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## Background paper

# Resources for Peace

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### **I. INTRODUCTION:**

How can we make natural resources work for peace? Resources can boost post-conflict economic recovery by generating much-needed employment, attracting foreign investment, and developing infrastructure as well as accruing taxes and export revenues. Well-managed resources also have long-term positive benefits on health and the environment. Post-conflict situations, however, provide a challenging context for sound policies and effective resource management due to weak local management capacity, prevailing insecurity, degraded infrastructure, uncertainties in the regulatory environment, ineffective judicial system, fledging and often co-opted civil society organizations and public media, tensions between large-scale investments, local entrepreneurs, and community interests, and high corruption risks. In a global context shaped by climate change and high primary commodity prices, the stakes of resource management are high, both domestically and internationally. Despite the often-fraught relationship between conflict and natural resources, however, natural resource management can be approached in ways that promote a sustainable peace – in terms of both fostering the durable cessation of hostilities and cultivating natural resources’ many potential benefits for ‘post-conflict’ societies.

To these ends, we present major initiatives seeking to improve post-conflict resource management and draw lessons for resource-related peacebuilding strategies. We do not intend to prescribe a set of practices but rather to suggest, through a review of recent debates and initiatives, strategies to complement and augment peacebuilding policies and practices. Many of these debates and initiatives

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reflect an uneasy position between ‘theory’ on possible interventions and the ‘messiness’ of actual operations. Many of these proposals are pertinent to peacemaking and peacekeeping, but for the purposes of this paper, we have focused on peacebuilding specifically, which requires that a basic governance foundation be in place – noting that transition to peace is rarely a linear process, with major set-backs and pragmatic decisions taken. Not only contexts are challenging from a managerial perspective, but resource management is politically charged. The behaviour of local authorities, armed groups, civil society organisations and foreign actors, including donor agencies, reflect vested interests as well as divergent beliefs and aspirations. Furthermore, many interventions in resource sectors are taken in isolation, while too much emphasis can sometimes be placed on some resource sectors at the expense of others or of the broader dimensions of often local and multifarious conflicts. Finally, there are frequent trade-offs in policy options, that cannot be easily overcome without potential backlash.

We begin in Section II with an overview of resource-related conflict termination strategies as well as post-conflict context implications. In Section III, we detail resource exploitation management initiatives and approaches to managing resource revenue in a post-conflict context. Lastly, in Section IV, we conclude with implications for transitional authorities, international donors, domestic and international civil society organizations, and resource companies by suggesting three additional proposals for improving the overall conditions supporting robust post-conflict resource governance.

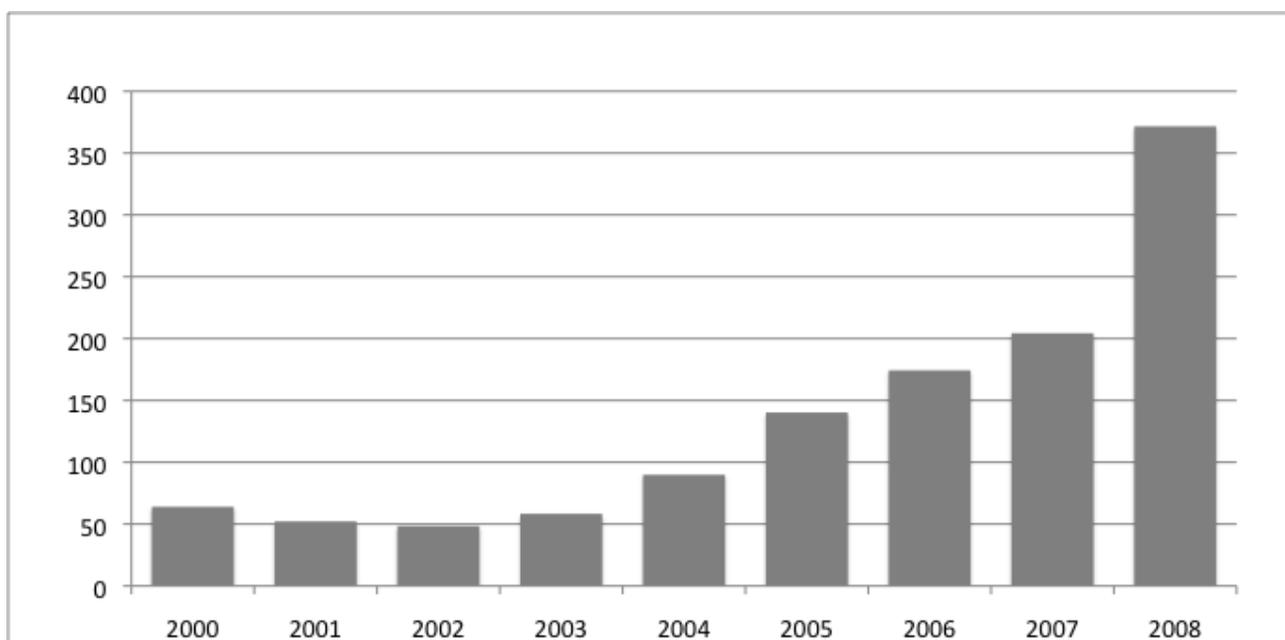
## **II. POST-CONFLICT CONTEXT IMPLICATIONS**

Natural resources have a conspicuous presence in the history of armed conflicts, motivating and rewarding numerous and diverse hostilities.<sup>1</sup> If a sharp drop in the number of armed conflicts occurred during the 1990s, many of those remaining were tied to resource sectors. After the end of the Cold War, belligerents often came to rely on commercial sources of support to sustain their military and political activities and in poor countries – where natural resources still constitute the bulk of the economy – belligerents unsurprisingly turned to resource sectors for funding.<sup>2</sup> The United Nations Environment Programme’s (UNEP) 2009 report, ‘From Conflict to Peacebuilding,’ cites eighteen violent conflicts fuelled by natural resource exploitation since 1990 and cautions that the trend has the potential to intensify with more people attempting to access fewer (or less predictably available) resources as demand rises and climate change affects some resource production and associated social

relations.<sup>3</sup> The report states furthermore that although environmental factors alone are unlikely to trigger open hostilities, natural resources can underpin every stage of conflict and override attempts at resolution, necessitating an approach that integrates questions of natural resource governance into larger peacemaking, peacekeeping, and peacebuilding programmes.<sup>4</sup> Since the mid-1990s, the international community has made considerable efforts to end conflicts funded through natural resources;<sup>5</sup> the United Nations Security Council (UNSC), for example, has taken an unprecedented number of measures to curtail access to revenues by targeted groups and to help foster a durable transition to peace in several countries.

The role of both domestic and international Civil Society Organizations, and more broadly citizens in conflict-affected countries also need to be emphasized. This role has included vocal criticism against the negative environmental and livelihood impacts of some extractive activities, complicity in human rights abuses by extractive companies, corruption and embezzlement by local political elites, as well as money-laundering on the part of international banks. The focus on resources is indeed warranted: not only do some resource sectors make wars more likely, nasty, and lengthy; but conflicts involving resources turn assets into liabilities – often in countries that can ill-afford a war and miss a major opportunity to foster economic recovery, improve fiscal position of local authorities, and provide employment while minimizing adverse environmental impacts. Such opportunities were often missed, in part as a result of the inadequate capture by the government and local communities of the massive rents generated by extractive sectors in the past decade (see Figure 1).

Figure 1 - Extractive sector rents 29 conflict-affected countries (billion USD current)<sup>6</sup>



## **Conflict Termination Mechanisms**

Three approaches to halting the cycle of violence and curtailing belligerents' access to resource revenues have gained particular prominence during the last two decades. The first and most obvious conflict termination strategy is that of military intervention, which seeks to interrupt armed groups' access to resource revenues. This generally occurs via the coercive control of production and main transportation routes as a means of 'capturing' resource areas and thereby depriving belligerent forces of access. The second conflict termination strategy consists of economic sanctions (or 'commodity sanctions', in the case of resources), which have been imposed by actors ranging from individual countries, to regional organisations, to the UNSC.<sup>7</sup> An alternative sanctions strategy involves restricting investment in resource sectors or the provision of resource production technology to the sanctioned party. The third (and perhaps most controversial) strategy involves 'buying peace' by using resource revenues as an incentive for belligerents to adhere to conflict termination conditions. A variety of revenue-sharing agreements have been implemented with various degrees of success, from awarding individual resource concessions or government ministerial portfolios to direct control of or share in resource revenues.<sup>8</sup>

These three general categories of initiatives have produced some important successes. Overall, there has been much improvement in curtailing belligerent access to resource revenues at the international level, but these conflict termination strategies have also been the subject of much criticism. Critics maintain that these initiatives result from interpreting war as driven by economic motives, have ambivalent impacts on local livelihoods, and limit 'peace' to policing belligerents rather than broadly addressing the causes of conflict.<sup>9</sup> Further criticisms point to governance weaknesses extending well beyond the borders of post-conflict countries, including an insufficiently developed international regulatory framework, the lack of systematic guidelines for UNSC investigations and responses, and relatively weak (or absent) legal principles to direct the behaviour of resource companies operating in conflict-affected countries. Indeed, there is considerable room for improving these larger governance arrangements as a diverse group of actors – from transitional authorities, donor countries, domestic and international civil society organizations, and resource companies – all play a decisive role in the success or failure post-conflict resource governance. We discuss several proposals for addressing such shortcomings in Section IV.

## **Resource Curse, Resource Conflict, and Conflict Resource**

An extremely important caveat with respect to these approaches, however, is that not all resource sectors influence conflicts or respond to termination strategies in the same ways. To understand the relationship between resources and conflict, the physical materiality and geography of resources as well as their historical conditions of productions and multiple connections with social relations must be taken into consideration. While resource conflicts are often conceptualized in terms of abundance or scarcity,<sup>10</sup> that linkage has been mostly disproved through individual and comparative case studies that have identified

important indirect connections with increased poverty, social segmentation, migrations, and institutional disruptions.<sup>11</sup> Instead, to conceptualize the complex interactions between resources, conflicts, and violence, we offer an analytical framework that mobilizes three general arguments: *resource curse*, *resource conflict*, and *conflict resource* (see Appendix I).<sup>12</sup> Each of these dimensions of resource—conflict relationships has something to offer our understanding of the interrelationships between resources and war; however, taken separately (as they often have been), they fail to produce an adequate representation, but taken together, they help explain how resource endowments, exploitation practices, social entitlements, and discursive representation contribute to shaping greater vulnerability to, risk of, and opportunities for armed conflicts.

- **Resource curse:** the *resource curse* argument asserts that resource dependence results in economic underperformance and weakened governing institutions, which makes a society more *vulnerable* to armed conflict. Empirical evidence for this argument is strong, although historically and institutionally contingent.<sup>13</sup> Economic explanations include exposure to high price fluctuations, declining terms of trade, natural capital depreciation, a crowding-out of the non-resource sectors through local currency overvaluation and rent-seeking, as well as over-consumption and misguided economic and social policies.<sup>14</sup> Political explanations range from resource rent effects on over-optimistic and short-sighted policies, policy capture by special interests, higher levels of corruption, and state fiscal independence resulting in a lack of democratic bargaining power for the population.<sup>15</sup>

Theories of uneven development provide both a wider and more embedded understanding of resource dependence, suggesting that it is expressed as selective processes of modernization and peripheralization;<sup>16</sup> resource dependence in this view is constitutive of and constituted by core-periphery relations between (and within) producing and consuming countries.<sup>17</sup> These patterns reflect historical dimensions<sup>18</sup> in addition to the social construction, spatial distribution, and mode of production of resources<sup>19</sup> – thus extending the effects of resource dependence far beyond the narrow confines of the resource sector and into social identities, territorialities, political governance, economic marginalization, and environmental outcomes.<sup>20</sup>

Empirical evidence linking the resource curse directly to *war* is relatively weak in quantitative studies, and little consensus has yet to emerge (with the exception of oil-dependent countries).<sup>21</sup> Moreover, high levels of per capita resource revenue can mitigate negative resource curse effects, which (although seemingly obvious) is a reminder that the resource curse argument does not apply equally to all resource sectors and societies.<sup>22</sup>

- **Resource conflict:** the *resource conflict* argument suggests that grievances, conflicts, and violence associated with resource control and exploitation increase the *risk* of armed conflict; conflict, in other words, takes place over the resource itself or over its conditions of exploitation and value redistribution. Resource conflicts correspond to a ‘geography of risk’, which is to say

that entitlements to ‘natural’ resource endowments are in large part articulated and contested through territorialisation of resource production areas – including militarized regulatory responses.<sup>23</sup>

