



**From the Ground Up:  
Natural Resource Governance for Reconstruction and Sustainable  
Development**

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## **1. Introduction**

The exploitation and management of natural resources could unlock Africa's socio-economic potential and accelerate the achievement of the continent's vision of renewal and growth. Instead, natural resources have been at the heart of instability and conflict on the continent, with competition over access to and control over natural resources leading to human rights violations and the deterioration of human security. To sever the linkages between natural resources and conflict and ensure that the continent's abundant natural resources contribute to peace, security, stability and development, it is critical that the governance of natural resources is addressed during processes of post-conflict reconstruction and development (PCRD).

There are three key reasons why the exploitation and management of natural resources (EMNR) must be considered central to PCRD in Africa. First, inequitable access to natural resources or the wealth they generate is often among the root causes of conflict, and must be addressed if PCRD is to be successful. Second, EMNR can be used to generate financial resources for PCRD from within the affected country, which contributes to local ownership and to the sustainability of reconstruction efforts. Finally, good governance of natural resources can contribute to sustainable growth and development. If the benefits from EMNR are widely and equitably shared throughout a country, the likelihood of future conflict will be greatly reduced.

This paper will begin by outlining the continental mandate for addressing the governance of natural resources in PCRD processes, situating the issue within the broader African peace and security agenda. It will then consider several specific examples of natural resource-fuelled conflict situations in Africa and examine post-conflict responses, to derive lessons from the way in which natural resource governance has been addressed in those situations. Finally, the paper will develop a number of recommendations and strategies for the various stakeholders involved in post-conflict reconstruction and development processes in Africa.

## **2. Policy framework: African peace and security agenda**

At the 7<sup>th</sup> African Union Summit in Banjul, the Gambia, the Executive Council adopted the AU Policy Framework on PCRD as a tool to: a) consolidate peace and prevent relapse of violence; b) help address the root causes of conflict; c) encourage fast-track planning and implementation of reconstruction activities; and d) enhance complementarities and coordination between and among diverse actors engaged in PCRD processes. The Policy Framework is premised on the recognition that without sustained support, peace processes remain fragile and the risk of resumption of conflict is high. The policy is underpinned by five core principles: African leadership; national and local ownership; inclusiveness, equity and non-discrimination; cooperation and coherence; and capacity building for sustainability. These principles should inform actions across all six indicative elements, namely: security; humanitarian/emergency assistance; political governance and transition; socio-economic reconstruction and development; human rights, justice and reconciliation; and women and gender.

Addressing the issue of natural resource governance in post-conflict settings fits squarely within the over-arching objective of addressing the root causes of conflict and preventing a relapse of violence. In addition, the AU PCRDR Policy refers explicitly to the governance of natural resources under the activities related to socio-economic reconstruction and development, calling for the creation and/or strengthening of frameworks that promote equitable and sustainable access to, management and exploitation of, natural resources (32.c.iv). That section also includes benchmarks such as sustainable management of the environment and natural resources (33.e) and ratification of, accession to, domestication and implementation of, African and international instruments relating to corruption and transparency, the management of the natural resources and the protection of the environment (33.f). In addition to these general provisions, special mention is made—in the section on women and gender—of the need to create a legal framework that ensures full enjoyment of family rights and equitable access to, and control over, resources including land, property and inheritance, which are key, especially for widows and women returnees (45.a.iii). In terms of mobilisation of resources for PCRDR, one of the benchmarks is inclusion of provisions for wealth sharing and mobilisation of national resources in support of PCRDR in peace agreements (51.a). These provisions, based on the recognition of the role of natural resources in fuelling conflict, constitute concrete measures to ensure that natural resources are managed in a sustainable manner and that the benefits derived from their exploitation are equitably distributed.

