prepared by State Planning Agency, while Erzurum and Erzincan are grouped in the fourth-level developed provinces out of total five groups, Kars and Ardahan are grouped in the fifth-level developed ones, being the group of the least-developed provinces. The same study shows that the Eastern Anatolian region is at the sixth level in terms of educational indicators just before the Southeastern Anatolia. However, it is well under the average of Turkey. For example, literacy ratio for the whole region is 77,71 while the average literacy ratio for Turkey is 87,30. Furthermore, women are disadvantaged in terms of educational opportunities and, consequently, literacy ratio for women is 65,9 in the region, well under the average of Turkey.

Eastern Anatolian region is well under the average economic indicators for Turkey. The region's share in total GDP is merely 4,14 out of total seven geographical regions. Consequently, the provinces for which the rural sustainable development projects were initiated perform relatively worse than most of other provinces. However, since these data belong to the year 2000 or 2001, it becomes simply impossible to see whether projects initiated by BTC Co within Community Investment Program make contribution to these indicators in positive manner or not. These data might be important in showing that such a huge project as BTC is passing through the poorest regions of Turkey, and then it becomes a prospect for these regions to be put back on a sustainable development path through BTC funds. These funds then can be expected to make a difference in these economically backward regions.

4.3. Local Participation during Consultation and in the First Phase of the Community Investment Projects (Ardahan, Kars and Erzincan / Gümüşhane¹⁶⁶)

Local participation is one of the main principles that both BTC Co and Implementing Partners (IPs) have continuously been underlying as an important guideline within the conduct of projects. Local participation means, in their understanding, the combination of consultation (community meetings with local settlements) and surveys¹⁶⁷ (settlement level questionnaires administered with the muhtar of each settlement and household level questionnaires administered at the household level in the settlements). Consultation and surveys for the BTC project were implemented during the social/environmental impact assessment phases and during the needs assessment before the CIP projects started. Consultation for the BTC project has been planned to take place in accordance with the following stages¹⁶⁸:

- **Phase 1: Stakeholder identification and preliminary consultation/scoping (September 2000- January 2001):** Meetings were held with governors and other local authorities in ten pipeline provinces. Information was given informally by verbal presentations in governor offices. Request forms were sent to the local authorities to further investigate project constraints.
- **Phase 2: Information distribution and introductory meetings:** An Environmental and Social Impact Assessment (ESIA) Information Package

¹⁶⁶ Additional information about local participation in Erzurum could not be obtained due to the failure to arrange an interview with the project coordinator of Erzurum Sustainable Rural Development Project.

¹⁶⁷ The samples of surveys can be seen in Appendix Section.

¹⁶⁸ BTC Project, EIA, 'The Consultation Plan for Pre-Construction,' *Appendix A1- Public Consultation and Disclosure Plan (PCDP)*, October 2002, p. A1-15, http://www.bp.com/liveassets/bp_internet/bp_caspian/bp_caspian_en/STAGING/local_assets/downloads_pdfs/xyz/BTC_English_ESIAs_Amended_Turkey_EIA_Final_incorporating_comments_Content_BTC_EIA_Appendix_A1_PCDP.pdf, 30 April 2008.

providing information about project participants, project description, relevant legislations, the EIA process and consultation process was sent to authorities at all levels (from national to settlement level), NGOs and other interest groups. Also, a project leaflet was designed to inform affected local people in Turkish. During introductory meetings, 10 provincial governors, 22 district governors and 208 out of 326 muhtars were consulted. District Directorate representatives of Agriculture, Cultural Heritage, gendarme and police forces also attended these meetings.

- **Phase 3: Impact identification:** 3 meetings with NGOs and other interest groups (media, universities..etc) were held, 2 in İstanbul and 1 in Ankara. Total 11 meetings with local NGOs and other interest groups were held, with one in each pipeline province and plus a meeting with local media in Adana. Meetings with International Financial Institutions (IFIs) also took place. Settlement level consultation had two components, being community meetings and questionnaires conducted on the basis of settlement and household. These components of local participation aimed at gathering qualitative and quantitative information about local communities. Community meetings were held in 96 rural settlements and 8 district centers. Settlement level questionnaires were conducted largely with muhtars and other village authorities or representatives such as village elders, teachers or imams in 96 rural settlements. They provided such quantitative information as total population of the settlement, total area of land, total number of plots and the extent of immigration. Household level questionnaires, on the other hand, aimed at gathering both quantitative (amount of income, rate of literacy, amount of their land) and qualitative information (what do they expect from

the projects or what kind of concerns do they have about the projects). Although household surveys were mostly conducted with the male leaders of households in 1,328 households, in which a target of 40% female participation on the qualitative/perception questions was observed. Women attended 26 of the 36 disclosure meetings. More than 30% of disclosure meetings were conducted separately for women. Just under 50% of all settlements within the 4 km pipeline corridor and 100% of the settlements in the area potentially affected by the marine development were consulted.

- **Phase 4: Development of mitigation measures:** Several meetings were held to discuss the suggested mitigation measures regarding employment, pollution prevention, community relations, geological issues and health. Stakeholders such as DSI (State Hydraulic Affairs) Rural and Urban Development Foundation, UNDP, Development Foundation of Turkey, Department of Environment Engineering of Hacettepe University, Ministry of Environment and Chamber of Geologists attended these meetings.
- **Phase 5: Disclosure of the EIA Draft:** Nearly 95 copies of EIA draft in Turkish and 10 in English were made available to the IFIs, BTC Project Office in Ankara, State authorities, 10 provincial governorship offices, 35 district governorship offices, 10 national university libraries, 3 national public libraries and 6 local university libraries. In addition, the Non-Technical Summary with the EIA draft was sent to national NGOs (1,000 copies), local NGOs (1,250 copies), national media (300 copies), public libraries (3,500 copies), muhtars (6,300 copies) and project affected settlements (1,100 copies). There is an access to this information also on the website.
- **Phase 6: Ongoing consultation during construction and operation**

The WB Group (including the IFC) policy on responsibilities for public consultation are as following¹⁶⁹:

Responsibilities should be allocated clearly and early on. Project sponsor should ensure that:

- All stakeholders have access to project information
- The information provided can be understood
- The locations for consultation are accessible to all who want to attend
- Vulnerable or minority groups are consulted.

In addition to consultation and surveys, local people give support in rem by providing labor force and supply of goods and stuff. Also, local governorships, donors, associations and organizations provide their support in both cash and actual physical help.

4.3.1. Local Participation in Ardahan Sustainable Rural Development Project

As the implementing partner for Ardahan Sustainable Rural Development Project, International Blue Crescent Foundation's (IBC) official understanding for local participation is creating consultation mechanisms with the local NGOs and local authorities such as governorship, the municipality, agriculture and rural offices, education and health directorates. Also, IBC intended to implement the project to improve the socio economic underdevelopment of Ardahan via creating income generating activities, improving agriculture and animal husbandry. To encourage

¹⁶⁹ BTC Project, EIA, 'Regulatory Context for Public Consultation,' *Appendix A1- Public Consultation and Disclosure Plan (PCDP)*, October 2002, p. A1-13.
http://www.bp.com/liveassets/bp_internet/bp_caspian/bp_caspian_en/STAGING/local_assets/downloads/xyz/BTC_English_ESIAs_Amended_Turkey_EIA_Final_incorporating_comments_Content_BTC_EIA_Appendix_A1_PCDP.pdf, 30 April 2008.

local participation, IBC set goals such as empowering local people via educational training programs or raising consciousness about social infrastructure. However, these goals in IBC's official understanding for the project implementation cannot necessarily improve the target population's (especially women's) status in society, since the project goals did not clearly lay out ways in which women could be empowered.

Among the three project provinces (Ardahan, Kars, Erzincan/Gümüşhane), Ardahan is the most problematic one in terms of recruiting personnel for the CIP projects and ensuring public participation during consultation. Due to climatic and topographic reasons, even local people rarely prefer Ardahan as working place. Ercan Balı, project coordinator from IBC (International Blue Crescent Foundation), also highlighted this point during our interview by complaining that they had difficulty in finding skilled local people like vets or greenhouse experts for the projects. Although literacy rate for surveyed settlements is high (89%), only 4% of respondents to BTC Co surveys had a university degree.¹⁷⁰ In addition, only less than 50% of respondents got formal education.

