

Abstract

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 (d ne2d)-514(0) only 615211 Md P(i) (7) 17d .222 U) 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).

Abstract

This Guidance Note has been prepared by Alex Grzybowski of Political 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 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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EU-UN PARTNERSHIP

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 c3(srs.)(mt) 9dlhe8(y a)2y w a

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.

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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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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.

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.

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

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,

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 owing 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 benefiting 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 Verapaz, 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.

CASE STUDY 2... *Continued*

3. We denounce that during its operations, Inco/Exmibal contaminated the water and air, participated in repressive acts such as kidnappings and murder and forced indigenous communities from their lands.

4. The reactivation of Inco's mining concession violates the collective rights of the indigenous peoples who live in this zone, contradicts principal elements of the Peace Accords, and breaks with obligations of the Guatemalan state such as ILO 169 and other national and international treaties and agreements.

5. We demand that the President of the Republic, Alfonso Portillo Cabrera, immediately cancel the decree that granted this concession as it threatens this nation whose people's rights must be respected. Should these demands not be met, we will exercise our constitutional right of peaceful resistance and protest to show our disapproval.

Given in El Estor, Izabal, Guatemala, on the sixth day of October 2003. Signed and sealed by representatives of 32 Q'eqchi communities and by representatives of Asociación Estoreña Para el Desarrollo Integral AEPDI"

Source: www.minesandcommunities.org. Accessed October 2009.

- 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 Minera Yanacocha 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.

Minera Yanacocha 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 personnel 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

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 finance 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

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.

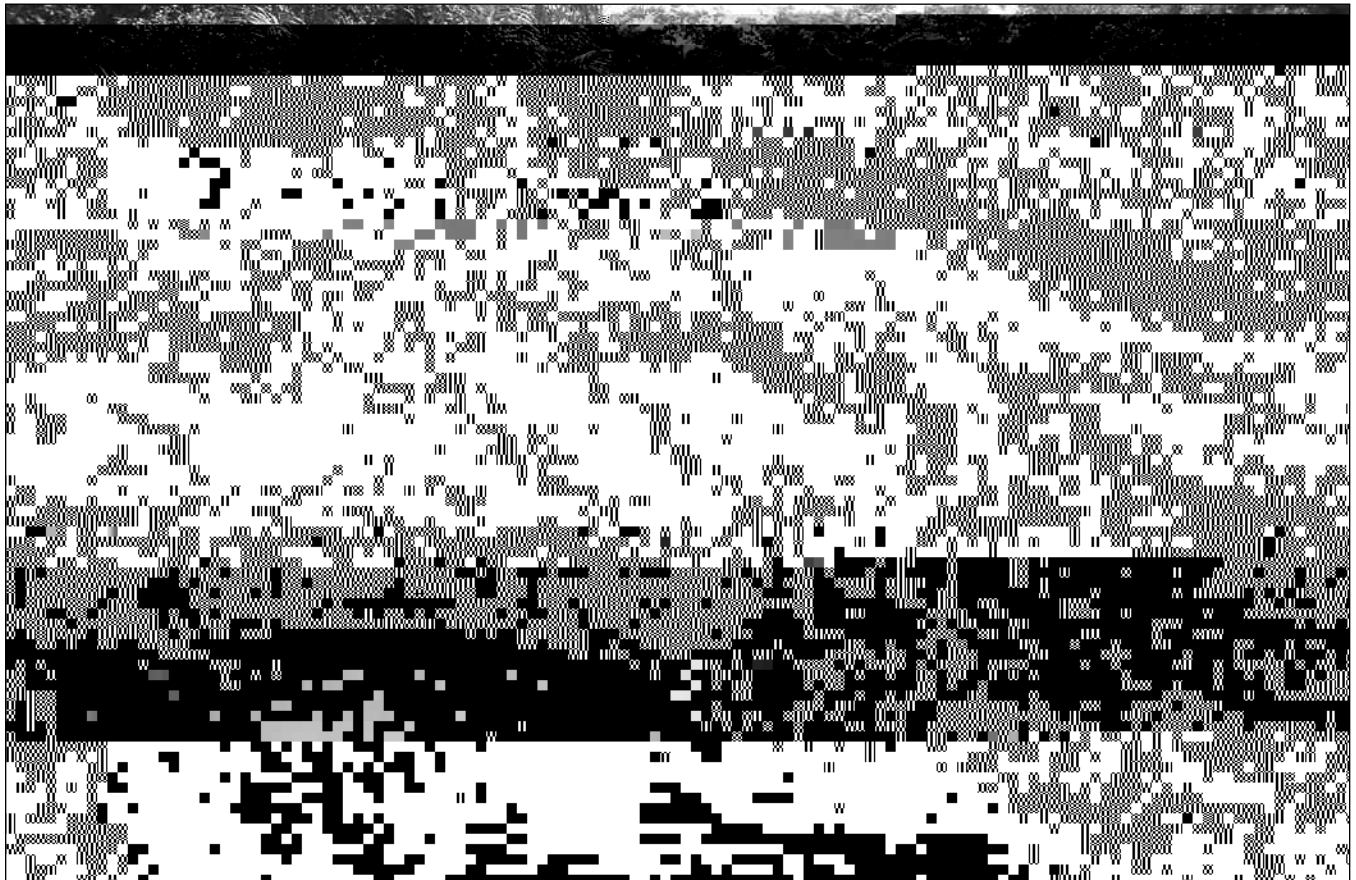


Photo: Mohamed Yahya, Liberia

<p>National Government</p> <p>Regional and local governments</p>	<ul style="list-style-type: none"> • 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.
<p>Extractive Industry</p>	<ul style="list-style-type: none"> • 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.
<p>Community stakeholders and local NGOs</p>	<ul style="list-style-type: none"> • Develop transparent representation structures that ensure the full spectrum of

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'

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

- 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

“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

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

- Article 26 states:
1. I dge e e a e e g e a d , e e a d e ce c e a e ad a ed, cc ed e e ed ac ed.
 2. I dge e e a e e g , e, de e a dc e a d , e e a d e ce a e e b ea f ad a e e ad a cc a e, a e a e c e a e e e ac ed.
 3. S a e a g e ega ec g a d ec e e a d , e e a d e ce . S c ec g a b e c d c ed d e e ec e c , ad a d a d e e e f e dge e e c ce ed.

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

The IFC Performance Standard 7 on Indigenous People provides the following introduction: *Pe f a ce Sa da d 7 ec g e a l dge . Pe e , a c a g de e a a e d c f d a g a a c e e , a e f e a g e a g a e d a d . e a b e e g e f e a . T e e c , c a a d e g a a f e e c a a c d e f e e e e , a d g , a d a d a a a d c . a e ce , a d a e c e a b . a c a e a d b e e f d e e e . T e a e a c a . e a b e f e a d a d e ce a e a f ed, e c ac ed b de , g ca deg aded. T e a g a g e , c . e , e g , a b e f , a d a a b e d e e a . T e e c a a c e c e e l dge . Pe e d f f e e e f a d e e f ac , c . d g . f d e , c . e , a d a a e ce - b a e d . e d , a e . a e e e e a d d e a e .*

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

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

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 Príncipe 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

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.

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 Príncipe'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.
- The legislature is required to hold an annual debate on oil and gas policy and the audit reports. These

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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**

resources

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

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

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Acknowledgements

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