These provisions are also in line with the broader AU-NEPAD peace and security agenda (APSA), developed in February 2003, which identified the need to generate “standards for application in the exploitation and management of Africa’s natural resources in situations of conflict,” as one of the continent’s eight peace and security priorities<sup>1</sup>. This issue was prioritised in recognition of the role that the continent’s resources have played in fuelling and prolonging conflicts, as well as their potential contribution to reconstruction and sustainable development. In subsequent consultations, experts and policy makers have recognised that rather than limit the scope and application of the minimum standards to conflict-affected areas, it would be of greater benefit to develop a common position or minimum standards for the entire continent, to prevent conflict, ensure a level playing field, improve the leverage of individual countries negotiating with large multi-national corporations or trading partners, and ensure that conflict from one country is not displaced to its neighbours.

### **3. Natural resources and conflict in Africa**

The importance of this APSA priority area, and of natural resources to PCRDR, can be demonstrated with examples from recent conflicts on the continent. Examining the role played by natural resources in the Sudan, Liberia and the Democratic Republic of Congo provides valuable lessons that could be adapted and applied to other countries emerging from conflict. In each of these cases, inequitable access to and distribution of natural resource wealth was one of the causes of conflict, while warring factions used natural resources to fund their war efforts. In recognition of this, natural resources feature prominently in the PCRDR processes in these countries. This section

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<sup>1</sup> See Report of the AU-NEPAD Consultations on Peace and Security, 17-18 February 2003, Addis Ababa, Ethiopia.

does not pretend to provide comprehensive histories or explanations of the above-mentioned conflicts, but rather attempts to highlight successes and challenges in the post-conflict responses to natural resource governance, in order to derive lessons for future PCRD processes.

### ***3a. The Sudan***

The war in Southern Sudan was one of the longest-running conflicts in Africa, caused at least in part by inequitable distribution of natural resource wealth. The political and economic marginalisation of Southern Sudan, which dates back to Anglo-Egyptian colonial rule, caused disaffection and resentment. The discovery of oil resources is partially credited with causing the most recent phase of the conflict (beginning in 1983), while exclusive control over oil resources by the Khartoum government provided a source of revenue to fund the war against the South. However, the concerted mediation and negotiation support of the AU, the Intergovernmental Authority on Development (IGAD) and international partners culminated in the signing of the Comprehensive Peace Agreement (CPA) in January 2005. This was partially made possible by tackling the root causes of conflict through the recognition of the South's right to self-determination, and by the inclusion of specific provisions for power- and wealth-sharing.<sup>2</sup>

The guiding principles of the wealth sharing agreement lay the groundwork for a more participatory approach to the governance of natural resources (in particular land and oil resources) and a more equitable distribution of the benefits derived from their exploitation, in order to promote sustainable development. These principles include: a commitment to devolution of power and decentralisation of decision-making with regard to development, service delivery and governance<sup>3</sup>; the need for empowerment of the appropriate levels of government to develop and manage, in consultation with the relevant communities, the various stages of oil production<sup>4</sup>; and the right of communities to participate (through the relevant structures) in the negotiation of contracts for the development of resources located in their areas<sup>5</sup>. Under the agreement, two percent of the wealth accrued from the sale of oil is to be allocated to the area in which the oil fields are located, while the remainder of the money should be divided equally between the North and the South. This two percent is to be allocated toward mitigation of the social impact of oil exploitation on local communities and toward community-level development.

Oil companies that were granted concessions in the Sudan during the civil war accrue most of the wealth from that oil, with very little going to the people of the Sudan. While the CPA provides for representatives of Southern Sudan to review existing oil contracts, and for implementation of remedial measures where the contracts are found to suffer fundamental social and environmental problems, the wealth sharing agreement explicitly states that contracts signed before the CPA shall not be subject to

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<sup>2</sup> Dr. Barnaba Marial Benjamin, "The Interim Peace Process in the Sudan: Progress made and way forward". Address given at Ukumbi policy forum on 17 August 2005 in Pretoria, South Africa.

<sup>3</sup> Agreement on Wealth Sharing During the Pre-Interim and Interim Period ("Wealth Sharing Agreement"), 7 January 2004, Naivasha, Kenya, para 1.8.