- **Conflict resource:** the *conflict resources* argument states that *opportunities* for armed insurgents are closely associated with characteristics of particular resources and notably with what is often referred to as their ‘lootability’, or the ability of insurgents to derive revenues from these sectors. In this argument, the financial *opportunities* gained from resource exploitation sustain armed conflicts. Conflict resources reflect a ‘geography of opportunity’ stemming from interconnected actors at local, regional, and international scales, which enables the circulation of commodities (e.g. resources, money, arms, and labour). Furthermore, belligerents can generate revenues through the control of resource-related flows, such as threats to destroy resource infrastructure or obstruct trade or kidnapping and ransoming resource project staff.<sup>24</sup> A narrow definition of ‘conflict resources’ refers to resources financing rebel groups, as in the case of the official definition of ‘conflict diamonds’ by the UN General Assembly;<sup>25</sup> however, broader definitions widen the range of responsibility from ‘illegal armed actors’ to all armed groups irrespective of their legal status, and even all of those profiteering from or maintaining economic relations prolonging hostilities.<sup>26</sup>
- **Complementary characteristics of resource conflicts and conflict resources:** the spatial characteristics of both the *resource conflict* and *conflict resource* arguments offer some insight into the often complementary nature of certain resource sectors to specific patterns of conflict.<sup>27</sup> Some resources may be defined as *proximate* or *distant* depending on their relative position to centre(s) of power; *proximate resources*, for instance, may be under the control of the government (being close either physically or through a socially constructed relationship) while *distant resources* might be, as an example, located in remote territories or regions controlled by rebel factions.<sup>28</sup> Furthermore, resources can be conceptualized as *point* or *diffuse*.<sup>29</sup> *Point resources* are concentrated in small areas and/or socio-economically concentrated through technological means or corporate structures (such as deep-shaft mining or offshore oil platforms). *Diffuse resources* are spread over vast areas and are often exploited by less capital-intensive industries (such as mining alluvial gems, timber harvesting, and even onshore oil wells).<sup>30</sup>

On the basis of these four main categories, particular types of resources are more likely to be associated with certain types of conflicts;<sup>31</sup> proximate, point resources may complement tactics like a coup d’état while diffuse and distance resources may be more likely to support instances of warlordism. Resources’ spatial traits, however, do not indicate any rigid, deterministic relationship to conflict but rather that the characteristics of resource sectors provide a context for political mobilization as well as for the motivations, strategies, and capabilities of belligerents.<sup>32</sup>

## The Relationship between Resources and Violence

Taken together, the three arguments (*resource curse*, *resource conflict*, and *conflict resource*) and their associated dimensions (*vulnerability*, *risk*, and *opportunity*) can engender several types of violence. Understanding and addressing the multiple forms of direct and indirect harm that an expanded conceptualization of violence covers is crucial to fostering a durable peace and must therefore be part of any peacebuilding strategy.

- **Direct, physical violence:** this type of violence encompasses that which is associated with armed conflicts, from death to forced displacement. Because of its physical basis, this category is the most obvious and often receives considerable attention, both for its political and/or criminal motivations. It includes both realized violence and threats thereof or intimidation.<sup>33</sup>
- **Unrealized potential:** resource sectors can do a lot to improve the lives of populations in producing countries, but they often do not; this constitutes a form of ‘structural violence’ that curtails opportunities, fosters inequalities, and arouses frustrations.<sup>34</sup> Mismanagement, corruption, profit maximization, racism, and ethnocentrism can all contribute to this type of violence, and the fairness, competence, and robustness of governing institutions thus matters a great deal for resource sectors to deliver ‘broad’ development<sup>35</sup> (although governing institutions are only one of many factors that can ‘make or break’ cycles of structural violence).
- **Environmental violence:** ‘environmental violence’ relates to the negative social and environmental impacts of resource extraction as well as the cycle of resistance and repression associated with the subjugation of the rights of people to control resources and determine the use of their environment.<sup>36</sup> UNEP’s 2009 report cites several other types of direct, indirect, and institutional violence *to* the environment during conflicts (from destroying ecosystems, to releasing hazardous substances, to employing the environment itself as a weapon of mass destruction) – all of which can have dramatic and devastating consequences for local populations.<sup>37</sup>

## Resource Challenges in a Post-Conflict Context

Putting an end to resource-funded hostilities requires thoughtful consideration of the wide variety of contexts and their historical, physical, social, and spatial dimensions discussed above. It also means paying close attention to the often very troubled and troubling realities on the ground, which may lack the foundation for, elude, or otherwise frustrate the straightforward implementation of conflict-resolution initiatives, thereby compounding the already-difficult task of peacebuilding. There are,

however, many common patterns across conflicts involving natural resources that produce a number of shared challenges in post-conflict peacebuilding:

- **Resource production areas and trade routes are common ‘hot spots’ for various types of conflicts and forms of violence.** For one thing, resource sectors tend to attract armed groups in search of economic opportunities, as suggested by the *conflict resource* argument. ‘Peace spoilers’ tend to hold or covet resource areas with the hope of accessing funding for renewed hostilities. Former combatants and army units frequently engage in illegal resource exploitation and extortion schemes targeting resource companies and workers. Corporate-sponsored military units and private militias also frequently expel local residents, artisanal miners, and loggers to make way for new resource concessions. There is also often a nexus between criminal and political violence when economic stakes and logistics favour such association, as in the case of narcotics and illegal logging or mining, but also more generally smuggling and money laundering. This poses major challenges to resource management institutions that come to be permeated by criminal interests. There sometimes exist tradeoffs institutionalized corruption and a relative stability that minimizes overt large-scale violence but sustains criminal practices, as in the case of entrenched illegal logging or narcotics trafficking. The state should not seek to overreach its regulatory capacity in this regard, at the risk of being led into an outright military confrontation with criminal organizations outmatching or controlling some of the security apparatus.
- **Post-conflict contexts may be characterized by a lack of knowledge about available resources and recent developments in the sector.** This can result from any number of conflict-related losses, including lapses in surveys, undocumented wartime resource exploitation, death or flight of qualified personnel, and outdated training. As a result, local authorities often fail to maximize revenue collection, especially when negotiating with better-informed companies.<sup>38</sup> Meanwhile, the population may have unreasonable expectations of extractive sector revenues and, unsurprisingly, attribute low official revenues to high government corruption. A major challenge is thus rapidly acquiring and spreading knowledge about potential resource revenues in order to inform both policy decisions and public opinions.
- **Breaking the vicious cycle between high risks and low fiscal returns represents a major challenge.** The risk of renewed conflict, degraded infrastructure, and uncertainties in the regulatory environment may disadvantage the government in its negotiations with investors.<sup>39</sup> Governments often offer major tax incentives to attract large-scale investments. The companies attracted to ‘post-conflict’ countries are frequently those willing to take the most risks but also those more inclined to use bribery, deploy private armed protection, and take shortcuts in terms of corporate social responsibility. Financial institutions and donor governments eager to fast-track Foreign Direct Investment (FDI) may turn a blind eye to the backgrounds and records of these companies.<sup>40</sup>

- **Post-conflict resource exploitation may disrupt rather than foster local livelihood opportunities.** With limited large-scale investment, resources are often exploited through small-scale ventures that offer livelihood opportunities for local populations but usually prove difficult for the government to tax. This is frequently the case, for example, with logging and alluvial mining. A major challenge in such cases is to balance local livelihood opportunities and fiscal revenue maximization.
- **Budgetary allocation in post-conflict environments often presents difficulties to ensuring that revenue allocation consolidates both economic recovery and good governance.**<sup>41</sup> The ephemeral character of political and bureaucratic appointments in transitional governments usually heightens incentives for corruption. Political priorities often trump economic ones, thereby affecting budgetary processes – notably through arrangements for revenue sharing between former belligerent parties. Corruption may be tolerated by both politicians and donors for the sake of ‘political stability’. Donor support for social services can weaken pressure on the government to allocate revenues to these high priority areas. Some donors may tie their nominally ‘unconditional’ assistance to privileged access to resource sectors, such as granting resource projects to home companies or preferential treatment in resource supply access.<sup>42</sup>

In the following section, we present major initiatives for addressing these general challenges through resource sector contributions to peacebuilding, noting furthermore that many proposals are also relevant in the areas of peacemaking and peacekeeping in order to address *resource curse*, *resource conflict*, and *conflict resources* issues (see Table I).

**Table I. Resource/Conflict Linkages and Peace Initiatives**<sup>43</sup>

	<b>Peacemaking</b>	<b>Peacekeeping</b>	<b>Peacebuilding</b>
<b>Conflict Resource</b>	Address revenue incentives of belligerents.	Use sanctions, certification and military deployment to curtail resource financing and profiteering.	Consolidate the demilitarization of resource sectors.
<b>Resource Conflict</b>	Resolve resource ownership and revenue sharing issues.	Deploy peacekeepers in resource areas to pre-empt human rights abuses and conflict escalation.	Promote inclusive forms of resource ownership, control, and access.
<b>Resource Curse</b>	Integrate resource governance reforms into peace agreements.	Regulate the post-conflict resource rush.	Improve developmental outcomes, notably through governance reforms and capacity building.

### **III. RESOURCES AND PEACEBUILDING**

Despite the many difficulties discussed in the preceding section, there are also numerous initiatives that can assist in fostering peaceful and prosperous post-conflict resource exploitation. In this section, we present some of the major tools that can be employed in peacebuilding, beginning with proposals relevant to resource exploitation management with a focus on the potential contributions of peacekeeping missions as well as the prevention of resource-related land conflicts and the promotion of domestic entrepreneurship and employment. Next, we examine initiatives related to the management of resource revenues, including the recovery of looted wealth, post-conflict resource contract reappraisal, direct revenue disbursement to the population, and the creation of special funds. Throughout, we stress the importance of resource governance more broadly with an eye to relevant actions by international actors (these governance recommendations as well as the policy options outlined below, their prioritization, and their timing are presented in Appendix II).

#### **Resource Exploitation Management**

Resources have much to offer in post-conflict peacebuilding, but a rush to exploit potential benefits – as local populations pursue jobs, governments seek revenue, and companies strive to secure the most attractive resource prospects – can undermine peacebuilding objectives.<sup>44</sup> Undue haste and its negative consequences are especially acute when elites are driven by short-term personal interests and when donors actively promote FDI. Three main extraction-management challenges arise in such contexts: regulating the post-conflict rush on resources; striking a balance between fiscal and other socioeconomic objectives; and averting conflicts over new resource developments.

#### **Regulating the ‘Post-Conflict Resource Rush’**

Extractive businesses are among the most resilient to armed conflicts. Often they are the last to depart from conflict areas and the first to return after the end of hostilities.<sup>45</sup> Rapid recovery in the extractive sector is thus often possible. Although restarting an industrial mine may take years, many local entrepreneurs and international ‘juniors’ (mid-size companies) handling small and medium-scale projects can rapidly increase outputs. These activities can help ‘quick-start’ the economy, but their effect on post-war statebuilding can be ambivalent. Tax evasion, environmental degradation, labour abuses, conflicts with local communities, and collusion with peace spoilers controlling resource production areas are frequent challenges and difficult to regulate.

Not only are resource sectors subjected to overlapping and sometimes transient authorities, but resource companies also frequently deploy their own private security forces.<sup>46</sup> Furthermore, policies and legislation are rarely clear as old regulations are being often very slowly revised -- frequently through divergent donor-sponsored initiatives -- leaving companies and regulating authorities in a state of

uncertainty favouring discretionary power and corruption. The ranks, capacity, and legitimacy of resource management institutions are also frequently depleted. The challenge is thus to fast-track regulatory policies and institutions alongside – or preferably ahead of – the post-conflict rush. As a principle robust strong governance capacity should be in place before resource sectors are developed, so as to limit the potential for institutional breakdown and rise of corruption and abuses that generally characterise resource boom. Too much delay, however, can also prove counterproductive: first, because informal economies can take the lead, and for ‘creaming’ resource areas of their best assets (such as best trees or richer ore deposits) thus lessening their value for future long-term investments; and second, because delaying economic recovery has a negative effect on poverty alleviation and reinforces aid dependence and its associated host of problems. Stakeholders thus need towards a governance capacity that is ‘good enough’ to fast-track resource activities that will contribute to a lasting transition to peace such as by reducing unemployment and improving social services, while avoiding the worst consequences such as funding peace spoilers, further impoverishing vulnerable communities through resource dispossession, or locking a country into a bad deal for decades. Recommendations to this end can include:

- **Conducting a comprehensive assessment:** during the early stages of intervention, a comprehensive assessment should take place that includes each resource sector and exploitation area, clarifies objectives, outlines possible scenarios, and pays close attention to increasing broad developmental benefits. Additionally, the assessment should identify high-value resources, land ownership, and user rights (including documenting on-going activities, reserves, and likely future projects). Furthermore, it should gauge how and to what extent local livelihoods and jobs depend on resource exploitation and take into account local populations’ claims with regard to the socio-environmental impacts of resource extraction. Lastly, it should consider political options for and socio-economic implications of integrating resource sectors into conflict resolution. Donor funding has generally been available for this type of activity. The key is to ensure the impartiality of domestic and external expertise brought in (e.g. not hiring consultants mostly working for potential investors), to foster training of local counterparts in surveys, and to involve local stakeholders while preventing miscommunications that could result in false expectations and future conflicts, A moratorium should be placed on large-scale resource exploitation during the review and standards-development processes. Exploration contracts should be granted with caution, for both future tax revenue implications and access to proprietary information. To the extent possible, artisanal and small-scale activities should be supported through legalization, capacity building, access, and security (for instance, establishing legal areas for exploitation as well as secure regional trading centres). Alternative livelihoods should be established if extraction appears to be a source of instability, while the use of large scale projects by mostly foreign investors to (in effect) outsource taxation and security along a concessionary model should be resisted until appropriate guarantees from the company are demonstrated, such as through track record and staffing, and sufficient government and community control can be exercised on the company.

