

# High-Value Natural Resources and Post-Conflict Peacebuilding

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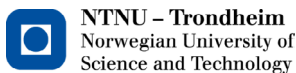
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High-value natural resources such as oil and gas, minerals, metals, and timber can contribute to post-conflict stabilization, job creation, government revenues, and long-term growth. The period immediately following a conflict presents a window of opportunity to transform these natural assets into tangible benefits for peacebuilding and economic development. But this transition brings with it a number of challenges and risks.

Reliance on revenues from resource exports is common in post-conflict countries when other sectors of the economy have collapsed. But over time, many resource-rich countries underperform in the areas of economic growth and development compared to countries with fewer resources—a phenomenon referred to as the “resource curse” or “paradox of plenty.” Moreover, in Liberia, Cambodia, and the Democratic Republic of the Congo (DRC), high-value resources have also fueled conflict by providing a source of financing for armed groups, and by magnifying income inequality among groups or regions.

## Key components of managing high-value resources for peacebuilding

1. Assessing the resource base and local resource economies
2. Strengthening institutional quality and resource governance
3. Managing resource extraction and maximizing revenues and benefits
4. Sharing and investing resource revenues
5. Mitigating negative social and environmental impacts

When the national institutions governing resources are weak, corruption and rent seeking can be rife. Economies that are dependent on high-value resource revenues are also vulnerable to fluctuating international commodity prices and currency values. Revenue and currency volatility can then affect the delivery of basic services and the productivity and competitiveness of other sectors of the economy, hindering diversification and in some cases leading to contractions in the domestic agriculture, manufacturing, and service sectors (a phenomenon often referred to as “Dutch disease”).

The resource curse is not inevitable, but few post-conflict governments have the capacity to attract private-sector investment, negotiate fair resource contracts, manage revenues transparently, make sound investment decisions, support economic diversification, or mitigate the negative social and environmental impacts of resource extraction. These challenges have led to a growing consensus that building national capacities to manage high-value resources and their revenues is a fundamental element of peacebuilding programs.

The transparent, accountable, inclusive, and equitable exploitation and trade of high-value resources can mean stability and development for a post-conflict country. But early action is key to setting resource exploitation and trade on the right track. Poor choices made early on can result in conflict, fragility, and aid dependency in perpetuity. There is no single blueprint for resource management: depending on the country, high-value resources will require different policy and management needs, will require different levels of investment, and will offer different revenue-generating potential. Approaches must be carefully selected and timed to meet the needs of the specific resource and setting.

*This is the first in a series of policy briefs on post-conflict peacebuilding and natural resources management; it draws upon findings from High-Value Natural Resources and Post-Conflict Peacebuilding, edited by Päivi Lujala and Siri Aas Rustad (London: Earthscan 2012). Päivi Lujala is an associate professor in the Department of Geography and a senior researcher in the Department of Economics at the Norwegian University of Science and Technology (NTNU). Siri Aas Rustad is a researcher at the Centre for the Study of Civil War of the Peace Research Institute Oslo and a Ph.D. candidate in political science at the Department of Sociology and Political Science, NTNU. This policy brief was produced by David Jensen of the United Nations Environment Programme (UNEP); Alec Crawford; Peter Whitten; and Ilona Coyle, Carl Bruch, Mohammad Aslami, and Gwen Brown, of the Environmental Law Institute (ELI).*



Central African Republic. Photo Credit: UNEP

## ASSESSING THE RESOURCE BASE AND LOCAL RESOURCE ECONOMIES

Information on a country's resource base and its role in livelihoods and the national economy may not be readily available due to a lack of technical capacity, the loss of qualified staff, illegal or undocumented exploitation, and a lapse in resource surveys due to the conflict. A reliable estimate of the resource base is necessary to develop judicious and comprehensive recovery policies, inform public opinion, and ensure that genuine benefits from peace accrue to a war-torn population.

Knowledge of the resource base can help to build a common understanding of the scope and value of the country's resources, and to manage stakeholder expectations. It can also eliminate information asymmetries and power imbalances between the government and the private sector in negotiating contracts. If the resource base is smaller than anticipated, countries and communities may be spurred to find alternative ways to secure long-term growth and development. An accurate understanding of the resource base can also impact the dynamics of peace or secession negotiations: a central government may be more willing to grant autonomy or a larger share of resource revenues to a region whose resources are relatively small or depleted; or a region seeking autonomy may realize that resource extraction alone is not a viable foundation for its economy.