<sup>4</sup> Wealth Sharing Agreement para 3.1.2.

<sup>5</sup> Wealth Sharing Agreement, para 3.1.7.

renegotiation<sup>6</sup>.

Much of the wealth accrued from the oil resources needs to be used for developing the infrastructure in the South. In this case, it is not so much a case of reconstruction as of construction, since little infrastructure exists in the South and most of this was built during the colonial era. In addition to oil, agriculture could be a major source of wealth for Southern Sudan, which possesses significant arable land. While oil resources can be an engine for reconstruction and development, the sustainability of development will rest upon the South's ability to diversify into other sectors and industries that can contribute to livelihoods and economic development beyond the lifespan of the region's oil resources. In recognition of this, the wealth sharing agreement also calls for the creation of a "Future Generation Fund" once production reaches a certain level<sup>7</sup>.

While the wealth sharing provisions of the CPA are exemplary, implementation has been slow and beset with difficulties. For example, there were major delays in setting up the National Petroleum Commission (NPC), which is comprised of the President of the Republic and the President of the Government of Southern Sudan (GOSS); four representatives of the National Government; four representatives of the GOSS and up to three non-permanent members drawn from the oil-producing state/region under consideration. The delays, and ongoing difficulties related to procedures, impacted negatively upon the governance of the oil sector, as the functions of the NPC include development of policies related to petroleum sector development, monitoring implementation of those policies, as well as negotiation and approval of all oil contracts<sup>8</sup>. With regard to contracts, the NPC is required to consider the benefits for affected communities and whether the views of affected groups and regions have been sought and incorporated into the contract.

Similarly, the process of determining which oil fields are located in the South (based on boundary delimitation) and who rightfully owns various concessions has been difficult to resolve. Environmental degradation (such as deforestation, pollution of water resources and destruction of wetlands), disruption of agricultural livelihoods and displacement of the civilian population in some areas continue to be a problem<sup>9</sup>. Issues of corruption with regard to the awarding of contracts and ongoing insecurity further complicate the situation.<sup>10</sup> These point to the inter-relatedness of natural resource governance to other key provisions of the PCRDP policy and process, such as restoration of security, promotion of transparent and accountable governance, and the functioning of the judicial sector. Failure on the part of donors to live up to their pledges has also been apportioned some of the blame for the slow pace of reconstruction in the South, despite the use of the Joint Assessment Mission (JAM) process and the existence of multi-donor trust funds as a means to streamline and

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<sup>6</sup> Wealth Sharing Agreement, para 4.2.

<sup>7</sup> Wealth Sharing Agreement, para 5.7.

<sup>8</sup> International Crisis Group, *Sudan's Comprehensive Peace Agreement: The long road Ahead*, Africa Report No. 106, 31 March 2006.

<sup>9</sup> *Oil and the Future of Sudan: Conference Report*. New Sudanese Indigenous NGOs (NESI) Network and European Coalition on Oil in the Sudan (ECOS), 1-2 November 2006, Juba, Southern Sudan.

<sup>10</sup> "Corruption, insecurity threaten Sudan's CPA", Sudan Tribune, 13 November 2006. Available at [www.sudantribune.com](http://www.sudantribune.com).

coordinate donor assistance.<sup>11</sup> While the CPA provides for an Assessment and Evaluation Commission (AEC) to monitor and evaluate implementation of the agreement, such a body can only function effectively if it is given the necessary mandate and capacity. To date, this has not been the case in the Sudan.

The exploitation of petroleum resources in the Sudan is supposed to be generating resources for reconstruction. Sudan was Africa's 5<sup>th</sup> largest producer of oil by the end of 2006, with an estimated 434,000 barrels per day. The oil revenue forecast for 2007 is just under USD \$3 billion from refinery and exports.<sup>12</sup> From these revenues, the GOSS received USD \$571.37 million between January and August 2006, as per the wealth sharing agreement. While this in itself is not sufficient for the development of Southern Sudan, more progress could have been registered through improved planning and prioritisation, and the development of capacities to implement development projects.

