Extractive Industries and Conflict

About the United Nations Interagency Framework Team for Preventive Action

The United Nations Interagency Framework Team for Preventive Action (the Framework Team or FT) is an internal United Nations (UN) support mechanism that assists UN Resident Coordinators (RCs) and UN Country Teams (UNCTs) in developing conflict prevention strategies and programmes. The FT works closely with UN departments and UN agencies, funds and programmes (UN AFPs) to improve programme effectiveness through better interagency collaboration within Headquarters, and between Headquarters and the field.

The framework team coordinates the partnership between the United Nations (UN) and the European Union (EU) entitled for Preventing and Managing Land and Natural Resources Conflict' on behalf of the partner agencies: the UN Department of Economic and Social Affairs (UNDESA), the UN Development Programme (UNDP), the UN Environment Programme (UNEP), the UN Human Settlements Programme (UN-HABITAT), the UN Department of Political Affairs (DPA), and the Peacebuilding Support Office (PBSO).

About this Guidance Note

This Guidance Note has been prepared by Alex Grzybowski of Pacific Resolutions on behalf of the UN Department of Political Affairs, for the Framework Team and in collaboration with the Standing Committee of the project, consisting of consisting of the EU, UNDESA, UNDP, UNEP, UN-HABITAT, DPA and PBSO. It was submitted for peer review to participating UN departments and UN AFPs.

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Toolkit and Guidance for Preventing and Managing Land and Natural Resources Conflict

The management of land and natural resources is one of the most critical challenges facing developing countries today. The exploitation of high-value natural resources, including oil, gas, minerals and timber has often been cited as a key factor in triggering, escalating or sustaining violent conflicts around the globe. Furthermore, increasing competition over diminishing renewable resources, such as land and water, are on the rise. This is being further aggravated by environmental degradation, population growth and climate change. The mismanagement of land and natural resources is contributing to new conflicts and obstructing the peaceful resolution of existing ones.

To improve capacity for land and natural resource management (NRM) and conflict prevention, the EU partnered with the UN Framework Team in late 2008. The aim of this partnership was to develop and implement a strategic multi-agency project focused on building the capacity of national stakeholders, the UN system, and the EU to prevent land and natural resources from contributing to violent conflict. Six UN agencies, programmes or departments have been involved, including UNDESA, UNDP, UNEP, UN-HABITAT, DPA and PBSO. The partnership is also designed to enhance policy development and programme coordination between key actors at the level of country offices.

The first outcome of this project is an inventory of existing tools and capacity within the UN system and a set of four Guidance Notes on addressing NRM and conflict prevention. These Guidance Notes cover: (i) Land and Conflict (ii) Extractive Industries and Conflict (iii) Renewable Resources and Conflict, (iv) Strengthening Capacity for Conflict-Sensitive Natural Resource Management.

Based on the Guidance Notes, the second outcome of the project is to deliver a series of training modules for UN and EU staff in country offices, as well as local partners, to enhance the knowledge and skills needed to understand, anticipate, prevent, and mitigate potential conflicts over land and natural resources. Participants will acquire the skills to formulate and operationalize preventive measures in relation to NRM and conflict.

In countries where specific NRM and conflict challenges are identified, the project will aim to provide focused technical assistance in the development of conflict prevention strategies. This could include the deployment of staff and other experts to assist the UN Country Team (UNCT), including the Resident Coordinator (RC) or Peace and Development Advisor, in analysing options and designing programmes. Where needed, dedicated follow-up measures will also be undertaken on an inter-agency basis, in partnership with the EU.

For more information, please contact the Framework Team Secretariat at: framework.team@undp.org or Mr. Alex Grzybowski at alex77@shaw.ca.

ACRONYMS

ADR	Alternative Dispute Resolution
AFP	Agency, Funds and Programmes (of the United Nations)
ASM	Artisanal and Small-scale Mining
CBNRM	Community-Based Natural Resource Management
CSOs	Civil Society Organizations
CSPs	Country Strategy Papers
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
FDI	Foreign Direct Investment
FLEGT	Forest Law Enforcement, Governance and Trade
GDP	Gross Domestic Product
GEF	Global Environment Facility
GBV	Gender-Based Violence
HLP	Housing, Land and Property rights
IUU	Illegal, Unreported and Unregulated
EI/EIs	Extractive Industry/Extractive Industries
EITI	Extractive Industries Transparency Initiative
EU	European Union
FT/Framework Team	Interagency Framework Team for Preventive Action
ICCM	International Council on Mining and Metals
ICZM	Integrated coastal zone management
IDPs	Internally Displaced Persons
IWRM	Integrated Water Resource Management
MFP	Multi-Stakeholder Forestry Programme
NGO	Non-Governmental Organization

NRM	Natural Resource Management
PCNA	Post-Conflict Needs Assessment
PES	Payment for Ecosystem Services
PPPs	Public-Private Partnerships
RC	Resident Coordinator
SFM	Sustainable Forest Management
SMEs	Small to Medium Enterprises
UN	United Nations
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDESA	UN Department of Economic and Social Affairs
UNDP	United Nations Development Program
UNDPA	United Nations Department of Political Affairs
UNEP	United Nations Environment Programme
UN-HABITAT	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNPBSO	United Nations Peacebuilding Support Office
VPs	Voluntary Principles on Security and Human Rights
WCD	World Commission on Dams

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Conflict arises when two or more groups believe their interests are incompatible. Conflict is not in itself a negative phenomenon. Non-violent conflict can be an essential component of social change and development, and is a necessary component of human interaction. Non-violent resolution of conflict is possible when individuals and groups have trust in their governing structures, society and institutions to manage incompatible interests.

Conflict becomes problematic when societal mechanisms and institutions for managing and resolving conflict break down, giving way to violence. Societies with weak institutions, fragile political systems and divisive social relations can be drawn into cycles of conflict and violence. Preventing this negative spiral and ensuring the peaceful resolution of disputes is a core interest of the international community. The challenge for UN, EU and other international actors is to promote positive social transformation, while mitigating the risks and potential impacts of violent and damaging conflict.

Environmental factors are rarely, if ever, the sole cause of violent conflict. However, the exploitation of natural resources and related environmental stresses can be implicated in all phases of the conflict cycle, from contributing to the outbreak and perpetuation of violence to undermining prospects for peace. Accordingly, this Guidance Note focuses on the role of natural resources in triggering, escalating or sustaining violent conflict. Its aim is to provide practical guidance on the role that the UN and EU can play in early warning and assessment, structural conflict prevention (long-term measures) and direct conflict prevention (short-term measures). It is meant to provide a combination of strategic advice and operational guidance, as well as to unite existing tools and guidance under a single framework.

Extractive Industries and conflict

The Extractive Industries (EIs) present particular challenges for both fragile states and developing nations; the exploitation of non-renewable natural resources, including oil, gas, minerals and timber has often been cited as a key factor in triggering, escalating or sustaining violent conflicts around the globe. Violent conflict is most likely to occur where: local communities have been systematically excluded from decision-making processes; when the economic benefits are concentrated in the hands of a few; and, when the burdens associated with EIs clash with local social, cultural, religious and environmental norms, or align with pre-existing tensions. The price paid by societies threatened by, undergoing, or emerging from natural resource-related violence is evident in the lives lost or touched by conflict, and amplified by fractured relationships, weakened institutions and destroyed infrastructure.

Steps can be taken to: prevent such conflicts from occurring; mitigate their short and long-term effects when they do occur; and, harness the enormous potential of natural resources to rebuild societies in the aftermath of conflict. The effective management of a society's natural resources is therefore a priority for all those committed to the goal of conflict prevention and sustainable development. Consequently, it is important that immediate and longer term steps are taken by UN and EU development practitioners to prevent the EIs from being a source of conflict, and to address conflict in this domain in an effective manner when it does arise. This Guidance Note aims to address this challenge.

Extractive Industries (EIs)

"EIs" is a term that is often used to describe non-renewable resources, such as oil, gas and minerals. This Guidance Note begins by explaining the main reasons why the EIs can cause tensions at a local or national

level, and how these tensions can lead to conflict. It then offers guidance on strategies for preventing these conflicts associated with EIs.

The following six causes are identified as the main drivers of EI-related conflicts:

- **Poor engagement of communities and stakeholders:** Where communities and stakeholders are poorly engaged, marginalised or excluded from the dialogue in the EI development process, they are almost certain to begin to oppose the development. As the conflict escalates, the use of strategies of violence as a coercive measure against the company, and as a means for addressing old grievances and mounting opposition against the government, are likely.

- **Inadequate benefit-sharing:** If benefits are distributed in a manner that appears unfair as compared to the distribution of the costs, risks and responsibilities, then those who are disenfranchised or bearing risks and responsibilities without fair compensation are likely to oppose the development, and possibly rebel.

- **Excessive impact on the economy, society and the environment:** Notwithstanding the promise of prosperity often associated with the EIs, the impacts on the local economy and the macroeconomic conditions of the nation as a whole can be quite negative; in circumstances where governing institutions are weak or underdeveloped, the consequences of the "resource curse" are often magnified. Furthermore, while social and environmental assessments and management procedures in the EI sector are well developed, impacts on communities and the environment continue to be a powerful conflict driver.

- **Mismanagement of funds and financing war:** Corruption and diversion of funds to satisfy individual gains at the expense of national and community interests can easily contribute to conflict. Too often the vast revenues from EIs have been diverted away from the public interest to satisfy personal gains and, in some cases, to finance armies and violent conflict.

- **Inadequate institutional and legal framework:** The mismanagement of funds is symptomatic of the broader institutional and legal capacities to manage the development of EI for the benefit of the country as a whole.

- **Unwillingness to address the natural resources question in peace agreements:** Where natural resources have been an underlying cause for war they can reignite conflict if the relevant issues are not addressed in the Peace process. Issues of ownership, wealth-sharing and distribution are often important and will have significant effects on the capacity to achieve post-conflict stability.

Intervention framework

Before designing specific interventions, it is essential to construct an intervention framework that takes into account the following key issues: an assessment of conflict dynamics; the alignment of key actors for positive outcomes; and, the design of interventions that respond to the prevailing conflict causes, in a way that reflects the particular stage in the broader conflict cycle. This Guidance Note proposes a framework for designing intervention strategies; that consists of:

- Natural resource assessment considerations that can be integrated into the assessments that are typically already undertaken, including Post Conflict Needs Assessments (PCNA); and, activities in support of United Nations Development Assistance Frameworks (UNDAF).

- Aligning and coordinating with other actors that are to make a constructive contribution to conflict prevention and dispute resolution as they relate to natural resources. These include national and local governments, non-government organizations (local, national and international), and the private sector (both companies and associations).

- Designing an intervention strategy that is responsive to the specific circumstances and nuances of the conflict dynamics.

Conflict prevention strategies

Experience shows that tackling the underlying causes of EI conflict requires a concerted and multifaceted approach that encompasses governance, macro- and micro-economic stability, capacity enhancement, and creative approaches that increase opportunities for dialogue while contributing to the peaceful resolution of conflict. This GN paper identifies six key opportunities for preventing conflicts related to EIs, including:

- **Effective engagement of communities and stakeholders:** Conflict can be prevented by establishing channels of communication between stakeholders, and by ensuring all parties are provided with enough information and training to be able to engage in the process of dialogue in a meaningful way.

- **Equitable benefit-sharing:** Under the right conditions, the EIs can provide significant benefits to communities and regions in the form of infrastructure, employment, contracting opportunities, and general economic development. If these benefits are consistent with community interests, and are perceived to be delivered fairly, then they can help prevent conflict and compensate for the environmental and social impacts of the development.

- **Mitigating the negative economic, social, environmental and gender impacts:** Economic, social and environmental impact assessments and management procedures have evolved substantially in recent years; there are now well known international standards that provide direction for resolving these issues proactively. The rights of indigenous people and the gender implications of the EI sector need close attention and recognition to mitigate potential impacts. Part of the long-term strategy for conflict prevention in this sector is to ensure that it becomes a foundation for employment generation and economic development for local people.

- **Transparent and effective management of revenues:** EIs normally lead to vast increases in government revenues and, if improperly managed, these increases can stimulate corruption and undermine stability. A culture of transparency needs to be encouraged, and the Extractive Industries Transparency Initiative (EITI) is one of several initiatives that provides a platform to institutionalize the effective management of revenues.

- **Strengthening the institutional and legal framework:** Establishing a robust institutional and legal framework that governs the development and management of the EIs is essential to ensure that the rights and interests of stakeholders are respected.

- **Incorporating high-value natural resources into peace processes:** Addressing extractive resources in the context of a peace process can be an essential part of the peace agreement, and essential for creating sustainable peace. The peace process often offers the opportunity to create a new constitutional arrangement that can address these structural issues in a way that may also help address the causes of the conflict.