It is critical to assess, as early as possible, the contribution of high-value resources to livelihoods, while at the same time maximizing revenues and pursuing broad development benefits in the medium and long term. In the DRC, for example, 15 percent of the population depends on artisanal mining for their livelihoods. A country's recovery depends therefore on a thorough understanding of its resource base and local resource economies.

### *Resource base:*

- ❑ Generate an impartial and transparent inventory of the country's high-value natural resource base and extraction sites. The international community can help by providing financial and technical resources and guidance on best practice. Deficits in government capacity may require engaging the private sector as a key partner in generating this information, provided it is done in an unbiased way.
- ❑ Assess the contribution of high-value natural resources revenues to the conflict economy.
- ❑ Disseminate information on the size and value of the resource base to promote realistic expectations among both government officials and the public, to reduce information asymmetries in contract negotiations with the private sector, and to empower civil society to monitor government and private-sector activities.
- ❑ Identify the best economic and livelihood opportunities for developing specific resource sectors, as well as the greatest social, economic, and environmental risks.

### *Local resource economies:*

- ❑ Assess the extent to which local livelihoods directly and indirectly depend on high-value natural resources and their respective value chains.
- ❑ Understand the relationship between natural resources and livelihoods in the formal, informal, international aid, and illegal segments of the post-conflict economy. Care must be taken when attempting to regulate unofficial or illegal resource exploitation, as this may have the unintended effect of severely disturbing livelihoods, causing new grievances or sources of instability.
- ❑ Support the diversification of the high-value resource sector, recognizing that employment and livelihood benefits derive from a mix of artisanal, small, and medium-scale operations in addition to the higher profile, large-scale extractives.

## STRENGTHENING INSTITUTIONAL QUALITY AND RESOURCE GOVERNANCE

Because robust local and national institutions are crucial to the management of resources and revenues, institutional reform should be a peacebuilding priority. The quality of natural resource governance and institutions is decisive when seeking to transform natural riches into a foundation for stability, peace, and economic development.

In a post-conflict country, high-value natural resources may remain under the illegal control of excombatants or armed groups, and establishing government control over these resources while avoiding a relapse into conflict will be a national—and sometimes an international peacekeeping—priority. At the end of the Liberian civil war, for example, rubber production was restricted by the continued presence of armed groups in many of the country's key plantations. The quality and capacity of a country's resource governance will determine its ability to establish commodity- and revenue-tracking systems, assess and renegotiate contracts, agree on revenue-sharing formulas, address corruption, and effectively invest resource revenues.

Institutional reforms that will affect the resource sector include strengthening the legal and court system; introducing, reforming, or consolidating resource management legislation; and establishing the necessary administrative and oversight bodies to implement the laws and regulations governing natural resource management. Strong institutions and effective laws will help a society mitigate the adverse effects that natural resource wealth can have on a post-conflict society's economic development, such as Dutch disease and the resource curse.

#### ***Institutional and governance reform:***

- ❑ Assess the policy and institutional frameworks for resource governance to identify where gaps exist and reforms are needed. Key areas of focus include transparency, accountability, and access to information; public participation and inclusive decision making; equity and benefit sharing; dispute resolution; and rule of law.
- ❑ Develop through a transparent and inclusive process a national vision that articulates how the extractive sectors will contribute to equity, peace, poverty reduction, and sustainable development.
- ❑ Support the government in asserting its control over high-value natural resources and demilitarizing their management and trade. This can include support for peacekeeping operations to clear natural resource sites of armed groups (as was mandated for forests in Liberia and mines in Sierra Leone), imposing and monitoring sanctions on conflict resources, monitoring key trade and transport hubs, and incorporate high-value natural resources into reintegration programs for excombatants.
- ❑ Consider establishing a high-level committee for strategic decision making on natural resources, chaired by the president and including key ministers of finance, energy, mines, forestry, information, and environment.