### **3b. Liberia**

During the fourteen-year civil war in Liberia, which ended on 18 August 2003, Charles Taylor and other warlords wantonly exploited the country's natural resources—primarily diamonds, timber, rubber, gold, and iron ore—for personal enrichment and to support their war efforts. While timber and rubber exports constitute a significant portion of government revenues, huge sums of money were never accounted for during the conflict. In 2000, for example, the Liberian timber trade was worth an estimated US \$100 million, but only about \$7 million actually reached government coffers<sup>13</sup>. The UN Security Council enacted sanctions against Liberian timber and diamonds, in response not only to the role of Liberia's own resources in fuelling the civil war there, but also to the smuggling by the Revolutionary United Front (RUF) of diamonds from Sierra Leone through Liberia, to secure funding and weapons for the conflict in Sierra Leone<sup>14</sup>.

In response to improved governance under the post-conflict administration of President Ellen Johnson-Sirleaf, the UN sanctions on Liberian timber were lifted in June 2006, while sanctions on diamond exports were lifted on 27 April 2007. The government has adopted new forestry and mining legislation, as well as applying to join the Kimberley Process Certification Scheme for rough diamonds. Some analysts attribute part of the improvement in governance, in particular revenue management, to the Governance and Economic Management Assistance Program (GEMAP), which was launched in 2005 “to ensure that all Liberian revenues will be available for the benefit of all Liberian people, to ensure that the Liberian Government will have the appropriate fiscal instruments to capture the revenue required for the development of

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<sup>11</sup> Haslie, Anita and Axel Borchgrevink, *International Engagement in Sudan after the CPA: Report on the piloting of OECD/DAC's 'Principles for Good International Engagement in Fragile States' for the case of Sudan*. Norwegian Institute of International Affairs (NUPI), January 2007. Available at: [http://english.nupi.no/publikasjoner/notater/2007/international\\_engagement\\_in\\_sudan\\_after\\_the\\_cpa](http://english.nupi.no/publikasjoner/notater/2007/international_engagement_in_sudan_after_the_cpa).

<sup>12</sup> Williams, Stuart, 'Oil in Sudan and Potential Revenues to GOSS' Wood Mackenzie, March 2007. Available at <http://www.ecosonline.org/index.cfm?event=showdocumentation>.

<sup>13</sup> Global Witness, 2001, 'Taylor Made: The Pivotal Role of Liberia's Forests in Regional Conflict'. Available at [http://www.globalwitness.org/media\\_library\\_detail.php/97/en/taylor\\_made](http://www.globalwitness.org/media_library_detail.php/97/en/taylor_made).

<sup>14</sup> See UNSC Res 1343 (2001); UNSC Res 1478 (2003); UNSC Res 1521 (2003); UNSC Res 1532 (2004); UNSC 1647 (2005); UNSC Res 1731 (2006).

the country, and to strengthen Liberian institutions so that they can take responsibility for reversing decades of deficiencies in economic and financial management”<sup>15</sup>. The GEMAP is a three-year programme that places international experts alongside Liberians in important revenue collection and management positions to promote transparency and build local capacity. Proponents of GEMAP claim that it represents a partnership between Liberians and the international community to improve accountability, responsibility and transparency in the collection and use of the country’s resources, citing significantly increased government revenues as evidence of GEMAP’s success. Critics, however, have called GEMAP intrusive, if not a violation of sovereignty, and claim it has placed much of the control of Liberian government revenue and expenditure management (including at the Ministry of Finance, Bureau of the Budget and Central Bank) in the hands of foreign experts. Critics also point to the lack of civil society participation in GEMAP’s design and very minimal civil society participation in its implementation.

While GEMAP represents an extreme measure, the severe mismanagement of Liberia’s natural resource wealth during the conflict highlights the need for serious governance reforms in the post-conflict context in order to harness that wealth for peace and development. However, the GEMAP is limited to issues of economic management, and does not address the type of participatory governance systems required to ensure that inequitable distribution of natural resource wealth does not become a source of future conflict.