- **Discouraging ‘peace spoilers’:** during the transitional phase, peacekeeping forces should focus on curtailing access to resource revenues for potential ‘peace spoilers’. This can be done by identifying players in extractive industries, demilitarizing resource production areas, and closing down activities benefiting spoilers by targeting key trading intermediaries and transportation bottlenecks. The UN group of experts on sanctions and illegal resource exploitation, as well as several NGOs such as Global Witness, have demonstrated a capacity to conduct such investigations and helping to identify and sometimes hold to account key commercial intermediaries. Peacekeeping forces can also intervene to prevent the escalation of resource-related conflicts, and mandates may be backed by a commodity sanction regime that is conditional upon adherence both to peace process benchmarks and legal practices in the resource sector. Liberia and the DRC provide among the most comprehensive examples in this regard, whereby sanctions in Liberia were used to ensure governance reforms from Liberian authorities, while joint military operations between the Congolese army and MONUC/MONUSCO demonstrated the limits of such interventions when government armed forces seek to personally profit from the trade and abuse workers and local communities.
- **Improving environmental, social, and security standards:** during the peacebuilding phase, the focus should shift to addressing broader linkages between resource revenues and conflicts by assisting local authorities, international agencies, and companies in charge of resource sectors. Given the low regulatory capacity of local authorities and risk of corruption or extortion, it is important that companies adopt high standards that will shelter it from criticisms, including by international NGOs putting their reputation at risk. Specific standards exist, such as the Voluntary Principles on Security and Human Rights, and companies have developed their capacity or outsourced expertise in these domains. In this respect, monitoring activities by independent NGOs or by resource purchasers up the supply chain, industry initiatives to improve standards, technical and diplomatic support from donor countries can all contribute to such improvement. UN missions, international aid agencies such as UNEP and UNDP, as well as a host of NGOs and trade associations have accumulated much relevant experience (see Annex II for UN peacekeeping missions). Donor countries can also motivate their domestic companies to adopt best practices and consider the environmental and social impacts of their investments. A number of (dis)incentives exist, such as assistance in impact assessment, the adoption of criteria for support by export development agencies (e.g. OPIC, EDC, COFACE) and of OECD Guidelines for Multinational Enterprises (incl. specific recommendations for ‘weak governance zones’), and the enforcement of anti-corruption legislation (e.g. FCPA).<sup>47</sup> The risk is high, however, to see ‘resource diplomacy’ trump ethical standards unless local authorities are amenable to these concerns. Implementation of standards is of course facing major constraints, but a mix of multistakeholder initiatives bringing constructive engagement and synergies between companies, government, and civil society can help address this problem. In parallel,

forceful monitoring and sanctioning should increase overtime so as to ensure greater compliance by resource companies and greater accountability, notably towards affected local communities.

### **Balancing Fiscal Interests against Other Socio-Economic Needs**

Extractive sectors have been liberalized since the late 1980s, particularly in post-conflict countries. Liberalization policies often increased foreign investment and economic output, using reduced taxation rates as a core incentive. The overall fiscal impact has varied among countries, but observers have pointed to long-term risks associated with lower fiscal returns on non-renewable resources.<sup>48</sup> Fiscal regimes have privileged income tax and production sharing agreements (PSAs) that grant the government a proportion of resource earnings, rather than contracts based on royalties or direct exploitation through publicly owned companies, both of which ensure a greater degree of government control.<sup>49</sup> One problem is that the terms of the resulting agreements reflect the limited bargaining power of post-conflict states. A second problem is that politicians often take decisions with long-term impacts based on short-term considerations. Politicians may be more eager, for example, to privilege a foreign company able to jump-start a project and offer a large cash bonus upon the signature of the resource contract over the development of domestic industry. Both strategies offer different risks and opportunities, ignoring the downsides of locking the resource sector into foreign control and exacerbating its 'enclave' character. In a post-conflict context, decision makers should:

- **Weigh the advantages and disadvantages of domestic ownership versus FDI:** domestic benefits may be better secured outside of fast-tracked FDI projects. For instance, some resources, such as timber and surface deposits of high-grade ore, can be exploited through labour-intensive methods requiring minimal technological and capital inputs. These modes of exploitation (artisanal or small-scale) may have lower tax potential, but they often have higher net national value added than capital intensive projects. Domestic ownership allows for higher rates of taxation than those imposed by the 'global norm' of foreign investment.<sup>50</sup> Domestic ownership can be public, private, or a mix of both. Private ownership can help to hold the state accountable, but the state must also hold the private sector accountable. In practice, governments have frequently sought to bail out private companies – for example, through tax exemption – when faced with the prospect of large-scale unemployment or when key political supporters are at risk.
- **Consider indirect economic effects:** attention should also be given to indirect economic effects of both modes of production (such as indirect jobs) and spending on domestic inputs (such as food and tools). Domestic small-scale operations can also generate crucial financial capital for rural economies and more local economic development. Resource companies can also help create economic spin-offs and foster job-creation through their Corporate Social Responsibility (CSR) activities. Authorities should be attentive that these are not purely self-serving.<sup>51</sup>

- **Build effective governance through strong regulatory mechanisms:** the potential advantage of domestic exploitation is higher tax revenue – but only assuming that there are sound tax policies in place. Beyond the private/public and foreign/domestic divides, measures such as contract and revenue transparency and firewalls between regulators and regulated companies are necessary to prevent crony capitalism, asset stripping, and capital flight.<sup>52</sup>

## **Preventing Resource Exploitation Conflicts**

In a post-conflict context, careful attention must be paid to not only addressing past conflicts through resource management but also to managing resources in a such a way as to guard against igniting other potential tensions within the country. These include possible conflicts over land ownership, use, and degradation; resource control and access rights; and other environmental effects.<sup>53</sup> Post-conflict settings are particularly prone to land-related conflicts, due in part to large population movements (including by displaced persons who may find their land occupied upon their return) as well as local authorities' large land concessions or land tenure reforms. Motivations behind these concessions and reforms include, for example, the need to increase fiscal revenues, to 'kick start' the economy through large-scale investments, and to free up land for key infrastructure such as roads and housing. Other motivations, however, include corruption, the desire to please certain donor countries through investment opportunities, and a strategy of state consolidation through centralizing resource activities. The single largest direct impact of extractive sectors is the loss of land-based resource access for local communities, most often through the privatization of commons and resource concessions or activities prohibiting previous land use. Several general suggestions can help prevent resource-related conflicts:

- **Resource management should have broad developmental outcomes, with priority placed on reducing the risk of renewed conflict and on improving the lives of conflict-affected populations.** This means not only prioritizing large investments and high fiscal revenues, but also local livelihoods and long-term social and environmental impacts. Additionally, for the sake of preventing further conflict, the moratorium on large-scale resource exploitation discussed in the preceding sections should remain in place until robust institutions with satisfactory management and governance standards are able to carry out land titling procedures, independent monitoring of resource sectors, and credible impact assessments.
- **Resource managers ought to identify high-value resources, land ownership, and user rights.** This includes documenting existing resource activities, locating and assessing resource reserves, and presenting likely options for future resource development. Such information should then be put in dialogue with existing land ownership and user rights and assessed in collaboration with communities and resource companies; the process ought to include risk evaluation, information sharing, and providing early warnings to concerned parties on an on-going basis.

- **Multipurpose land use and access to land-based resources should be promoted through participatory land-use planning involving local communities.** The key concept of free, prior, and informed consent should provide the basis of the participatory approach, with a fair process of negotiation over compensation, possible veto rights by local communities, and long-term participation in control over resource exploitation.
- **Land policies should also help strengthen pro-poor land and land-based resource rights, paying attention to customary and user rights, notably those of indigenous populations.** Such rights can be better balanced with fiscal revenue requirements by promoting synergies between poor household needs and resource exploitation, including joint development, multiple land-use, land reclamation, pollution abatement, and economic linkages such as added-value activities (or beneficiation) and the diversification of economic activities. Courts should be accessible and judicial processes affordable to allow communities to defend land ownership and usage rights, while ad hoc conflict resolution mechanisms can complement statutory and customary laws. Land-based environmental and social impacts of resource exploitation should be regularly monitored and communities and the broader public kept informed. Customary rights are not a panacea, however, and they can bring their own set of inequalities and conflicts within and between communities, especially when formalization procedures (such as statutory titling) entrench power differentials.

### **Collecting and Channelling Resource Revenues**

Economic recovery is a priority in post-conflict contexts, and after years of violent dispossession, neglect, and curtailed opportunities, it is also a moral imperative. It would be naïve to think that economic recovery is apolitical or that it inevitably results in a durable peace; rather, attention needs to be paid to *how* recovery is achieved. Ideally, resource revenues should be channelled in ways that foster a diversified and sustainable economy that insures against future growth collapse and reduces the risk of renewed hostilities.

Extractive sectors, however, present several challenges to sustainability and diversification.<sup>54</sup> First, extractive sectors often rely on non-renewable resources. Second, extractive resources can produce the ‘resource curse’ discussed in Section II, locking countries into dependence and therefore exposing them to future revenue instability. Booming prices or one-time bonuses and the resulting revenue windfalls may, on the one hand, delay reforms and generate unsustainable practices and unrealistic expectations; on the other hand, revenue collapses may induce governments to borrow beyond their means. Third, without robust institutions in place, resource revenues face a high risk of capture by ruling elites. There is evidence that extractive-sector revenues are especially vulnerable to embezzlement, that resource wealth is correlated with higher levels of perceived corruption in low-income countries, and – more disheartening still – that levels of corruption may rise even further in post-conflict situations.<sup>55</sup>

Below we examine strategies through which peacebuilding might be able to mitigate these challenges to some extent by addressing resource revenue management. We focus on five specific types of initiatives, including recovering ‘looted assets’, post-conflict contract reappraisal, direct revenue disbursement, and resource revenue management funds. As with initiatives relating to resource exploitation management discussed in the preceding section, it is important to approach peacebuilding efforts having already taken initial steps to address the role of resource revenues in the conflict; this should include:

- **Comprehensive assessment:** assess the immediate needs of local populations, whether revenue distribution has contributed to the conflict, and how resources may have contributed to the war economy.
- **Address the immediate role of resource revenues in prolonging conflict or undermining peace:** impose and monitor sanctions on conflict resources and curtail potential ‘peace spoilers’ access to resource revenues. Address the financial interests of belligerents (in the case of *conflict resources*), resolve resource ownership and revenue sharing issues (for *resource conflicts*), or integrate resource governance reforms into peace agreements (in *resource curse* contexts).
- **Think ahead:** early adoption of transparency standards for revenues (EITI, budgetary auditing) and for contracts (along with public consultation); identify constraints to long-term development and plan how to best distribute and spend resource revenues to meet both long-term and short-term needs and to address causes of conflicts.