- ❑ Focus reforms on a few select institutions or natural resources rather than attempting to reform all institutions and sectors at once. Priority should be given to those resources with the highest potential to generate immediate revenues and employment, resources linked to the conflict or illegal activities, and those institutions crucial to specific resource management tasks and safeguards.
- ❑ Examine options for decentralizing natural resource governance, particularly where a resource is a principal source of livelihoods in a region but has a more marginal role in the national budget.
- ❑ Promote improved institutional transparency, accountability, and inclusivity through external incentives (such as sovereign debt relief) for achieving institutional and governance reform benchmarks; programs that grant preferential access to export markets if standards are met; and home-country legislation that requires compliance from domestic companies exploiting or trading in resources from conflict-affected areas.
- ❑ Anchor resource management reforms in peace agreements where possible; at a minimum, use the peace agreement to open a national dialogue on rebuilding effective resource governance during the implementation period.
- ❑ Provide an ongoing, inclusive, and neutral forum for stakeholders (including women and marginalized populations) to meet for open and robust dialogue on resource governance and decision making, where positions are explored and contentious issues can be debated and resolved.

#### ***Laws and regulations:***

- ❑ Develop an initial set of resource governance principles around which regulations for the extractive industry value chain are built. Expand on these principles with more detailed regulations as experience is gained and understanding broadened.
- ❑ Assess, reform, and adopt laws and regulations for the management of high-value resources. To maximize public benefits from high-value resources, laws should promote transparency, accountability, representation, and equity across resource contracts, from those granting exploration rights to those governing exports. Regular and comprehensive reporting should be required from the extractive sector, along with the transfer of critical data and analyses on natural resources to the appropriate level of government.
- ❑ Rebuild cadastres and land documentation systems. Cadastres should be open to the public, and should include detailed information on private and public lands; concessions for timber, oil, gas,

minerals, and other resources; conservation areas and ecologically sensitive sites; and other rights and restrictions related to land or water.

- ❑ Establish and support local conflict resolution mechanisms and mediators at the extraction site to promote local dialogue and address tensions over high-value resource extraction before they escalate.
- ❑ Understand local land tenure dynamics, including the interplay between customary and statutory systems, and how high-value resource contracts will impact community land use and expectations.



Democratic Republic of the Congo. Photo Credit: UNEP

## MANAGING RESOURCE EXTRACTION AND MAXIMIZING REVENUES AND BENEFITS

Peace often comes with a “resource rush,” as foreign investors and local entrepreneurs seek to exploit newly accessible resources, domestic authorities and international donors seek revenue sources to reduce dependence on foreign aid, and war-affected populations seek reconstruction materials and employment opportunities. At this early stage, however, the institutions that are mandated to govern resources are in flux, weak, or nonexistent, and competent staff are in short supply.

These institutions often lack the technical capacity to plan for sustainable resource management or to review and manage resource contracts and assess their potential negative consequences. This institutional weakness is often exacerbated by political struggles over the control of resources and resource revenues. Predatory individuals and firms may try to take advantage of the governance vacuum by capturing as many resources as possible before sound regulations and capacities are in place. With high-value resources, corruption is often a very real challenge, while poorly negotiated contracts can lock a state into reduced revenues for years and become a source of local grievance. Unofficial or illegal production and smuggling—by civilians, government officials, soldiers, excombatants, or organized crime—may further divert revenues away from

state coffers. Given these challenges, governments must work to improve the management of high-value resource extraction and maximize the revenues and benefits derived from resource contracts.

### *Resource management:*

- ❑ Assess national capacity to manage all dimensions of the resource value chain and identify weaknesses. Focus on strengthening government capacity and establishing a durable legal system to manage the high-value natural resources that support the largest revenues or most number of livelihoods.
- ❑ Recognize the role of women in post-conflict high-value natural resource management and assure that they are included in decision making.
- ❑ Establish and implement national legal codes to govern resource contracts between the government and private sector. A clear national mining or forestry code can explain the rules for engaging in the sector; increase transparency around contract negotiations, conditions, and payments; protect domestic and foreign investments; and provide a monitoring and accountability framework for civil society.
- ❑ Strengthen the tax and royalty regimes to improve the capture of government revenues from high-value resources while making the sector more stable, predictable, and attractive for investors. If the tax regime is weak, consider extraction contracts built around royalties rather than taxes. Index tax or royalty regimes to reflect changes in global markets.
- ❑ Avoid offering low tax rates to extractive companies as a trade-off for an equity stake in resource development projects.
- ❑ Approach in-kind arrangements, such as infrastructure-for-resource-rights swaps, with caution. The benefits are usually quite localized, competing bids are rare, and accurate resource valuation can be problematic.
- ❑ Regularly invite external experts to audit the institutions that manage natural resources to reduce and address corruption and inefficiency.