Additional resources

The study of the EI-conflict nexus and the design of possible intervention strategies to respond to it are gaining attention from a wide range of actors and organizations. Many organizations and initiatives that address these issues have come into existence, and a wide variety of resources are now available to practitioners. A list of these organizations and resources can be found in the Section Five of this Guidance Note.

1 INTRODUCTION

1.1 The role of natural resources in conflict

Natural resource conflicts arise when parties disagree about the management, distribution and protection of natural resources and related ecosystems. These conflicts can escalate into destructive relations and violence when the parties are unable or unwilling to engage in a constructive process of dialogue and conflict resolution. Societies lacking the institutional arrangements that facilitate constructive conflict resolution can be drawn into intractable cycles of conflict and violence, particularly where political systems are fragile, and in situations where divisions between opposing parties are extreme.

While there are many issues that can cause conflict between groups, the role of natural resources in triggering, escalating or sustaining violent conflict is the focus of this series of Guidance Notes. They provide practical guidance on the role that the UN and EU can play in terms of early warning and assessment, structural conflict prevention (long-term measures) and direct conflict prevention (short-term measures). They are meant to provide a combination of strategic advice and operational guidance.

The urgency of developing practical guidance on preventing conflicts over natural resources was highlighted by a 2009 UNEP entitled, *From Conflict to Peacebuilding: The Role of Natural Resources and the Environment.* This report synthesizes a decade of academic research, and draws upon the United Nation's own experiences on the linkages between natural resources, violent conflict and peacebuilding. The main findings from the report include:

- Over the past 60 years, 40% of civil wars can be associated with natural resources; since 1990 there have been at least 18 violent conflicts fuelled by the exploitation of natural resources.

- Natural resources and other environmental factors are linked to violent conflict in a variety of ways that are often obscured by more visible drivers such as ethnic tensions. Specifically, competition to control or gain access to natural resources can contribute to the outbreak of violent conflict. Natural resources can be exploited by rebel groups to fund war. During conflict, individuals and groups may be able to exploit natural resources in ways that create an incentive for them to obstruct or undermine efforts to build peace.

- The environment suffers tremendous harm during violent conflict: resources may be targeted for destruction or damaged by bombs and other ordinance; war may displace populations into fragile environments where the struggle to survive degrades the resource base; and, the institutions designed to manage the environment may be disrupted or shut down during a war.

- In rebuilding war-torn societies, the environment and natural resources play a wide range of crucial roles—from supporting economic recovery, to the creation of livelihoods and the resettlement of displaced populations, to providing opportunities for dialogue, cooperation, confidence-building, and government reform.

The main conclusion of the report is that natural resources play different roles at different stages of the conflict cycle. Understanding both the dynamics

of the natural resource in question and the specifics of how it can contribute to the conflict cycle can help policy-makers and practitioners ensure that conflict prevention and conflict sensitivity are included within all natural resource management (NRM) programmes.

While each particular crisis or conflict has its own unique dynamic based on local politics, economics and history, the need for preventative action is clear. Politicized revenue allocation from natural resources based around ethnic, religious or regional lines has been a major driver of internal conflict. Similarly, politicized allocation of water, land and other renewable resources is constantly driving low level conflict, which can spiral into major violence when linked to ethnic, national and other divisions. Migration away from environmentally degraded regions can also cause confrontation within countries and across borders.

Even in countries that have not experienced conflict, the corrupting influence of revenues from high-value natural resources on elites is a powerful source of underdevelopment and failing economies. The World Bank estimates that over the last forty years developing countries without major natural resources have grown two to three times faster than those with a high resource endowment.

Fortunately, there is no lack of operational tools and policy options to address these issues. A wealth of experience exists on preventing and managing environmental disputes, designing NRM systems, and allocating resource revenues that can be used to reduce instability risks.

There is a deficit, however, in the application of these tools, in the development and coordination of conflict prevention strategies, and in addressing the roots of instability during development programmes. In a world of rising resource scarcity, a reactive and piecemeal approach will not preserve security and stability. This set of Guidance Notes aims to address this gap by increasing awareness, attention and action towards NRM and conflict prevention, by providing an inventory of tools and examples that can be drawn upon at the operational level.

1.2 Three main pathways for NRM and conflict prevention

NRM is a form of conflict prevention. Traditions, customs, rules, laws and policies regulating access to, use and management of natural resources all aim to bring order and predictability to situations where competition and conflicting interests are present. NRM and conflict prevention are closely linked, but it is only recently that policymakers, state resource managers, practitioners, academics and others have attempted to address this connection.

When considering how natural resources can contribute to conflict, it is useful to consider three main pathways:

- **High-value resources and EIs** can contribute to conflict when:

  o The benefits, costs, risks and responsibilities associated with high-value EIs are not shared on an equitable basis;

  o Decisions are taken without transparency and the involvement of local communities and stakeholders; and, if

  o Economic, environmental and social impacts are not adequately assessed and addressed.

  o In some cases, revenues from EIs can also be used for financing violence or become an incentive for initiating hostilities in order to capture territory.

- **Renewable resources and environmental scarcity** (e.g. water, cropland, pastures, forests, fisheries and wildlife) can contribute to conflict when: the availability of key natural resources needed to sustain local livelihoods decreases, placing user groups in direct competition. Environmental scarcity can ensue when local demand exceeds supply, when degradation reduces supply, or when access is restricted. Climate change and natural hazards can also impact the availability and distribution of natural resources.

- **Land tenure:** Can contribute to conflict when land ownership, management and access are deemed to be unjust or unequal, or when customary practices conflict with formal laws.

1.3 Objectives and structure of this Guidance Note

This Guidance Note focuses on how the development of EIs can cause or exacerbate conflict. It recommends programming strategies and country-level interventions that can be undertaken by UN and EU practitioners to manage and prevent these conflicts.

Following this introduction, Section Two defines the main sources of conflict associated with EIs, as well as how EIs can impact peacebuilding and gender relationships. Section Three provides a strategic response framework that UN and EU agencies can use to inform and design intervention strategies where EIs are either a driving force, or a contributing factor, to conflicts. Section Four provides specific guidance on interventions that can address the various conflict causes including preventing EIs from creating or exacerbating gender conflicts, and managing EIs issues in the context of a peace process. Section Five provides a summary of some of the additional sources of support and guidance that are available to UN and EU practitioners.

Throughout the Guidance Note, case studies are used to highlight key challenges and response strategies. Where necessary, linkages and references to the three other Guidance Notes in this series are provided.

Photo: Mohamed Yahya, Côte d'Ivoire

2 EXTRACTIVE INDUSTRIES (EIS) AND CONFLICT

Revenues from EIs often concentrate wealth and power in the hands of the few, thereby exacerbating inequality, poverty and levels of corruption. Moreover, this 'easy' revenue protects governments from being responsive to the electorate, as other forms of tax collection become less necessary, weakening state-society relations. Indeed, decision-making processes become removed from the needs and interests of local groups, leading to neglect and the breakdown of a just and fair social contract between the government and the governed. Furthermore, the appreciation of currency that accompanies huge and sudden increases in revenue from oil production causes exports to become uncompetitive, and industries such as manufacturing and agriculture to decline.

Consequently, many resource-rich nations in the developing world have, predominantly, been unable to translate soaring Gross Domestic Product (GDP) into corresponding improvements in citizens' welfare. Instead, natural resources actually inhibit the establishment of conditions that nurture peace, namely: an economy that distributes benefits equitably and transparently; a representative government that is not corrupt and which encourages social cohesion; vibrant civil society organizations; and, an independent judiciary. When mismanaged, natural resources - far from being a blessing - quickly become a curse.

As demands for resources such as oil increase as a result of rapid economic growth, and as populations continue to rise, so will competition for ever scarcer resources, placing enormous stress on the environment with diverse repercussions on society. The challenge of tackling EI-induced conflicts may well come to define global peace and security in the 21st century.

There is significant conflict potential at each stage in the EI development process. These stages include:

- Exploration and discovery;

- Definition and allocation of tenures or concessions;

- Construction of access and operational infrastructure;

- Operations and decommissioning;

- Revenue collection, management and allocation; and,

- Revenue investment into development programmes and projects.

Key causes for conflict during each of these development stages include:

- Inadequate engagement of communities and stakeholders in the development process;

- Unfair distribution of the benefits, costs, risks and responsibilities associated with the development;

- Impact of the development on the environment, communities, and the local and national economies;

- Corruption and diversion of funds to satisfy individual gains at the expense of national and community interests; and,

- Inadequate institutional and legal framework to govern the EI development and management of funds.

The actors in these conflicts usually include local communities, national governments, private sector

companies, private and national security forces, civil society organizations, and, in some cases, political independence movements, warlords and rebel armies. Depending on the stage of the EI development, the political and socioeconomic context, and the relative significance of the various potential conflict causes, complex and violent conflict can emerge and rapidly escalate into intractable conflict. Once they have escalated, these conflicts often involve violent confrontation and may permanently eclipse the promise the development may have held for the country as a whole.

CASE STUDY 1: Civil war in Bougainville, Papua New Guinea

The civil war in Bougainville, Papua New Guinea is a renowned example where an EI development was a primary cause of war. The development of a large copper deposit generated significant environmental and socio-economic impacts, and distributed benefits in a manner that was perceived as unfair to the local population. When these concerns were not adequately addressed the conflict escalated and linked to an independence movement that had its roots in the colonial history of the island. Violent attacks on the development infrastructure quickly transformed into a civil war that took over a decade to end, leaving some 15,000 people dead. The mine has yet to reopen and Bougainville is now a semi-autonomous region with the option of becoming fully independent of Papua New Guinea by way of a referendum.

The evolution of the conflict at Bougainville is not unusual. Locals were not meaningfully involved in the development process, environmental impacts were severe, mitigation efforts insufficient and political linkages to an independence movement were easy to make. These are all key factors in creating the conditions for a protracted and costly war. While the Bougainville case illustrates most, if not all, the dimensions of the potential conflicts related to EI development, conflicts can arise or be exacerbated at any stage along the value chain. Tackling these issues requires a concerted and multifaceted approach that encompasses governance, macro- and micro-economic stability, capacity enhancement, environmental assessment and mitigation, and a fair distribution of the benefits, costs, risks and responsibilities.

The following factors are identified as the main drivers of Extractive Industries-related conflicts:

2.1 Poor engagement of communities and stakeholders

The vast majority of the conflicts associated with EI development have strong roots in the unfair or inadequate engagement of relevant communities and stakeholders. Where communities and stakeholders are poorly engaged, marginalised or excluded from the dialogue in the development process, they are almost certain to begin to oppose the development. This is particularly the case where they have not been consulted on whether the development should proceed at all, especially if there is the risk that they will bear the impacts and fail to benefit. As the conflict escalates, the use of strategies of violence as a coercive measure against the company and a means for addressing old grievances and mounting opposition against the government are likely to occur.

2.2 Inadequate benefit-sharing

Access to the benefits associated with EI development is another fundamental determinant of conflict. If benefits are distributed in a manner that appears unfair as compared to the distribution of the costs, risks and responsibilities, then those who are disenfranchised or bearing risks and responsibilities without fair compensation will rebel. There are a number of interrelated benefit-sharing issues including:

• The extent to which local people benefit from the development at all. They may be interested in jobs, services, contract opportunities, ownership, impact mitigation and environmental rehabilitation, or all of these.

CASE STUDY 2: Cumulative impact of inadequate engagement

A typical sequence of events where community and stakeholder engagement is weak or non-existent is as follows:

- Exploration activity begins and discoveries are made without adequately informing local communities, leading to speculation and conspiracy theories about the nature of the development and who will benefit from it. A few locals do benefit and seem to know what is happening while others are negatively affected: traditional forms of economic activity and transportation, may be disrupted. Many people are hopeful that the development will bring prosperity and benefit to the communities while a minority are opposed to any development at all. There is limited or no discussion of whether the development should proceed.

- Concessions are defined and allocated without consultation creating legal rights to development and land use that are in conflict with existing uses, customary rights and traditional values. Those that oppose the development increase in number and their arguments become more persuasive as the fear of suffering from impacts without gaining any benefits becomes more like outcome.

- Construction begins and there are significant impacts on the environment and the traditional economy. Some locals benefit by getting construction jobs but most of the jobs go to people who are perceived as outsiders. It is widely believed that the benefits are flowing to those that support the development; and that those who do not are marginalized. Lack of information about the extent of the actual impact, how benefits are allocated and who is benefitting creates a void that is filled with uninformed speculation, fear and animosity. Those who oppose the development form an organization, and opposition to the development becomes a unifying force that bridges the gaps between those that are perceived as radicals and those that are moderates within the community.