During the Social and Environmental Impact Assessment, a team of 10 independent experts collected information about the villages that are in the 4km corridor along the pipeline in Ardahan. All villages were visited during the planning phase. The gathered data about the villages indicate that Ardahan suffers from roads in bad condition due to harsh weather circumstances. Inadequate access to settlements during much of the year is the main obstacle to region's development.

In both BTC Co management's and IBC's words, it is understood that local participation in Ardahan was satisfying during consultation process. However, much

¹⁷⁰ Ardahan Sustainable Rural Development Project, <http://www.rsdpiinfo.com/trcipen/content/view/18/59/>, 16 July 2008.

of the already little opposition to the CIP projects came from Ardahan region, especially from Posof district. After the formal disclosure meetings, additional meetings were held with the residents of Söğütlükaya settlement in Ardahan in order to address site-specific concerns of settlement residents voiced during consultation process. In order to ensure better coordination with the local people and build trust relationships, IBC established cooperatives in Ardahan-Hasköy, Damal and Posof. Ercan Balçı has pointed out that local participation in the projects has only been intensive and more visible in the last 3-4 years. Since the field teams in these areas were already ones working in Ardahan, they are familiar with the local conditions, which facilitates the building of trust between project management and local people.

Thus, it seems that IBC's rhetoric for local participation has been reflected in practice through its cooperatives as a consultation mechanism. Thanks to these cooperatives, local people have found a chance to be kept informed about the projects and advise on them on a continual basis.

4.3.2. Local Participation in Kars Sustainable Rural Development Project

As the implementing partner for Kars Sustainable Rural Development Project, SURKAL's official understanding for local participation is creating a sense of belonging to the projects and representation of local people. In addition, SURKAL encourages local participation through mobilization and authorization. These strategies appear out to be good approaches in encouraging local participation where local people suspect projects at first stages. For example, the most critical problem that SURKAL teams faced in the villages was the villagers' exhaustion from the

people coming and going to their villages without any concrete outcomes.¹⁷¹ There is no clear strategy designed to better women's position within society and to integrate them within the development process.

The province of Kars has similar problems like Ardahan. In socio-economic indicators, it mostly falls behind Turkey averages. Although literacy rate in surveyed settlements is relatively high (89%), only 1% of the respondents has a university degree. Rahmi Demir, the head of SURKAL and project coordinator, explained the participation process as following:

Before the projects got started, we went to the project regions to make field studies. We have conducted quick rural assessments. With the help of field studies, we got an idea about the socio-economic picture of villages. We listed the problems of the villages and also listed our opportunities. If finding solutions to any of the problems happened to be a task of the state, we omitted it from the list. For example, we have not got ourselves involved in formal education, but rather have done some activities about adult/mass education. We prepared project drafts and talked to the villagers. The meetings were village-based, attended by some 50-60 people, with which we aimed to integrate all segments of village life. In certain periods, we gathered the village representatives together to give educational seminars. In the last 2 years, we have gathered for 13 times. With these meetings, it was aimed to create a sense of project ownership. We believe that if people think these projects are being implemented to their advantage, they will work to sustain the projects.

In fact, to ensure local participation in the projects, SURKAL employed people from Kars province, who are more familiar with the local dynamics such as language, culture or customs. In addition, SURKAL formed a project committee for each village, consisting of 5 to 7 people depending on the village population. The muhtars of the villages are members of the committees and the rest of the members are selected by the villagers. With these village-based committees, SURKAL manages to have close cooperation with the villagers. In time, these committees will be transformed into formal entities, with which sustainability is believed to be

¹⁷¹ SURKAL, *Baseline Survey of Selim and Sarıkamış Villages, Kars Province*, Ankara, 2003, p. 5.

ensured. Village-based rural development associations also serve as mediators between project management and villagers, through which SURKAL plans to hand over the project management to the local people in the long run. There are 12 of such associations, with which target population will try to solve their problems on their own and learn to be self-sufficient.

Thus, SURKAL's rhetoric to encourage local participation through mobilization and authorization has been reflected in practice through project committees for each village. These committees coordinate the communication between project management and local people. The establishment of these committees indicates the extent of importance that SURKAL gives to local participation, making it different from other implementing partners. There is a special section in which it is aimed to identify the barriers to local participation in its Baseline Survey¹⁷². In addition, the responsible people for implementing the projects are also from Kars, which facilitates the building of project belonging and representation.

4.3.3. Local Participation in Erzincan/Gümüşhane Sustainable Rural Development Project

As the implementing partner for Erzincan/Gümüşhane Sustainable Rural Development Project, PAR's official understanding for local participation is creating cooperatives through which people become able to organize, initiate and manage community-based development. PAR also gives priority to sustainability, which in their reasoning can be ensured with comprehensive local participation which will

¹⁷² See the section titled 'Köyde Birlikte ve Liderlik' in Appendix 3.

create cooperation among state, project and local people, and which will avoid gendered development policies and target-based rural development.

14% of total Erzincan population is living within the 4km pipeline corridor. EIA Household and Settlement Survey (2001) indicated that low income and unemployment were the main problems voiced by the respondents. Although average literacy rate is relatively high (87%) in surveyed settlements, only 2% of respondents have had a university education. Local participation has been secured by cooperatives and muhtars. Mehmet Bülent Özgün, the board chairman of PAR Consultancy, explained the role of such cooperatives for local participation as following:

Our main pillar of business is to ensure sustainability. For this end, we prioritize local organizational structures such as cooperatives or muhtars. For a particular project, they act as agents between us and target population, who are mostly villagers. They have regional familiarity so we can shape their habits instead of changing them. Trust is a key element in building regional capacities like those of women. We also act as facilitators between state and target population. People in villages have started to think that state exists for them, not vice versa. So villagers have become more demanding. We have organized several educational seminars that aim at creating new jobs, galvanizing regional initiatives and integrating regional participation into sustainable rural development. With these efforts, we aim at building institutional frameworks and strengthening them for the long run. We also aim at creating consciousness of collective working. In light of all these, we plan to hand over the management of projects to local bodies in the long run.

PAR Consultancy mostly hired local people for project implementation on purpose, since they believe that it will not only decrease project costs but also will be a valuable investment in human resources for the region in the long run. Mr. Özgün told me that there was an opposition from a district governor at first, who wanted to distribute the project money to the villagers in cash. Özgün warned that cash donations of that sort would not be good for the aim of sustainability. Later, in time, as the projects bore positive results, opposing voices faded.

PAR Consultancy has conducted a series of visits from provincial to the household levels, through which it was aimed to identify needs and design the projects accordingly. Meetings were also held separately for women. Surveys were conducted by muhtars and responsible local people selected by PAR. PAR has also designed a systematic correspondence with cooperatives and muhtars via fax machines. Interestingly enough, PAR has identified special local correspondents for each village to take some responsibility away from the muhtar to avoid discrimination based on gender, religious sects and ethnicity within the villages. In order to keep the villagers informed about the ongoing projects, PAR got some announcements made from mosques and distributed notes. In addition to visiting the villages once a week at least, PAR tries to keep their offices open as much as possible so that the villagers come by and share their concerns.

Thus, the rhetoric of PAR for local participation has been reflected in practice through the establishment of project cooperatives, which facilitate the cooperation between project management and local people. In addition, muhtars have also been considered as agents for encouraging local participation thanks to their local familiarity and respectability. To avoid gender discrimination, PAR also held meetings for women separately. In addition, to avoid other types of discrimination, PAR has contracted special local correspondents for each village so as not to depend solely on muhtars to gather information about villagers.

4.4.CSR Implementation in the CIP Projects

The CSR, through its evolution, has been a societal phenomenon, which attempts to define corporate sphere within business-society relations. Pluralistic

approaches to CSR therefore make a heavy focus on society in defining corporate responsibilities. To recall the perspectives in this group then, *CSR as a social function* would be a good start. Genuinely embedded in the functionalist approach, this approach suggests that corporations strategically operate to meet society's needs for a certain time in order to improve its corporate performance. *CSR as a power relationship* rather defines CSR as a political tool used by corporations over society to legitimize its actions and to silence possible protests. *CSR as a cultural product* assumes that corporations and society share a common culture, in which CSR understanding of corporations has become culture-dependent. Lastly, *CSR as a socio-cognitive construction* defines CSR as a dynamic process in which corporations and society negotiate its content via balancing each other's expectations and allocating certain responsibilities to each other. (For further details, see Chapter 3)

Looking at the cutting lines among the above mentioned perspectives, CSR implementation in the CIP projects could be assessed as *CSR as a socio-cognitive construction* since, in both BTC Co's and IPs' (Implementing Partners) words, it is always emphasized that both planning and implementation of the CIP projects change in time in accordance with the local dynamics. During our interview, Şükran Çağlayan, Regional Development Initiative coordinator at BTC Co, defined BTC Co's rural development strategy as being shaped in accordance with the local conditions. She argued that they did not do the planning of the projects from the center and added that they went to the project regions and identified the projects on field.