### *Resource contracts:*

- ❑ Determine whether it is necessary and appropriate to review, reassess, or renegotiate resource contracts that were signed prior to the conflict, during hostilities, or by an unelected transitional administration. Avoid undermining investor confidence or violating bilateral investment treaties and other legal agreements.
- ❑ Postpone the signing of new contracts until appropriate regulatory processes and

capacities are in place, and build capacities by first negotiating smaller contracts and gradually moving to issuing larger blocks.

- ❑ Consider introducing the public tender of all concession contracts. Compelling companies to compete openly on the basis of price and contract conditions will increase transparency and fight corruption.
- ❑ Integrate transparency and accountability into natural resource contracts, payments, and revenue management, tracking payments from the extractive industry to the state, and from state agencies to subnational entities or community projects. Contracts and revenue flows should be made public. To help do so, countries should implement the recommendations of the Natural Resources Charter and become compliant with the Extractive Industries Transparency Initiative
- ❑ Conduct independent contract reviews to ensure compliance with best practice and legal requirements, and to understand the direct and indirect implications of all contract conditions. International and local NGOs can be effective monitors of compliance with resource contracts and due diligence requirements.
- ❑ Promote where possible local content provisions and dual-use transportation infrastructure requirements in resource contracts. These provisions can ensure that labor for resource extraction and processing initially comes from domestic sources and that the benefits of transportation infrastructure are shared with local communities and the state.
- ❑ Structure incentives to favor foreign investors who build links with domestic suppliers, undertake local processing, support skills development, and prioritize a local workforce. Use these linkages to diversify national economies away from dependence on resource extraction, and to avoid the “resource enclave” mentality.
- ❑ Require resource companies to disclose their subsidiaries and beneficial ownership structures, including offshore and shell companies, to ensure that tax authorities can accurately assess profits, fight tax evasion, and enforce compliance.

## SHARING AND INVESTING RESOURCE REVENUES

Nonrenewable high-value resources are exhausted once they are exploited. The equitable sharing and wise investment of the resulting revenues are therefore of paramount importance, and should foster economic diversification and development. In order to exploit high-value natural resources, capital investments will



Sudan. Photo Credit: UNEP

vary: forestry is the least expensive to develop, followed by mining, and then oil and gas. And simply extracting the resource is not enough: parallel investments must also be made in processing, transportation, and energy infrastructure.

The distribution of revenues between the central government and subnational entities such as districts and municipalities can be an important peacebuilding tool and confidence-building measure, provided benefits are distributed in a win-win manner. Conversely, inequitable revenue distribution can be a source of tension. A relapse into conflict or disruption of the peace process can occur if producing regions do not receive a fair share of the resource revenues and benefits to compensate for their negative burdens and costs of resource exploitation. The unequal sharing of revenues from the Panguna copper mine in Bougainville, for example, contributed to the conflict between communities on the island and the government of Papua New Guinea. In some cases, revenue sharing can also be a prerequisite to peace agreements and a solution to secessionist conflicts. Ensuring that revenues are invested and shared in ways that support medium- and long-term development are decisive factors in promoting economic diversification and post-conflict stability.

### *Revenue spending and investment:*

- ❑ Develop a national vision of short-, medium-, and long-term development needs, and earmark revenues from high-value resources to meet these needs in an equitable manner. This will require striking a balance between consuming resource revenues immediately and saving these revenues for future use. Savings rates (as a proportion of revenues) should increase as high-value resources get closer to being exhausted.
- ❑ Assess immediate and long-term investment requirements. Initially, resource revenues will need to be allocated to meet basic needs and provide immediate peace dividends. Longer-term investments in education, infrastructure, economic

diversification, and—when suitable—debt repayment will need to be carefully planned to account for the volatility of natural resource revenues.