- A large influx of workers and people seeking employment overwhelms local infrastructure. Criminal behaviour and prostitution increases. The security personnel brought in to protect the development infrastructure do not understand or respect local customs and leadership. Violent incidents start to increase. Protestors against the development seem to get more attention and benefits than the traditional leadership and those adopting a more constructive approach to resolving the many problems. Moderate voices are subdued by more extreme views and those who would be supportive of the development are afraid to speak out.

- Many in the communities are now alienated by the development and more radical political movements gain popularity. The company is widely seen as a proxy for the government and targeted as such.

Conflict is now entrenched with significant potential to become both violent and highly politicized.

The following declaration by the of the Q'eqchi Communities Regarding Mining Concessions held by Inco, 6 October 2003 reflects this kind of escalating circumstance:

"This day, Wuqub 'Ajmaak, according to our Mayan calendar, we, mayors and representatives of Development Councils from Q'eqchi' Mayan communities from the municipalities of the El Estor, Izabal and of Panzós and Chabón, Alta Verapz, met in El Estor to declare before the national and international communities:

1. Our outright rejection of the mining concession, granted by the government of Guatemala to Inco/Exmibal, and other mining projects that permit the exploration and exploitation of nickel in the areas where our communities are located. These decisions were made unilaterally by the Government and our communities were never informed or consulted, and have never given their approval that activities of this nature could be undertaken, as they threaten our way of life, culture and all of nature.

2. We, Q'eqchi, still conserve our philosophy and principles of respect and equilibrium with the cosmos, nature and the person. To perforate the earth, pollute the water and air, destroy mountains and exterminate wildlife is to continue the policies and strategies of genocide and ethnocide because all of nature is a complement to our lives.

- The consistency of the local benefits with to local needs and aspirations. Employment may not be as high a priority as protection of traditional economic activity.

- The distribution of benefits between individuals, sub-groups and communities within and outside of what is perceived to be the local area. EI developments often precipitate or exacerbate rivalries and tensions between communities and sub-groups; between locals and non-locals; and between the local area and the national government.

2.3 Excessive impacts on the economy, communities and the environment

2.3.1 Economic impacts

Notwithstanding the promise of the prosperity often associated with EI development, the impacts on the local economy and the macroeconomic conditions of the nation as a whole can be quite negative. A combination of factors contribute to this "resource curse" some of which are very challenging to deal with, particularly in circumstances where governing institutions are weak or underdeveloped (such as a post-conflict environment). These factors include:

- Increasing demand for local goods and services from an expanding local labour force causes local inflation, increasing local prices and reducing the purchasing power of those that are not directly benefiting from the development;

- New employment opportunities attract workers away from traditional economic activities undermining their productivity and role in the local economy;

- Increasing currency fluctuations and values can undermine the competitiveness of traditional export commodities and macroeconomic policy responses may not be effective;

- Potential spin-off benefits for local business are constrained by the lack of capacity and/or opportunity for these businesses to engage in the supply chains associated with the development;

- Royalties to the government undermine the incentive to provide services to local communities in exchange for taxes; and,

- Increasing revenues to the state stimulates or exacerbates corruption and poor governance, and funds are diverted into private bank accounts or simply not used to deliver social benefits.

A researcher for the Economic Commission for Africa observed that:

"…In sub-Saharan Africa, abundance of mineral resources can accelerate the route to poverty because, in many cases, human capital creation and accumulation is neglected, governments are not responsive to the needs of the poor, social infrastructure is weak, economic policy is dysfunctional, rent-seeking prevails, corruption reigns, public income is squandered by the elite in power and those close to it, and wars of attrition and conflicts are common. Above all, they state that growth levels are low, the type of growth and patterns of spending are not pro-poor and inequality is very high. This makes growth enhancing policies difficult to implement and poverty reduction difficult to achieve. Furthermore, they observe that poor people in mineral rich countries are more vulnerable and exposed to risks because those countries are more exposed to economic shocks due to their lack of diversification and the cyclical nature of commodity prices.[1]*"*

The tragic decline of the welfare of the general population in Nigeria while billions of dollars of oil wealth has been extracted from the delta is perhaps one of the most outstanding of examples.

2.3.2 Community and environmental impacts

Social and environmental impact mitigation and compensation procedures are well established in EI development processes. However, real and perceived impacts from extractive resource development on communities, their economies and the environments that they depend upon continue to generate strong reactions and conflict, especially among indigenous communities. A large influx of workers from outside of the area may not only burden local infrastructure, but also undermine social networks and governance structures while precipitating increases in crime and prostitution. When the relocation of communities is necessary for the development to proceed, conflict is even more likely. At the same time, degradation of the local environment - particularly water resources - have direct impacts on human health and the productivity of agriculture and other forms of traditional economic activity. Environmental impacts were a key driver that precipitated the conflict in Bougainville and they continue to be a major consideration in conflict management strategies.

CASE STUDY 3: Conflict with security forces in Cajamarca, Peru

The recent history of the conflict between security forces and local people at the MineraYanacocha mine in Cajamarca Peru highlights the potential for conflict in this domain. In Cajamarca, a local protest regarding the potential impact on water quality and quantity escalated into a violent confrontation with security services at the mine. One local was shot and killed.

MineraYanacocha initiated an investigation and engaged in negotiations with the community to address the issues that caused the protest. In follow up, the mine also had to review its security procedures in an effort to establish a more positive relationship between the mine security personnel and the local communities.

Source: 'Newmont Gold Company Sustainability Report, Beyond the Mine': http://www.beyondthemine.com/2006/?l=4&pid=4&pt=93&parent=16&id=314 Oct 2009.

Security forces brought into protect the development infrastructure pose particular challenges and sources of tension in communities. The local community may not be accustomed to the presence of security personnel and the private security forces may not be sensitive to the cultural traditions of the local people. In extreme cases, the private security forces may antagonize relationships between the development and the local population, especially in situations where the identity of the security personal may reflect or exacerbate pre-existing fault lines and tensions in the community.

In addition to effectively dealing with the range of potential impacts, assessment processes need to engage communities and stakeholders in a meaningful dialogue to address this conflict potential. This includes assessing the extent of the impacts, determining how to address them and managing the process of change and adaptation that may be required.

Where communities and stakeholders are alienated from the assessment process the chances of conflict and persistent social pathology are vastly increased. In extreme situations these impacts can be one of the direct causes of civil war as they were in Bougainville.

2.3.3 Gender-specific impacts

EI development can have significant negative consequences for both women and men. Some of the risks involved with EI projects have to do with negative impacts on women's safety and particularly protection from various forms of Gender-Based Violence (GBV). The concentration of large numbers of migratory, mostly young, male workers around EI developments can lead to an increase in prostitution and associated health and security risks, including HIV/Aids and other STDs, as well as human trafficking.

If local economies are disrupted, the traditional roles for both men and women can be undermined, breaking down social relations and resulting in increasing domestic violence and sexual abuse – often as a result of domestic disputes over

resources, changed lifestyle, alcoholism, drug use or gambling (and other forms of social pathology). The employment opportunities themselves can lead young people away from pursuing education and careers that may be more sustainable, or worse, the promise of prosperity associated with securing a high paying job may not be realized and the foregone opportunities difficult to recover.

Where other types of EI-related conflicts are generated, these problems can become more acute and additional impacts develop. The concentration of high numbers of young and active men also provide a concentrated recruiting ground for rebel movements, especially when the workers realize that the developments are unlikely to meet their economic expectations.

The EI can also lead to a loss of ownership or use of agricultural land, which can have similarly negative repercussions for women's income generation in contexts where women and female-headed households rely primarily on farming.

Apart from the risks detailed above, EI projects – if designed in a participatory and gender-responsive manner – can also benefit women. Improving women's access to employment opportunities in the EI and micro-credit services can have positive impacts if they are accompanied by broader socio-economic empowerment programmes i.e. education, including vocational training, promoting women's access to community decision-making, re-equitable distribution of EI benefits, etc.[2]

A recent publication by the World Bank entitled, *Gender Dimensions of the Extractive Industries*[3] explores the gender aspects of EI and concluded the following:

- **Employment and income:** while EI often create jobs, there are significant gender disparities in male and female access to – and types of – jobs. Furthermore, men and women typically prioritize and spend income quite differently, such that changes in income and employment can significantly impact investments in health, nutrition, and education at the household level

- **Environment:** EI operations often have substantial environmental impacts, including conversion of land away from traditional uses, as well as environmental changes and degradation. These changes can impact agriculture, as well as the time it takes to collect water, firewood, and food – often tasks associated with women – in addition to creating health implications that again often have greater ramifications for women, in terms of burden of care.

- **Community consultations:** Women are often left out of community decision-making processes, giving them less say in how EI resources are spent. Men and women often prioritize differently, and evidence indicates frequently more sustainable outcomes where women have more say in setting priorities for community investments.

- **Artisanal and Small-scale Mining (ASM):** Women often have specific and unique roles in ASM, which can create unique health and safety risks in artisanal and small-scale mining.

2.4 Mismanagement of funds and financing war

EI development can vastly increase government revenues. If institutional arrangements are not in place to manage this revenue in a transparent and accountable manner, there is serious potential for increased corruption, theft of funds and loss of opportunity to use this wealth to implement poverty reduction strategies including development of other sectors of the economy.

These circumstances can undermine the social contract between the state and civil society

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CASE STUDY 4: Timber revenues fuelled the conflict in Liberia

"In 1991, Liberian warlord Charles Taylor sponsored the invasion of Sierra Leone by the Revolutionary United Front (RUF), a rebel group whose brutal military campaign was characterized by mass amputations and systematic rape. Taylor not only provided material support to the RUF, but also sent his own troops to fight alongside them, both before and after he assumed the Liberian presidency in 1997. Taylor's support of the RUF was motivated at least in part by his desire to gain control of lucrative Sierra Leonean diamond fields less than 100 miles from the Liberian border. This interest undermined peace in Sierra Leone until 2001, and the Special Court for Sierra Leone later indicted Taylor for participating in a joint criminal enterprise "to take any actions necessary to gain and exercise political power and control over the territory of Sierra Leone, in particular the diamond mining areas.

In response to the role of the diamond trade in financing Charles Taylor and the RUF, the UN Security Council imposed sanctions on diamond exports from Liberia in March 2001. This increased pressure on the RUF, which laid down arms the following year, leaving over 200,000 people dead, more than two million displaced, and thousands maimed. As an unintended side effect of the sanctions, however, Charles Taylor switched to another natural resource – Liberian timber – as his main source of revenue. Reflecting the lack of coherence in the UN approach to natural resource-fuelled conflicts, it was another two years before sanctions were imposed on Liberian timber exports in July 2003. The following month, with his key funding source cut and rebel groups advancing on Monrovia, Charles Taylor went into exile in Nigeria."

Source: UNEP, 'From Conflict to Peace Building: The Role of Natural Resources and the Environment', UNEP, Geneva, 2009, p10.

as royalties from the development increase, dependence on individual tax revenues is diminished and the associated necessity to look after people's needs is overshadowed. There are numerous accounts of billions of dollars in revenues disappearing while national standards of living actually decline - despite the extraordinary wealth that is being generated by the EI development.

Belligerents involved in violent conflict periodically use wealth generated by the EI to purchase weapons and finances armies. The story of Liberian warlord Charles Taylor and the conflicts in Liberia and Sierra Leone exemplify this potential (see Case Study 4).

The examples of diversion of EI revenue into financing violent conflict are numerous and well known – e.g. Angola, Sierra Leone, Liberia, Democratic Republic of Congo, Cambodia, Afghanistan. The UN has played an instrumental role in efforts to curb this financing through sanctions and support for mechanisms such as the Kimberley Certification Process. These efforts aim to limit the transport and sale of the commodities – diamonds, timber, etc. – that have been used to finance violent conflict with some degree of success.

Unfortunately, however, the adaptive behaviour of warlords and criminals is often far more nimble than the processes required to implement sanctions, or to establish effective certification schemes. Another approach that UN and EU field agencies are in a position to support focuses on the money as opposed to the commodities. This approach builds on current efforts to curb the financing of terrorists by tracking and seizing funds that have been diverted from EI developments, and are destined for use in purchasing illegal armaments or financing other aspects of violent conflict.

2.5 Inadequate institutional and legal framework

Diversion of revenues for personal gain or to finance war efforts are symptomatic of the broader issue of the capacity of the institutional and legal

framework to manage the development of the EI for the benefit of the country as a whole. The effectiveness of this underlying institutional and legal framework has a significant impact on how the causes of conflict outlined above manifest. Even in situations where good legal frameworks are in place, these have little effect if the law is not upheld, if policies are not implemented or if individuals, companies and communities are not held accountable. In essence, this framework needs to ensure that the development proceeds in a manner that manages each of the potential conflict causes and ensures that they do not escalate out of control. In extreme cases, EI conflict contributes to a constitutional crisis that threatens the very fabric of the nation (e.g. Bougainville, Sudan, Aceh).