Local participation in the CIP projects has been managed via surveys in which local people have been able to express their needs and concerns as to the

proposed projects. Two levels of surveys have been designed to collect data about the villagers' life and their needs as well concerns. The projects, mostly similar in certain aspects, differ in implementation due to local differences. For example, as put by Şükran Çağlayan, problems differ in Northern provinces and Southern provinces. Whereas even lack of inheritance rights for women and land property rights are widespread problems in Northern provinces such as Ardahan and Kars, unemployment is the most striking problem in Southern provinces. So, considering the problems, BTC Co and IPs implement projects in accordance with the immediate needs. Furthermore, the first phase of the CIP was initiated in Northern provinces since they are economically more backward than the ones in the South. Being implemented as additional community projects to galvanize both socio-economic and human development in those regions, CIP projects could be seen as those in which CSR is being implemented as a socio-cognitive construction since CSR has been carved out from active and dynamic negotiation between BTC Co/IPs and local actors.

However, depicting the CSR implementation in the CIP projects just as a socio-cognitive construction would be not conveying the whole picture. There is some evidence that can be interpreted to assert that CSR is also being implemented in CIP projects *as a power relationship* and *as a social function*, yet more ambiguously. As a matter of fact, corporations are commercial entities. It would be naive to expect them to invest just for the sake of the socio-economic development of the project regions. CSR is being implemented as a social function in CIP projects since it is thought that it would produce positive results for both BTC Co/IPs and the project regions. CSR is being strategically utilized in creating a corporate identity for

national and international business prestige. Yasemin Uyar, CIP coordinator, explained their understanding of CSR as following:

We could explain our CSR understanding by drawing two circles, one within the other. The smaller one indicates our main business area, for which we assume that we should firstly be responsible. Then, we could move on the investment phase, which will surround our main business area and protect it.

CSR is also being used politically to legitimize the corporations' activities, albeit to a lesser extent in CIP projects. BTC Co and IPs have been monitored¹⁷³ and come under heavy pressure by other interest groups such as NGOs, universities or media. For this reason, to ease this tension, CSR is sometimes being used as a shield against any misconduct. For example, WWF, in a letter to the IFC and EBRD, complains that such agreements as the Intergovernmental agreements (IGAs) and the host government agreement between BTC Co and Turkish government give substantial power to BTC Co to lower the environmental and social/human rights standards of the EU to its advantage since these agreements could take precedence over the EU acquis or host government laws.¹⁷⁴ Turkey has been obliged to exempt the project from any current or future laws that may negatively affect it including past laws such as the Acquis or future laws.

During my interview with PAR Consultancy, for example, it is always emphasized that PAR, as a commercial consultancy firm, has learned a lot from CIP

¹⁷³ The major components of the monitoring can be summarized as follows: 6 monthly **SRAP Panel Monitoring**: An independent Social and Resettlement Action Plan Panel (SRAP Panel) is monitoring the social, land acquisition and CIP activities on behalf of the Lenders every 6 months. Their 6-monthly reports are submitted to the BTC Co Management and Lenders and also published on the project web-site.

Annual **CDAP Panel Monitoring**: Caspian Development and Advisory Panel is another external group that reports directly to the BP Group CEO, and their reports are published on the web-site. **Independent Midterm and Final Evaluation of CIP**: BTC makes midterm and final evaluations by independent experts (including international and national reputable experts). Reports are submitted to BTC Co Management and SRAP Panel as well as other external Monitoring Groups such as CDAP Panel. Upon request, reports might also be shared with researchers.

¹⁷⁴ WWF, 'BTC Applications to IFC and EBRD for Finance: WWF Comment,' p. 17. http://www.wwf.org.uk/filelibrary/pdf/btppipeline_financerep.pdf, 21 July 2008.

projects and acquired rural development management skills. In addition, PAR has been implementing the projects as a non-profit implementing partner. Instead, they thought that they would get more which would contribute to their institutionalization. Through extensive consultation with local population and socialization within such a corporate culture as this, PAR seems to employ CSR as a political tool over society. Thanks to its sporadic success and experience in CIP projects, it found chances to contract other types of big development projects as well. PAR managed to counter protesting district governors who wanted to implement the projects themselves. In addition, BTC Co and IBC has encountered a case where CSR has been implemented as a power relationship. An oppositional village in Ardahan has been persuaded about the prospects of the projects, which again emphasizes the CSR's political power dimension.

The rising similarities within the implementation of the projects in project regions are basically stemming from similar problems that need to be addressed in the first place, despite some diverging local problems. Also, it is because of the approach in CSR implementation that BTC Co and IPs not only negotiate the content of CSR with the local actors (associations, local governorships, local communities, local NGOs) while conducting the CIP projects, but also negotiate with each other.

Mehmet Bülent Özgün put:

The similarity in our project implementation has increased by sharing experience with each other since the problems are almost similar in every village along the entire pipeline. We also allowed an inter-provincial meetings between farmers from our project regions.

Overall, the data collected in this thesis is not sufficient to assess the impact of CSR approach on the CIP projects in the selected provinces. Looking at the Tables 4 2 and 4 3, it is possible to say that Ardahan, Kars, Erzurum and

Erzincan/Gümüşhane were doing well in education index, however, they did not perform good in life expectancy and GDP indices. Since these indices belong to the year of 2000, it is simply impossible to draw a correlation with these human development indicators and the CSR approach in CIP projects. However, whereas evidences as to CSR's being implemented as a socio-cognitive construction raise our prospects for the human development of the region ultimately for energy security, other evidences as to CSR's being implemented as a power relationship and social function still connote concerns about just a mere economic development.

CHAPTER 5

CONCLUSION

Rising need for energy resources in today's world given the development concerns of major energy exporting and transit countries has pushed for a new paradigm of energy security. This new paradigm, as opposed to earlier understanding that supply security should be the main concern, has come to focus more on the growing links between energy security and human development in major energy exporting and transit countries given the changes in energy dependency and security environment. State-led or market-oriented development initiatives have proved ineffective to ensure the sustainability of development projects, which eventually jeopardizes energy security.

In this new environment, a new concept of Corporate Social Responsibility has been enforced by different stakeholders ranging from shareholders to local communities. CSR has been a newly emerging concept for global business life touching upon business ethics and being encoded by several global initiatives to be business guidelines for TNCs. CSR has also been implemented in energy sector in which the development concerns of energy exporting and transit countries have been seen vital to be addressed to enhance energy security. Thus, such big global energy corporations as BP has started to initiate community development projects within the framework of such big energy projects as Baku-Tbilisi-Ceyhan Crude Oil Pipeline

Project to inflict positive impacts upon the development of regions where they operate. These community development projects are different from the procedures that BTC Co have implemented to mitigate the environment and social/human rights impacts of its core business activities. As an additional phase, these projects could be seen as a platform on which CSR implementation of BTC Co and IPs could be assessed within the framework of extant CSR approaches in the literature.

Although it has been insufficient to reduce the CSR implementation in CIP through local participation to a mere socio-cognitive construction, consultation mechanisms created before and during the CIPs have revealed a thorough process of negotiation between project management and local actors of all sort. Thus, the approach to CSR as a socio-cognitive construction is the most visible one in CSR implementation both in the BTC project and CIP projects.

