



Encouraging **Peace-building** through Better Environmental and Natural Resource Management

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Energy, Environment and Resources | December 2013 | EER BP 2013/04

Summary points

- Natural resources such as conflict diamonds and illegal timber are known to trigger and prolong armed violence. What is less discussed is the contribution that effective and accountable environmental and natural resource management (NRM) can make to peace-building.
- Countries emerging from conflict face a range of complex environmental and natural resource-related problems, including contentious land management, poorly negotiated mining and logging deals, and unsustainable patterns of resource use.
- However, these problems are often downplayed or ignored by the international community, which tends to take a partial and disjointed approach to natural resource issues in fragile states.
- Improved NRM is a form of peace-building in that it encourages the development of clear, fair systems of ownership; creates mechanisms to resolve disputes; and promotes the equitable sharing of benefits from natural resource exploitation. As such, it can help build trust and predictability where previously there was mistrust and competition.

Introduction

Violence in Afghanistan is at a three-year high, sectarian conflict is mounting in Iraq, and Syria is stuck in a bloody stalemate. The challenges of reconciliation and peace-building in these countries are daunting. Although the United States alone has spent more than \$160 billion on reconstruction and institutional support programmes in Afghanistan and Iraq, both countries are far from stable.¹

The fundamental challenge for the international community is to determine how to help fragile states like these to become peaceful, self-sufficient and prosperous. It is a question that is relevant to many: more than 1.5 billion people live in areas affected by fragility, conflict or large-scale, organized criminal violence. The majority of low-income, conflict-affected countries lag far behind the rest of the world in progress on the Millennium Development Goals.²

It is worth bearing in mind peace-building efforts in other countries, which have taken different forms and achieved varying degrees of success. These interventions have taken place in countries recovering after devastating conflict (Sierra Leone, Liberia, the Democratic Republic of the Congo (DRC), Rwanda); countries that have not had truly stable governments in decades (Yemen, the Central African Republic, Guinea Bissau, Haiti); and countries where, in effect, it has been necessary to try to build a government from scratch (South Sudan, Kosovo, Somalia, East Timor).

This briefing paper argues that improving the overall quality of natural resource management (NRM) in fragile states should be a priority within the peace-building programmes of the international community. By taking a more holistic approach to the management of natural resources such as timber, land, oil and minerals, the international community – those providing humanitarian

assistance, diplomats helping to mediate the conflict, peacekeeping forces monitoring a ceasefire, and aid workers starting development programmes – can replace conflict, competition and mistrust with transparent rules, predictability and trust. Seen in this way, supporting NRM is a form of peace-building in itself.

Ties between natural resources and conflict

Over the past two decades, there has been a growing recognition that natural resources – whether land, renewable resources such as timber and water, or non-renewable resources such as hydrocarbons, gemstones and minerals – play an important and complex role in international peace and security.

Such discussions have led to the appearance of terms such as ‘blood diamonds’, ‘conflict minerals’ and the ‘resource curse’ in our lexicon. Natural resources – particularly when they are controlled by criminal gangs, siphoned off by corrupt officials or dominated by certain social or ethnic groups – have helped to perpetuate civil wars and trigger cross-border disputes.

Natural resources can be a source of grievance, which may be related to the inequitable distribution of benefits from natural resources, the lack of opportunities for marginalized groups, or environmental and social harm caused by the unsustainable extraction of resources. While such grievances may not be the sole causes of violence, they can underlie and reinforce other conflicts that may be labelled as ideological, ethnic or sectarian.

Meanwhile the exploitation, looting and sale of high-value resources such as diamonds and timber have paid for weapons and soldiers, helped to prolong conflicts, and altered the strategic interests of different fighting forces. Since 1990, at least 18 conflicts have been directly financed by natural resources.³ In fact, the United Nations has

¹ This is a rough estimate and only includes funds spent by the United States. The October 2013 Report of the US Special Inspector General for Afghanistan Reconstruction notes that the United States has invested nearly \$100 billion on building the security forces, fostering democracy and promoting economic development in Afghanistan. The March 2013 Report of the US Special Inspector General for Iraqi Reconstruction describes \$60 billion spent on stabilization and reconstruction operations. These figures exclude the many hundreds of billions of dollars that the United States has spent on its own military operations in these countries.

² See *World Development Report – 2011: Conflict, Security and Development* (World Bank, 2011).

³ Ibid.

estimated that since 1950, 40 per cent of all civil wars have had a link to natural resources, and where such links were present, conflict was more likely to recur within the first five years after a peace deal.⁴

The issue has received high-level political attention, most recently at a UN Security Council debate on extractive industries and conflict, held on 20 June 2013 and organized by the United Kingdom. But while it is well accepted that natural resources can play a role in war-mongering, the role of the environment and natural resource management in peace-building has been much less discussed.