If the legal framework and associated institutional arrangements are not in place and capable of managing the conflicts associated with EI development, then these conflicts will manifest into serious challenges that undermine the potential benefits of the development and leave the country in a worse condition than when the development began. As a result, strengthening the institutional and legal framework in order to manage the development to produce sustainable benefits is a critical priority.

2.6 Unwillingness to address the natural resource question in peace agreements

Exercising control over EI is often a key strategic objective for combatants in order to secure finances for their war effort. Geographic areas where resources are extracted as well as transportation routes become of strategic importance in military campaigns (e.g. alluvial diamond fields in Liberia and Sierra Leone). And, in the months or weeks preceding a ceasefire there may be an increase in battlefield activity; the ceasefire will normally stipulate or imply that each side will, in the short-term at least, retain control over the land and resources they occupy at the time.

Where high-value natural resources have been a significant aggravating factor or a direct cause

of violent conflict, addressing these issues in the context of the peace process is likely essential in order to secure sustainable peace.

In these circumstances high-value natural resources may become key currencies within the peace negotiations. Before negotiations even begin, the parties may stipulate preconditions relating to their control over land and resources. These conditions can be linked to the willingness to disarm, which will likely be viewed as a higher priority. Unfortunately, this type of outcome can set the stage for renewed conflict in the future as the government of the country in question may attempt to gain control over these resources.

If unaddressed in the context of a peace process, however, extractives become a potential source of the next conflict. Indeed, issues of ownership, wealth-sharing and distribution etc. are fundamental and will have significant effects on the capacity to achieve post-conflict stability.

The different types of conflict causes and impacts outlined above can evolve at different scales, from the local through to the national and at times the regional or international (e.g. Liberia and Sierra Leone); they will therefore often require different strategic responses and preventative actions. Local level conflict arising from poor communication and inadequate benefit-sharing between an EI actor and local communities require a very different response than the conflicts that arise when funds are diverted at the national level, and the economy undermined by currency inflation. The following sections provide an intervention framework and an overview of interventions that have the potential to effectively prevent and respond to these conflicts.

Photo: Mohamed Yahya, Liberia

3 INTERVENTION FRAMEWORK

The various ways that EI development can contribute to conflict are dynamic and synergistic. Cases such as Bougainville highlight this complexity and the obvious challenges associated with addressing conflicts once they have escalated into violence and civil war. Unfortunately, practitioners do not usually have the opportunity to adopt a strictly preventative approach because, in many instances, the conflicts are already well entrenched.

A systematic and pragmatic approach that capitalizes on the entry points that present themselves is, therefore, essential. Key components of this are: the assessment; alignment of key actors for positive outcomes; and, the design of interventions that respond to the prevailing conflict causes and reflect the particular stage in the broader conflict cycle in which the interventions will be implemented.

3.1 Assessment

Many assessment processes and frameworks are already integrated into UN and EU systems. Rather than creating an additional one, a more practical alternative is to add an explicit natural resource and EI dimension into pre-existing ones. In fact, this process has already begun: both PCNAs and the assessments that contribute to the development and evaluation of UNDAFs include environmental dimensions. With respect to assessing the potential role of EI in both contributing to conflict and building a secure foundation for peace the following factors need to be integrated into assessments.

- **The value chain:** Where is the EI development in the value chain? If the development is in its early stages the opportunities to support the development of the requisite institutional and legal framework needed to manage the revenues, distribute the benefits and prevent the potential

conflicts and impacts are easier to seize, and should be a key strategic priority. The application of best practices as they relate to community and stakeholder engagement; benefit-sharing; economic, social and environmental impact assessment and mitigation; security forces; and gender impact mitigation should also be applied. Where the development is further along the value chain and conflicts are already manifest, then the opportunities for constructive intervention will be more narrowly defined by the institutional arrangements and practices that are already in place.

- **The conflict cycle:** Where is the country in the conflict cycle? If it is pre-conflict then conflict prevention strategies, including institutional strengthening and support for constructive engagement processes, are likely to be effective, provided that the relationship is supportive of the government. In the conflict phase the assessment needs to determine the extent to which extractives are already part of financing the war effort, or one of the underlying purposes for the conflict. If they are not part of financing the conflict then there may be opportunities to reinforce the capacity of industry actors to stay out of the conflict. If they are an underlying cause then it will be more important for the issue to be addressed explicitly in the context of the peace process. If the country is in the post-conflict phase then agencies may need to take on more of a leadership role to further assist the host country in responding to the conflict potential in order to steer the industries towards making a positive contribution to stabilizing the peace.

- **Institutional and legal framework:** To what extent does the existing institutional and legal framework address EI governance in a manner consistent with international standards of best

practice (e.g. IFC Standards)? What are the weaknesses of the existing framework, if any, and what can be done about them? In some settings the legal framework exists, but the institutions lack necessary capacity to implement the policies and programs associated with the framework. In others, legal development is required in order to provide a foundation and direction for government agencies. While legal development and capacity-building may be needed, the urgency surrounding any conflict situation may necessitate a more pragmatic approach that delivers resources directly in support of conflict resolution activities, leaving the legal and institutional development to a time when the crisis has subsided.

- **Scale:** Conflicts associated with EI development emerge at different scales depending on the circumstances. Conflict assessments need to consider all scales from the local level through to the national level, as effective conflict prevention at one scale can be undermined by conflict at another, and sustainable management requires prevention at all relevant scales.

Table 1: Scale and nature of potential conflicts

Scale	Nature of the potential conflicts
National	Conflict may arise because laws do not require local content provisions, environmental assessments, public participation, transparent revenue collection and/or management.
	Conflict may arise because of macroeconomic destabilization caused by resource revenues and currency fluctuations.
Regional	Conflict may arise over the distribution of revenues between the region and the state from the extractive industry developments.
	Conflict may arise over the distribution of authority to manage resources between the region and the state.
Local	Conflicts can arise over environmental and socio-economic impacts; inequitable distribution of benefits, costs, risks and responsibilities; inadequate involvement of communities and stakeholders in decision-making processes.

- **Relationships**: Who are the key actors? How do they interact with each other? Are best practices for engaging stakeholders being implemented? And if not, why not? As emphasized in the preceding sections, the patterns of engagement between the key actors in EI developments have a significant impact on whether conflicts are prevented and mutual benefits realized. Partnerships between national governments, companies, civil society organizations and communities are relatively common and a very positive indicator that conflicts are being prevented and mutual gains achieved. Where relationships are dysfunctional, constrained or conflicted, problems will either be evident or likely to manifest. The multi-lateral and neutral foundation of both the UN and the EU enables them to play an instrumental role in facilitating constructive dialogue and promoting productive relationships. From a strategic perspective, fostering the relationships that underpin sustainable development of extractive industries is a key priority.

- **Economic integration:** How well integrated into the EI supply chain are local businesses? Where EI developments have become part of the economic life of local and national communities, the potential for conflicts to be prevented and resolved is much greater. There are many means of achieving this type of integration - from direct employment to sourcing materials and services locally, to infrastructure construction and maintenance. UN and EU agencies have played a significant role in facilitating this kind of integration (e.g. Psi Tanzania described below); from a conflict prevention perspective this is clearly another strategic priority.

3.2 Coordination with other actors

While UN and EU agencies can make a significant contribution to conflict prevention and management by adopting the roles and achieving the objectives outlined in section four, these efforts may be fruitless

Table 2: Actors and their roles in strategic conflict prevention

National Government **Regional and local governments**	• Ensure the relevant government policy and legal framework is conducive to sustainable development and conflict resolution; that it is clearly understood by all parties, and that policy issues that arise during the development can be fed into policy development processes. • Adhere to international standards of best practices and participate in global initiatives such as the EITI. • Oversee and/or implement engagement processes that foster effective and mutually beneficial relationships between EI developers, communities and CSOs in keeping with best practices. • Participate in engagement processes to represent government policy direction and to assist in solving technical problems.
Extractive Industry	• Implement best practices as defined in global standards – IFC, Global Compact, EITI, Voluntary Principles, such as: • Establish collaborative and transparent relationships with communities and stakeholders that are oriented to addressing concerns and issues associated with the project. • Engage in partnerships with governments, communities and CSOs to ensure conflicts are prevented and in support of sustainable social investments that are in the public interest. • Build linkages to small and medium-size local and national enterprises to expand the local and national benefits associated with the development. • Ensure project information is accessible to all interested parties. • Establish grievance procedures to address specific complaints that may arise during project implementation. • Engage in problem-solving and negotiation activities in an interest-based manner. • Ensure security personnel develop respectful relations with communities and stakeholders in keeping with the Voluntary Principles.
Community stakeholders and local NGOs	• Develop transparent representation structures that ensure the full spectrum of community and stakeholder interests are expressed in engagement processes, and that constituencies are kept informed and effectively involved. • Establish collaborative and transparent relationships with EI representatives that are oriented to addressing concerns and issues associated with the project in a manner that serves the public interest. • Engage in problem-solving and negotiation activities in an interest-based manner. • Ensure that the company and security personnel understand how to engage with the community or organization in a manner that will foster respectful relationships.
Security services	• Ensure staff understand and implement the Voluntary Principles. • Ensure staff engage with communities and stakeholders in a respectful manner that also involves them in the process of addressing security issues.
National and International Non-Government Organizations	• Continue to support implementation and improvement in best practices: • Support effective working relations between the company, communities and other stakeholders including developing partnerships where appropriate. • Monitor the progress of the development and the engagement processes, and report on this in a manner that supports constructive problem-solving. • Participate directly in engagement processes and partnerships where appropriate.

if other key parties are not contributing to a peaceful outcome in a coordinated and constructive manner. UN and EU agencies may be in a position to advise these other parties on the role that they can and should play in helping to prevent conflict from arising. As such, working with other parties to ensure they play their potential roles is a strategic conflict prevention opportunity and priority. Some of the important roles that other parties can play are outlined in Table 1.

3.3 Intervention design

Once the state of EI development and the potential for conflict have been assessed, an intervention strategy needs to be designed and implemented, and the outcomes monitored. The interventions outlined in section four and the additional resources listed in section five provide information to be considered when developing and fine-tuning such a strategy so as to increase capacity and the likelihood of success. Three key principles and lessons learned from the field in designing interventions include:

- Use experience and case studies to stimulate thinking rather than as a template for how interventions and results should be structured. Each situation is different and interventions need to be tuned to the circumstances. Moreover, developing buy-in and ownership amongst the relevant parties is critical to success and their participation in intervention design sets the stage for this.

- Avoid completing design work in isolation of the affected parties. It is useful to have ideas on how interventions could be structured to discuss with the parties and it can be counterproductive if these ideas appear to be inflexible. Many successful interventions are designed and implemented in partnership with some or all of the interested parties that can deliver support and credibility.

- Expect unexpected events to dislocate work plans and search for ways to identify and capitalize on the opportunities that are created as a result. "Surprises" are the norm, not the exception. If the reaction to them is an inflexible reinforcement of the intervention approach from before the "surprise", then the potential for failure will likely increase. The stakeholders involved in the situation usually have no choice but to adapt to new "surprise" circumstances. Interveners who neglect to do this risk becoming further alienated from the parties they need to engage with.

Section Four below outlines specific roles and interventions that UN and EU agencies can deliver in order to support conflict prevention and conflict resolution in relation to the various conflict causes outlines in Section Two.

Photo: Mohamed Yahya, Côte d'Ivoire

4 CONFLICT PREVENTION STRATEGIES

The numerous cases where EI development and revenues have been associated with violent conflict, human rights abuses, environmental degradation and the disruption of community life have stimulated substantial effort by the international community to resolve or prevent these conflicts where possible. There are now numerous sets of principles, standards, best practices and public reporting procedures that provide a framework and practical direction for managing and preventing these types of conflicts. There is also an emerging track record of examples where the negative consequences of conflict are being reduced and prevented with mechanisms being put in place to manage them on an on-going basis.

UN and EU agencies in the field, as well as other organizations and practitioners, can play a variety of different roles in the implementation of conflict management and prevention processes. Firstly, they can contribute substantively to specific conflict prevention initiatives including:

- Provision of technical support to governments for institutional reform, capacity-building, and delivery of programs in keeping with international standards;

- Working directly with local organizations and businesses to capitalize on opportunities associated with EI development, and to address issues of concern.

Secondly, UN and EU agencies are well positioned to play a neutral role in convening, facilitating, mediating and coordinating support, and building the capacity and confidence of potentially conflicting parties to work together to address issues of concern. The sections below outline some of the potential interventions that UN and EU agencies can undertake to address the range of conflict factors outlined in Section two.