Another critical reconstruction challenge facing Liberia is the so-called “youth crisis,” the large population of disaffected and disadvantaged youth who can easily be mobilised to fight in the absence of other economic opportunities. Natural resource exploitation, if well managed, should generate economic growth and employment opportunities for this volatile population.

The UN recognised the importance of improving natural resource governance in Liberia as a means to consolidate peace. The mandate of the UN Mission in Liberia (UNMIL) explicitly included assisting the transitional government in restoring proper administration of natural resources<sup>16</sup>. In line with this mandate, the Environmental and Natural Resources Unit of UNMIL provides support for the activities of Environmental Protection Agency (EPA) and Forestry Development Authority (FDA) in environmental management, as well as assisting the UN Panel of Experts on Sanctions in Liberia with their investigations. UNMIL has also played an active role, in partnership with Liberia’s security forces, in re-establishing security at rubber plantations, many of which were illegally occupied by former combatants. As the civilian component of the African Standby Force is developed, its role in monitoring natural resource exploitation and supporting development of natural resource policies and regulations should not be overlooked.

Implementation of reforms and reconstruction projects, in particular recovery of the agriculture, construction and service sectors, helped Liberia to achieve an economic

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<sup>15</sup> Governance and Economic Management Assistance Program (GEMAP) agreement, September 2005.

[http://www.gemapliberia.org/files/GEMAP\\_Final\\_and\\_signed\\_by\\_NTGL.pdf?PHPSESSID=82d9e5d7a9ff60ddf33a155978701c9a](http://www.gemapliberia.org/files/GEMAP_Final_and_signed_by_NTGL.pdf?PHPSESSID=82d9e5d7a9ff60ddf33a155978701c9a).

<sup>16</sup> UNSC Res 1509 (2003).

growth rate of 8% in 2006. These included reviews of concessions and contracts, passage of key legislation on natural resource exploitation, as well as investment incentives.<sup>17</sup> However, the country remains far behind its pre-war levels of development—the country's 2006 Human Development Report found that 76.2% of the population lived on less than US \$1 per day<sup>18</sup>, and it was only in mid-July 2006 that electricity and running water were restored to the capital, Monrovia, for the first time in 15 years.

### ***3c. Democratic Republic of Congo***

The conflict in the Democratic Republic of Congo (DRC) from 1998-2003 claimed an estimated 3.5 million lives, displaced millions more, and involved the systematic pillaging of the country's natural resources by a number of warring factions and neighbouring countries. Various militia and military groups fought over resources such as gold, diamonds, copper, cobalt, coltan, and cassiterite, using proceeds from the resources to continue warring and to gain control over additional natural resource wealth. The conflict followed decades of misrule by Mobutu Sese Seko, who built up a personal fortune and patronage network from the country's resource wealth, at the expense of the Congolese population. The signing of a power-sharing agreement in 2003 brought a fragile peace to the country, though sporadic violence continues, especially in the mineral-rich eastern provinces.

The mining sector, potentially a driver for reconstruction and development, has been plagued by poor governance, corruption and illegal exploitation since before the conflict in the DRC. Despite the adoption of a new mining code in 2002, little improvement has taken place. Some of the contracts signed between 1996 and 2003 were finally placed under review in April 2007, two years after the report of the parliamentary Lutundula Commission found many such contracts to be illegal<sup>19</sup>. The same is true of contracts signed during the transitional period, which, while not necessarily illegal, granted enormous benefits to international mining interests but very few benefits to local populations<sup>20</sup>. Additionally, a number of companies cited for violations of OECD guidelines for multinational companies in the Report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo, continue to operate in the DRC<sup>21</sup>. The lack of regulation of artisanal mining should also be addressed, to improve labour conditions, prevent human rights violations and ensure that artisanal

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<sup>17</sup> Report of the Liberia Partners' Forum meeting, 13-14 February 2007.