Why is NRM important in post-conflict states?

The international community often ignores environmental and natural resource issues during conflicts and their immediate aftermath. There are different reasons for this. Peace-making and peace-building priorities can crowd out natural resource challenges such as addressing land reform, illegal fishing, unregulated mining or community-level conflicts over land and water. To some extent this is understandable during times of urgent humanitarian action, when the focus is on saving lives and stopping violence.

Sometimes the natural resource issues are seen as too sensitive and political, issues that could sink an emergent peace deal if broached at the wrong time. At other times they are set aside with the argument that they are long-term development issues that can 'wait' until the crisis phase and reconstruction is over and normal development resumes. However, there are at least six good reasons for focusing early attention on the environment and natural resource issues in fragile states.

Periods of conflict tend to leave countries dealing with legacies of environmental damage and poor decisions. After the end of the second Liberian civil war in

2003, a review initiated by the transitional government revealed that Charles Taylor's regime had sold overlapping logging licences to an area more than twice as large as Liberia's standing forests.⁵ Governments in conflict-affected countries are often under intense pressure to accelerate the exploitation of their natural resources to generate revenue for government, and to create jobs. Afghanistan, for example, is urgently trying to ramp up the levels of foreign investment in its potentially lucrative mining sector to offset the expected drop in aid levels and economic activity after the bulk of international forces leaves the country at the end of 2014. Poor management of these resources can seriously hamper a country's efforts to get back on its feet.

‘The international community often ignores environmental and natural resource issues during a conflict and its immediate aftermath’

The security vacuum that develops during conflict often facilitates corruption and serious transboundary criminal networks, many of which smuggle illegal drugs, wildlife and gemstones. The more than five-decade-long conflict in Colombia between the government and left-wing rebel groups including the Fuerzas Armadas Revolucionarias de Colombia (FARC) is closely tied to the cocaine trade. Afghanistan, meanwhile, produces more than 90 per cent of the world's opium and heroin supply, but is also home to a lucrative trade in smuggled cedar wood from the eastern Afghan forests through Pakistan to the Gulf. These 'shadow' economies cost the government

⁴ See *From Conflict to Peacebuilding: The Role of Natural Resources and the Environment* (UNEP, 2009).

⁵ These concessions were cancelled in a presidential executive order in 2006, but renegotiating the contracts and re-establishing the forestry management system in Liberia is a challenge that continues to the present. See Altman, Stephanie L., Nichols, Sandra S. and Woods, John T., 'Leveraging High-value Natural Resources to Restore the Rule of Law: The Role of the Liberia Forest Initiative in Liberia's Transition to Stability', in Lujala, P. and Rustad, S.A. (eds), *High-value Natural Resources and Peacebuilding* (UNEP, the Environmental Law Institute, Universities of Tokyo and McGill, 2012).

in terms of lost revenue; they also create incentives for the people benefiting from them (whether they are corrupt politicians, warlords or neighbouring states) to undermine peace-building efforts. Confronting these criminal networks and unwinding these shadow economies can be a huge challenge.

Leasing forests to logging companies, selling mining licences and offering agribusiness concessions are among the few options available to cash-strapped governments to raise money and provide basic services for their people. South Sudan, for example, has become a magnet for agribusiness investment: in 2011 the country had the highest rate of land privatization in the world.⁶ If these negotiations are poorly conducted (as is frequently the case when under-resourced, cash-strapped governments are bargaining with multinational corporations), then companies may end up causing serious environmental or social damage, or they may fail to meet public expectations for job creation or other local benefits. Such a situation can lead to significant public resentment and protest.

Countries often face major challenges in trying to mediate the distribution of resources (for example, land), as well as the benefits of those resources (for example, oil money). This can happen at a community level, as with the land disputes between pastoralists and agriculturalists that take place across the Horn of Africa,⁷ or at a national level, as with the ongoing disputes over the division of oil wealth among the provinces of Iraq.⁸ International politics is not immune. On becoming an independent state in July 2011, South Sudan inherited nearly two-thirds of pre-partition Sudan's oil and gas

reserves, which used to provide an estimated 98 per cent of the government's revenue.⁹ But a 2012 dispute with Sudan over transit fees for pumping oil through the sole pipeline to the north led to a halt in the export of oil and a calamitous drop in revenues to the governments of both countries.