### Recovering ‘Looted Assets’ and Claiming Compensation

Wartime and post-conflict ‘looting’ of natural resources can lead to significant losses of public revenues. Such looting is frequently accompanied by human rights abuses, including complicity in war crimes and crimes against humanity (both direct and indirect). The goal of asset recovery is to track down and repatriate the proceeds generated by illegal resource exploitation, as defined by domestic legislation or international sanction regimes.<sup>56</sup> The UNSC has made increasing use of asset freezing (making assets inaccessible to their illegitimate ‘owners’) and asset recovery (returning assets to their rightful owners or reallocating assets to victims). Often, a primary goal is recovering money to recapitalise state coffers. Additionally, these measures signal an end to impunity for war profiteering and promote better practices among banks and resource companies – goals which can be further reinforced by suing individuals and companies that profited from conflict resource exploitation.<sup>57</sup>

- **Find and freeze assets.** Generally speaking, asset recovery focuses on major investors, traders, and exporters who have profited from conflict resources; other targets include politicians, government officials and leaders of armed groups that have been linked to human-rights abuses. Tracking down assets requires expertise, judicial support, and collaboration from financial institutions.<sup>58</sup>

- **Address the problem of ‘peace spoilers’.** Given the risk that some actors, such as armed group leaders, may ‘spoil the peace’ to avoid facing justice, preventive measures – such as disbanding their closest military units and armed supporters – are often required.
- **Identify rightful owners and recover assets.** Recovery is often slow and costly, and efforts are frequently ineffective – notably because of insufficient material evidence, the high speed of funds transfers, lack of collaboration between jurisdictions, the immunity of perpetrators, and legal loopholes and inconsistencies.<sup>59</sup> Additionally, many governments as well as the courts and, in some cases, the UNSC impose conditions on the repatriation of funds. Despite the difficulties involved, however, post-conflict political transitions offer a major opportunity for asset recovery. The return of stolen assets is also a central principle of the UN Convention against Corruption (UNCAC), which came into force in 2005.<sup>60</sup> Since 2007, this principle has received further backing from the Stolen Asset Recovery (StAR) Initiative (a joint effort of the World Bank and the UN Office on Drugs and Crime).<sup>61</sup> Recovery efforts may need to be backed by additional measures such as building investigative capacity (and guarding against co-optation), following judicial due process (including in a foreign court where standards of procedure and evidence may be higher), and disarming and demobilizing militias protecting ‘peace spoilers’.
- **Ensure transparency and legality.** Efforts to recover assets should also be complemented by the introduction of revenue tracking systems as well as reporting and transparency measures (discussed in Section IV) since asset freezing and recovery risk breaching the presumption of innocence and the right to judicial review, as decisions to freeze assets are generally taken outside of court and are not easily challenged by courts.<sup>62</sup>

### **Renegotiating ‘Odious Contracts’**

Contract reappraisal and renegotiation can increase public revenues, provide greater transparency and accountability, and support the regulation of resource sectors’ social and environmental impacts. Peacebuilding activities may therefore include a systematic review of extractive sector activities and contracts (including those involving state companies), with a concept of ‘odious contracts’ being applied to cancel existing contracts, adjust taxes for activities conducted during the war, or impose penalties on companies that knowingly traded in conflict resources.<sup>63</sup> By cancelling speculative or poorly run resource projects, reappraisal can also attract higher-quality investments that are more fiscally advantageous for the government and can better benefit local communities. Finally, a well-run reappraisal scheme that yields demonstrably successful development outcomes can strengthen trust in and improve the legitimacy of the government. Yet contract reappraisal initiatives should be carefully conducted so as not to offer opportunity for a new round of corrupt practices or extortion towards existing investors nor as a result act as a deterrent against legitimate future investments or otherwise undermine peacebuilding objectives and should therefore seek to strike a balance. Needless to say,

contract reappraisal and renegotiation pose serious challenges, especially in highly politicized and volatile environments with weak state capacity. The record of post-conflict contract reappraisal is thus very mixed, but there have been some notable successes.<sup>64</sup> Amnesty may be granted to companies demonstrating improved practices and paying tax arrears. In general, contract reappraisal and renegotiation should adhere to the following guidelines:

- **Transparency and legitimacy:** A first step is full disclosure of contracts, corporate structure, and ownership. Confidential commercial clauses should not be considered legally valid, given that the review ought to be mandated for all contracts in the country. Tax evasion and abusive practices – including tax holidays, transfer pricing, biased commodity-pricing mechanisms, and liability sheltering – should be revoked.
- **Recovering assets:** international aid can initially mask major losses of public revenue from inherited contractual provisions, but the damage is likely to become more apparent when donor fatigue sets in and countries are most in need of sustained revenues.<sup>65</sup> Wealth recovery, as discussed in the preceding sub-section, may also be an important part of contract reappraisal and renegotiation with the retroactive application of the concept of ‘odious contracts’ being used to recover ill-gotten profits.
- **Awarding new contracts:** transitional authorities, whether local or international, should not be granted the right to award long-term contracts in extractive sectors.<sup>66</sup> But revenues from resource sectors should be put under international trusteeship or at least supervision.<sup>67</sup> Even as foreign trusteeship authorities transfer power to domestic government, it is desirable to maintain external supervision and the capacity to intervene in revenue management, possibly for as long as a decade. Given sensitivities over sovereignty, however, such efforts risk raising questions about the motives of intervening parties, and thus strict independence and an absence of vested interests must be demonstrated.
- **Donor support:** donors should foster contract reappraisal through technical assistance and support for civil society organizations demanding and monitoring changes. To gain the cooperation of domestic authorities, donors should consider providing funds to make up for potential losses in revenue during review periods. In order for this process to be meaningful, reviews must be open and their findings and contractual revisions made public. If necessary, disciplinary measures against reluctant companies and governments should be considered, including through the targeted reactivation of UNSC sanctions.

## **Direct Revenue Disbursement**

A key distinction between resource bases and resource revenues is that the territory where resources are located may be indivisible, but revenues can be easily divided; however, the difficulty is in creating a

revenue sharing arrangement that is as secure as a territorial division would be.<sup>68</sup> Experiences over the past two decades suggest that revenue sharing agreements between governments in a divided state or between ruling parties in a coalition government have a poor record in terms of risk of renewed conflict. Some central governments have sought to address antagonistic identity politics through fiscal decentralization, with mixed results.<sup>69</sup> The process through which decentralization is achieved seems to matter as much as its economic outcomes. The best results, as in South Africa or Mozambique, have been characterized by broad popular participation (including by minority groups), bargaining between government and sub-national groups, state outreach in remote areas, trust-building among groups participating in local governance institutions, and revenue redistribution across regions. Building on these experiences, direct disbursement of revenues to the population can be proposed as way to reframe the institutional and economic relationships among resources, governments, and the people.

- **Assess the possibility of a direct disbursement program.** As an alternative to channelling resource revenues through regional and local governments and the parties that control them, direct disbursement to the population offers several advantages;<sup>70</sup> recent studies show that direct cash payments contribute positively to poverty alleviation and disaster recovery, including in conflict-affected environments.<sup>71</sup> Direct revenue allocation provides tangible evidence of a ‘peace dividend’ and sends a signal that resources are owned by the people. If the choice is made to distribute the revenue equally across the entire population, this can contribute to a sense of national identity and common destiny; however, it is important to remember that populations in producing regions may have claims related to the socio-environmental impacts associated with resource extraction. Thus payments could potentially exacerbate tensions over the particularistic claims of populations in production regions; however, many grievances in such areas result more from corruption and waste reducing the positive impacts of resource revenues, which direct disbursement could help to address.
- **Consider ways to mitigate potential challenges and look for complementary peacebuilding activities.** Direct revenue transfers might seem unrealistic in post-conflict contexts with low state capacity, insufficient information on citizens, criminality/insecurity presenting risks of (violent) theft, and struggling financial and fiscal systems; however, direct disbursement could also be made to work toward peacebuilding goals such as voter registration (matching up this ‘political entitlement’ process with an ‘economic entitlement’ process), strengthening tax systems (by providing an incentive to enter into a formal financial relationship with the state), or achieving social objectives (such as children’s schooling). Potential difficulties with a direct disbursement scheme should be carefully considered and addressed (like possible manipulation by politicians, which could be dealt with through laws ‘freezing’ payment levels according to a defined set of criteria)<sup>72</sup> – potentially through locally appropriate and conflict-sensitive mitigation strategies (such as addressing the cost and risks associated with making a vast number of small cash transfers in a high insecurity environment through the use of mobile phone banking).<sup>73</sup>

- **Ensure that any direct disbursement program is attentive to social objectives.** Perhaps the most pressing problems with direct payments are that they might reduce the state's ability to provide public goods and services, be spent in ways that undermine local production, or legitimate privatization reforms of public services – all of which could have a regressive impact on the poor. Given the need for state revenue, one option is a hybrid scheme, whereby part of the revenue is distributed to the population directly and the other part goes to the government for public investment and social expenditure. An alternative way to address the need for state revenue is to not only transfer revenues to the population but also tax them progressively according to recipients' income levels.<sup>74</sup>
- **Consider donor support.** Donor support for such a scheme could help to advance the economic objective of poverty reduction and the political objective of state-building. This budgetary support could be phased-in to respond to the absorptive capacity of the government and phased-out to incentivize the state to develop its fiscal autonomy and foster economic diversification.

### **Resource Revenue Management Funds**

Revenue volatility, a crucial dimension of the resource curse and source of popular grievance, has been exacerbated rather than resolved over the past two decades. International revenue stabilization mechanisms have spectacularly faltered (mostly for lack of support within a neoliberal economic establishment privileging free trade and financial deregulation<sup>75</sup>) and most commodities show no sign of decreased volatility.<sup>76</sup> In a post-conflict situation, building revenue volatility-smoothing instruments, such as stabilization funds or saving funds, into domestic revenue management laws may help to blunt the effects of this somewhat difficult international economic environment.

- **Stabilization funds** seek to reduce sharp variations in revenues by setting aside any amount that exceeds forecasts or the government's absorption capacity and then releasing reserve funds when revenues decrease. Given the major volatilities in resources revenues, stabilization funds should be encouraged in post-conflict contexts, provided that these funds are well integrated into budgetary management and secured from embezzlement.
- **Savings funds** serve a similar function but with a longer-term horizon, seeking not to buffer variations but to build a future source income for when resources are exhausted. Ironically, these generally have been introduced where they are least needed – that is, where sound fiscal policies are already observed and resource revenues represent only a small part of fiscal inflows.<sup>77</sup> While establishing a savings fund can be part of a program of institution building, allocating significant amounts of money to it should not be a priority in most post-conflict situations given more pressing economic and social needs.

Additionally, revenue management laws can establish allocation mechanisms, such as an annual fund withdrawal ceilings and ratios of revenue allocation to regions (such as provinces) and policy sectors (such as health and education). Introducing or consolidating such legislation and the administrative and oversight bodies needed to implement it should be a priority of post-conflict state-building. One option in such consolidation is to put the proposed legal framework to a referendum. Not only would this grant stronger legitimacy but also it would help mobilize community involvement in debating the draft; however, the absence of flexibility in budgetary allocation can also become a source of tension.<sup>78</sup>

#### **IV. CONCLUSION AND IMPLICATIONS**

The success of the initiatives outlined in this paper lies not only with progress ‘on-the-ground’ in post-conflict contexts but also depends upon larger governance arrangements and the concerted efforts of international actors including transitional authorities, donors countries, domestic and international civil society organizations, and resource companies. As discussed in Section II, the international community tends to employ conflict termination mechanisms like sanctions and military intervention. While such interventions in resource-related disputes have been shown to encourage cooperation over conflict in belligerents’ cost-benefit analyses, the effects are short-lived without longer-term peacebuilding strategies also being employed.<sup>79</sup> Another reason for the repeated failure of countermeasures aimed at averting renewed hostilities is a pattern of non-implementation in post-conflict contexts.<sup>80</sup> Addressing these patterns of failed peacebuilding requires improved governance at the international level<sup>81</sup> in order to provide sufficient support for post-conflict peacebuilding in national, regional, and local contexts.

Unfortunately, the opposite is often true; international governments and supra-national actors regularly play a conspicuous role in undermining resource governance goals, often to the advantage of nations in which resource companies are based and to the detriment of countries in which resource exploitation occurs.<sup>82</sup> Transparency is at the core of many efforts aimed at international actors or relationships that are intended to ensure resource exploitation is carried out in a responsible and accountable manner. Examples include both commodity-focused mechanisms – like the Kimberley Process Certification Scheme (KPCS) – and revenue-focused mechanisms such as the Extractive Industries Transparency Initiative (EITI), the Publish What You Pay (PWYP) campaign, the IMF’s Guide on Resource Revenue Transparency (GRRT), and section 1504 of the US Dodd–Frank Wall Street Reform and Consumer Protection Act.<sup>83</sup> The objective of these schemes is to curtail the role of resources and resource revenues in promoting, provisioning, or prolonging conflict; to consolidate post-conflict resource and resource revenue management gains; and to formalize resource sectors to the benefit of post-conflict governance goals. The specific conflict-related impacts of some mechanisms – such as KPCS – remain ambiguous at best. Overall, however, these efforts constitute an important step toward improved transparency; for instance, although relatively slow, the EITI was able to validate the compliance of eleven countries by 2011 since its start nearly a decade earlier, while 24 other countries worked towards validation.<sup>84</sup> Yet long-term positive impacts will depend on sustaining these efforts and turning voluntary standards into

global and more mandatory norms so that all companies and countries meaningfully disclose revenues and improve accountability.<sup>85</sup> Early adoption of transparency standards will not only improve accountability and set better practices for the future, but help promote a ‘culture’ of transparency and accountability with long term beneficial impacts.

In addition to transparency initiatives, international as well as domestic actors can collaborate through three additional arrangements to help build the conditions for more robust post-conflict resource governance: a transitional trusteeship arrangement, a national extractive-sector compact on resource governance, and an international agreement on extractive sectors with an international revenue management agency.