- ❑ Build up domestic spending and investment gradually, matching outflows to resource revenue inflows. A ceiling on the rate of increase of public spending can help guard against overspending during periods of high commodity prices. Governments must also understand and plan for the eventual contraction of revenue streams from nonrenewable resources, making provisions for these future budgetary shortfalls.
- ❑ Manage natural resource revenues in a budget separate from general state revenues to improve the traceability of these revenues and all associated spending. Relocate revenue management from the ministry in charge of resource management to the finance ministry. To promote public transparency and accountability, report annually on how resource revenues are being spent, saved, and invested.
- ❑ Save a portion of revenues from natural resources in sovereign development funds for domestic investments in large-scale infrastructure, and in sovereign stability funds for smoothing national revenue flows to mitigate the impacts of commodity price volatility. Because sovereign wealth funds are used to acquire foreign assets, they should initially be avoided until sufficient levels of domestic investment are achieved. All saving funds should be legally separated and protected against being used for other purposes.
- ❑ Guard against the emergence of Dutch disease by supporting the nonresource export sectors of the economy (such as agriculture and manufacturing) and by managing the rise in public spending associated with incoming high-value resource revenues. This will require building up national capacities to invest in the economy domestically, particularly in those export sectors adversely affected by increasing exchange rates, and maintaining gradual increases in public spending to protect against inflation.

#### **Revenue sharing:**

- ❑ Develop, through inclusive dialogue, a clear and realistic understanding of the types and magnitude of revenues to be shared. High-value resource management and ownership rights must be agreed upon to clarify how decisions regarding those resources will be made and by whom.
- ❑ Come to an agreement between the central government and producing regions and communities on equitably sharing high-value resource revenues. Centralized revenue management permits more equitable distribution of revenues and benefits at the national level (when compared to a handful of privileged resource-rich localities) but must

be undertaken with the utmost transparency to ensure that government corruption and inequitable benefit sharing are avoided.

- ❑ Consider using resource revenues to establish a national fund for development projects in host communities. Build community capacities to manage and invest the money they receive from the fund.
- ❑ Integrate conflict-sensitivity into benefit-sharing agreements to ensure that revenue distribution does not lead to the emergence or exacerbation of tensions.
- ❑ Ensure that benefit-sharing schemes recognize the important—though rarely compensated—role of women in the extractives sector.

#### **MITIGATING THE NEGATIVE SOCIAL AND ENVIRONMENTAL IMPACTS**

The exploitation and trade of high-value natural resources can significantly harm the environment, local livelihoods and traditional social relationships. Extraction and processing operations can put a strain on limited local resources like water and energy; pollution from resource extraction and transport can impact human health, soil, and groundwater resources; and production can block traditional community access to land. The loss of access to land and natural resources can lead to the loss of local livelihoods, social fragmentation, and possibly displacement. These impacts are particularly common in those post-conflict settings where governance and oversight are weak, benefits-sharing arrangements are inadequate, and corruption is present. Such negative impacts can lead to tensions among local communities, the government, and the private sector.

Governments must ensure that those engaged in the exploitation of high-value natural resources are responsible for mitigating the negative impacts of that exploitation, and for providing adequate compensation to those bearing these impacts. The requirements of international financing institutions combined with compliance standards in home-country legislation have begun to put pressure on companies engaging in extraction of high-value resources to adopt socially responsible operations. In turn, companies can help to secure their long-term profitability by establishing a reputation as a “responsible” firm, and minimizing conflict can help them protect capital investments and productivity. Thus responsibility for reducing harm from resource extraction rests with both the public (government, civil society, and communities), and the resource industries.

#### **Government, civil society and communities:**

- ❑ Encourage extractive firms to obtain the free, prior, and informed consent of local communities