Collaboration over shared resources or common environmental challenges can be a modest driver of peace and reconciliation where other political and diplomatic approaches have failed. The Indus Water treaty between India and Pakistan famously kept a line of communication going between the countries during three separate armed conflicts. Georgia persuaded Armenia and Azerbaijan to set up a trilateral biosphere reserve in the bitterly disputed South Caucasus region of Nagorno-Karabakh. Environmental mediation of this sort can help overcome barriers to cooperation. It can also replace distrust and divergent interests with a common knowledge base and shared goals, thus transforming relationships traditionally marked by conflict.¹⁰

By not paying attention to natural resource grievances, international projects and interventions can make the situation worse. Early choices can get 'locked in', storing up serious problems for later. In Darfur, refugee camps have strained local water and firewood resources, leading to disputes with surrounding communities.¹¹ Meanwhile, a lack of understanding of the local power politics of natural resources can lead to peace-building interventions that inadvertently cause conflict. In Afghanistan, donor-funded road-building programmes have changed the local value of land, leading to land grabs and violent conflict.¹²

6 See *Environmental Impacts Risks and Opportunities Assessment: Natural Resource Management and Climate Change in South Sudan* (Government of South Sudan, United Nations Development Programme and Ministry of the Environment, 2011).

7 For more discussion of this see Buchanan-Smith, M., Bromwich, B. and Nassef, M., *Governance for Peace of Natural Resources: A Review of Transitions in Environmental Governance across Africa as a Resource for Peacebuilding and Environmental Management in Sudan* (UNEP, 2013).

8 See *Iraq and the Kurds: The High-stakes Hydrocarbons Gambit*, Middle East Report, No. 120, 19 April 2012 (International Crisis Group, 2012).

9 See *Environmental Impacts Risks and Opportunities Assessment* (2011).

10 For more discussion on this see Carius, Alexander (2006) 'Environmental Cooperation as an Instrument of Crisis Prevention and Peacebuilding: Conditions for Success and Constraints', Adelphi Consult.

11 For more discussion of this see Buchanan-Smith et al., *Governance for Peace of Natural Resources* (2013).

12 Brown, O. and Blankenship, E., *Natural Resource Management and Peacebuilding in Afghanistan* (United Nations Country Team in Afghanistan, 2013).

Policy patchwork

Various international initiatives have sprung up to address specific natural resource issues faced by developing countries, often with a particular focus on the challenges faced by fragile states.

First, there has been a push for payment transparency through public-private schemes including the Extractive Industries Transparency Initiative (EITI), campaigning groups such as Publish What You Pay (PWYP), and domestic legislation such as the 2012 Dodd-Frank Act in the United States (which requires all companies listed on US stock exchanges to disclose their overseas payments).

“The overall donor approach to natural resource governance in the developing world has often been disjointed and selective”

Second, a series of initiatives has attempted to remove conflict or illegal resources from international trade, such as the various sanctions regimes placed on Liberia and other countries, the Kimberley Process on the export of rough diamonds, and EU and US legislation on the traceability of conflict minerals.

Third, there is a raft of new principles and guidelines aimed at encouraging market actors to behave more responsibly. Examples include the Equator Principles (a set of voluntary principles for the finance sector), the Principles on Responsible Agricultural Investment (PRAI) and the Voluntary Principles on Security and Human Rights, which are aimed at extractive companies working in fragile states.¹³

These initiatives have proved individually influential. For example, in Liberia sanctions on diamond exports were followed by sanctions on the timber trade and helped to bring down Charles Taylor's murderous regime; the

Kimberley Process has helped to clean up the diamond industry; and the EITI has provided countries with a roadmap for better disclosure from both the public and the private sectors.

However, in many fragile and post-conflict situations natural resource issues are ignored among multiple competing priorities: humanitarian action, getting a peacekeeping force on the ground, holding new elections and so on. Meanwhile, the overall donor approach to natural resource governance in the developing world has often been disjointed and selective. The overall approach merits some debate on three counts.

First, these initiatives tend to conflate the means with the ends. Transparency, for example, is not an end in itself but rather a means to better, more accountable government. Guidelines themselves achieve little unless they are followed on the ground and change corporate culture. Too often it seems that international donors (to make a sweeping generalization) are satisfied with pursuing, and occasionally achieving, the 'inputs' to a process (transparency, guidelines, policies) but forget about what the ultimate 'outcomes' of that process should be (accountability, equity, reduced violence etc.). Such approaches seem to have blinded decision-makers to the broader picture of how systems for managing land, mineral, forestry and water resources are actually working. Too often they fail to grasp whether the rules, institutions, norms and traditions that govern how resources are managed are fair, accountable, transparent and able to resolve disputes.

Second, donors prefer projects that they can support cheaply and quickly. The tendency is to fund high-profile 'quick wins': short-term, visible initiatives such as one-off conferences and training courses, or external consultants who can parachute in with their best-practice policies. This generates rapid results to report back to headquarters but is rarely followed through and often leads to duplication and waste. Sierra Leone, for example, has a clutch of overlapping and unimplemented mining and land

¹³ See their websites at respectively <http://www.equator-principles.com>, <http://unctad.org/en/Pages/DIAE/G-20/PRAI.aspx> and <http://www.icmm.com/library/voluntary-principles-on-security-and-human-rights>.

policies, many of which were written by foreign consultants. Afghanistan, meanwhile, has some of the world's most progressive, innovative laws and regulations on forestry, water and wildlife management, but these policies are having little tangible impact because the provinces have little capacity to implement them on the ground.