4.1 Effective engagement of communities and stakeholders

The problems associated with poor engagement of communities and stakeholders can either be prevented or addressed through meaningful engagement of local communities and the application of the principles that underlie the best practices referred to in this Guidance Note. While the underlying conflicts between development objectives and community values may generate real tensions, those tensions are far less likely to escalate into violent conflict if those affected can play a decisive role in the decision-making processes.

Most companies and governments understand this and the methodologies for establishing sustainable relationships between EI developments and those affected by them are now well known. Unfortunately poor engagement continues to be a serious problem either by design or by mistake, or because there is not sufficient capacity or trust to develop the necessary relationship-building processes. UN and EU agencies are very well positioned to assist in this area given their sustainability mandates and their multilateral foundation.

Key roles the UN and EU can play include:

➤ Provide a neutral forum for discussion: Simply providing meeting space for the parties to talk with each other can reduce the parties' - and their constituents' - fears and suspicions that the forum for negotiation is biased towards any of them or somehow "capturing" representatives.

➤ Provide facilitation or mediation support for the necessary communication and negotiation between the parties to enable them to resolve the issues in a manner that all can support.

➤ Partner in the participation process implementation activities, including taking on specific roles to increase process effectiveness.

➤ Provide information to increase all parties' awareness and understanding of what constitutes an effective participation process given the circumstances and international standards.

➤ Provide capacity-building support to increase the parties' ability to deliver and participate in effective engagement processes.

➤ Provide oversight and auditing support based on international standards of best practice to increase all parties' confidence that the participation processes are, and will be seen to be, legitimate.

Each of these roles can help to build confidence in the idea that the engagement will not be fruitless, or worse – a diversion, a strategy to co-opt or an effort to create divisions. By helping the parties to trust the process of engagement even if they do not trust each other, UN and EU agencies can help them access an expanded set of problem-solving options and avoid the inevitable conflicts that arise when there is no meaningful engagement.

4.2 Equitable benefit-sharing

Under the right conditions, EI development can provide significant benefits to communities and regions in the form of infrastructure, employment, contracting opportunities, and general economic development. These benefits can be provided to communities and regions as a whole as well as to specific communities and individuals. If these benefits are consistent with community interests, and are perceived to be delivered fairly, they can help prevent conflict and compensate for the environmental and social impacts of the development. Many corporations and governments are seeking to achieve these outcomes in developing countries - with and without support from the UN, EU and other international and civil society organizations.

For example, the oil and gas company Nexen worked towards improving the delivery of benefits to the people of Yemen by working in partnership with the Government of Yemen, communities, and stakeholders.

An essential part of the developing successful benefit-sharing arrangements between the EI and local communities is the establishment of an effective, interest-based dialogue and negotiation process that they can trust and have confidence in. The UN, EU and other agencies may be able to fill this process void by offering to provide a neutral forum for dialogue and impartial facilitation and mediation resources to support the exploration of potentially mutually beneficial arrangements.

In addition to providing facilitation services, mediation support and a neutral forum for dialogue, information and case examples of benefit-sharing arrangements developed elsewhere can support a solutions-oriented perspective amongst the parties. If a neutral party such as the UN or the EU provides this information, it is less likely to be perceived as a tactic that is intended to achieve a particular outcome in the negotiations. Initial access to these case examples can be through the public reporting requirements of initiatives like the Global Compact, and the International Council on Mining and Metals (ICMM) Sustainability initiatives. These resources document how companies define their progress towards more peaceful and beneficial EI development, including specific examples of benefit-sharing arrangements. The verification procedures associated with these reporting processes - and the fact that many of the case examples can be cross referenced with the civil society organizations, international organizations and communities that are involved - helps to verify the accuracy of the information reported.

Key roles the UN and EU can play include:

➤ Provide a neutral forum for discussion and negotiation to reduce the parties' and their constituents' fears and suspicions that the forum for negotiation is biased towards any of them or somehow "capturing" representatives.

> **CASE STUDY 5: Nexen in Yemen: working in partnership with local communities**
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> "Nexen's training and 'Yemenization' programme is designed to increase the percentage of Yemenis in the company's workforce by recruiting and engaging them in formal training and development. With high unemployment and a minimum of technical opportunities in the area, recruitment is managed through an operating committee, which ensures the fair and equitable allocation of positions to qualified individuals. Nexen's human resources and social responsibility teams work closely with the Governorate and the Oil Ministry's Yemenization manager to advertise, test candidates and fill positions as they become available."
>
> Source: 'Oil Industry Workforce Development in Yemen: In Partnerships in the Oil and Gas Industries,' IPIECA Publication, Oct 2009, pp. 42-43.

➤ Provide mediation support to enable the parties to explore alternatives they may not be able to explore without assistance, and to assist the parties' in documenting agreements in a rigorous manner.

➤ Provide case examples and other relevant information to expand the potential for discussions/negotiations to maximize mutual benefit through consideration of alternative approaches that have been successfully implemented elsewhere.

4.3 Mitigating negative economic, social, environmental and gender issues

Economic, social and environmental impact assessments and management procedures have evolved substantially in recent years, and there are now substantial international standards that provide direction in resolving these issues proactively.[4] Many international financial institutions now subscribe to the *Equator Principles*, which include a requirement to identify and address environmental and social impacts in order to qualify for financing.[5]

The hallmarks of these best practices include:

• Early and effective engagement of affected communities and stakeholders including consulting with them on the scope of the assessment;

• Integrated consideration of economic, environmental and social impacts including consideration of alternative development scenarios, cumulative impacts, and adaptive management requirements; and,

• Linkages between impact assessment and the negotiation of benefit-sharing arrangements/ compensation measures: this needs to be supported by continuous, transparent, and effective engagement of communities and stakeholders, leading to agreement on mitigation and compensation measures broadly supported by those that are affected by the development.

4.3.1 Employment and private sector development

Creating local employment within EI developments and within the small and medium size companies that service them is an important part of a strategy aimed at maximizing the local and national benefits of EI development. Three effective types of intervention are evident from the abundance of research and case studies on addressing the resource curse and stimulating improved linkages between businesses and EI development.

• Support for improved governance, including:

   o Transparent revenue management and investment in socially beneficial outcomes particularly in the local areas experiencing the impacts from EI.

o Effective macroeconomic management to address the potential negative impacts of inflation and currency changes on other sectors of the economy.

o Development of EI legislation and taxation policy that both attracts industry and ensures local content and environmental impacts are adequately addressed.

- Support for development of partnerships between the government and the developer that provide for increased benefits and capacity development within the host country (e.g. Botswana Diamonds).

- Support the development of/and engagement in partnerships and collaboration between governments, international agencies, and companies to increase the linkages between small and medium size enterprises, and the supply chains associated with the development (e.g. business linkages program in Tanzania).

Experience with business linkages programs and clustering of services has demonstrated that major progress can be achieved in securing the potential benefits of EI development can play an important role in expediting this; furthermore, it has become evident that EI companies have considerable experience and programs dedicated to cultivating business linkages. The business cluster strategies implemented in Chile and the business linkages program implemented in Tanzania exemplify this potential.[6]

CASE STUDY 6: Understanding Botswana's success

"Botswana is widely perceived as a model of the successful management of natural resources for development. Since the discovery of diamonds in 1967, diamond revenues have helped fund investments in infrastructure, education, health and other development programs. Private companies in which the Government has significant shareholding mine the diamonds. The largest operator is Debswana, in which De Beers and the Government of Botswana are equal partners. Although the revenue sharing agreement between the two partners is confidential, some analysts estimate that the Government takes approximately 75 percent of the profits through taxes, royalties and dividends. According to one study, Botswana's success can be attributed to:

- A stable political system that values honesty, transparency, accountability and commitment to citizen welfare;
- A stable socio-political environment enabling properly regulated extraction, processing and marketing of national resources;
- A fiscal environment whose monetary laws, taxes, inflation levels and financial management attract foreign and local investment;
- Sound partnerships between government and the private sector, underpinned by a mutual commitment to the sustainable utilization of resources;
- Traditional concepts of dialogue, as embodied in the use of kgotla (village councils) and commitment to consensus or kogisano (social harmony) continue to have an important influence on political processes; and
- Through various economic policies, Botswana has been able to limit external debt, stabilize growth and encourage economic diversification.

In 2006, De Beers and the Government of Botswana signed an agreement to establish a new company – Botswana Diamond Trading Company – that will sort, value and market diamonds. These functions were previously carried out in London. Diamonds will also be cut and polished in Botswana in the future. These initiatives are expected to create new jobs and increase the diamond industry's contribution the country's economy."

Source: Bryan, Shari and Hofmann, Barrie, 'Transparency and Accountability In Africa's Extractive Industries: The Role of the Legislature', National Democratic Institute for International Affairs, 2007. p. 44

Key roles the UN and EU can play include:

➤ Partnering to support institutional development and capacity-building within host governments to: establish the necessary institutional, legal, policy and capacity to manage and allocate revenues from EI; establish and maintain stable macroeconomic conditions to support sustainable growth in the economy; create a legal and regulatory framework that attracts investment and ensures local content and environmental impacts are adequately addressed.

CASE STUDY 7: Research findings and case studies from The Resource Endowment Initiative

The Resource Endowment Initiative is a major research initiative of the ICMM that has been underway for several years. A key focus of the initiative is identifying how extractive industries can contribute more substantially to developing countries. The research identified three main factors that supported improved outcomes from extractive industry development:

- Reformed (and more predictable) mineral legislation;

- Significantly improved macroeconomic management; and

- Improvements in some dimensions of governance.

In terms of the latter, most countries had raised their governance scores to a degree (measured against six composite governance indicators compiled by The World Bank).

In Ghana there is evidence that mining was able to respond more quickly to the economic and governance reforms started in 1983 than most other industries. This may be because gold mining, in particular, needs relatively little in terms of established physical infrastructure or a robust domestic market because the gold is mostly exported. Whatever the reason, mining has been the biggest source of Foreign Direct Investment (FDI) - bringing in over $5 billion since 1986, and constituting 10-17% of tax revenue - and has also overtaken cocoa as the leading export earner.

In Chile, where mining accounted for a third of FDI from 1974 to 2004, there have been both major gains in prosperity and falls in poverty (the number of people living in poverty has almost halved since 1990). Most significantly, poverty reduction has been greatest in mining districts: in the Antofagasta region, for example, there was a 60% drop between 1990 and 2003. The mining industry has also established unusually strong linkages with the local economy, with a flourishing local supplier base - partly the result of deliberate policies by the mining firms and the government to encourage such a 'mining cluster'.

In Peru, where $8.9 billion has been invested in mining since 1992 and where the industry employs some 350,000 people directly or indirectly, the evidence suggests that mining has had a significant role in kick-starting the economy since the early 1990s. While other industries have struggled to become established, basic macroeconomic and policy reforms, such as those in Ghana, have allowed mining to become a successful industry, with firms also contributing to infrastructure development and basic services in their areas of operation.

Finally, Tanzania has followed a similar pattern, albeit with reforms which began at a later stage: a basic package of macroeconomic stabilization together with reform of mineral legislation has recently encouraged significant new mining investment (mining has comprised over 75% of FDI since 1996). During the same period, mining added 0.3-0.4% extra GDP growth each year. Non-mineral growth in Tanzania has also been both positive (as in the other case-study countries) and also higher than other countries in the region.

Source: 'Resource Endowment Initiative', Spotlight Series, ICMM, October, 2009.

➤ Supporting the development of partnerships between foreign companies and host governments to enhance the potential for the host country to benefit from the development while also building local capacity to manage the EI.

➤ Delivering programs and engaging in collaborative efforts to develop business linkages and clusters associated with EI development to enhance the potential for the host country to benefit directly from the development while building new industrial bases for long-term sustainable development.

4.3.2 Supporting indigenous communities

EI development projects often have significant impacts on indigenous populations whose culture and traditions are quite different from those of the national culture. Both national governments and other stakeholders are now challenged to engage with indigenous cultures in a manner that is consistent with the recently adopted Declaration on the Rights of Indigenous Peoples.

The implications of these international legal norms create significant additional obligations, especially if an EI development is going to occur within the

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CASE STUDY 8: Private sector initiatives in Tanzania

"Closing the huge gap between small enterprise and large businesses and creating sustainable procurement partnerships between large corporations and local Small to Medium Enterprises (SMEs) are just two of the positive outcomes of the Private Sector Initiative and Business Linkages Program (Psi) in Tanzania. Indirect benefits of the pilot programme include: increasing sustainable livelihoods, improved skills, increased employment and income opportunities (particularly for women), and improved access to better quality goods for the local population. Introduced in 2002 with BLCF support, Psi is now deeply entrenched in the country and key players in the Tanzanian economy regard it as a developmental model with enormous potential.