Before the BTC project, a comprehensive environmental and social impact assessments were done so that the project footprint could be minimized. A subsequent series of land related procedures have been carried out during the construction phase so that the land owners would not be aggrieved. In addition, before and during the CIP projects, both quantitative and qualitative information about the villagers has been assessed with two level surveys and the projects have been identified accordingly. The approach to CSR as a socio-cognitive construction seems to be the best for human development of the project regions, given poor human development records of selected pipeline provinces. This approach is dependent upon negotiation in which both rules and expectations are mutually and legitimately balanced. Since the projects are themselves long-term initiatives with a sustainability as a goal in itself, making them different from other NGO or EU-funded projects, they are dynamic and subject to change in accordance with the

successes and failures depending on the assessment/implementation reports. To ensure energy security then, it seems necessary to stick to implement CSR as a socio-cognitive construction in close cooperation and consultation with the local actors, especially with villagers. Since the BTC pipeline is passing through villages, the eventual owners are and will be the villagers themselves. Being quite aware of this, Şükran Çağlayan comments ‘Consultation with the local people in implementation of the projects creates project ownership. When an external threat appears to the security of the pipeline, they immediately call the security forces. They know very well that it will be themselves who will get damaged the most in case of blast or oil leak.’¹⁷⁵

The implementation of CSR as a social function in the CIP projects is rather for the economic development than human development. Economic backwardness of the selected provinces is the fundamental reason for them to be identified as a first phase. BTC Co and IPs on several occasions make references to the economic problems in the project provinces and set goals to boost regional economies. Having identified economic development as a function to realize then, BTC Co’s and IPs’ focus of attention is moved away from actual human development problems. Economic wellbeing is surely one of the pillars of human development; however, it is not enough itself since other pillars should also be ensured for human development and energy security. Both in project goals listed on project booklets and statements during interviews, there is not enough reference to strategies for female empowerment. Thus, although this approach is obsolete in current implementation of the CIP projects, it should not be guiding the project implementation at such an extent that will likely hamper human development.

¹⁷⁵ She commented during our interview as an answer to the question ‘In your view, in what ways may these projects contribute to the security of the pipeline?’

The implementation of CSR as a power relationship is the most useless for human development and energy security. This approach might lead to ignorance of warnings made by third parties such as national or local NGOs. The rhetoric of CSR could be used by the corporations to justify their activities, thus, could serve as a political tool to silence protesting voices. In CIP projects then, this approach should totally be abandoned since local participation is vital for sustainable project implementation. If local people feel they are being undermined by official rhetoric of CSR while their concerns/problems are being ignored, then this surely jeopardizes energy security. Politicization of CSR may lead to conflict between project management and local people and it may hamper project ownership. Considering the entire pipeline route's volatile political, geographical and social circumstances, to better ensure the physical security of the pipeline, it is plausible to integrate local people within all projects, to create a sense of belonging on part of them and to contribute to their human development.

To conclude, the literature of CSR is subject to conceptual enrichments since it has been a very critical part of the latest business ethics. For various reasons, corporations integrated CSR within their corporate identities and implement it in different ways. For such a huge project as BTC then, it is everyone's expectation for it to contribute to global energy security without environmental and social/human rights violations. Since now, utmost care has been paid on this; however, some room for further improvement still looms. For better ensuring energy security, this thesis attempted to put more focus on human development via participatory development model. Among the existing approaches to CSR, this is the most likely to be carried out within the framework of CSR as a socio-cognitive construction.

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APPENDIX 1: INTERVIEW QUESTIONS FOR BTC COMPANY

- 1) How did you select the project implementing partners (NGOs)? How many of them were created specifically for the implementation of the projects? If there is any that was created for the projects, why? Could not the already existing NGOs implement the projects?
- 2) What percentage of project budget does BTC Co provide to implementing partners?
- 3) How do you monitor the projects? How and Who will assess the success of the projects?
- 4) How and Who did the selection of NGOs' projects?
- 5) How did you decide about your rural development strategy?
- 6) Was there any opposition from local people to the selected projects? If yes, how could you persuade them?
- 7) Who supported the projects the most from local governing bodies? The governorship, the municipality, the muhtars, farmer associations or other local NGOs?
- 8) How was the public participation in consultation processes? To what extent were affected people informed about their rights in reinstatement and other processes? Did you consult the local people in village-based meetings? Did you consider the lack of literacy across both gender and age?

- 9) How do you persuade the opposing NGOs which are both against the BTC pipeline project and subsequent community investment projects (If there is any)? Do you give feedback to them?
- 10) In your view, in which ways may these projects contribute to the security of the pipeline?
- 11) How would you describe the role of BP/BTC Co within the framework of CSR in case of a political and economic crisis in Turkey? Do you think CSR projects undertaken with the initiative of BP/BTC Co would be more valuable to the communities when there is an economic crisis such as slow growth or stagnation?

APPENDIX 2: INTERVIEW QUESTIONS for IPs
(International Blue Crescent Foundation, PAR Consultancy and
SURKAL)

- 1) Were you working as an active NGO before BTC Co was founded?

If **yes**, how was IBC/ PAR Consultancy/ SURKAL founded? What were the basic activities of IBC/ PAR Consultancy/ SURKAL before BTC Co? What are the differences in activities and goals of IBC/ PAR Consultancy/ SURKAL now and then before BTC Co? Or did IBC/ PAR Consultancy/ SURKAL just continue its activities/projects?

If **no**, how did BTC Co get into touch with you? Who did the planing of the projects and how? Who selected the particular projects? Why did you prioritize the selected projects?
- 2) Is there any increase in the number and scope of your activities with the BTC Co financial support? Is the BTC Co financial support continous? If not, how will you fund the projects? Any third party support?
- 3) How will you make the projects sustainable? Will you hand over the management of the projects to local bodies in the long run? If yes, how will you monitor the project management and effectiveness? In case of failure, what kinds of guarantees does BTC Co provide you?
- 4) If not BTC Co, how were you going to provide personnel, human resources and financial sources for the projects?
- 5) Who are responsible within the organization and management of projects? Are they responsible people who are from the project regions? Or are they

- transferred from other provinces or from other projects? What percentage of project managers is from local people? Who else from local people takes active part in the projects? Were there any people against the proposed projects at initial stages? If yes, who and why? How could you persuade them?
- 6) What types of meetings were held? How were the projects introduced to local people? How did you assess the local needs?
- 7) How will you assess the success of the projects? What aspects of your projects do you find the most successful? What is different (negative/positive) in your projects from other local or EU-funded NGO projects? Do other NGOs voice any different(negative/positive) aspects of your projects? If yes, how do they assess your projects?

APPENDIX 3: SOSYAL YAPI SORU FORMU

TEMEL ARAŞTIRMA SORU FORMLARI (SÜRKAL)

YERLEŞİMLER HAKKINDA GENEL BİLGİLER

Hane Sayısı :Yazın:_____ hane Kışın:_____ hane
Toplam Nüfus :Yazın:_____ kişi Kışın:_____ kişi
Köyün ilçeye uzaklığı :_____asfalt _____km Stabilize _____ km
Komşu köylere uzaklığı :_____

NÜFUS ve CİNSİYETE GÖRE DAĞILIMI

<u>Yaş grubu</u>	<u>Kadın</u>	<u>Erkek</u>	<u>Toplam</u>
Çocuk nüfus (0-14 Yaş)	_____	_____	
Aktif nüfus (15-55 Yaş)	_____	_____	
Yaşlı nüfus (55 Yaş ve üstü)	_____	_____	

(Bu veriler ilçe nüfus müdürlüğü veya sağlık ocağı/evi'nden de alınabilir)

AİLE/HANE YAPISI

Geniş aile/hane sayısı :_____ Oranı (%) :_____

Çekirdek aile/hane sayısı :_____ Oranı (%) :_____

Varsa parçalanmış aile/hane sayısı :_____

Ortalama hane büyüklüğü :_____

Geniş ailelerde _____ kişi

Çekirdek ailelerde _____ kişi

Köyde etnik gruplar var mı? Var Yok

Varsa hangileri ?

Baskın grup hangisi ?

KÖYDE TOPLUMSAL ALTYAPI HİZMETLERİ

Eğitim

Köyde genel eğitim düzeyi (okuma-yazma):

Erkekler % _____

Kadınlar % _____

Köy ilkokulu açılış yılı :_____

Okul çağında kaç kız çocuğu var? _____
Okul çağında kaç erkek çocuk var? _____
Öğrenci sayısı : _____ erkek: _____ kız: _____

Okul binasının durumu ? İyi Tamire muhtaç
Okul kapalı: _____ Kaç yıldır: _____
Çocuklar nerede eğitim alıyor? _____
Köyde yüksek öğrenim görenler varsa sayısı ve meslekleri.

Sağlık

Sağlık hizmetlerinden yararlanma (köyde sağlık ocağı veya sağlık evi varsa personeli)

En sık yaşanan sağlık sorunları:

Sağlık hizmetlerinin nereden karşılandığı ve sorunların neler olduğu

İletişim

Telefon santralı varsa abone sayısı vb

İletişim sorunları

İçme ve kullanma suyu

İçme suyu şebekesi var mı? : _____
Varsa şebekenin durumu ? : İyi Bakıma muhtaç
Yoksa köy/yerleşim çeşme sayısı : _____
Suyun yeterlilik düzeyi : _____
Hayvan içme suyu durumu : yeterli yetersiz.....