‘New timber regulations, however sophisticated, are meaningless without forest monitoring, a police force that can catch illegal loggers, and a court system able to impose penalties’

Third, by focusing on a few, disjointed aspects of natural resource management, the donors have been gambling that a couple of key initiatives will catalyse better overall governance. But natural resource systems are complex, overlapping webs of customary practice and modern law, with multiple stakeholders and interests in play. New timber regulations, however sophisticated, are meaningless without forest monitoring, a police force that can catch illegal loggers, and a court system able to impose penalties and so on.

As the international community has begun to recognize some of these challenges, important steps have been taken towards developing a more coherent approach to peace-building in fragile states. One of these initiatives is the International Dialogue on Peace-building and Statebuilding, which was initiated in 2008 and came out of the 2005 Paris Declaration on Aid Effectiveness. This serves as a forum to bring together conflict-affected and fragile countries (the so-called G7+ group of 19 countries) with international donors and civil society.

The forum has been developing a new non-binding international agreement for improved approaches to peace-building that both the international community and fragile states themselves can follow. Known as the ‘New Deal for Engagement in Fragile States’, the agreement was presented and endorsed at the 4th High Level Forum on Aid Effectiveness in Busan, Korea in 2011.¹⁴ It commits countries to develop joint plans that have been informed by fragility assessments and aligned with quantifiable measures of progress (known as peace-building and state-building indicators). The New Deal is now being rolled out in the G7+ countries, where it is starting to influence the planning processes of both governments and the donors that are supporting them.

How to support peace-building through improved NRM

The New Deal does not set out specific actions on natural resource management but rather provides a structure for greater coherence, national ownership and focus that should guide the future aid interventions of the international community. In the context of the New Deal, the international community should invest systematically, and from an early stage, in natural resource management as a part of peace-building programmes. It needs to work to support the entire system for resource management by incorporating the different ingredients required for the entire NRM system to function. Broadly speaking, there are five dimensions of effective natural resource management, which can be formulated as five questions:¹⁵

1. Is there an overall vision and plan for natural resource management?
2. Is there an institutional and legal framework that provides clarity over the ownership of natural resources and helps to avoid conflicts between traditional and modern systems for natural resource management?

¹⁴ See New Deal website, <http://www.newdeal4peace.org/>.

¹⁵ Based on Jensen, D. and Cisneros, N. (2013), ‘Natural Resource Governance for Conflict Prevention and Peacebuilding’, in *Swisspeace News Letter*, No. 123, December.

3. Does the government have the capacity to implement the law, monitor the actions of individuals and companies and enforce sanctions on bad behaviour?
4. Are the benefits from natural resources fairly distributed between different groups and regions?
5. Is there public participation in decision-making around natural resources? Are leaders held accountable for bad decisions?

Conclusion

Violence over natural resources such as land, mining and oil sites or logging concessions comes as a result of many factors. However, the risk of conflict is reduced if resources are governed in a transparent, equitable manner that is supported by clear laws and robust enforcement. Each dimension of good governance is dependent on and affects the others, making it important for the international community to adopt an integrated approach.

Effective NRM requires greater accountability, increased community participation, stronger mechanisms for dispute resolution, reduced competition for resources, and improved transboundary resource management, among many other things. In these situations, supporting more effective NRM can be a form of peace-building

insofar as it encourages the development of clear and fair systems of ownership, access and use; creates mechanisms for resolving disputes; and promotes the equitable sharing of benefits from natural resource exploitation. As such, improved environmental and natural resource management builds trust and predictability where previously there was mistrust and competition.

Donors need to resist the urge to cherry-pick the disparate, unconnected elements they want to fund, and work together to focus on supporting land, water, mining, logging and fishery management structures that function as complete systems. They should look beyond the 'means' (transparency of payments, supply chain management of conflict minerals) and concentrate on the 'ends' (accountability, equitable distribution of revenues, public participation in decision-making, resolution of disputes).

Donors working in places like Afghanistan, Iraq, the DRC and Syria should incorporate these five dimensions of good natural resource governance into their planning. By using them as the yardstick to judge the effectiveness of projects, donors can perhaps avoid fragmented, 'box-ticking' approaches and focus instead on the ultimate goal, namely that natural resources are used in a sustainable way for the good of all.

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The author wishes to thank Rob Bailey, Carl Bruch, Alec Crawford, Gemma Green, Michael Keating, Bernice Lee and Matti Lehtonen for their very helpful comments on earlier versions of this paper.

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Cover image: The differing levels of tree cover on either side of the Haiti–Dominican border illustrate the different capacities for natural resource management in each country.
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