In the partnership's first three years, the original eight participating companies grew to 17 and their total annual sourcing from 500 local SMEs grew 43 per cent from $21 million to well over $50 million. In addition to the creation of a Tanzanian Small and Medium sized Enterprises (SME) supplier database, Psi created a number of tools especially tailored to conditions in Tanzania, including an SME accreditation system, a reporting format for corporate spend – which is being used as a diagnostic tool.

According to the partners, two factors were critical to the project's favourable outcome: the buy-in of the chief executives, led by the then CEO of BP Tanzania, and the active facilitation by SBP, a knowledge-based organization with extensive experience in business linkages and sustainable development in Africa. The Psi model pioneered by SBP provides large companies with a vehicle for collaborating with each other as well as with donor agencies and government in order to promote a more joined-up economy. The participating corporations make up a core knowledge-based network, sharing information, insights and methods, especially in supplier development and outsourcing, but also in relation to wider local enterprise development.

Just one example of Psi-led market development in Tanzania is in printing. Before Psi began, there was one fairly undeveloped local printing company in Tanzania – there are now four highly skilled and sophisticated ones, all competing for high-quality supply contracts, and not just in Tanzania. The project's success – and its recognition by the UN, UNCTAD, DFID, the AU and the Tanzanian Government – is evident in the fact that the Psi is now being rolled out in Malawi with Kenya and Uganda."

Source: Prescott, Dave, (2009).

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traditional territory of indigenous people. For example, conflicts between the statutory tenures and concessions of states, and the customary rights and ownership of indigenous people living in the state are common. EIs are often positioned between the two; when their statutory rights are in conflict with the customary rights of indigenous communities they need to develop good relations in order to successfully develop their project. International norms and best practice guidance for engaging with indigenous cultures are well developed and continue to evolve.

Key features of this guidance include: establishing relationships built on mutual understanding and recognition of traditional rights and culture before engaging in business or community development tasks; establishing culturally appropriate engagement processes that enable free, prior and informed participation, consultation and consent of the indigenous communities in a manner that is

consistent with their decision-making processes; recognition that the indigenous community may need to engage in the development and derive benefits from it, while simultaneously preventing the development from compromising traditional values, livelihoods and sacred places.

Notwithstanding the challenges associated with successfully implementing EI developments in a manner that respects the aspirations and cultures of indigenous people, there are numerous examples where this is occurring in Bolivia, Papua New Guinea, Canada and countries across the African continent.

UN, EU and other field-based development agencies are well positioned to help bridge the cultural and knowledge gap between EI proponents and indigenous cultures by promoting these norms and practices and facilitating their implementation.

CASE STUDY 9: Declaration on the rights of indigenous peoples and the IFC performance standards on indigenous people

Article 26 states: *"1. Indigenous peoples have the right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired.*

2. Indigenous peoples have the right to own, use, develop and control the lands, territories and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those which they have otherwise acquired.

3. States shall give legal recognition and protection to these lands, territories and resources. Such recognition shall be conducted with due respect to the customs, traditions and land tenure systems of the indigenous peoples concerned."

Source: Adopted by General Assembly Resolution 61/295 on 13 September 2007

The IFC Performance Standard 7 on Indigenous People provides the following introduction: *"Performance Standard 7 recognizes that Indigenous Peoples, as social groups with identities that are distinct from dominant groups in national societies, are often among the most marginalized and vulnerable segments of the population. Their economic, social and legal status often limits their capacity to defend their interests in, and rights to, lands and natural and cultural resources, and may restrict their ability to participate in and benefit from development. They are particularly vulnerable if their lands and resources are transformed, encroached upon by outsiders, or significantly degraded. Their languages, cultures, religions, spiritual beliefs, and institutions may also be under threat. These characteristics expose Indigenous Peoples to different types of risks and severity of impacts, including loss of identity, culture, and natural resource-based livelihoods, as well as exposure to impoverishment and disease".*

Source: http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards. Accessed October 2009.

Key roles the UN and EU can play include:

➤ Providing information: Ensure all parties are aware of international legal norms and best practices – e.g. UN Declaration, ILO 169, IFC Standard 7; ensure all parties are aware of practical and positive examples of relationships between EI developments and indigenous people from various parts of the world.

➤ Providing a neutral forum for discussion and negotiation

➤ Providing mediation support: Enable the parties to explore alternatives they may not be able to explore without assistance; assist the parties in documenting agreements in a rigorous manner.

4.3.3 Dealing with security forces

In response to the human rights abuses and risks associated with the use of private security firms in the EIs, companies, governments and NGOs collaborated to develop the Voluntary Principles (VPs). Established in 2000, the VPs on Security and Human Rights provides guidance to EI companies on maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms. The VPs are the only human rights guidelines designed specifically for oil, gas, and mining companies.[7]

Since they were established, participating companies have made some progress towards implementing these principles. "Participants have found the greatest implementation challenge to be engagement with host governments regarding public security. The participants have attempted to overcome this by leveraging the multi-stakeholder nature of the initiative and taking a coordinated approach to implementation known as "in-country working groups," comprised of various companies from the energy and extractives sectors along with national government participants.

In-country processes have already been established in Colombia and Indonesia. Several companies involved in the Indonesian process have already signed Memorandums of Understanding with

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CASE STUDY 10: The Chaco wilderness and pipeline development

"Bolivian environmental and indigenous rights organizations negotiated the establishment of a protected area in the Chaco wilderness - The Kaa-Iya del Gran Chaco National Park. The drive to establish the park arose from concerns regarding the continued encroachment of agriculture into the Chaco which is home to many rare and iconic species (jaguar) as well as to the Izoceño indigenous society. Historically, the Chaco dry forest spanned across regions of southeastern Bolivia, Paraguay, northern Argentina, and Brazil, but much has been lost in recent years to agriculture and ranching. The Capitania de Alto y BajoIzozog (CABI), an organization that represents the Izoceño recognized that unless stemmed, the agricultural frontier would encroach into lands of the Chaco they deem as culturally and economically important.

The New York based Wildlife Conservation Society joined forces with CABI beginning in 1991, helping the organization tackle the technical and administrative challenges of establishing a protected area. The collaborative effort paid off: the Bolivian government established the 3.4 million hectare Kaalya del Gran Chaco National Park in 1995 and partnered with CABI to manage it. Subsequently pre-park plans to develop a gas pipeline through the park area gained momentum. The pipeline is owned by a consortium of companies under Gas TransBoliviano and the Brazilian Gas Transport Company. With the support of WCS, CABI negotiated an agreement that compels the pipeline companies to accept responsibility for the impact of their operations on the local people and lands along the pipeline route. Among other things, the agreement includes a trust fund that helps pay for the park's operations and a land titling program that allows the local indigenous people to secure title to their lands adjacent to the park."

Source: Roach, John, 'Unique Bolivia Park Begun by Indigenous People,' National Geographic News, January 13, 2004.

regional police forces. The Colombian process reached a milestone when the Colombian Ministry of Defense agreed to include a commitment to the Voluntary Principles in agreements between Ecopetrol, the State-owned oil company, and the Colombian armed forces to provide protection for oil operations. In addition, the Colombian process has developed a draft set of best practice guidelines for risk assessment, and initiated a series of on-going best practice exchange workshops.[8]

Key roles the UN and EU can play include:

➤ Partner in delivery of training on the VPs to help ensure that security personnel, local police and host governments follow this guidance and as a result reduce the potential for conflict between EI security and local people and workers.

➤ Support development of positive relationships between security personnel and communities in specific EI development situations.

4.3.4 Addressing gender impacts

More attention needs to be dedicated to gender issues in order to prevent and resolve conflicts associated with EIs. Not only do the impacts on women and men need to be carefully assessed and addressed, but also the differing roles that woman and men can play in implementing sustainable solutions need to be incorporated into intervention strategies. An essential first step involves incorporating women - who are usually excluded from such processes - and men with gender expertise into conflict assessment and intervention design and implementation processes. This can ensure that both risks and benefits of EI projects are assessed from the start.

Key roles the UN and EU can play include:

➤ Ensure that gender experts (both men and woman) are directly involved in conflict assessment/analysis and intervention design and implementation.

➤ Engage women and men's organizations in local communities in the conflict assessment, and project design and implementation process

➤ Support and develop community security initiatives that pay particular attention to protecting women from GBV around EI project sites, i.e. develop training for security forces, support community security monitoring and early warning.

➤ Strengthen the local justice system to criminalize all forms of GBV, to ensure cases are referred to the formal courts and not subject to 'mediation' between perpetrators and victim. This will help to ensure the local justice system is a more effective means of deterrence. Link with justice sector reform programmes to ensure: adequate legislation criminalizing all forms of GBV is in place; that judges and police are trained in gender-sensitive investigation for the prosecution of GBV; that proof of evidence is reasonable; that perpetrators of GBV are not released on bail; and that free legal aid is provided to women survivors of GBV.

➤ Link with programmes supporting women's sexual and reproductive health rights, access to psychosocial counselling for survivors of GBV.

➤ Invest in enhancing women's capacity to be competitive in gaining employment in the EI sector.

➤ Invest in social programs to alleviate some of the traditional burdens on women and offset some of the impacts of EI.

4.3.5 Addressing environmental impacts

Projects that create serious and irreversible environmental impacts are very likely to generate conflict; the potential for conflict is heightened in situations where the natural resources in question are highly valued by local communities and stakeholders. While the trade-offs may appear worthwhile from an external perspective the capacity of these impacts to fuel escalating conflict is very real. Water resources are often at the nexus between environmental impact and conflict as community interests in water are so varied and so often absolute. A participatory assessment process is a key starting point for managing environmental impacts. Furthermore,

as outlined above, this assessment needs to integrate analysis of social and economic linkages and dovetail with the development and negotiation of management, mitigation and compensation strategies. These may include but are by no means limited to:

- Avoidance of certain impacts where the values at stake are too high and likely to take on iconic significance in terms of the legacy of the development;

- Ensuring that the priorities given to protecting key environments, mitigating specific impacts and providing compensation reflect the interests of those that are most affected and concerned.

- Engaging stakeholders in the monitoring and management process;

- Restoring ecosystems that may have been previously degraded as a form of compensation.

Key roles the UN and EU can play include:

➤ Providing expertise to the stakeholders and the developer to support assessments and the development of strategies to address the impacts;

➤ Investing in environmental mitigation and compensation measures that go beyond the scope of the companies obligations and capacity, but still serve to reduce the burden of the development on stakeholders; and,

➤ Supporting capacity building for on-going monitoring and management.

4.4 Transparent and effective management of revenues

EI development may result in massive increases to government revenues. If improperly managed these increases can stimulate corruption and undermine the stability of the government. The severity of these problems in the recent past inspired national governments from around the world, multi-national corporations and international agencies like the

World Bank to establish the EITI which is dedicated to supporting transparency in the payment of fees from EI to governments (see additional resources section below).

Through the EITI, companies publish what they pay to governments and governments publish what they receive; additionally an independent audit is undertaken to assess any discrepancies between these accounts. EITI is being implemented in many African countries and several other parts of the world. There are currently 28 candidate EITI countries and two compliant countries.

In addition to promoting the EITI, UN and EU agencies can provide technical assistance to help governments increase their capacity to manage revenues from EIs in a manner that prevents an escalation in corruption and delivers more social benefits to the population. A comprehensive program of legal and institutional development was implemented in São Tomé and Principe in anticipation of significant revenues from recently discovered oil.

Beyond assisting governments with improving transparency and management of revenues, UN and EU agencies are also well positioned to assist in planning investments that will yield sustainable social benefits and improved socioeconomic conditions through country assistance development programs. In addition, these agencies can support the development of the media, which indirectly reinforces good governance. A vigorous and diverse mass media is an essential cornerstone of a free and open society, and helps to establish and maintain transparency. Strengthening their capacity and independence thus becomes a critical component of efforts aimed at ensuring that revenues are invested in the public interest.

Key roles the UN and EU can play include:

➤ Promote the implementation of EITI to increase transparency in revenue management, thereby reducing potential for corruption and setting the stage for effective revenue allocation and investment planning.

- Support institutional and legal development and capacity-building to enable host governments to manage revenues in a transparent and effective manner.

- Deliver development programs that encourage reinvestment of EI revenues in sustainable development.

- Support the development of investigative and reporting capacity of the media to strengthen media's capacity to make diversion of funds public while also reinforcing the flow of funds into investments that serve the public interest.

In addition to trying to prevent transactions through sanctions and seizing the funds when extractive industry proceeds are being diverted into financing violent conflict, UN and EU agencies are uniquely positioned to help companies reduce their potential to inadvertently exacerbate violent conflict.

There are examples where EI companies have been accused of complicity in acts of war and human rights abuses due to their relations with rebel movements or the governments of concern. There is an emerging body of best practices for industry to follow in avoiding these situations and UN and EU agencies can assist companies in developing capacity in this regard.