- **Transitional trusteeship:** broadly speaking, a strong regulatory framework should be set up early under an internationally and domestically scrutinized interim administration – with maximum transparency, civil society participation, an open political field, and donor leverage in order to ensure that robust rules protecting public interests are in place. The final validation through parliament and the implementation of these rules should be left to the democratically elected government, but there should not be an abrupt and safeguards-free passage from transitional to elected government-rule. It is important to maintain a degree of supervision, capacity building, and accountability via formal mechanisms – as well as sensitivity to the wide variations in the specific nature, legitimacy, and capacity of transitional authorities. Additionally, donors must be careful not to undermine this process in pursuit of their own interests or any ‘quick fixes’ to post-conflict economic troubles.
- **Resource compact:** the heart of a resource compact should be an extractive sector public forum that brings together citizens, politicians, and companies. Timing is crucial in order to take advantage of the climate of relative openness and security that a transition overseen by peacekeeping forces may provide. A main priority of the forum should be identifying and articulating the nature, objectives, and operational principles guiding the extractive sector.<sup>86</sup> The forum should play an active role in informing the general population about resource sectors, and to this end, the forum should have a secretariat capable of acquiring, analyzing, and diffusing information. A second priority of the forum should be providing a public platform for extractive sector stakeholders, notably those that are likely to be marginalized or at risk if taking a stand on their own. Lastly, the resource compact should establish an independent extractive sector monitoring body, which should be financed by a donor trust fund and have diverse monitoring team membership. Overall, the challenges and limitations of this approach should not be underestimated, but such a forum could provide an important avenue to enhance information flow and relative protection for advocates of improved resource management.
- **International Agreement on Resource Sectors:** development economist Paul Collier initiated such efforts in 2008 through the creation of the Natural Resource Charter.<sup>87</sup> One possible

normative evolution is towards an international agreement that would in effect set mandatory standards for natural resource sectors. Such an agreement should define ‘conflict resources’ and set clear ethical norms and reporting procedures regarding revenues generated in conflict-affected countries; resources suspected of meeting such a definition should be subjected to independent investigations and the activities and assets of companies involved in these sectors ought to be made liable. Next, the agreement should set contractual standards including bidding procedures, tax assessment, and transparency and accountability. The agreement also needs to address resource revenue risk by facilitating access to revenue smoothing instruments and by better sharing risk between companies and governments.

Finally, the creation of an **International Revenue Management Agency** could be considered created as part of the agreement, with financing secured through a consortium of donors, companies, and producing governments. The mandate of this agency would be to ensure that the ‘revenue pipeline’ between companies, governments, and populations is tight, and that revenues – whether in the form of direct disbursement, public services, or both – reach the population. The agency should protect populations from revenue volatility, respond to tax evasion and corruption, address complaints, and conduct audits. In exceptional cases, government revenues could be directed towards a trust held by the agency. Revenue Watch Institute is currently taking on some of these tasks, notably in terms of facilitating the implementation of, and exchange of information about the EITI.

As outlined in this paper, there is now a better understanding of the multiple linkages between armed conflicts and natural resources, as well as a number of important initiatives – including strategies for regulating the post-conflict ‘resource rush’, balancing economic development against other socio-economic needs, and curbing the potential for future resource-related conflicts – that can contribute to peacebuilding through resource exploitation management. Additional approaches also highlighted herein address managing resource revenues in post-conflict contexts, including initiatives for recovering looted wealth and revisiting disadvantageous resource exploitation contracts as well as revenue volatility-smoothing instruments and direct disbursal mechanisms. Underpinning the success of any such initiatives must be a robust, effective, and transparent governance framework, which the international community must support through parallel improvements in transparency and accountability in addition to the three proposals outlined above. Another factor is the adequate taxation of natural resource sectors, so that the focus is not only placed on how well a government is managing resource revenues, but also on how much revenues it is getting from resource sectors. So-called ‘fair taxation’ issues thus need to be addressed more directly in resource-related peacebuilding initiatives.

The initiatives detailed in this paper are not intended to belie the often “messy” realities encountered in post-conflict contexts; our aim has been rather to review recent debates and suggest available approaches to orient policy and augment practitioners’ toolboxes. Similarly, the initiatives are not equally applicable to all cases of post-conflict extractive resource management and depend on the nature

of the relationship between resources, conflicts, and violence; the specifics of the setting – the sectors involved, the capacity of institutions, and broader political and economic aspects of post-conflict recovery – play a major part in deciding which options are most appropriate to pursue in addition to broader *resource curse*, *resource conflict*, and *conflict resource* patterns. In all cases, however, post-conflict situations provide considerable challenges – but also a great many promises if natural resources can be made to work for peace.

## Appendix I. Resource Curse, Resource Conflict, and Conflict Resource Typologies

### **RESOURCE CURSE: INSTITUTIONAL WEAKENING EFFECT**

Resource dependence weakening of states and societal organization (produces *vulnerability*)

#### *Weak state mechanism*

- Poor taxation/representation nexus as government fiscally autonomous from population)
- Authoritarianism and corruption
- Weak tax handle (resource sectors hard to tax due to ease of illegal activities and poor bureaucratic control capacity)

#### *Weak socioeconomic linkages*

- Low socio-professional diversification, social cohesion, regional integration

### **RESOURCE CONFLICT: MOTIVATIONAL EFFECT**

Resource wealth and exploitation motivating armed conflict (increases *risk*)

#### *Grievance mechanisms*

- High income inequality
- High economic vulnerability to growth collapse
- Grievances over socio-cultural-environmental “externalities”
- Grievances over unfair revenue distribution

#### *Greedy rebel mechanisms*

- “Economic violence” by domestic groups
- Greater rewards for state capture
- Greater rewards for secessionism

#### *Greedy outsider mechanisms*

- High (future) profits
- Strategic leverage on competitors through resource supply control

### **CONFLICT RESOURCE: OPPORTUNITY EFFECT**

Resource revenues financing hostilities (results from *opportunities*)

- Higher viability of armed hostilities (resources financing the weaker party, but also covering for war-related budgetary expenditure)

## Appendix II - Conflict resources related activities by UN Peacekeeping Missions, 1988–2010

Missions	Activities
Angola: UNAVEM <sup>a</sup> (1988–1997) - Assistance; MONUA <sup>b</sup> (1997–1999) – Observation <i>Ban on noncertified diamond exports</i>	The mission had very limited effectiveness, but the ban was effective—partly because of military pressure on UNITA from the Angolan government, and partly because the governments in Kinshasa and Brazzaville, which had provided conduits for UNITA’s diamond smuggling, were toppled; peacekeepers provided some assistance to UN expert panels.
Cambodia: UNTAC <sup>c</sup> (1992–1993) - Transitional authority <i>Ban on logging exports (sawn timber exempt)</i>	Limited effectiveness because the ban was not implemented for long enough, and there was no UN enforcement of the ban in Khmer Rouge areas along the Thai border; the UN mission provided some assistance as a transitional authority in the area of environmental and resource management.
Croatia: UNTAES <sup>d</sup> (1996–1998) - Transitional authority <i>Border monitoring</i>	Limited support for local police forces.
Sierra Leone: UNAMSIL <sup>e</sup> (1999–2005) – Assistance <i>Ban on noncertified diamond exports</i>	Peacekeepers provided some assistance with monitoring and conflict resolution in the diamond sector.
DRC: MONUC <sup>f</sup> (1999–2010), MONUSCO <sup>g</sup> (2010–present) – Assistance <i>Curtailling financing of illegal groups</i>	Monitoring, border control at airports, military assistance to Congolese army to curtail armed groups’ access to natural resources.
Afghanistan: UNAMA <sup>h</sup> (2002–present) – Assistance <i>Counternarcotics operations</i>	Policy coordination and technical cooperation; no military component.
Liberia: UNMIL <sup>i</sup> (2003–present) – Assistance <i>Ban on timber and all diamond exports</i>	Limited assistance in key areas; UNMIL also maintains an Environment and Natural Resources Unit, which assists UN expert panels.
Côte d’Ivoire: MINUCI <sup>j</sup> (2003–2004), UNOCI <sup>k</sup> (2004–present) – Assistance <i>Ban on all diamond exports</i>	Embargo-monitoring unit; no mandate to address key resource sectors (e.g., cocoa) from which rebels obtain financing.

Notes: a. UN Angola Verification Missions ; b. UN Observer Mission in Angola; c. UN Transitional Authority in Cambodia; d. UN Transitional Administration in Eastern Slavonia, Baranja, and Western Sirmium; e. UN Assistance Mission in Sierra Leone ; f. UN Mission in the Democratic Republic of the Congo (*Mission de l’Organisation des Nations Unies en République Démocratique du Congo*) ; g. UN Stabilization Mission in the Democratic Republic of the Congo (*Mission de l’Organisation des Nations Unies pour la stabilisation en République Démocratique du Congo*) ; h. UN Assistance Mission in Afghanistan; i. UN Mission in Liberia ; j. UN Mission in Côte d’Ivoire ; k. UN Operation in Côte d’Ivoire.<sup>88</sup>

Appendix III. Strategies for Making Natural Resources Work for Peace<sup>89</sup>

Objective		Peacemaking	Peacekeeping	Peacebuilding
Resource Exploitation Management	Resource Base and Extraction	<ul style="list-style-type: none"> <li>Place a moratorium on large-scale resource exploitation during the review and standards-development processes.</li> <li>Conduct a comprehensive assessment of each resource sector and exploitation area, clarifying objectives, outlining possible scenarios, and paying close attention to ways to increase broad developmental benefits.</li> <li>Identify high-value resources, land ownership, and user rights (including documenting on-going activities, reserves, and likely future projects).</li> <li>Consider political options for and socio-economic implications of integrating resource sectors into conflict resolution (sanctions, military intervention, and wealth-sharing).</li> <li>Assess how and to what extent local livelihoods depend on resource exploitation.</li> <li>Consider local populations' claims with regard to socio-environmental impacts associated with resource extraction.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor the post-conflict resource rush and consider regulatory options.</li> <li>Prioritize the regulation of large scale extractive projects with long-term consequences.</li> <li>Support artisanal and small-scale activities through legalization, capacity building, granting access, and providing security.</li> <li>Establish alternative livelihoods if extraction is a source of instability.</li> <li>In policy making, consider ways to strengthen pro-poor land and land-based resource rights, paying attention to customary and user rights, notably those of indigenous populations.</li> <li>Set up a system that registers claims to land and other resources.</li> <li>Assess overlapping claims and interests for land use.</li> <li>Establish secure regional trading centres.</li> </ul>	<ul style="list-style-type: none"> <li>Enforce environmental and social standards on the extractive industry.</li> <li>Formalize small-scale and artisanal resource extraction.</li> <li>Foster activities that positively contribute to the income and well-being of populations and reduce land disputes, such as informing local communities about their land rights and the potential and pitfalls resource exploitation; assisting local communities in negotiations and formalisation of land ownership and use rights; promoting multiuse planning that incorporates economic, social, and environmental concerns; and ensuring fair and timely compensatory, conflict resolution, and judicial litigation mechanisms for communities.</li> </ul>
	Commodity Tracking	<ul style="list-style-type: none"> <li>Identify and analyze trading networks.</li> <li>Place monitors at trading and export hubs.</li> <li>Implement existing systems such as the Kimberley Process.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor practices along commodity chain, including at production sites, to assess due diligence on the part of resource companies.</li> <li>Establish (new) commodity tracking systems and due diligence standards.</li> </ul>	<ul style="list-style-type: none"> <li>Fulfil commodity tracking requirements.</li> </ul>
Management of Resource Revenues	Capture and Recovery	<ul style="list-style-type: none"> <li>Find and freeze assets.</li> </ul>	<ul style="list-style-type: none"> <li>Track down the assets of major investors, traders, and exporters.</li> <li>Introduce revenue tracking systems with reporting and transparency.</li> </ul>	<ul style="list-style-type: none"> <li>Identify and sue individuals and companies that have profited from conflict resource exploitation, and use the funds to compensate the host government and victims of human rights abuses.</li> <li>Fulfil revenue tracking requirements.</li> <li>Repatriate stolen revenues.</li> </ul>