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,contentMDK:21222449~menuPK:258657~pagePK:2865106~piPK:2865128~theSitePK:258644.00.html>.

<sup>18</sup> National Human Development Report 2006, Liberia. [http://www.lr.undp.org/NHDR'06\\_web.pdf](http://www.lr.undp.org/NHDR'06_web.pdf).

<sup>19</sup> International Crisis Group, *Congo: Consolidating the Peace*, Africa Report No. 128, July 2007. [http://www.globalwitness.org/media\\_library\\_detail.php/532/en/opportunity\\_for\\_the\\_new\\_congolese\\_government\\_to\\_fi](http://www.globalwitness.org/media_library_detail.php/532/en/opportunity_for_the_new_congolese_government_to_fi).

<sup>20</sup> Global Witness, *Agenda for Reform in the Natural Resource Sector of the Democratic Republic of Congo*, March 2007. [http://www.globalwitness.org/media\\_library\\_detail.php/532/en/opportunity\\_for\\_the\\_new\\_congolese\\_government\\_to\\_fi](http://www.globalwitness.org/media_library_detail.php/532/en/opportunity_for_the_new_congolese_government_to_fi).

<sup>21</sup> Gilfenbaum, Elish and Shannon Lawrence, *The World Bank in the Democratic Republic of Congo*, Environmental Defense, July 2005. [http://www.ed.org/documents/5061\\_World%20Bank%20and%20DRC%20Update%20July%202005.pdf](http://www.ed.org/documents/5061_World%20Bank%20and%20DRC%20Update%20July%202005.pdf).

mining contributes to poverty reduction and sustainable development<sup>22</sup>. In Katanga province alone, there are an estimated 700,000 artisanal miners operating in conditions of insecurity and semi-legality<sup>23</sup>.

The interim government's redrafting of the forestry code in 2002 (Law No. 011-2002 on the Forestry Code) and subsequent process of developing related forestry legislation and zoning plans, with the support of the World Bank, drew criticism from Congolese and international groups for its lack of consultation with civil society or forest communities<sup>24</sup>. It is feared that the world's second largest rainforest could be parcelled up for logging, with dire consequences for the environment and the livelihoods of 35 million Congolese who depend on the forest<sup>25</sup>. The moratorium on granting of new forestry concessions, which has been violated repeatedly, must be enforced—the government decision in April 2007 to cancel a number of forestry concessions is a positive step.

The post-conflict review of legislation and concessions seeks to increase the contribution of resources to the country's development goals, but with very limited state capacity and almost no infrastructure, monitoring and enforcement remain serious challenges in the DRC. The exploitation of resources could provide the impetus for the construction of infrastructure, with mining and logging companies providing funding for required transport, water and energy infrastructure that would ultimately benefit other sectors as well. However, this could only be achieved through coordinated planning involving a range of government departments and international partners.

The discussion of natural resources in the DRC cannot be limited to minerals, fossil fuels and timber. Land and water also constitute critical elements for post-conflict reconstruction. The plans for rehabilitation and expansion of the Grand Inga dams, which are said to be able to generate enough hydroelectric power for all of Africa, could contribute significantly to development of the country and region. However, preliminary reports have already begun to question whether the environmental and social impacts of the project have been sufficiently considered.

### ***3d. International Conference on the Great Lakes Region***

A notable example in terms of regional cooperation, the International Conference on the Great Lakes Region (ICGLR) brings together eleven core countries in the region, along with seven co-opted countries and a Group of Friends, in recognition of the fact that regionalised conflict requires regional solutions. The ICGLR has addressed the role of natural resources in conflict through development of a regional Protocol

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<sup>22</sup> *Natural Resource Exploitation and Human Security in the Democratic Republic of Congo*, Seminar Report, 25 March 2004, Brussels, Belgium, International Alert and The Pole Institute. <http://tierra.rediris.es/coltan/POLE%20INSTITUE.pdf>

<sup>23</sup> Kabemba, Claude, "A Look at the DRC's Extractive Industry" *Pax Africa* vol 3, no 3 October-December 2006.