Elektrik

Köy/yerleşime elektrik bağlanma yılı : _____
Varsa şikayetler : _____

Ulaşım ve araç sayısı

Köyden ilçe ve komşu köylere ulaşım : _____
her mevsim açık _____ kapalı _____
ulaşımda kullanılan araçlar : _____
Köydeki araçlar ve sayıları : _____
Minibüs _____ Otomobil _____ Traktör _____
Kamyon _____

Köylerde/yerleşimlerde konut

Konut cinsi

Son 5 yılda konutlarda değişimler iyileşti Bozuldu Aynı kaldı
Ortalama oda sayısı

Mutfak, kiler, banyo

Tuvalet (içeride, dışarıda, fosseptik, kanalizasyon) _____
Ahır,ağıl,samanlık durumu _____

Sahip olunan eşyalar (köy/ yerleşim düzeyinde)

Köydeki diğer hizmet ve üretim yerleri

Bakkal _____ Değirmen _____ Marangoz _____ Demirci _____
Atölye _____
Köyodası _____ Kahvehane: _____ Berber: _____

SÜREKLİ ve MEVSİMLİK GÖÇ

Sürekli göç

Son 5 yılda köyden göç eden hane sayısı: _____

Yerleşilen yerler

:

Yerleşenlerin yaptığı işler:

Varsa köyden göç etmeyi planlayan hanelerin sayısı _____

Mevsimlik göç (hane ve kişi)

Mevsimlik çalışmaya giden hane sayısı : _____ kişi sayısı : _____

Mevsimlik çalışmaya giden haneden _____ kişi sayısı : _____

Mevsimlik çalışmaya gidilen aylar : _____

Mevsimlik işçilikte ortalama çalışma süresi: _____ gün _____ ay

Mevsimlik çalışmada karşılaşılan sorunlar

Mevsimlik işlerde ortalama kazanç (TL/Dönem) : _____

Köye getirilen miktar (TL/ Dönem) : _____

Köye göç

Son 5 yılda dışarıdan köye yerleşen hane sayısı: _____

Geliş nedeni

:

Geldikleri yerler

:

KÖYDE BİRLİKTELİK ve LİDERLİK

Kooperatif ve benzeri dayanışma örgütleri ve bu konuda yaşanan deneyimler var mı?
İmece ile yapılan işler var mı? Varsa nelerdir?

Köye/yerleşime yönelik ortak çalışmalarda köy kurulu, proje kurulu gibi
örgütlenmeler kurulabilir mi?

Köyde birlikte iş yapma alışkanlıkları/eğilimler nedir?

Komşu köylerle herhangi bir sorunları var mı? Ne tür sorunları var? Nedenleri

Köyde muhtar dışında sözü geçen lider konumda kişiler var mı? Varsa bunların ne tür özellikleri veya kimliği var? (statü göstergeleri)

Köyü, yerleşimi ilgilendiren kararlar nerede ve nasıl alınmaktadır? Bu süreçlere katılım düzeyi ve sonuçların duyurulma biçimi nasıldır?

Köylü-kamu kuruluşları arasındaki karşılıklı ilişkiler nelerdir? Bu ilişkilerin biçimi ve yoğunluğu nedir?

KÖY İÇİ TABAKALAŞMA

Köylülere göre temel zenginlik göstergeleri nelerdir? Bu kriterlerde zaman içinde ne tür değişimler

meydana gelmiştir?

Arazi varlığı

İşgücü varlığı (hanede çalışan sayısı)

Hayvan varlığı

Traktör sahipliği

Kamyon sahipliği

Düzenli gelir

Arıcılık faaliyeti

Bu yörenin köylerinde en yoksul ve en zengin tanımlaması, algılaması neye göre yapılmaktadır?

Köyde diğer hanelerin/kişilerin bakımına muhtaç kişi ya da hane var mı?

KÖYLÜLERE GÖRE KÖYÜN EN ÖNEMLİ 3 SORUNU NEDİR?

KADINLAR İLE İLGİLİ ALANDA TOPLANACAK VERİLER FORMU

1. AİLE VE KADIN

- | | |
|--------------------------------|-----------------------|
| • Aile yapısı (geniş,çekirdek) | Hane büyüklüğü |
| • Ortalama evlilik yaşı | Nikah |
| • Başlık, çeyiz, kız kaçırma | Ortalama çocuk sayısı |
| • Boşanma | Miras |

2.EĞİTİM

- Kadın okur yazarlık düzeyi
- İlk öğretim, lise, üniversite eğitime kadın ve genç kız katılım düzeyi
- Eğitimde kız erkek çocuklar arasında farklılıklar
- Kadınlar için düzenlenen kurslar

3. SAĞLIK

- Ortalama çocuk sayısı
- Sık gebelikler
- Bebek ölümleri
- Düşük
- Bebeklerde sık görülen hastalıklar
- Hamilelik ve doğum
- Bebek aşıları ve aşılama çalışmalarına katılım
- Bebek bakımı
- Aile planlamasına bakış,kullanılan yöntemler
- Yararlanılan sağlık kuruluşları ve alınan hizmetler
- Kadınların genel sağlık sorunları

4. KADINLARIN EVDE YAPTIĞI İŞLER

- | | |
|-----------------|-----------------------|
| • Yemek | Bulaşık |
| • Ekmek pişirme | Çamaşır |
| • Ütü | Temizlik |
| • Çocuk bakımı | Su taşıma |
| • El sanatları | El işleri |
| • Diğer | Ev işlerinde sorunlar |

5. ÖRGÜTLENME VE İLİŞKİLER

- | | |
|---------------------------------------|---------------------------------------|
| • Kadınların birlikte yaptığı işler | Köyde sözü geçen kadınlar |
| • Kadınlar arası ilişkiler | Komşu köylerle ilişkiler |
| • Hane ve köyler arası anlaşmazlık | İl, ilçe, yakın köy ziyaret nedenleri |
| • Kadınların hizmet aldığı kuruluşlar | |

6. GÖÇ VE MEVSİMLİK İŞÇİLİK

- Sürekli göç ve nedenleri, göç edilen yerler.
- Mevsimlik işçilik : Kim? Nerede? Ne zaman? Ne iş ? Kazanç? Sorunlar?
- Mevsimlik işçiliğin kadınlara olumlu, olumsuz etkileri

7. BESLENME DÜZEYİ

- Öğün sıklığı
- Sık kullanılan gıda maddeleri (üretilen, dışardan alınan)
- Hazırlanan yemekler
- Gıda muhafaza ve kışlık yiyeceklerin hazırlanması

8. KARARLARA KATILIM

- Aile kararlarına katılım (gelir kullanımı, pazarlama, eğitim, seyahat, alış veriş, sağlık, tasarruf vs.)
- Köy düzeyi kararlara katılım

9. ÇEVRE VE KADIN

- Çevre sorunlarından haberdar olma düzeyi (sel, erozyon, heyelan)
- Ağaçlandırma konusunda duyarlılık
- Gübrelik ve kanalizasyon durumu

10. KADIN SORUNLARI

- Kadınlar için önemli olan sorunlar
- Çözüm yolları
- Köyün genel sorunlarına ilişkin kadınların görüşleri
- Çözüm önerileri

11. KADININ MEVSİMLİK ZAMAN KULLANIM TAKVİMİ

**“BİTKİSEL ÜRETİM DURUMU, KREDİ KAYNAKLARI,
TARIMSAL ÖRGÜTLENME VE SOSYAL GÜVENLİK DURUMU”**

1. Köyün toplam arazi varlığı ve kullanma biçimi :

a. Köyün yüzölçümü	:.....	dekar
b. Tarım alanı (da)	<u>Toplam</u>	<u>Sulu</u> <u>Kuru</u>
Ekilen tarla toprağı	:.....	.....
.....		
Nadasa bırakılan	:.....	.....
Bağ-meyve bahçesi	:.....	.....
Sebze bahçesi	:.....	.....
Toplam	:.....	.....

a. Çayır-otlak alanı

Dekar

Mera	:.....
Çayır-otlak	:.....
Ekilmeyen toprak	:.....
Ekilemeyen toprak	:.....
Ormanlık	:.....