<b>Management of Resource Revenues (Continued)</b>	Contracts and Industry	<ul style="list-style-type: none"> <li>• Place a moratorium on new contracts.</li> <li>• Begin contract reappraisals with full disclosure of contracts, corporate structure, and ownership.</li> <li>• Negate confidential commercial clauses.</li> <li>• Revoke tax evasion and abusive practices, including tax holidays, transfer pricing, biased commodity-pricing mechanisms, and liability sheltering.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider maintaining a moratorium on long-term contracts for extractive projects under transitional authorities.</li> <li>• Review natural resource concessions and contracts.</li> <li>• Cancel non-compliant contracts.</li> </ul>	<ul style="list-style-type: none"> <li>• Renegotiate contracts.</li> <li>• Sign new contracts once due processes for negotiation, awarding, and follow-up are in place.</li> <li>• Consider a stakeholder-negotiated resource sector compact detailing the nature, objectives, and operational principles guiding the extractive sector, and establish an independent monitoring body.</li> </ul>
	Management and Spending	<ul style="list-style-type: none"> <li>• Assess the immediate needs of local populations.</li> <li>• Impose and monitor sanctions on conflict resources.</li> <li>• Assess whether revenue distribution has contributed to the conflict.</li> <li>• Identify constraints to long-term development.</li> <li>• Assess how resources have contributed to the war economy.</li> <li>• Curtail access to resource revenues for potential “peace spoilers” by identifying players in extractive industries, demilitarizing resource production areas, and targeting key trading intermediaries and transportation bottlenecks such as bridges and ports.</li> <li>• Plan how to best distribute and spend revenues from natural resources to meet both long term and short term needs and so as to address causes of conflicts.</li> <li>• Depending on the type of conflict, address financial interests of belligerents (conflict resource), resolve resource ownership and revenue sharing issues (resource conflict), or integrate resource governance reforms into peace agreements (resource curse).</li> </ul>	<ul style="list-style-type: none"> <li>• In the case of conflict resources, use sanctions, due diligence, and peacekeepers to curtail resource financing and profiteering.</li> <li>• Establish and implement revenue management laws, such as a stabilization fund, revenue allocation mechanisms, and/or revenue sharing agreements – ensuring that all transactions are transparent.</li> <li>• Consider benefit-sharing schemes for local communities.</li> <li>• Monitor sanctions on conflict resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up development and stabilization funds, and – only once pressing economic and social needs have been met – consider establishing a savings fund.</li> <li>• Consider direct disbursement programs, possibly with donor support.</li> <li>• Consolidate and follow up on accounting procedures.</li> <li>• Introduce or consolidate the administrative and oversight bodies needed to sustain revenue management laws.</li> <li>• Consolidate revenue allocation mechanisms in such a way as to foster a sense of entitlement over revenues amongst the population, and build instruments and incentives to protect revenues from government- and extractive industry-abuse.</li> </ul>

<b>Control</b>	Institutions and Policy	<ul style="list-style-type: none"> <li>• Review resource management institutions, laws, and regulations.</li> <li>• Identify incentives and power relationships influencing resource and revenue management, including patronage networks.</li> <li>• Set up schemes to reduce incentives and curtail opportunities for corruption.</li> <li>• Consider investigating past and ongoing corrupt practices.</li> <li>• Throughout the peacebuilding process, use external expertise for technical, managerial, and supervisory purposes</li> </ul>	<ul style="list-style-type: none"> <li>• Start restructuring, reforming, and building capacity in relevant governmental institutions.</li> <li>• Relocate revenue management from resource management ministry to finance ministry.</li> <li>• Establish adequate accounting procedures and auditing of resource revenues on all levels of relevant governmental offices.</li> <li>• Start developing or amending the legal framework for resource management.</li> <li>• Train civil society groups, parliamentarians, and journalists to build awareness and reinforce accountability mechanisms in resource management.</li> <li>• Establish judicial due process and disband political militias to prevent politicians exposed for malpractices from “spoiling the peace.”</li> <li>• Institute anti-corruption mechanisms.</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidate checks and balances through transparency and accountability mechanisms.</li> <li>• Strengthen firewalls between regulators and regulated companies so as to prevent crony capitalism, asset stripping, and capital flight.</li> <li>• Consolidate governance structure and capacities to avoid erosion of (anti-resource curse) institutions and to improve developmental outcomes.</li> <li>• Enforce the relevant laws, regulations, and policies.</li> <li>• Continue support for institutional reforms.</li> </ul>
	Participation	<ul style="list-style-type: none"> <li>• Make all assessments with the participation of local entrepreneurs and workers (including the poorest).</li> <li>• Identify and analyze the interests of stakeholders.</li> <li>• Assess existing and potential land-related conflicts in collaboration with communities and resource companies.</li> <li>• Assess grievances and concerns related to extraction and benefit sharing in the local community.</li> <li>• Conduct community meetings to present local resource development options.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage communities and civil society in drafting plans for resource management, multipurpose land-use planning, and access (both locally and nationally).</li> <li>• Build trust and dialogue between local and central government through community meetings, accessible information, and effective participation.</li> <li>• Base policies and projects on the participation of local entrepreneurs and workers (including the poorest) as well as local communities’ free, prior, and informed consent.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider putting a proposed revenue management framework to a referendum.</li> <li>• Create awareness of potential (new) resource conflicts.</li> <li>• Foster coalitions that promote broad developmental outcomes and help reduce the likelihood of conflict.</li> <li>• Create a multi-stakeholder compact to serve as a platform for oversight and information.</li> <li>• Encourage on-going dialogue between local communities and resource companies, including risk evaluation, information sharing, and early warnings.</li> <li>• In the case of resource conflict, promote inclusive forms of resource ownership, control, and access.</li> </ul>

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- <sup>1</sup> I. O. Lesser, *Resources and Strategy. Vital Materials in International Conflict, 1600-Present Day* (New York: St. Martin's Press, 1989), A.H. Westing, ed., *Global Resources and International Conflict : Environmental Factors in Strategic Policy and Action* (Oxford Oxford University Press, 1986). Armed conflict refers to the deployment of organized physical violence and includes coup d'état, terrorism, and intra- or inter-state armed conflict. The deconstruction of many contemporary armed conflicts also results in a continuum between banditry, organized crime, and armed conflict. In this respect, the criteria of annual battle deaths (e.g. 25 or 1,000) as well as that of state involvement and political motivation are not always helpful since the number of violent deaths can be higher in 'peacetime' than 'wartime' (e.g. El Salvador) and economic motives play a significant role.
- <sup>2</sup> Mats Berdal and David Malone (eds.), *Greed and Grievance: Economic Agendas in Civil Wars* (Boulder, CO: Lynne Rienner Publishers, 2000). Other major sources of funding include criminal proceeds from kidnappings or protection rackets, diversion of relief aid, diaspora remittances, and revenues from trading in commodities such as drugs, timber, or minerals Francois Jean and Jean-Christophe Rufin, eds., *Economie Des Guerres Civiles* (Paris: Hachette, 1996). For a review of the literature on war economies and the political economy of war in the late 1990s, see Philippe Le Billon, "The Political Economy of War: An Annotated Bibliography," (London, UK: Humanitarian Policy Group (HPG), Overseas Development Institute, 2000). The 'War on Terror' has led to a rebounding of foreign military assistance, but most of this funding has been directed at states rather than rebel groups, thus maintaining the commercialization of war economies.
- <sup>3</sup> United Nations Environment Programme, *From Conflict to Peacebuilding: The Role of Natural Resources and the Environment* (Nairobi, Kenya: UNEP, 2009). Scholars are presently debating the probable, generalizable impacts of climate change on resource-related conflicts, both alone and in conjunction with other risk factors; suffice it to say that climate change will absolutely present another dimension to be accounted for in the peacebuilding process. See for example 2007 special issue of Political Geography and UNSG special report on climate change and security.
- <sup>4</sup> Ibid.
- <sup>5</sup> K. Ballentine and H. Nitzschke, *Profiting from Peace: Managing the Resource Dimensions of Civil War* (Boulder, CO: Lynne Rienner, 2004), Bannon and Collier, *Natural Resources and Violent Conflict: Options and Actions*. Ross, "A Closer Look at Oil, Diamonds, and Civil War."
- <sup>6</sup> Source: World Bank extractive sector rents (does not include diamonds), list of countries: Afghanistan, Algeria, Angola, Azerbaijan, Bosnia & Herzegovina, Burundi, Cambodia, Chad, Colombia, Congo Dem. Rep., Congo Rep., Côte D'Ivoire, Croatia, El Salvador, Eritrea, Guatemala, Iraq, Liberia, Mozambique, Myanmar, Nepal, Nicaragua, Rwanda, Serbia, Sierra Leone, Somalia, Sudan, Timor-Leste, Uganda.
- <sup>7</sup> David Cortright and George A. Lopez, *Sanctions and the Search for Security: Challenges to Un Action* (Boulder, CO: Lynne Rienner, 2002).
- <sup>8</sup> For a review of wealth-sharing arrangements, see Helga Malmin Binningsbo and Siri A. Rustad, "Resource Conflicts, Wealth Sharing and Postconflict Peace," (Norwegian University of Science and Technology and International Peace Research Institute, 2009), Nicholas Haysom and Sean Kane, "Negotiating Natural Resources for Peace: Ownership, Control and Wealth-Sharing," (Geneva: Centre for Humanitarian Dialogue, 2009), A. Wennmann, "Economic Provisions in Peace Agreements and Sustainable Peacebuilding," *Negotiations* 1, no. 11 (2009).
- <sup>9</sup> Neil Cooper, "State Collapse as Business: The Role of Conflict Trade and the Emerging Control Agenda," *Development & Change* 33, no. 5 (2002), Neil R. Cooper, "Chimeric Governance and the Extension of Resource Regulation," *Conflict, Security and Development* 6, no. 3 (2006), Le Billon, "The Political Ecology of War: Natural Resources and Armed Conflicts.", Mandy Turner, "Taming Mammon: Corporate Social Responsibility and the Global Regulation of Conflict Trade," *Conflict, Security and Development* 6, no. 3 (2006).
- <sup>10</sup> For a review of this debate, see Indra de Soysa, "Ecoviolence: Shrinking Pie, or Honey Pot?," *Global Environmental Politics* 2, no. 4 (2002).
- <sup>11</sup> G. Baechler and K.R. Spillman, *Environmental Degradation as a Cause of War* (Zurich: Ruegger, 1996), Homer-Dixon, *Environment, Scarcity and Violence*.
- <sup>12</sup> Le Billon, *Fuelling War: Natural Resources and Armed Conflicts*.
- <sup>13</sup> Auty, ed., *Resource Abundance and Economic Development*, Mehlum, Moene, and Torvik, "Institutions and the Resource Curse.", Michael Ross, "Extractive Sectors and the Poor," (Boston, MA: Oxfam America, 2001), Jeffrey and Andrew Warner Sachs, "The Curse of Natural Resources," *European Economic Review* 45, no. 4-6 (2001). Auty, "Natural Resources and Civil Strife: A Two-Stage Process.", de Soysa, "Ecoviolence: Shrinking Pie, or Honey Pot?.", Fearon, "Primary Commodities Exports and Civil War.", Le Billon, "The Political Ecology of War: Natural Resources and Armed Conflicts.", Ross, "The Political Economy of the Resource Curse."