<sup>24</sup> "Letter from Congolese NGOs to the Minister for the Environment, Waters and Forests, the World Bank and the FAO" 12 February 2004. [http://www.rainforestfoundationuk.org/files/DRC\\_NGO\\_statement\\_Feb\\_04\\_English.pdf](http://www.rainforestfoundationuk.org/files/DRC_NGO_statement_Feb_04_English.pdf)

<sup>25</sup> "Democratic Republic of Congo: World Bank behind logging interests" World Rainforest Movement Bulletin, No. 80, March 2004. <http://www.wrm.org.uy/bulletin/80/AF.html#CongoDR>.

Against the Illegal Exploitation of Natural Resources, the first of its kind in Africa, adopted at the 2<sup>nd</sup> Summit in December 2006. The Protocol, which refers to permanent sovereignty over natural resources as an inalienable right, is intended to: a) promote and strengthen mechanisms to prevent, curb and eradicate the illegal exploitation of natural resources; b) intensify regional cooperation in that regard; and c) promote harmonisation of legislation, policies and procedures against illegal exploitation of natural resources<sup>26</sup>. However, the Protocol stops short of making any provisions for improved, participatory resource governance, which is required in all of the conflict-affected countries of the Great Lakes Region if they are to achieve sustainable peace and development. Stopping illegal exploitation is a necessary step, but the further step of developing minimum standards for resource governance is also required, since the legal exploitation of natural resources can also contribute to conflict, if the wealth it generates is perceived to be inequitably distributed or mismanaged, or if it leads to environmental degradation, social dislocation or displacement.

The regional approach to natural resource governance in PCRD processes is advisable in the case of regional conflict systems. Such an approach takes cognisance of the regional dimensions of conflict, while recognising that many natural resources also cross national boundaries. This is particularly true in the case of water and marine resources. Further, a regional approach strengthens the position of individual countries engaging in international negotiations and facilitates the harmonisation of policies throughout a region.

#### **4. Lessons learned**

From the examples discussed above, a number of key lessons emerge with regard to the role of natural resource governance in post-conflict reconstruction and development.

- i. *Address distribution of natural resource wealth in peace agreements:* If inequitable access to natural resources or the wealth they generate is a root cause of conflict, include wealth sharing provisions in the peace agreement. The negotiation of the agreement should include all relevant stakeholders, including affected communities, to ensure that the provisions of the agreement will be accepted by all stakeholders. A built-in monitoring and enforcement mechanism should be included to ensure that the agreement is actually implemented.
- ii. *Build the necessary capacities for implementation and monitoring:* Specific capacities are required for implementation of the peace agreement, as well as monitoring and enforcement. Often overlooked is the capacity to utilise the revenues from natural resources in an optimal manner, and account for them, which involves strategic planning, project management, financial and accounting skills.
- iii. *Review contracts from before and during the war:* Where contracts are illegal or unfair, renegotiate or cancel them.

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<sup>26</sup> See [www.icglr.org](http://www.icglr.org) for more information.

- iv. *Mandate peace support operations to support natural resource governance:* This can involve monitoring natural resource exploitation, supporting the development of natural resource-related laws and policies, and building the capacity of relevant institutions to implement and enforce those laws and policies.
- v. *Incorporate EMNR into broader reconstruction and development strategies:* In the case of non-renewable resources such as minerals, it is extremely important to promote up- and down-stream industries (through preferential procurement, incentives for processing/value addition) to ensure sustainability. Issues related to land, water resources and other natural resources should be part of national strategies for development and poverty reduction. EMNR should also be linked to, and capitalise on, infrastructure development projects, which in turn can be linked to public works projects aimed at addressing the youth unemployment.
- vi. *Good governance is more than transparency:* While transparency is important, good governance goes beyond anti-corruption measures to include accountability and community participation in decision-making about whether, when and how to exploit natural resources. The process of developing new laws and policies related to EMNR must also involve the participation of affected communities.
- vii. *EMNR is linked to restoration of security, successful DDR and SSR:* Former combatants who have benefited from illicit exploitation of natural resources must be provided with alternative livelihoods if they are to give up arms. Lack of state control over territory allows illicit exploitation of resources to continue.
- viii. *EMNR requires a regional approach:* Natural resources do not respect national boundaries. Good governance of natural resources must be adopted at regional level, and should involve regional solutions to environmental issues, cross-border trafficking, customs, etc.