- b. Köyde topraksız aile sayısı :..... adet
- Bunların uğraş alanları :.....
- Hane başına düşen ort. Arazi miktarı :..... dekar
- En fazla araziye sahip aile sayısı :..... Arazi miktarı :..... da
- Ortalama parça sayısı :.....

2. Uygulanan münavebe şekilleri :

Sulu tarımda	:.....
Kuru tarımda	:.....

3. Köyde alet-makine varlığı :

Traktör sayısı	:.....
Biçerdöver	:.....
Diğer	:.....

Makine kullanımı biçimleri :..... (Kıracılıkla)

:..... (Ortakçılıkla)

4. Ekonomik Faaliyetler

Bitkisel Üretim

1. Tarla Bitkileri

<u>Ürünler</u>	<u>Üretim alanı</u>	<u>Verim (kg/da)</u>	<u>Fiyat (TL/kg)</u>	<u>Satılan (kg)</u>
.....				
.....				
.....				

2. Meyvecilik

<u>Ürünler</u>	<u>Üretim alanı</u>	<u>Verim (kg/da)</u>	<u>Fiyat (TL/kg)</u>	<u>Satılan (kg)</u>
.....				
.....				
.....				

3. Sebzecilik

<u>Ürünler</u>	<u>Üretim alanı</u>	<u>Verim (kg/da)</u>	<u>Fiyat (TL/kg)</u>	<u>Satılan (kg)</u>
.....				
.....				
.....				

4. Bağcılık

<u>Ürünler</u>	<u>Üretim alanı</u>	<u>Verim (kg/da)</u>	<u>Fiyat (TL/kg)</u>	<u>Satılan (kg)</u>
.....				
.....				
.....				

5. Köylülerin bitkisel üretimin iyileştirilmesi konusundaki görüşleri? (girdi kullanımı, çeşit değişimi, vs.)

.....

.....

.....

.....

Bitkisel Ürünlerin Pazarlama Biçimleri

<u>Ürünler</u>	<u>Kime</u>	<u>Nerede</u>	<u>Nasıl</u>
.....			

Girdilerin Temin Yerleri Ve Koşulları

<u>Girdiler</u>	<u>Alındığı yerler</u>	<u>Alım koşulları</u>	<u>Ödeme koşulları</u>
Gübre			
İlaç			
Tohum			
Makine			
Ya.İşgücü			

5. Köyde Başlıca Geçim Kaynakları

<u>Bitkisel üretim (%)</u>	<u>Hayvansal üretim (%)</u>	<u>El sanatları</u>	<u>Esnaf</u>
Bağ:.....	Süt.....		
Tahıllar.....	Canlı Hayvan.....		
Baklagiller.....	Dışarıdan yapılan katkılar.....		
Meyve-sebze.....			

6. Köyde doğrudan gelir desteğinden yararlanma durumu ?

Yararlanan hane sayısı :.....

Yararlanmayan hane sayısı:.....

7. Diğer teşviklerden yararlanma durumu ?

- Yem bitkileri desteği :..... Kaç kişi
- Suni tohumlama desteği :..... Kaç kişi
- Suni tohumlamadan doğan buzağı desteği:..... Kaç kişi
- Damızlık desteği :..... Kaç kişi

8. Destek ve teşviklerden üretim amaçlı kullanım oldu mu?

Oldu Olmadı Olduysa oranı%

9. Kullanılan kredi çeşidi ?

TCZB TKK TSK İl Öz. İdare OR-KÖY SYDF

a. Hayvancılık

.....

Yem

.....

Hayvan alımı

.....

b. Bitkisel üretim

.....

c. Kimyevi gübre

.....

d. Alet-makine

.....

e. Yatırım kredisi

.....

f. Tüketim-

g. Diğer

.....

10. Sosyal riski azaltma projesi ?

a. Bilginiz var mı?

b. Yararlanan var mı?

c. Varsa kaç hane?

11. Kredi borçları zamanında ödeniyor mu?

a. Evet

b. Hayır (ise)

Nedeni:

a. Üretim zararı

b. Doğal afet ve zararlar

c. Yüksek faiz

d. Diğer

12. Köylüye göre bitkisel üretimde en önemli sorunlar?

.....

13. Köyde mevcut bulunan tarımsal kurumlar nelerdir ?

.....

14. Köyde hangi tarımsal kurumlara üyelik varmıdır ? (Sayı)

Tarımsal Kal.Koop.:.....

Tarım Kredi Koop.:.....

Ziraat Odası:.....

Diğer:.....

15. Köyde tarımsal örgütlenme konusundaki düşünceler ?

SOSYAL GÜVENLİK UYGULAMALARI

16. Köyde Sigortalı Sayısı (Sağlık ve emeklilik açısından)

4.4.1.1.1.1.1.1	SSK	BAĞ-KUR	Emekli Sandığı	Özel Sigortalar	Yeşilkart	65 yaş üstü parası alanlar
Çiftçi						
İnşaat işçisi						
Esnaf						
Memur						
Muhtar						
Yurt dışı						
Kimsesiz						
Yaşlı						
Diğer						

17. Sigortalı olmanın avantajlarından yararlanılıyor mu?

Evet : (Açıklama).....

Hayır : (Açıklama).....

(Eleştiriler).....

18. Tarım sigortası yaptıran var mı, hangi konuda ?.....

.....

HAYVANCILIK SORU FORMU

Büyükbaş hayvan varlığı: (adet)

Yerli..... ad.
Melez..... ad.
Kültür..... ad. Hangi ırk?.....
Toplam..... ad.
Hayvanı bulunmayan hane sayısı..... hane

Küçükbaş hayvan varlığı (adet)

Koyun..... ad.
Keçi..... ad.
Kaç hane?..... Hane başına ortalama kaç ad.....

Hayvansal verim ve Üretim

Süt verimi kg/gün Kültür..... Melez..... Yerli.....
Laktasyon süresi ay/yıl
Et verimi(2 yaşlı karkas) kg. kg. kg.

Pazarlama

Süt satışı nereye..... TL/Lt.....
Hangi aylar
Tereyağı nereye..... TL/Lt.....
Peynir nereye..... TL/Lt.....
İl/İlçe pazarı hangi gün kuruluyor?

İrk Islahı

Suni tohumlama yaptırıyor musunuz? Evet..... Hayır.....
İmkan sağlanırsa yaptırır mısınız? Evet Hayır.....
Evet ise Kim tarafından Tarım ilçe..... Özel veteriner.....
Suni tohumlama fiyatı TL/adet Tarım ilçe..... Özel veteriner.....
Doğal tohumlama yapıyor mu? Evet..... Hayır.....
Evetse Boğa kime ait? Şahıs..... Köy.....
Ücret ödeniyor mu? Evet /TL/adet..... Hayır.....

Hayvan Barınakları

Ayrı ahır..... Ev altında.....

Koşulları Uygun.....

Uygun değil.....

Hayvan gübresi ne yapıyor? Tarlaya atılıyor Tezek yapıyor
Satılıyor.....

Hayvan Hastalıkları

Sık görülen hastalıklar Şap..... Brusella..... Antrax..... Sığır
vebası..... Sarılık.....
Koruyucu aşılar düzenli yaptırılıyor mu? Evet..... Hayır
İç ve dış paraziter mücadele yapılıyor mu? Evet..... Hayır
Yıllık Veteriner masrafı nedir? Ort:TL/yıl.....
Sizce pahalı mı? Evet..... Hayır.....

Hayvan besleme

Fabrika yemi kullanıyormusunuz? Evet..... Hayır.....
 Kaç kg/yıl.....
 Kaba Yem olarak ne kullanıyorsunuz?

 Hayvanları meraya çıkarıyormusunuz? Evet..... Hayır.....
 Hangi aylarda?..... Kaç ay süreyle.....
 Nasıl otlatırsınız? Bireysel otlatma..... Köy sürüsü.....
 Yaylaya çıkarmısınız? Evet..... Hayır.....
 Hangi aylarda?..... Kaç ay süreyle.....
 Mera alanınız kaç da.?.....da.
 Sizce mera ve yayla yeterlimi? Evet..... Hayır.....

Yem bitkileri Üretimi

Yonca Kaç dekar..... Verim
 da/kg.....
 Korunga Kaç dekar..... Verim
 da/kg.....
 Mısır(dane) Kaç dekar..... Verim
 da/kg.....
 Fiğ Kaç dekar..... Verim
 da/kg.....
 Arpa Kaç dekar..... Verim
 da/kg.....
 Silaj Kaç dekar..... Verim da/kg.....