- <sup>14</sup> E. Neumayer, "Does the "Resource Curse" Hold for Growth in Genuine Income as Well?," *World Development* 32, no. 10 (2004), A. Rosser, "The Political Economy of the Resource Curse: A Literature Survey," (Sussex: IDS, 2006).
- <sup>15</sup> Carlos Leite and Jens Weidmann, "Does Mother Nature Corrupt? Natural Resources, Corruption, and Economic Growth," in *Governance, Corruption, and Economic Performance*, ed. George T. Abed and Sanjeev Gupta (Washington, DC: International Monetary Fund, 2002), Mick Moore, "Revenues, State Formation, and the Quality of Governance in Developing Countries," *International Political Science Review* 25, no. 3 (2004), Ross, "The Political Economy of the Resource Curse."
- <sup>16</sup> David Harvey, *The Limits to Capital* (New York: University of Chicago, 1982), G. Lanning and M. Mueller, *Africa Undermined: Mining Companies and the Underdevelopment of Africa* (London: Penguin, 1979), Neil Smith, *Uneven Development: Nature, Capital, and the Production of Space* (Oxford: Basil Blackwell, 1984).
- <sup>17</sup> Gavin Bridge, "Exploiting: Power, Colonialism and Resource Economies," in *Companion Encyclopedia of Geography*, ed. Ian Douglas, Richard Huggett, and Chris Perkins (London: Routledge, 2006).
- <sup>18</sup> Acemoglu, Johnson, and Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation."
- <sup>19</sup> Rebecca Roberts and Jacque Emel, "Uneven Development and the Tragedy of the Commons: Competing Images for Nature-Society Analysis," *Economic Geography* 68, no. 3 (1992).
- <sup>20</sup> G. Bridge and P McManus, "Sticks and Stones: Environmental Narratives and Discursive Regulation in the Forestry and Mining Sectors," *Antipode* 32, no. 1 (2000), Stephen G. Bunker, *Underdeveloping the Amazon: Extraction, Unequal Exchange and the Failure of the Modern State* (New York: University of Chicago Press, 1990).
- <sup>21</sup> For a review, see Fearon, "Primary Commodities Exports and Civil War.", Ross, "What Do We Know About Natural Resources and Civil Wars?."
- <sup>22</sup> Resource dependence can be measured in different ways, including as a percentage of GDP, exports, or government revenue. The IMF, for example, qualifies a country as 'resource dependent' if resource sectors represent more than 25% of GDP and 25% of state revenues. National-level figures, however, can be misleading, as resource dependence can only characterize subnational areas and may not account for the importance of some resources in subsistence livelihoods, cultural beliefs, or identity formation.
- <sup>23</sup> Neumann, "Moral and Discursive Geographies in the War for Biodiversity in Africa.", Peter Vandergeest and Nancy Lee Peluso, "Territorialization and State Power in Thailand," *Theory and Society* 24, no. 3 (1995).
- <sup>24</sup> Ross, "Oil, Drugs, and Diamonds: How Do Natural Resources Vary in Their Impact on Civil War?."
- <sup>25</sup> UN General Assembly resolution 55/56 adopted on 1 December 2000.
- <sup>26</sup> See the definition proposed by Global Witness, Global Witness, "The Logs of War: The Timber Trade and Armed Conflict," (Oslo, Norway: Programme for International Co-operation and Conflict Resolution, Fafo Institute for Applied Social Sciences, 2002).
- <sup>27</sup> See also Auty, ed., *Resource Abundance and Economic Development*, Anne D. Boschini, Jan Pettersson, and Jesper Roine, "Resource Curse or Not: A Question of Appropriability," *Scandinavian Journal of Economics* 109, no. 3 (2007).
- <sup>28</sup> R. Duffy, "Peace Parks: The Paradox of Globalisation," *Geopolitics* 6, no. 2 (2001)., for example, notes the contribution of "peace parks" stretching across weakly controlled border areas to networks of "criminal" activities—potentially linking with the spatial structure of insurgency.
- <sup>29</sup> Le Billon, "The Political Ecology of War: Natural Resources and Armed Conflicts."
- <sup>30</sup> Other resource characteristics have also been examined in relation to conflicts. Important characteristics include legality (e.g., narcotics versus legal cash crops), transportability (e.g., weight/volume ratio), and "obstructability" (e.g., surface onshore pipelines are more vulnerable to attacks and obstruction than offshore or deep-buried pipelines and are thus more likely to result in extortion schemes). These, in turn, also inform control and access of resources. See also Ross, "Oil, Drugs, and Diamonds: How Do Natural Resources Vary in Their Impact on Civil War?."
- <sup>31</sup> Le Billon, "The Political Ecology of War: Natural Resources and Armed Conflicts."
- <sup>32</sup> The spatial characteristics of resource sectors have also informed the debate on the role of resource sectors in conflict duration. Empirical testing of some of these hypotheses through quantitative studies suggests that longstanding rebellions tend to be associated with diffuse and distant resources<sup>32</sup> and separatist conflicts with non-fuel mineral revenues from point resources (for example, "contraband goods" in Fearon, "Why Do Some Civil Wars Last So Much Longer Than Others?."; alluvial or secondary diamonds in Lujala, Gleditsch, and Gilmore, "A Diamond Curse?: Civil War and a Lutable Resource.") and separatist conflicts with non-fuel mineral revenues from point resources (With the possible exception of alluvial diamonds, see Ross, "A Closer Look at Oil, Diamonds, and Civil War.")
- <sup>33</sup> This physical basis should note the psychological trauma and memories of violence associated with conflict. Memories of violent dispossession can play an important role in conflicts.
- <sup>34</sup> On the concept of structural violence, and the cultural violence that legitimates or renders it 'invisible', see J. Galtung, "Cultural Violence," *Journal of Peace Research* 27, no. 3 (1990), Johan Galtung, "Violence, Peace and Peace Research,"

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- Journal of Peace Research* 6 (1969). A basic definition of structural violence is the “physical and psychological harm that results from exploitive and unjust social, political and economic systems” Robert Gilman, "Structural Violence," *In Context* 4, no. Autumn (1983).
- <sup>35</sup> Fair because they often have to address conflicting interests and engage in cost-benefits allocation; technically competent because resource projects are technologically, economically, and legally complex; robust because they are likely to come under political pressure to serve the vested interests of ruling elites but also popular/populist demands, see Terry L. Karl, *The Paradox of Plenty. Oil Booms and Petro-States* (University of California Press, 1997), J. A. Robinson, R. Torvik, and T. Verdier, "Political Foundations of the Resource Curse," *Journal of Development Economics* 79, no. 2 (2006), Michael Ross, "The Political Economy of the Resource Curse," *World Politics* 51, no. 2 (1999).. Whether institutions are ‘producer-friendly’ or ‘grabber-friendly’ matters a great deal for economic outcomes H. Mehlum, K. Moene, and R. Torvik, "Institutions and the Resource Curse," *Economic Journal* 116, no. 508 (2006).. On the greater importance for civil peace of state capacity for cooperation with civil society versus its capacity for co-optation and coercion, see Hanne Fjelde and Indra de Soysa, "Coercion, Co-Optation, or Cooperation? State Capacity and the Risk of Civil War, 1961—2004," *Conflict Management and Peace Science* 26, no. 1 (2009).
- <sup>36</sup> Two narratives dominate debates about environmental violence and security. The first understands environmental violence as violence perpetrated on the environment and indirectly as violence perpetrated on human health and wellbeing through polluted environments. Security is thus a matter of environmental regulation. The second perspective understands environmental violence as violence perpetrated for environmental motives, with ‘eco-terrorism’ a catchword frequently used by the media. Security, from this narrative’s perspective, is thus a matter of political inclusion and policing to prevent ‘radical environmental activism’.
- <sup>37</sup> United Nations Environment Programme, *From Conflict to Peacebuilding: The Role of Natural Resources and the Environment* (Nairobi, Kenya: UNEP, 2009)
- <sup>38</sup> For example, recent progress in remote sensing (e.g. satellite imagery) or better advice on tax avoidance mechanisms can grant an advantage to companies.
- <sup>39</sup> Hostilities and ‘high risk’ may be considered an advantage for some companies. For example, the stock market responded negatively to the end of hostilities in Angola, probably considering that diamonds companies would face higher competition and stronger government bargaining power, see Guidolin and La Ferrara, "Diamonds Are Forever, Wars Are Not - Is Conflict Bad for Private Firms? ."
- <sup>40</sup> Risk insurance to resource projects may erode accountability and fiscally hurt citizens in both exporting and importing countries. Many financial institutions and credit agencies have sought to prevent such outcomes through principles of conduct and selection criteria. See, for example, the World Bank Group’s Extractive Industries Review, and the voluntary Equator Principles for the banking sector (<http://www.equator-principles.com/>) that build on the International Financial Corporation guidelines but remain voluntary and do not address major incentives such as bank staff bonuses linked with approved project financing. For discussion, see Andreas Missbach, "The Equator Principles: Drawing the Line for Socially Responsible Banks? An Interim Review from an Ngo Perspective," *Development* 47, no. 3 (2004). For a critique of the role of export credit agencies, see FOE, "Extractive Sector Projects Financed by Export Credit Agencies: The Need for Foreign Investment Contract and Revenue Reform," (Friends of the Earth and Pacific Environment 2005).
- <sup>41</sup> For discussion, see M. Humphreys, J. Sachs, and J. E. Stiglitz, *Escaping the Resource Curse* (New York: Columbia University Press, 2007).
- <sup>42</sup> See, for example, L. A. Patey, "State Rules: Oil Companies and Armed Conflict in Sudan," *Third World Quarterly* 28, no. 5 (2007).
- <sup>43</sup> Adapted from Global Witness, "Lessons Unlearned: How the Un and Member States Must Do More to End Resource-Fuelled Conflict," (London: Global Witness, 2010). A detailed list of policy options is available from Siri A. Rustad, Paivi Lujala, and Philippe Le Billon, "Building or Spoiling the Peace? Management of High Value Natural Resources in Post-Conflict Countries " in *High-Value Natural Resources and Post-Conflict Peacebuilding*, ed. Paivi Lujala and Siri A. Rustad (London: EarthScan, 2011).
- <sup>44</sup> Interest by resource companies will depend on a host of factors, including political risks, including security and reputational risks, as well as commercial considerations, including reserve characteristics, resource prices, exploration and development costs, financing opportunities, competing resource projects and the broad economic conjuncture. For a discussion, see John Bray, "Attracting Reputable Companies to Risky Environments: Petroleum and Mining Companies," in *Natural Resources and Armed Conflicts: Options and Actions*, ed. Ian Bannon and Paul Collier (Washington, DC: World Bank, 2003).
- <sup>45</sup> In 1992, internal armed conflict was only ranked 20<sup>th</sup> among the investment criteria considered by international mining companies for exploration and mining; see James M. Otto, "Position of the Peruvian Taxation System as Compared to Mining Taxation Systems in Other Nations," (2002).; Jane Nelson, "The Business of Peace. The Private Sector as Partner

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- in Conflict Prevention and Resolution," (London: International Alert, Council on Economic Priorities, and the Prince of Wales Business Leaders Forum, 2000).
- <sup>46</sup> See M. Drohan, *Making a Killing: How and Why Corporations Use Armed Force to Do Business* (Toronto: Random House, 2003), Damian Lilly and Philippe Le Billon, "Regulating Business in Zones of Conflict: A Synthesis of Strategies," (London: Overseas Development Institute, 2002).
- <sup>47</sup> For OECD Guidelines for 'weak governance zones', see <http://www.oecd.org/dataoecd/26/21/36885821.pdf>
- <sup>48</sup> Bridge, "Mapping the Bonanza: Geographies of Mining Investment in an Era of Neoliberal Reform.", Otto, "Global Changes in Mining Laws, Agreements and Tax Systems."
- <sup>49</sup> In Azerbaijan, for example, oil and gas fields with weak future prospects were operated by the state oil company (SOCAR), whereas "new fields are developed and managed under the leadership of international partners" and their income is shared between government and companies according to a pre-determined production sharing agreements, see IMF, "Azerbaijan Republic – Selected Issues and Statistical Appendix," in *IMF Country Report No. 03/130* (Washington, DC: International Monetary Fund, 2004). Such a model was also promoted under a controversial draft oil law for Iraq. For a critique, see Greg Muttit, "Crude Designs - the Rip-Off of Iraq's Oil Wealth," (London: Platform, 2005).
- <sup>50</sup> In Sub-Saharan Africa, this norm stood at 3.5% for gold royalty rate even if many companies were exempted from profit tax, thus leaving local authorities with a see for example Saji Thomas, "Mining Taxation: An Application to Mali," in *WP/10/126* (Washington, DC: International Monetary Fund, 2010)..
- <sup>51</sup> Jill Shankleman (2006) Oil, profits and peace: Does business have a role in peacemaking? Washington, DC: USIP.
- <sup>52</sup> Weinthal and Luong, "Combating the Resource Curse: An Alternative Solution to Managing Mineral Wealth."
- <sup>53</sup> More indirectly, resource revenues can also affect land markets and land use.
- <sup>54</sup> See Auty, ed., *Resource Abundance and Economic Development*. In principle, reinvesting revenues into other sectors could assist diversification, but in practice, many countries fail to efficiently manage this process due to misdirected resource revenue allocation (e.g. through so-called 'white elephants' projects, protection of uncompetitive 'infant-industry', or corruption), constraints on labor skills, and trade barriers. There are also incentives not to diversify the economy in order to curtail the risk of political competition coming from independent sectors. Diversification is also harder now that much of the manufacturing sector has already been 'captured' by the first and second generations of Newly Industrialized Countries, most recently by China. For discussion of the latter constraint, see Ian Coxhead, "A New Resource Curse? Impacts of China's Boom on Comparative Advantage and Resource Dependence in Southeast Asia," *World Development* 35, no. 7 (2007), Raphael Kaplinsky, Dorothea McCormick, and Mike Morris, "The Impact of China on Sub-Saharan Africa," (London: China Office, Department for International Development, 2006), Mauricio Mesquita Moreira, "Fear of China: Is There a Future for Manufacturing in Latin America?," *World Development* 35, no. 3 (2007).
- <sup>55</sup> Philippe Le Billon, "Corrupting Peace? Corruption, Peacebuilding and Reconstruction," *International Peacekeeping* 15, no. 3 (2008). Leite and Weidmann, "Does Mother Nature Corrupt? Natural Resources, Corruption, and Economic Growth."
- <sup>56</sup> For a general overview of stolen-asset recovery, see Mark Pieth, ed., *Recovering Stolen Assets* (Peter Lang, 2008). On the role of banks in laundering stolen assets, see Global Witness, "Undue Diligence: How Banks Do Business with Corrupt Regimes." On the role of transitional justice mechanisms and the possibility of using recovered assets for war reparations, see Ruben Carranza, "Plunder and Pain: Should Transitional Justice Engage with Corruption and Economic Crimes?," *International Journal of Transitional Justice* 2 (2008), Harwell and Le Billon, "Natural Connections: Linking Transitional Justice and Development through a Focus on Natural Resources."
- <sup>57</sup> Harwell and Le Billon, "Natural Connections: Linking Transitional Justice and Development through a Focus on Natural Resources."
- <sup>58</sup> In 2006, in one of the rare cases of legal prosecution, a Dutch timber merchant, Gus van Kouwenhoven, was initially sentenced to eight years of imprisonment for breaking the UN arms embargo on Liberia. A Dutch court of appeals overturned the sentence in 2008. On conflict financing and prosecution, see Winer and Roule, "Follow the Money: The Finance of Illicit Resource Extraction."
- <sup>59</sup> Jack Smith, Mark Pieth, and Guillermo Jorge, "The Recovery of Stolen Assets: A Fundamental Principle of the Un Convention against Corruption," in *U4 Brief* (Anti-Corruption Resource Centre and International Centre for Asset Recovery, 2007).
- <sup>60</sup> See Chapter V of the convention, [www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026\\_E.pdf](http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf). For an analysis of the challenges facing UNCAC, see Smith, Pieth, and Jorge, "The Recovery of Stolen Assets: A Fundamental Principle of the Un Convention against Corruption."
- <sup>61</sup> For more information on the joint effort, see [www.worldbank.org/StAR](http://www.worldbank.org/StAR). World Bank and UNODC (2009) StAR Progress Report. July. Washington DC: World Bank. <http://siteresources.worldbank.org/EXTSARI/Resources/ProgressReport2009.pdf?resourceurlname=ProgressReport2009.pdf> The Group of Seven (G-7) established the Financial Action Task Force (FATF) in 1989 to address money laundering;