Key roles the UN and EU can play include:

- Support Expert Panels investigation regarding the potential application of sanctions.

- Support UN and EU efforts to track and freeze funds that may be used to finance violent conflict.

CASE STUDY 11: São Tomé and Príncipe

In São Tomé and Príncipe extensive work went into the preparations of a legal framework concerning oil revenues management in order to prevent this new revenue stream from stimulating corruption and conflict. Key Features of São Tomé and Principe's Revenue Management Law include:

- An independent commission, including executive branch, legislative (including ruling and opposition party) representatives and civil society, will oversee implementation of the law.

- All oil revenues are to be deposited in a National Oil Account to be held by an international custodial bank.

- To ensure fiscal discipline, withdrawals from the National Oil Account are limited by amount (as a percentage of the Account balance) and frequency. Borrowing against the Account is prohibited.

- A portion of oil proceeds will be set aside in a Permanent Fund and invested to create an "endowment" for use after oil resources have been exhausted. A committee, comprising legislative and executive representatives, determines the investment policies for the Permanent Fund. To guard against conflicts of interest, investment in São Tomé and Príncipe or enterprises in which the island's citizens are involved is prohibited.

- All withdrawals, revenues and holdings of the Oil Account and the Permanent Fund are subject to mandatory public disclosure. Confidentiality clauses in contracts in the EIs are illegal.

- The National Oil Account is subject to annual audit by the national audit chamber and by international independent auditors. The results of the audit must be shared with the oversight commission, various public officials and a public information office.

- The legislature is required to hold an annual debate on oil and gas policy and the audit reports. These sessions must be open to the public and should be preceded by public consultations with civil society.

Source: Bell, J. C. and Faria, T.M., 'Sao Tome and Principe Enacts Oil Revenue Law, Sets New Transparency, Accountability and Governance Standards', Oil, Gas & Energy Law Intelligence, Vol. 3, Issue 1, March 2005.

➤ Educate EI companies to help ensure that they do not inadvertently support violent conflict and become involved in human rights abuse.

4.5 Strengthening the institutional and legal framework

All of the strategies outlined above are directly or indirectly dependent upon the institutional and legal framework that governs EI development and management. UN and EU agencies can and do play an important role in supporting the development of this framework as part of assistance strategies. Each of the conflict dimensions addressed in sections two and four have a country specific legal and institutional context. These assistance strategies need to focus on areas where this context is not conducive to conflict management and prevention, or where implementation is lacking.

At the most fundamental level a new national compact related to extractive resources may need to be negotiated as part of a constitutional accord in order to maintain peace and stability. This is particularly the case in divided societies, where ethnic, linguistic, and/or religious differences align with real or perceived inequities in the distribution of the resources and the impact associated with their development.

An important first step in addressing EI issues in this context is separating notions of ownership from responsibilities for management and distribution of benefits.[9] This expands the potential for solutions whether the goal is a comprehensive peace agreement (as outlined above), a new constitution or the prevention of a conflict that may undermine state stability and break out into war. Treatment of natural resources in a constitutional context is becoming more common and more necessary, particularly in resource-rich and conflicted states where adversaries are seeking peaceful coexistence founded on a new national compact.

Given the special procedures usually required to amend constitutions, once amended they tend to provide an enhanced level of certainty that agreed upon commitments regarding ownership, management control and benefits distribution will be delivered in a consistent manner. Asymmetrical constitutional arrangements for NRM and revenue distribution – giving differential legal treatment to different regions within a state - are often necessary in order to preserve national unity or at least the potential for it (e.g. Bougainville, Aceh, South Sudan pre independence).

Key roles the UN and EU can play include:

➤ Providing expert support for legal development: assist the country in establishing a legal framework that will prevent conflict and foster sustainable development of EI.

➤ Providing capacity-building support: increase the capacity of local institutions to deliver EI governance in a manner that reflects international standards.

➤ Providing mediation support to constitutional negotiations: Establish an enduring foundation for NRM and distribution of the associated wealth that maintains national unity.

4.6 Incorporating high-value natural resources into peace processes

Addressing extractive resources in a peace process may be essential to both developing an agreement and sustaining the peace that flows from it. While the parties may have a tendency to frame extractive resource issues in terms of ownership, this perspective limits the potential for lasting solutions. Experience has demonstrated that addressing questions of management control and distribution of revenues separate from ownership can significantly reduce the challenges associated with negotiating ownership in its entirety (e.g. Sudan Peace Agreement). Ironically, a peace process often affords the opportunity to create a new constitutional arrangement that can address these structural issues that may have been one of the underlying causes of hostilities in the first place.[10]

Key roles the UN and EU can play include:

➤ Ensure mediators are well versed in natural resource issues or provided with the necessary technical support: provide full information on contentious issues, valuable lands, and the potential for multiple claims over such resources; this will help avoid dubious or unworkable arrangements being unknowingly made during the course of the negotiations.

➤ Bring in outside expertise into the peace process where possible; 'technicising the debate' can help de-politicise the issue and re-ground expectations in a more realistic assessment of the situation; parties are also often more likely to accept a proposition from an outside 'neutral' expert, than from the parties themselves.[11]

➤ Offer support for the reintegration of lands where natural resources are present into a national tenure system: lands controlled by different groups during the course of a conflict may evolve into separately governed lands if efforts are not made during the course of a peace process to integrate these into the national administration. Mechanisms and timeframes should be specified in the peace agreement itself were possible to ensure this takes place.

➤ Assess early on whether natural resources are too sensitive to be treated fully within the space of a peace agreement, recognizing that every effort should be made to address these issues within the context of the peace agreement. When too sensitive, volatile, or complicated however, parties can agree to address the issues at a later date. In such circumstances, the peace agreement should outline the mechanisms and timeframes in which these issues will be addressed. For example, a peace agreement may mandate the establishment of a land commission, comprised of representatives from the different sides in a conflict and with third party support.

➤ Disaggregate natural resource issues as much as possible: it is sometimes helpful for a mediator to extricate issues that can be dealt with easily and relatively quickly within the space of a peace process, and those which will need a more focused approach at a later date. In cases where addressing natural resources is likely to destroy an accord, such an approach can be particularly useful. The mediator, however, should be aware that agreement early on concerning 'easy' issues might limit solution-building later when the difficult issues are worked on.

Photo: Mohamed Yahya, Guinea

5 ADDITIONAL RESOURCES

Internal resources within the UN and EU were made into an inventory as part of the development of these Four GNs. The results of this inventory are fully documented in *'EU-UN Partnership: Strengthening Capacities for the Consensual and Sustainable Management of Land and Natural Resources'*. The following capacities were identified directly in relation to natural resource conflict resolution.

5.1 UN and EU Resources

- The **DPA** has established a Mediation Support Unit (MSU) and a stand-by team of mediation experts. MSU provides technical support to UN agencies and missions in conflict prevention and mediation process design and implementation.

- **UNDP, DPA and DESA** are supporting consensus-building on how to use natural resource wealth (Nigeria, Liberia, São Tomé and Principe) and have established structures for local level land and natural resource conflict management (Guatemala, Kenya, Ghana, Nigeria, Sierra Leone, Sudan, Bangladesh, Indonesia, Nepal).

- UNDP plays a major role in integrating land and NRM issues into the development process. A considerable number of field missions have integrated environmental aspects and especially land and resource issues into the development agenda. At the agency level, the **UNDP Bureau for Crisis Prevention and Recovery (UNDP-BCPR)** is involved in assisting countries with natural wealth management and land conflict issues on the local and national level (partner countries: Guatemala, Ecuador, Bolivia, Ghana, Nigeria, Sierra Leone, Liberia, Sudan, Kenya, Mali, São Tomé and Principe, South Africa, Bangladesh, Indonesia, Fiji).

- The **World Bank** acknowledges NRM as a potential source of conflict and addresses this nexus from an Alternative Conflict Management perspective. The Bank has experimented with these approaches in dealing with disputes over management of forests and pastures and other natural resources (e.g. under the land titling programs).

- The **Kofi Annan International Peacekeeping Training Centre (KAIPTC)** provides information on "Conflict Prevention, Management and Resolution Department". It investigates the potential of NRM (especially oil) to reduce conflict potential in West Africa.

- **The United Nations Capital Development Fund (UNCDF)** has expertise concerning local-level public and private sector investments in NRM and environmental protection. In its Strategic Results Framework (2000-2003) UNCDF listed the improvement of sustainable livelihoods of the poor through enhanced productivity, as well as increased access to, and local management of, natural resources as one priority. In 2000 the fund organized a workshop on local development and decentralized management of natural resources in West Africa that also addressed the conflict linkages. UNDCF is furthermore involved in programs/projects in post-conflict and recovery situations (Burundi, Liberia, Southern Sudan, Democratic Republic of Congo, Somalia, and Djibouti, among others).

- **The United Nations University - Institute for Natural Resources (UNU-INRA)** in Ghana provides publications and Training on NRM in Africa. In 2007 UNU-INRA partnered with UNU-WIDER to collaborate on topics such as: food security; NRM; land tenure; natural

resource competition and conflicts; and to factor the possible effects of climatic change into development policies. In addition, UNU-INRA has developed a project component entitled 'Enhancing human security through developing local capacity for holistic community-based conflict prevention in northern Ghana' (2007). It will be coordinated by UNU-INRA and conducted jointly by UNU-INRA, the UNDP Human Security Unit in Accra and the Peace and Governance Program at UNU Centre, Tokyo.

- Regarding business linkages to better capture the benefits of EI development see the International Finance Corporation business linkages program, UNDP's Growing Inclusive Markets initiative.

- **EC-UN Partnership: Strengthening Capacities for the Consensual and Sustainable Management of Land and Natural Resource – A Capacity Inventory:** an inventory of resources to strengthen the ability of national stakeholders and their UN and other international counterparts to: analyse, prevent and resolve disputes over land, water and natural resources; to minimize tensions over natural resources; and to develop sustainable solutions to achieve peace.

- **EU FLEGT: Forest Law Enforcement, Governance and Trade, the EU Action plan:** The EU FLEGT Action Plan sets out a programme of actions that forms the European Union's response to the problem of illegal logging and the trade in associated timber products. FLEGT addresses illegal logging, links good governance in developing countries with the legal trade instruments and influence offered by the EU's internal market.

5.2 Multilateral conflict prevention initiatives

- "**The Extractive Industries Transparency Initiative (EITI)**, is a joint initiative between NGOs, the World Bank, EI Companies

and participating countries that provides a mechanism for companies to publish what they have paid in taxes/royalties and other fees for the right to develop extractive resources and for countries to publish what they have received and for these accounts to be independently audited for discrepancies. EITI provides a powerful mechanism to reduce corruption and diversion of funds.

- The **Kimberley Process** was launched in 2003, to certify diamonds that are not produced in a conflict zone or used to finance conflict. The governments of most countries that export and import diamonds participate in this framework.

- The **Voluntary Principles on Security and Human Rights** (VPs) were developed in 2000 by a group of NGOs, EI companies, and the U.S. and UK governments in an attempt to ensure that security forces protecting extractive projects—who have been known to overreact to labour and community demonstrations or be involved with paramilitary groups—do not intimidate or harm local people. The VPs require the 25 participating companies to carry out risk assessments that include conflict analysis and appraisals of security risks.

- The **Environmental and Social Standards,** developed by the World Bank's International Finance Corporation and launched in 2006, address the local environmental and social impacts of all types of major projects and are supported by 40 of the world's leading commercial banks. The eight standards cover labour and working conditions, pollution control, land acquisition, community health and security, biodiversity, cultural heritage, and indigenous people's rights. They require security risk assessments and analyses of a project's potential to cause or exacerbate conflict.

- The **Global Compact** is a UN initiative that establishes 10 principles covering the environment, human rights, labour, and anti-corruption. Companies, public sector bodies,

cities, and academics are invited to adhere to these principles, and although this "entry-level" framework has little accountability, it has garnered the widest participation of any of these formal frameworks—5,000 participants, including more than 3,000 companies."[12]

5.3 Civil society initiatives

- **International Alert:** A London-based peacebuilding NGO, International Alert recently completed an extensive project in collaboration with the UN Global Compact that built on the results of the UN Global Compact Business Guide to Conflict Impact Assessment and Risk Management, which was published as a result of its on-going policy dialogue, The role of the private sector in zones of conflict. International Alert's publication – Conflict-sensitive business practice: guidance for Extractive Industries provides screening, macro and project specific conflict assessment tools as well as specific guidance for dealing with nine key conflict sources.

- **Transparency International:** Transparency International, the global CSO leading the fight against corruption, brings people together in a powerful worldwide coalition to end the devastating impact of corruption on men, women and children around the world. TI's mission is to create change towards a world free of corruption. In addition to playing an instrumental role in the creation of the EITI, TI has developed a toolkit for preventing corruption and is involved in many anti-corruption projects.