## 5. Conclusion and recommendations

The AU Policy on PCRD, the African peace and security agenda and other continental and regional instruments recognise that natural resource governance lies at the nexus between peace, security, stability and sustainable development, and that the sustainable and optimal exploitation of the continent's natural resource wealth is perhaps its best option for achieving a peaceful and prosperous future. In order to achieve the continental vision of peace and development, it is essential to operate within the framework of the principles underpinning the AU Policy on PCRD. Failure to abide by these principles is likely to undermine the effectiveness of PCRD efforts, and in extreme cases to jeopardise the peace. Regional cooperation is critical, as countries emerging from conflict often suffer from drastically weakened capacity and continuing insecurity, making it difficult for them to immediately reap the benefits of the exploitation of their natural resources. In the early days of transition, unscrupulous actors may take advantage of the fragile peace to engage in illicit exploitation or to secure contracts that are disadvantageous to countries emerging from conflict.

To ensure that the natural resource wealth of countries emerging from conflict contributes to the consolidation of peace and sustainable development, the following recommendations should be considered. The recommendations are grouped according to the underlying principles of PCRCD.

***African Leadership:***

- i. The AU and RECs should accelerate development of continental minimum standards for the exploitation and management of natural resources, to provide a baseline below which post-conflict countries can not drop in negotiations with powerful multi-national corporations or trading partners, and to provide guidance for the development of policies and strategies to optimise the benefits derived from natural resource exploitation.
- ii. The AU should ensure that Africa speaks with one voice in international trade negotiations (especially the Doha round) to secure better terms of trade for Africa's natural resources.
- iii. Mainstream the governance of natural resources throughout the African peace and security agenda, in particular the Continental Early Warning System and the African Standby Force.

***National and local ownership:***

- i. Ensure that affected communities are involved in decision-making as well as development, implementation and monitoring of policies related to natural resource exploitation.
- ii. Increase local ownership through partnerships between international and local companies, requirements for local content/employment, incentives for local procurement, etc.
- iii. Leverage natural resources to mobilise domestic funds for PCRCD, thereby increasing national ownership.

***Inclusiveness, equity and non-discrimination***

- i. Ensure participation of affected communities in all processes related to natural resource governance, beginning with the negotiation of the peace agreement.
- ii. Ensure equitable distribution of benefits from EMNR, by enshrining it in peace agreements, the constitution, laws and policies.
- iii. Address issues of gender and natural resource governance, in particular with respect to rights to land and other productive resources.

***Cooperation and coherence***

- i. EMNR policies should involve inter-departmental and inter-sectoral coordination (environment, development, tourism, defence/security, land, water, minerals, energy, etc.).
- ii. Regional cooperation in resource governance is essential, through RECs and continental minimum standards.
- iii. International partners should apply governance standards to companies operating in Africa, and prosecute when they fail to obey domestic and international laws and standards.

***Capacity building for sustainability***

- i. Skills development, local content requirements, preferential procurement and incentives for value addition should be included in all contracts to build local capacity.
- ii. Build the capacity of institutions and mechanisms charged with implementation and monitoring of EMNR, including civil society, parliament, the security sector, judicial sector, treasury, revenue management services and resource-specific management bodies. If possible, post-conflict countries should consider the creation of a future generations fund, or another form of long-term development fund that will ensure that the immediate gains from natural resource exploitation are not off-set by long-term losses or lack of sustainability.
- iii. Utilise partnerships between international and national actors, or between government, the private sector and civil society, to leverage existing capacity and transfer skills to local stakeholders.