	Immediate Aftermath	Peace Consolidation
<p><b>Assessing the resource base and local resource economies</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Create an inventory of the country's natural resources and extraction sites.</li> <li><input type="checkbox"/> Assess the contribution of high-value natural resources to the conflict economy.</li> <li><input type="checkbox"/> Understand how natural resources affect livelihoods (including for excombatants) and the formal, informal, aid, and illegal sectors of the post-conflict economy.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Identify the opportunities and risks of developing specific resource sectors.</li> <li><input type="checkbox"/> Publicly disseminate information on the size and value of the resource base.</li> </ul>
<p><b>Strengthening institutional quality and resource governance</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Anchor resource management and governance reforms in peace agreements.</li> <li><input type="checkbox"/> Re-assert and demilitarize government control over high-value natural resources.</li> <li><input type="checkbox"/> Develop a national vision and plan for how the extractive sectors will contribute to equity, peace, poverty reduction, and development.</li> <li><input type="checkbox"/> Assess the gaps and reforms needed in resource governance and institutions.</li> <li><input type="checkbox"/> Understand local statutory and customary land tenure dynamics.</li> <li><input type="checkbox"/> Develop principles for good resource governance to guide reforms.</li> <li><input type="checkbox"/> Focus initial reforms on select, rather than all, institutions and natural resources.</li> <li><input type="checkbox"/> Reform and adopt laws and regulations for high-value resource management.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Strengthen the legal and court systems to enforce regulations.</li> <li><input type="checkbox"/> Include women in post-conflict high-value natural resource management.</li> <li><input type="checkbox"/> Rebuild cadastral, land documentation systems, and records of resource rights.</li> <li><input type="checkbox"/> Promote institutional transparency, accountability, and inclusivity through incentives, preferential access to export markets, and home-country legislation.</li> <li><input type="checkbox"/> Require companies to regularly report on operations, finances, and payments.</li> <li><input type="checkbox"/> Examine options for community-based governance of high-value resources.</li> <li><input type="checkbox"/> Establish or support local conflict resolution mechanisms and mediators.</li> <li><input type="checkbox"/> Provide a neutral forum for dialogue on resource governance and decision making.</li> </ul>
<p><b>Managing resource extraction and maximizing revenues and benefits</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Assess the high-value natural resource value chain and national capacities to manage it, and identify opportunities for adding value (e.g. through processing).</li> <li><input type="checkbox"/> Integrate transparency into contracts, payments, and revenue management.</li> <li><input type="checkbox"/> Consider reviewing, reassessing, or renegotiating resource contracts signed prior to or during the conflict, or by an unelected transitional administration.</li> <li><input type="checkbox"/> Do not sign new contracts until regulatory processes and capacities are in place.</li> <li><input type="checkbox"/> Build capacity by negotiating smaller contracts, then moving on to larger contracts.</li> <li><input type="checkbox"/> Avoid offering low tax rates as a trade-off for equity stakes in resource projects.</li> <li><input type="checkbox"/> Favor investors who build links with domestic suppliers, undertake local processing, support skills development, and prioritize a local workforce.</li> <li><input type="checkbox"/> Establish and implement laws, codes, and regulations to govern resource contracts.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Track and publish all high-value resource payments and transfers.</li> <li><input type="checkbox"/> Independently review contracts to ensure compliance with the law.</li> <li><input type="checkbox"/> Get regular external audits of the institutions that manage high-value resources.</li> <li><input type="checkbox"/> Introduce competition through the public tender of all concession contracts.</li> <li><input type="checkbox"/> Promote local-content provisions in resource contracts.</li> <li><input type="checkbox"/> Strengthen tax and royalty regimes to generate greater state revenues, and index these regimes to reflect changes in global markets.</li> <li><input type="checkbox"/> Require resource companies to disclose subsidiaries and ownership structures.</li> <li><input type="checkbox"/> Diversify the resource sector with artisanal, small, medium, and large-scale extractive operations.</li> <li><input type="checkbox"/> Diversify national economies away from dependence on resource extraction.</li> </ul>
<p><b>Sharing and investing resource revenues</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Develop a national vision of short-, medium-, and long-term development needs, and earmark resource revenues to meet these needs in an equitable manner.</li> <li><input type="checkbox"/> Build up domestic spending and investment gradually, capping the rate of increase to guard against overspending in periods of high commodity prices.</li> <li><input type="checkbox"/> Develop an understanding of the types and scale of revenues to be shared.</li> <li><input type="checkbox"/> Agree on how decisions regarding high-value resource management and ownership rights will be made, and by whom.</li> <li><input type="checkbox"/> Recognize the role of women in extractives when designing benefit-sharing plans.</li> <li><input type="checkbox"/> Agree on the equitable and transparent sharing of high-value resource revenues between producing regions and the central government.</li> <li><input type="checkbox"/> Integrate conflict sensitivity into benefit-sharing agreements.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Relocate management of resource revenues from the ministry in charge of resource management to the finance ministry.</li> <li><input type="checkbox"/> Manage resource revenues outside of general state revenues to improve the traceability of these revenues and associated spending.</li> <li><input type="checkbox"/> Annually publish how resource revenues are being spent, saved, and invested.</li> <li><input type="checkbox"/> Establish sovereign development funds for domestic investments in infrastructure, and sovereign stability funds to protect against commodity price volatility.</li> <li><input type="checkbox"/> Use resource revenues to establish a fund for community development projects.</li> <li><input type="checkbox"/> Increase savings rates as high-value resources get closer to being exhausted.</li> <li><input type="checkbox"/> Plan for the eventual contraction of non-renewable resource revenue streams.</li> <li><input type="checkbox"/> Support non-resource export sectors to guard against Dutch disease.</li> </ul>
<p><b>Mitigating the negative social and environmental impacts</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Assess the social and environmental impacts of extraction.</li> <li><input type="checkbox"/> Manage expectations of the benefits and impacts of resource extraction.</li> <li><input type="checkbox"/> Require social and environmental impact assessments prior to operations.</li> <li><input type="checkbox"/> Develop a framework for compensating local and displaced communities for social and environmental damages from resource extraction.</li> <li><input type="checkbox"/> Put measures in place to protect the rights of women and children.</li> <li><input type="checkbox"/> Work with site-specific grievance mechanisms and dispute resolution processes.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Build public capacity to understand and monitor the social, economic, environmental, and legal implications of commercial-scale resource extraction.</li> <li><input type="checkbox"/> Provide support and alternative livelihood options to community members negatively affected by high-value resource exploitation.</li> <li><input type="checkbox"/> Encourage extractive firms to obtain the free, prior, and informed consent of local and indigenous communities before extraction.</li> <li><input type="checkbox"/> Encourage firms to perform due diligence on natural resource value chains.</li> </ul>