- **Publish What You Pay:** Publish What You Pay (PWYP) is a global civil society coalition that helps citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas and mining industries.

- **Mines and Communities:** Mines and Communities is a collaborative effort by NGOs advocating for change in the mining

industry to reduce impacts on people and the environment. Their site provides links to massive amounts information on mining issues around the world. The Corporate Engagement Project recently completed by CDA Collaborative Learning Projects Inc. collaborated with more than 60 companies operating in Africa, Asia, Australia, Latin America and North America over a seven-year period to identify the practices that contribute to positive relationships between Companies and Communities. The Project publication Getting it Right: Making Corporate Community Relations Work includes many case examples based on real situations.

- **Global Witness:** Global Witness exposes the corrupt exploitation of natural resources and international trade systems, to drive campaigns that end impunity, resource-linked conflict, and human rights and environmental abuses.

- **Partnership Africa Canada:** Partnership Africa Canada (PAC) is a non-profit organization dedicated to building sustainable human development in Africa. It is a forum for research, dialogue and action on African development. PAC works in partnership with civil society organizations in Africa, Canada and internationally on two main interlocking themes: peace and human security, and sustainable development. As part of its strategy, PAC promotes dialogue and collaborative action between civil society, governments and the private sector.

5.4 Industry initiatives

- **International Council on Mining and Metals (ICMM)**: ICMM is a CEO-led industry group that addresses key priorities and emerging issues within the sector. It seeks to play a leading role by promoting good practice and improved performance internationally and across different commodities. ICMM provides a platform for industry and other key stakeholders to share challenges and develop solutions based on sound science and

the principles of sustainable development. Its vision is for a respected mining and metals industry that is widely recognized as essential for society and as a key contributor to sustainable development.

- Two of the key initiatives by the ICMM aimed at preventing conflict associated with EIs include the Sustainable Development Framework and the Resource Endowment Initiative. The Sustainable Development Framework is a public reporting mechanism for all member companies that is compatible with the International Finance Corporation and Global Reporting Initiative standards. It includes a set of sustainability principles, a reporting template, and an assurance mechanism. Member Company's produce reports on their efforts to meet the sustainability principles in their operations. The Resource Endowment Initiative is a substantial research initiative aimed at identifying the key factors that enable developing countries to capitalize on their resource endowments to alleviate poverty as part of improving sustainability.

- **Prospectors and Developers Association of Canada:** The PDAC represents Canadian prospectors many of whom work in developing countries. The association developed a best practices guide for socially responsible exploration, e3 Plus: Framework for Responsible Exploration, which provides a comprehensive insight into the best practices for conflict prevention from an industry perspective.

Photo: Mohamed Yahya, Côte d'Ivoire

APPENDIX: Glossary

Accountability

Exists when two parties adhere to a set of rules and procedures that govern their interactions based on a mutual agreement or understanding of their roles and responsibilities vis-à-vis each other.

Adaptive management

Also known as adaptive resource management, adaptive management is a structured, iterative process of decision-making that adopts a "learning by doing" approach to allow management to proceed even in the face of uncertainty.

Agrarian reform

A program of activities designed to alter the agricultural structure of a country to increase agricultural production and improve standards of living of rural populations. Such reforms often include land reform or land tenure reform components, market and infrastructure development, establishment of credit institutions, introduction of new technologies, and human capacity enhancement. (Land Tenure and Property Rights)

Benchmark

A standard, or point of reference, against which things can be compared, assessed, measured or judged.

Brain drain

Loss, suffered by a country as a result of the emigration, of trained professionals and technicians.

Brain gain

An increase in the number of trained and highly skilled foreign-born professionals entering a country to live and work where greater opportunities are offered; those returning to and/or contributing to the development processes in their countries of origin.

Capacities for peace

The processes, institutions, and skills—both traditional and modern, and including those possessed by civil society—for the mediation of tensions over access to resources, the management of recurring conflicts before they lead to violence, the ensuring of widespread and equitable access to justice, and the building of consensus around critical national priorities.

Capacity

The ability of individuals, institutions and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner.

Capacity-building

Refers to the process through which individuals, organisations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time.

Capacity retention

Refers to the maintenance of capacity once developed and strengthened in the same organisation or unit.

Climate risks

Problems stemming from the variability and/or long-term changes in the climate that impact the quality and/or quantity of a natural resource important for human livelihood. Climate risks are essentially a major stress factor that impacts the ability of environmental resources to meet the demands for the resource

Coordination

A technique of social interaction where various processes are considered simultaneously, and their evolution arranged for the optimum benefit of the whole.

Corruption

Active or passive misuse of the powers of public officials (appointed or elected) for private financial or other benefits.

Customary law

A community's mechanism for regulating the right to use land through customary practice, rather than thorough written law. (FAO)

Customary land rights

The holding of land in accordance with customary law or tradition. Customary land law regulates rights to enjoy use of land that arise through old and customary arrangements, that have been in place for a long period of time and are often informal and unwritten, rather that through formal written statutory or codified law. Land use rights can be created on the basis of custom and use of the land over a long period of time. They are often the rights created by ancestral occupation and use of land or by a cultural system, whereby social identity and kin group member ship provide people with access to land and resources. (Land Tenure and Property Rights)

Decentralisation

Dispersion or distribution of functions and powers from a central authority to a local authority or community.

Development effectiveness

The extent to which development processes produce results that are pro-poor and promote equity.

Direct budget support

Joint donor/government mechanisms to permit external resources to be channelled directly through national budgets, using national allocation, procurement and accounting systems, to supplement public expenditure on nationally agreed priorities.

Displaced populations

Individuals or groups forced to flee their home communities and settle elsewhere, either temporarily or permanently, due to a conflict or natural disaster. Displaced persons may either be refugees, who settle in another country, or internally displaced persons (IDPs) who move and settle within the borders of their own country.

Environmental degradation

A condition in which an environmental or natural resource becomes less valuable to humans, or plant and animal resources on which humans depend, because of a change in characteristics (such as the quality grasses for grazing) that makes the resource useful. Environmental degradation can be the result of natural causes, such as an earthquake, tsunami or drought; or a human activity, such as an industry that pollutes a stream, overgrazing of pastureland or unsustainable harvesting of a forest.

Environmental scarcity

A condition in which the declining quantity of, or increased demand for, an environmental or natural resource threatens the livelihood prospects for a group of people. Scarcity is essentially a condition where the demand for an essential resource is greater than the supply.

Environmental security

Refers to research and practice that address linkages among the environment, natural resources, conflict and peacebuilding.

Evaluation

A time-bound exercise that attempts to systematically and objectively assess the relevance, performance and success of ongoing and completed programmes and projects.

Fragility

States are fragile when state structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations.

Governance

The policies, practices and systems that allow for effective functioning of an organisation or group. These may include 'hard' rules such as laws or the terms of a contract, or 'soft' rules like codes of conduct or generally accepted values.

Government intervention

Government measures to influence the functioning of a country's economy through legislation, monetary, fiscal and tariff policy, state aid, nationalization of strategic sectors, etc.

Human Capital

Productive wealth embodied in labour, skills and knowledge.

Human development

The process of enlarging people's choices: focuses on both the formation of human capabilities - improved health, knowledge and skills - and the use people make of their acquired capabilities, for work or leisure.

Incentive

Measures that are designed and established to influence motivation and behaviour of individuals, groups or organisations.

Institution

An institution constitutes humanly devised constraints that structure human interaction. They are made up of formal constraints (rules, laws, constitutions), informal constraints (norms of behaviour, conventions, and self imposed codes of conduct), and their enforcement characteristics.

Knowledge

Refers to the creation, absorption and diffusion of information and expertise towards effective development solutions. Knowledge has traditionally been fostered at the individual level, mostly through education. But it can also be created and shared within an organisation, such as through on-the-job training or even outside a formal organisational setting through general life experience, and supported through an enabling environment of effective educational systems and policies.

Land

A tract of ground, earth or real estate, which is often topographically or functionally distinct from other parcels.

Land reform

The redistribution or reallocation of landholdings with the goal of improving access rights to designated segments of a society. The process usually involves breaking up of large landholdings and redistributing the land to landless people or those who have been working on the larger landholdings.

Land tenure reform

The process through which tenure rights are changed. Tenure reform is a mechanism to alter or improve the rights of tenure. People will hold the same land, but will have different rights over that land.

Leadership

The ability to influence, inspire and motivate people, organisations and societies to achieve – and go beyond – their goals. It is also the ability to anticipate and respond to change. Leadership is not necessarily synonymous with a position of authority; it can also be informal and be held at many levels.

Lesson learned

Learning from experience that is applicable to a generic situation rather than to a specific circumstance.

Market assisted access

Also known as market assisted land reform, community managed land reform, or community based land reform; a form of land reallocation that encourages willing buyers to negotiate land purchase deals with willing sellers, with the government facilitating the purchase process through grants and other supportive measures (Land Tenure and Property Rights).

Mentoring

A process for the informal transmission of knowledge, social capital, and the psycho-social support perceived by the recipient as relevant

to work, career, or professional development; mentoring entails informal communication, usually face-to-face and during a sustained period of time, between a person who is perceived to have greater relevant knowledge, wisdom, or experience and a person who is perceived to have less.

National ownership

The effective exercise of a government's authority over development policies and activities, including those that rely – entirely or partially – on external resources. For governments, this means articulating the national development agenda and establishing authoritative policies and strategies.

Natural disasters

Naturally occurring events - such as droughts, floods, tsunamis, earthquakes, volcanic eruptions, insect or fungal infestations, etc. - which adversely impact humans and/or the environment. Natural disasters may have atmospheric, meteorological, hydrologic, geologic, or biological causes; or may be induced by humans, such as climate change.

Peacebuilding

Concerns ending or preventing violent conflict and supporting sustainable peace by identifying political, economic and security priorities and building the capacity to meet these, and by establishing truth and reconciliation processes.

Policy

A corporate, national or other course or plan of action that directs the operations in a certain domain or sector; it consists of strategic goals and guidelines on how they are to be achieved.

Property

Something owned or possessed (such as land, houses, buildings, equipment, crops, livestock, natural resources, etc.) over which a party has access, ownership or use. Also, a bundle of rights that define property access or ownership and provide rules for their use and transfer (through selling, leasing, inheritance, etc.).

Resilience

Refers to the capacity of a natural system to sustain or recover from disturbance.

Responsiveness

Refers to the way in which development agents –public or private – perceive needs and respond to the demands of particular groups, such as the poor.

State-building

The creation or rebuilding of resilient, responsive states with the capacity to provide for community and individual security that offer opportunities for inclusion, voice, and accountability in governance institutions and processes, and facilitate human development through equitable and sustainable economic recovery.

Technical capacities

Refers to the most appropriate methods and techniques, trained personnel, and hardware for the performance of core governance functions—such as public administration, the delivery of essential services, and the provision of the rule of law—in a transparent and accountable manner.

Transparency

Refers to a process by which reliable, timely information about existing conditions, decisions and actions relating to the activities of the organisation is made accessible, visible and understandable.

Vulnerability

Is a measure of the extent to which a community, structure, service or geographical area is likely to be damaged or disrupted, on account of its nature or location, by the impact of a particular disaster hazard.

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Acknowledgements

Development Team

Alex Grzybowski, UN Department for Political Affairs

Mohamed Yahya, UN Inter-Agency Framework Team for Preventive Action

Editors

Josie Lianna Kaye, Independent Consultant

Mohamed Yahya, UN Inter-Agency Framework Team for Preventive Action

Additional Contributors

David Jensen, UNEP Post-Conflict and Disaster Management Branch

Matti Lehtonen, UNEP Post-Conflict and Disaster Management Branch

Edan Rotenberg, UNDP Bureau for Crisis Prevention and Recovery

External Reviewers

Florian Bruyas, UN Inter-Agency Framework Team for Preventive Action

Jenny Clover, UNEP Regional Office for Africa

Szilard Fricska, UN-HABITAT

Dennis Hamro-Drotz, UNEP Post-Conflict and Disaster Management Branch

Mirko Puig, EU-RELEX

Gay Rosenblum-Kumar, UN Inter-Agency Framework Team for Preventive Action

Jasena Sareil, UN Inter-Agency Framework Team for Preventive Action

Renard Sexton, UNEP Post-Conflict and Disaster Management Branch

Corinna Valente, EU-RELEX

United Nations Department of Economic and Social Affairs (UNDESA)

United Nations Department of Political Affairs (DPA)

United Nations Development Programme (UNDP)

United Nations Environment Programme (UNEP)

United Nations Human Settlements Programme (UNHABITAT)

United Nations Peacebuilding Support Office (PBSO)