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- more recently, it has begun to address terrorism financing (see [www.fatf-gafi.org/](http://www.fatf-gafi.org/)). The International Centre for Asset Recovery is based at the Basel Institute of Governance (see [www.baselgovernance.org/big/](http://www.baselgovernance.org/big/)) and provides various resources, including assistance and training for asset recovery (see [www.assetrecovery.org](http://www.assetrecovery.org)).
- <sup>62</sup> On the case of EU implementation of UNSC asset freeze, see Jorge Godinho, "When World Collides: Enforcing United Nations Security Council Asset Freezes in the Eu Legal Order" *European Law Journal* 16, no. 1 (2009).
- <sup>63</sup> The concept of "odious contract" is also applied to "odious debt" contracted by past governments against the interests of the people, without their consent, and with the full awareness of the creditor. For discussion, see Patricia Alvarez-Plata and Tilman Bruck, "Postwar Debts: Time for a New Approach," in *Peace and the Public Purse: Economic Policies for Postwar Statebuilding*, ed. James K. Boyce and Madalene O'Donnell (Boulder: Lynne Rienner, 2007), Ashfaq Khalfan, Jeff King, and Bryan Thomas, "Advancing the Odious Debt Doctrine," (Montreal: Centre for International Sustainable Development Law, 2003).
- <sup>64</sup> In the Democratic Republic of Congo, a National Assembly commission led by Christophe Lutundula identified dozens of illegal or dubious contracts signed between 1996 and 2003. The Congolese Parliament has repeatedly delayed official consideration of this report, yet following repeated calls by civil society and opposition politicians for contractual reviews, another government commission concluded in late 2007 that out of 61 mining contracts reviewed – many of them signed during the 'transition' period – 38 contracts had to be renegotiated and 23 cancelled because of irregularities. In Liberia, forestry concessions were cancelled, and president Ellen Sirleaf-Johnson was able to renegotiate an iron ore mining contract between Mittal Steel and the previous transition government that, among other abusive clauses, had allowed the company to determine the price of iron ore and thereby its own taxation rate. Human Rights Watch, "The Curse of Gold.": Lutundula Commission Report, December 2005 (<http://www.freewebs.com/congo-kinshasa/>). Carter Center, "The Mining Review in the Democratic Republic of the Congo: Missed Opportunities, Failed Expectations, Hopes for the Future," (Atlanta: Carter Center, 2009), LP, "Congo-Kinshasa: Contrats Miniers; L'heure De Vérité a Sonné," *Le Potentiel*, 27 October 2009.. Some mining companies and foreign governments also unsuccessfully lobbied the World Bank and IMF to stop Congolese debt cancellation to resist contract renegotiation, while the IMF exercised its lending leverage to have a mining contract with China revised Global Witness, "China and Congo: Friends in Need," (London: 2011), Macho Philipovich, "Why Is Canada Blocking Congo Debt Forgiveness," *The Dominion*, 11 August 2010 2010.. Global Witness, "Heavy Mittal? A State within a State. The Inequitable Mineral Development Agreement between the Government of Liberia and Mittal Steel Holdings Nv," (London: Global Witness, 2006). R. Kaul and A. Heuly, "Getting a Better Deal from the Extractive Sector. Concession Negotiation in Liberia, 2006-2008," (New York: Revenue Watch Institute, 2009). J. Clayton, "Mining Groups Face Congo Shake-up after Review," *The Times* (2007).
- <sup>65</sup> See Philippe Le Billon, "Contract Renegotiation and Asset Recovery in Post-Conflict Settings," in *High-Value Natural Resources and Post-Conflict Peacebuilding*, ed. Paivi Lujala and Siri A. Rustad (London: EarthScan, 2011).
- <sup>66</sup> This principle is recognized in article 55 of the 1907 Hague Regulation (occupying state as "administrators and usufructuary"), and was upheld by a 1976 US Department of Justice Memorandum, in the case of oil exploitation by Israel in the Sinai (reprinted 16 ILM 753, 1977). This principle can be applied to domestic transitional governments through local legislation, peace agreement, or UN Security Council resolution.
- <sup>67</sup> See for example, Le Billon, "Getting It Done: Instruments of Enforcement." Philippe Le Billon (2005) "Getting it done," in Ian Bannon and Paul Collier, eds, *Natural Resources and Armed Conflicts: Actions and Options*. Washington, DC: World Bank, pp. 215-286.
- <sup>68</sup> See Jostein F. Tellnes, "The Unexpected Deal: Why the Government of Sudan and the Splm/a Reached an Agreement on Oil Issues through the Igad Peace Talks 2002-04," (Centre for the Study of Civil War, PRIO, 2005).
- <sup>69</sup> Patrick O'Mahony, "Assessing the Merits of Decentralization as a Conflict Mitigation Strategy," (Development Alternatives Inc., 2007), Arild Schou and Marit Haug, "Decentralisation in Conflict and Post-Conflict Situations," in *Working Paper 2005: 139* (Blindern: Norwegian Institute for Urban and Regional Research, 2005).
- <sup>70</sup> The Alaska Permanent Fund Dividend established in 1976 is among the oldest scheme specifically aimed at direct disbursement (see <http://www.apfc.org/>; Scott Goldsmith, "The Alaska Permanent Fund Dividend: An Experiment in Wealth Distribution" (paper presented at the Ninth Congress of Basic Income European Network, Geneva, 12-14 September 2002). See also, Xavier Sala-i-Martin and Arvind Subramanian, "Addressing the Natural Resource Curse: An Illustration from Nigeria," in *NBER Working Paper 9804* (Cambridge, MA: 2003). {Moss, 2011 #1831}. Several Latin American countries have instituted conditional cash transfers, which helped to reduce extreme poverty and improve educational outcomes, see Fábio Veras Soares, Rafael Perez Ribas, and Rafael Guerreiro Osório, "Evaluating the Impact of Brazil's Bolsa Família: Cash Transfer Programs in Comparative Perspective," *Latin American Research Review* 45, no. 2 (2010).
- <sup>71</sup> Paul Harvey, "Cash-Based Responses in Emergencies," in *HPG Report 24* (London: Overseas Development Institute, 2007).

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- <sup>72</sup> For example, direct disbursement was made in the 1950s by the government of Alberta, Canada, just prior to an election. See Robert Bacon and Silvana Tordo, "Experiences with Oil Funds: Institutional and Financial Aspects," (Washington, DC: Energy Sector Management Assistance Program, World Bank, 2006).
- <sup>73</sup> Robert E. Hinson, "Banking the Poor: The Role of Mobiles," *Journal of Financial Services Marketing* 15, no. 4 (2011), Katharine Vincent and Tracy Cull, "Cell Phones, Electronic Delivery Systems and Social Cash Transfers: Recent Evidence and Experiences from Africa," *International Social Security Review* 64, no. 1 (2011).
- <sup>74</sup> See M. E. Sandbu, "Natural Wealth Accounts: A Proposal for Alleviating the Natural Resource Curse," *World Development* 34, no. 7 (2006). Income levels may be difficult to determine and enforce. A possible option is to have individuals self-identify as poor, middle, or rich, with their tax rate varying accordingly. Self-identification could be posted on a public notice board at the post office (or wherever dividend payments are disbursed), letting social pressure/status concerns act as an enforcement mechanism for truthful self-identification (James Boyce, pers. com, October 2007).
- <sup>75</sup> These strategies were exacerbated by low prices of many commodities during the mid-1980s to late 1990s and the race for market share, see Christopher L. Gilbert, "International Commodity Agreements: An Obituary Notice," *World Development* 24, no. 1 (1996). Multilateral schemes to lessen commodity price shocks, such as the IMF's Compensatory and Contingency Financing Facility and the EU's Flex mechanisms, are limited in scope and hard to access.
- <sup>76</sup> John Baffes and Tassos Haniotis, "Placing the 2006/08 Commodity Price Boom into Perspective," in *World Bank Policy Research Working Paper No. 5371* (Washington, DC: World Bank, 2010), Jennifer Clapp and Eric Helleiner, "Troubled Futures? The Global Food Crisis and the Politics of Agricultural Derivatives Regulation " *Review of International Political Economy* (2010).
- <sup>77</sup> For discussion, see Richard M. Auty and Raymond F. Mikesell, *Sustainable Development in Mineral Economies* (Oxford: Clarendon Press, 1998), Ugo Fasano, "Review of the Experience with Oil Stabilization and Savings Funds in Selected Countries," in *Working Paper WP/00/112* (Washington, DC: International Monetary Fund, 2000), Humphreys, Sachs, and Stiglitz, *Escaping the Resource Curse*.
- <sup>78</sup> This was the case in Chad; while the Chad Cameroon Project was hailed as a "new model" for oil development in poor countries and benefited from unprecedented attention and efforts, the project failed to ensure that strong institutions were in place before oil revenues start flowing and the government faced bankruptcy in the face of armed opposition. See Ian Gary and Nikki Reisch, "Chad's Oil: Miracle or Mirage? Following the Money in Africa's Newest Petro-State," (Catholic Relief Service and Bank Information Center, 2005).
- <sup>79</sup> Jenny R. Kehl, "Oil, Water, Blood, and Diamonds: International Intervention in Resource Disputes," *International Negotiation*, 15, (2010)
- <sup>80</sup> Annegret Mähler, Miriam Shabafrouz, George Strüver, "Conflict Prevention through Natural Resource Management? A Comparative Study," *German Institute of Global and Area Studies Working Papers*, no. 158 (2011)
- <sup>81</sup> Paul Collier and Anthony Venables, "Natural Resources and State Fragility," *EUI Working Papers*, RSCAS 2010/36
- <sup>82</sup> Ibid.
- <sup>83</sup> For information, see <http://www.publishwhatyoupay.org/english/>; and <http://www.eitransparency.org/>.
- <sup>84</sup> A few governments were in effect expelled from the initiative, including that of Equatorial Guinea, which demonstrated the application of minimal validation criteria but also the limits of such voluntary approach; others exited the process, such as the Angolan government, which was a prime initial target of the scheme and the Publish What You Pay campaign.
- <sup>85</sup> Susan Ariel Aaronson, "Limited Partnership: Business, Government, Civil Society, and the Public in the Extractive Industries Transparency Initiative (Eiti)," *Public Administration and Development* 31, no. 1 (2011), Liliane C. Mouan, "Exploring the Potential Benefits of Asian Participation in the Extractive Industries Transparency Initiative: The Case of China," *Business Strategy and the Environment* 19, no. 6 (2010)..
- <sup>86</sup> See, for example, Business Principles for Sudan during the Interim Period ([www.ecosonline.org](http://www.ecosonline.org)). In this case, the forum was a consortium of European civil society organizations that spelled out the principles, activities, normative framework, and benchmarks for oil companies to play a positive role in Sudan.
- <sup>87</sup> See Paul Collier, *The Bottom Billion. Why the Poorest Countries Are Failing and What Can Be Done About It* (Oxford: Oxford University Press, 2007). and [www.naturalresourcecharter.org](http://www.naturalresourcecharter.org).
- <sup>88</sup> Adapted from Humphreys, M. 2005. Natural Resources, Conflict, and Conflict Resolution: Uncovering the Mechanisms. *Journal of Conflict Resolution* 49(4): 508-537.
- <sup>89</sup> Adapted from Rustad, Siri Aas, Päivi Lujala and Philippe Le Billon 2011. Building or spoiling the peace? Managing high-value natural resources in post-conflict countries. Draft to be published in Lujala, P. and S.A. Rustad, High-Value Natural Resources and Post-Conflict Peacebuilding. London: Earthscan.