Yem bitkileri ekiliş alanlarını genişletmek ister misiniz? Hangi yem bitkisinde?

Örgütlenme

Tarım Kredi Kooperatifi varmı? Evet..... Hayır.....
 Kaç kişi üye..... Ne tür hizmetler veriyor.....
 Tarımsal Kalkınma Koop. varmı? Evet..... Hayır
 Kaç kişi üye..... Faaliyet alanı nedir?.....

Dernekleşme durumu

Köye ait dernek var mı?
 İl içinde İl dışında Üye sayısı
 Adresi Tel No:

Arıcılık

Arıcılıkla uğraşan kaç aile var..... aile
 Olanaklar sağlansa arıcılık yapan üretici sayısında artış olur mu? Evet
 Hayır
 Arıcılık nasıl yapılıyor? Sabit..... Gezgici.....
 Toplam kaç kovan Sabit..... Gezginci.....
 Bal Verimi kovan/kg. Sabit..... Gezginci.....
 Arıcılar birliğine üye var mı? Kaç kişi

Tarım İl/İlçe Müdürlüklerinin yaptığı çalışmalar

Ek-1: Hızlı Kırsal Değerlendirme Soru Listesi

1. Köy hakkında Genel Bilgiler

- a. Hane sayısı
- b. Nüfus
- c. Köyün il/ilçeye uzaklığı
- d. BB hayvan sayısı
- e. KB hayvan sayısı
- f. Arazi varlığı
 - i. Ziraat
 - ii. Mera
 - iii. Çayırılık
 - iv. Ormanlık
 - v. Kullanılmayan arazi
- g. Muhtarın ismi
- h. Arıcılık yapan hane sayısı
- i. Köydeki kovan sayısı
- j. Kısa bir tarihçe

2. Mera ve Çayırlıklar

- a. Meralar
 - i. Yararlanma ve kullanma
 1. Hayvanların ahırdan çıkma zamanı ne zamandır?
 2. Otlatma sistemi ve rotası nasıldır?
 3. Komşu köyler meralarınızdan yararlanıyor mu?
 4. Sizler komşu köyün merlerinden yararlanıyor musunuz?
 - ii. Sorunlar
 1. Meraların bozulmaya ve verimini kaybetmeye başladığı yerler nereleridir? Yetmiyorsa ne yapıyorsunuz?
 2. Geçmişte merlarda gördüğünüz, ancak günümüzde bulunmayan otlar var mı? Hangileridir?

3. Su kaynakları

- a. İçme ve Kullanma Suyu
 - i. İçme suyunuzun kaynağı nedir?
 - ii. Suyunuz nereden geliyor?
 - iii. Suyunuz yetiyor mu? Yetmiyorsa artırmak için ne yapılmalı?
 - iv. Yılın hangi mevsimlerinde azalıyor ve ya hiç olmuyor?
 - v. Suyunuz hiç olmadığında ne yapıyor sunuz?
 - vi. Suyunuzu analiz ettirdiniz mi? Sağlık bakımından sorunlar var mı?
- b. Sulama Amaçlı Su
 - i. Sulama amaçlı suyunuz var mı?
 - ii. Varsa, kaynağı nereden geliyor?
 - iii. Ne kadar arazi suluyorsunuz ve bu arazilerde daha çok ne yetiştiriyorsunuz?
 - iv. Sulama suyunuz yetiyor mu? Yetmiyorsa artırmanın olanağı var mı? Nasıl?
- c. Diğer su kaynakları
 - i. Göl/gölet, dere, ırmak vb.kaynaklardan yararlanıyor musunuz?
 - ii. Balıkçılık yapan hane var mı?
 - iii. Su kaynaklarında gözle görülür bir kirlenme belirtisi var mı?

- iv. Göl/gölet, dere ve ırmaktaki balık durumu hakkında ne söyleyebilirsiniz?
- v. Balık dışındaki başkaca bir yararlanma hakkında ne söyleyebilirsiniz?

4. Ağaçlandırma Çalışmaları

- a. Köy sınırları içinde ormanınız var mı?
- b. Ağaçlandırma çalışmanız var mı?
- c. Ağaçlandırmayı istediğiniz alanınız var mı? Ve bunu niçin istiyorsunuz?
- d. Ağaçlandırmada hangi türleri istersiniz?

5. Erozyon ve toprak Kullanımı, İşlemesi

- a. Tarım yaptığınız arazilerinizde erozyon görülüyor mu?
- b. Yağmur yağınca derelerin su rengi nasıl oluyor?
- c. Kısa süreli şiddetli yağmur yağınca sel oluyor mu?
- d. Yeterli ürün alamadığınızdan dolayı terk ettiğiniz arazileriniz var mı? Varsa, köyün neresinde bulunuyor?

6. Yaban Hayatı

- a. Köyünüzün sınırları içinde gördüğünüz yaban hayvanları (kuşlar dahil) hangileridir?
- b. Yukarıda belirttiğiniz türlerden hangileri azalıyor/çoğalıyor? Nedenleri?
- c. Köyde avcılık yapan var mı?
- d. Köy dışından sizin köyünüze avcılığa gelen var mı?
- e. Derelerinizde balık var mı? Balıklar artıyor mu, azalıyor mu? Balıklardan yararlanıyor musunuz?

7. Diğer Konular

- a. Meralarda bulunan diğer otlardan yararlanıyor musunuz?
- b. Mantar toplayıcılığı yapıyor musunuz?
- c. Bunlar herhangi bir gelir getiriyor mu?
- d. Arıcılık yapan hane sayısı, sahip olunan toplam kovan, ne tür arıcılık yapıldığı?

APPENDIX 4: KÖY GENEL BİLGİ ANKETİ

BTC PETROL BORU HATTI ERZİNCAN GÜMÜŞHANE

SÜRDÜRÜLEBİLİR KIRSAL KALKINMA PROJESİ

(PAR CONSULTANCY)

Form Düzenleme Tarihi

Düzenleyen Kişi

Köyün Adı:

İli/ İlcesi:

Bilgiyi Veren Kişi(Adı/Ünvan) :

Telefon numarası :

A. KÖYLE İLGİLİ GENEL SORULAR

1. Köyün konumu

Orman köyü

Dağ Köyü

Ova

2. Köyün fiziksel

Toplu

Seyrek

Dağınık

3. Bu köye bağlı mahalle/mezra varsa

Adı

Hane Sayısı

Nüfusu

Köye Uzaklığı

.....

4. Köyün çevredeki en yakın merkezlere uzaklığı ve yol durumu

Patika Yol Ham Yol Stabilize Yol Asfalt Yol(km)

İl'e km İlçe'ye km Bucak'a km

5. Kış aylarında yollar kapanıyor mu? Kapanıyorsa kaç ay kapalı kalıyor?

Evet ay

Hayır

6. Köyün nüfusu ve özellikleri

Toplam Nüfus	Kadın Nüfusu	Erkek Nüfusu	Toplam Hane Sayısı	Kadın Reisli Hane Sayısı			Erkek Reisli Hane Sayısı
Çocuk (0-12)	Genç (13-25)	Orta Yaş (26-40)	İleri Orta Yaş (41-64)	Yaşlı (65 yaş ve üstü)	Engelli	Bakıma Muhtaç	Engelli ve Bakıma Muhtaç

7. Köyün en temel ekonomik/geçim kaynakları (üç adet)

.....
.....
.....
.....

8. Arazi varlığı

Hazine arazisi dönüm

Tescil harici alan dönüm

ahıs arazisi dönüm kuru sulu.....

Orman dönüm

Mera dönüm

9. Köyde bir ailenin ortalama kaç dönüm arazisi mevcut

Sulu Kuru

10. Hayvan varlığı

Büyük baş

Küçükbaş

Diğerleri

11. Birim hayvandan elde edilen gelir

Hayvanın Cinsi	Hayvansal Ürün		Veri m		Satış Fiyatı	
	Et	Süt	Et	Süt	Et	Süt

12. Görülen başlıca hayvan hastalıkları

.....

13. Son üç yıl içerisinde hastalıktan ölen hayvan adedi

Ölüm sebepleri

14. Hayvan barınaklarının büyüklüğü ve durumu

Ortalama büyükbaş sayısı

Havalandırma (pencere) var Evet

Aydınlatma var mı Evet

Ortalama küçükbaş sayısı

Havalandırma (pencere) var Evet

Aydınlatma var mı Evet

Hayvan ürünlerinin pazarlandığı
yerler

Hayvansal ürünlerle ilgili işleme tesisi var mı (mandıra vb.)