before undertaking exploration, including in their engagement with indigenous and tribal communities.

- ❑ Mandate that companies seeking to exploit the country's high-value natural resources conduct social and environmental impact assessments and environmental baseline studies prior to commencing operations. Build national oversight capacities in a strategic and stepwise manner, and focus efforts on the highest priority extractive sectors.
- ❑ Ensure that extractive companies cover the costs of cleaning up environmental damages from their operations. Consider requiring that companies post a bond before extraction begins, to be held by the government in escrow until the company can demonstrate the satisfactory completion of clean-up and reclamation activities.
- ❑ Build the capacity of communities to understand the social, economic, environmental, and legal implications of commercial-scale resource extraction. Affected communities need to articulate resource rights, establish grievance mechanisms, and build their negotiating skills. At the same time, it is important to manage community expectations of the benefits, employment opportunities, and impacts associated with resource extraction.
- ❑ Work with communities, civil society, and the private sector to develop a framework, grievance mechanism, and funding process for compensating local and displaced communities for social and environmental damages from resource extraction.
- ❑ Improve the capacity of civil society and the media to monitor the management of high-value natural resources and their revenues, and to hold governments and companies accountable for their actions.

- ❑ Put measures in place to protect women and children from violence and sexual abuse, to uphold their rights, and to restrict the use of child labor.

#### Industry:

- ❑ Seek ongoing approval to operate from local populations, including tribal and indigenous communities, where those communities have been excluded from formal contract negotiations (the so-called "social license to operate").
- ❑ Work with site-specific grievance mechanisms and customary and formal dispute resolution processes to identify and resolve social and environmental grievances associated with resource extraction.
- ❑ Adopt voluntary standards that take into account the social and environmental context of resource exploitation, such as the IFC's Performance Standards on Social and Environmental Sustainability, the Equator Principles, the Voluntary Principles on Security and Human Rights, and the Guiding Principles on Business and Human Rights.
- ❑ Perform due diligence on purchases of high-value resources to ensure that their extraction and trade do not support conflict or human rights abuses. The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas provides guidelines.

#### Further Reading

For a list of further reading materials, please visit:

<http://environmentalpeacebuilding.org/publications/policy-briefs/brief-1>

## Post-Conflict Peacebuilding and Natural Resource Management

The Environmental Law Institute, the United Nations Environment Programme, the University of Tokyo, and McGill University have coordinated a four-year global research initiative to analyze experiences in post-conflict peacebuilding and natural resource management; identify lessons; and raise awareness of those lessons among practitioners and scholars. This initiative has generated six edited books (published by Earthscan) that include 150 case studies and other analyses from 60 conflict-affected countries and territories, written by 225 scholars, practitioners, and decision makers from around the world. A seventh overarching book (published by Cambridge University Press) synthesizes the findings across resources, peacebuilding activities, and countries. Contact: Carl Bruch, Environmental Law Institute, 202.939.3870, bruch@eli.org