Evet Ne tür tesis

Hayır

15. Arıcılık yapıyor mu

Evet Hayır

Evet ise; Kovan sayısı

Arı cinsi

Toplam bal ton/yıl

Bal üretim geliri TL/yıl

Bal işleme tesisi ve paketleme tesisi var mı

Evet Hayır

Arıcılıkta görülen hastalıklar

Arıcılık yapılmıyorsa yapmaya istekli aile var mı

Evet Aile sayısı

Hayır

16. Köyde

Kiracılık yapan aile

Ortakçılık yapan aile

Toprak sahibi aile sayısı

Topraksız aile sayısı

17. Köyde toprak büyüklüğüne göre hanelerin dağılımı

Toprak büyüklüğü Hane

1-10 dönüm

10-30 dönüm

30-50 dönüm

50-100 dönüm

100'den büyük

18. Köyde ekimi yeni yapılan/denenen ürünler var mı

Evet hangi ürünler

Hayır

19. Köyde gübre kullanımı

Evet Hayır

Evet ise;

Gübre kullanılan ürünler

Gübre kullanan hane sayısı

20. Köyde zirai ilaç kullanımı

Evet Hayır

Evet ise;

Zirai ilaç kullanılan ürünler

Zirai ilaç kullanan hane sayısı

21. Köyde banka kredisi kullanımı

Evet Hayır

Evet ise;

Kredi kullanma amacı

Kredi kullanan hanesayısı

Hayır ise;

Kredi alınabilecek kurumlar

Kredi kullanmama nedenleri

22. Köyde tarım dışı alanlarda (dokumacılık, halıcılık vs.) çalışan kişiler var mı

Evet ne tür işler

Hayır

23. Köyde erozyon var mı

Evet Hayır

24. Köyde toprak kayması/heyalan var mı

Evet Hayır

25. Köydeki tarımsal makine varlığı

Araçlar	Sayısı	Araçlar	Sayısı
---------	--------	---------	--------

Traktör		Çapa makinası	
Biçer		Otomobil	
Su Motoru		Minibüs	
Batöz (harman)		Otobüs	
Kültivatör		Kamyon	
Mibzer		Motosiklet	
Pulluk		Diğer	

26. Köyde son beş yılda karşılaşılan sorunlar

Deprem Yangın Sel/taşkın Salgın hastalık
Diğer

27. Köylünün mali sorunları

Son yıllarda haciz gören çiftçi aile sayısı
Borçtan dolayı dava edilen aile sayısı.....

28. Köy içinde yaşanan aşırı geçimsizlikler var mı (örn. kan davası)

Evet Hayır

29. Ekilen başlıca ürünler (5 ürün)

Ürün	Mikta				Satış	
	Sulu (dönüm)	Kuru (dönüm)	Veri m		Ne kadar (ton)	Nereye
			Sulu	Kuru		

30. Aile başına ortalama yıllık gelir.....TL/yıl

31. Pazarlamada karşılaşılan sorunlar

.....

32. Köyde tarımsal ürünlerle ilgili tesis var mı

Evet Neler
Hayır

33. Köyde elektrik var mı

Evet Hayır

34. Köyde telefon var mı

Evet Hayır

35. Köyün içme suyu var mı

Evet Yeterli Yetersiz

Hayır

Köyde içme suyunu kullanma durumu

Evlere borularla geliyor hane sayısı

Sadece köy çeşmesi var

B. EĞİTİM VE SOSYAL DURUM

36. Köyün eğitim durumu (sayı belirtiniz)

Okur yazar İlköğretim Ortaokul-Lise

Üniversite

37. Köyde aşağıdakilerden hangileri mevcut

Köy odası	Berber	Mesire yeri	Türbe
Kahvehane	Jandarma karakolu	Kasap	Mandıra
Bakkal	Fırın	Manav	
Sağlık	Okul		

8 yıllık

5 yıllık

- Derslik sayısı
- Öğretmen sayısı
- Kız öğrenci sayısı
- Erkek öğrenci sayısı
- Yapılış tarihi

38. Köyün ilköğretim ile ilgili herhangi bir sorunu var mı

Evet

Ne tür sorunlar

Hayır

39. Köy dışına her gün okula giden öğrenci var mı

Evet

Hayır

Evet ise;	<u>Kız öğrenci sayısı</u>	<u>Erkek öğrenci</u>
İlköğretim	.....	.....
Lise	.....	.....
Meslek Okulu	.....	.....
Üniversite	.....	.....

40. Köylünün yararlandığı, köyün ortak malları var mı

Evet

Neler

Hayır

41. Köyde imece yapılıyor mu

Evet Neler
Hayır

42. İlçe veya şehir merkezine düzenli olarak kalkan otobüs/minibüs var mı

Evet Hayır

43. Yol ya da ulaşım ile ilgili olarak en önemli sorunuz nedir

.....
.....

44. Son üç yıl içinde köye gelip yerleşen hane var mı

Evet Hayır

Evet ise; Kaç hane
Geliş nedenleri

45. Son üç yıl içinde köyden dışarı göç eden hane var mı

Evet Hayır

Evet ise; Kaç hane
Göç nedenleri

46. Köye dışarıdan gelen mevsimlik işçi var mı

Evet Hayır

47. Köyden dışarıya mevsimlik işçi olarak giden var mı

Evet Hayır

Evet ise; Kaç kişi.....
Nereye
Hangi aylarda giderler
Ne zaman dönerler

48. Köyde uygulanmakta olan el sanatları nelerdir

.....
.....

49. Köyde el sanatlarını geliştirmek ister misiniz

Evet Hayır

50. Kooperatif ve benzeri örgütlenme (sulama birliği, üretici birliği vs.) var mı

Evet Hayır

Evet ise; Ne tür bir örgütlenme

51. Yalnızca hayvancılıkla geçinen aile

sayısı

52. Tarım ve hayvancılık dışı gelir kaynakları

.....
.....

53. Köyde emekli olan var mı (SSK, Bağ-kur vs.), varsa sayısı

53. Köye gelen hizmetler

Hizmet türü	Geliş		
	Hiç	Arasıra	Sıklıkla
Sağlık kontrol			
Veteriner			
Tarım uzmanı			

54. Köyde en sık karşılaşılan hastalıklar (üç tane)

.....
.....

Son bir yılda bu hastalıklardan ölen var mı

Evet Hayır

55. Çayır ve mera varlığı

Çayır verimi (yıllık biçim sayısı ve dönüm başına verim)

Mera verimi ve otlatma zamanları (kac bas hayvan otluyor)

56. Komşu köyler ile sorun yaşıyor mu (mera, sınır, su paylaşımı gibi)

Evet Ne tür

Hayır

57. Haberleşme ve iletişim durumu (telefon, TV vs.)

.....

58. Orman geliri var mı

Evet Hayır

59. Köyün önemli ihtiyaçları nelerdir, önem sırasına göre belirtiniz

Köy çeşmesi yapımı/onarımı

Köy odası düzenlenmesi

Okul tamirati

Cami tamirati

Hayvan yalağı yapımı/tamirati

Tuvalet

Mezarlık çevirmesi

Diğer

60. Köyle ilgili bir karar almanız gerektiği zaman ne yapılır

Köy heyeti toplanır ve konu tartışılır

Gençlerin düşünceleri sorulur

İnsanların düşünceleri sorulur

Özellikle eğitilmiş/okumuş kişilerin düşünceleri sorulur

Özellikle yaşlılara sorulur

Özellikle kadınların düşünceleri sorulur

Diğer

61. Köylüler arasında yardımlaşma/dayanışma var mı

Evet Ne tür

Hayır

62. Köyün öncelikli problemi nedir

.....
.....

63. Köyün kalkınması/gelişmesi için neler yapılmalı

.....
.....

64. Köyün boru hattı projesinden nasıl etkileneceğini düşünüyorsunuz

.....
.....

65. Köyün sorunlarını çözmek için birlikte hareket etmek konusundaki düşünceniz nedir

(kooperatif, arıcılık kursu vs.)

.....
.....

66. Köyünüzde yapılacak projelere ne tür katkıda bulunabilirsiniz (işçilik, araç, taş, kum)

.....
.....

67. BTC Toplumsal Yatırım Programı hakkında bilginiz nedir

Evet Nereden duydunuz

Hayır