

United Nations Expert Group Meeting on

Natural Resources and Conflict in Africa:

Transforming a Peace Liability into a Peace Asset

CONFERENCE REPORT

17-19 June 2006
Cairo, Egypt

Organized by the Office of the Special Adviser on Africa (OSAA)
in cooperation with the Government of Egypt

Acknowledgements

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I. Executive Summary

The United Nations Office of the Special Adviser on Africa (OSAA) convened an Expert Group Meeting on “*Natural Resources and Conflict in Africa: Transforming a Peace Liability into a Peace Asset*” in Cairo, Egypt from 17 to 19 June 2006, in cooperation with the Government of Egypt, to address the key issue of improving governance of natural resource management in post-conflict countries in Africa. The meeting received financial support from the Government of Sweden and from the United Nations Development Programme.

The meeting was convened in keeping with the mission of the Office of the Special Adviser on Africa to promote international support for durable peace and sustainable development in Africa, including through advocacy and through facilitating inter-governmental deliberations on critical issues affecting Africa, in particular on the related issues of peace and development. It also forms part of OSAA’s support to the programme activities of the New Partnership for Africa’s Development (NEPAD), as mandated, which include as priorities, work on peace and security and good governance.

The meeting had the following objectives:

1. Promote responsible, just and economically productive resource management in post-conflict countries in Africa and equitable distribution of wealth to all stakeholders, in particular local communities.
2. Promote an Africa-led process in transforming natural resource wealth from a peace liability to a peace asset in post-conflict situations.
3. Review the analytical work already done on the subject of natural resources management in post-conflict countries in Africa and highlight the key findings or lessons learnt.
4. Recommend certain measures for addressing the issue of illegal exploitation of natural resources in the context of conflict prevention, resolution and management by the relevant bodies of the United Nations, the United Nations System, the African Union and African sub-regional organizations.

The meeting brought together some 30 high-level representatives from African governments, the United Nations, other regional and international organizations, civil society organizations, including NGOs, academia and the private sector. It deliberated on how wealth generated from abundant natural resources could be better managed to promote durable peace and sustainable development rather than to fuel conflict in post-conflict countries and countries emerging from conflict in Africa. Discussions were based on an overview paper and several issues papers prepared by experts for each of the main sessions of the meeting.

Among the key themes and issues discussed were:

- The issue of governance – political, economic and corporate. This was seen as critical to the whole issue of promoting responsible and just management of natural resources in Africa;
- The need for a regional approach, in addition to a national perspective, to address the regional dimensions of the problem, including issues such as the link with illicit trade in arms;
- The need for coordination, cooperation and partnership. It was imperative for Africa to take a leadership role in developing initiatives to address the problem in a sustainable way. There was need also to build upon existing mechanisms and to fully utilize complementarities between regulatory mechanisms, such as the Kimberley Process, and the Extractive Industries Transparency Initiative and governance tools, such as the African Peer Review Mechanism;
- The need for increased information gathering and sharing, as well as for more analytical work to be done on information already gathered, including through the work of the several UN Expert Panels set up to investigate specific cases of natural resources exploitation and conflict;
- A need for greater support to be provided by the international community to enhance administrative and technical capacities of governments to regulate exploitation of natural resources, particularly in post-conflict situations;
- Corporations to be encouraged to exercise greater corporate social responsibility (CSR); and
- The role to be played by the international community, specifically the United Nations, in incorporating in UN peacekeeping mandates monitoring mechanisms for the exploitation of natural resources.

The main outcome of the meeting was a better understanding of the interconnectedness among issues of natural resource management, conflict and post-conflict peacebuilding in Africa, and a set of recommendations for addressing various aspects of the problem at the national, regional and international levels. This encompassed recommendations targeting African governments, African sub-regional and regional organizations, the international donor community, civil society organizations and the corporate community, in particular those engaged in the extractive industry.

The experts recommended that the international community should support the African Union-led process of developing minimum standards for natural resource governance; enhance governmental and civil society capacity for natural resource management, including the strengthening of monitoring and enforcement mechanisms; involve the private sector as a partner in post-conflict reconstruction and development activities; and

strengthen existing regulatory mechanisms, including the Extractive Industries Transparency Initiative.

Several of the recommendations were included in the Secretary-General's progress report to the 61st session of the United Nations General Assembly on "Implementation of the recommendations contained in the report of the Secretary-General on the causes of conflict and the promotion of durable peace and sustainable development in Africa" (A/61/213).

The Expert Group Meeting also contributed to increased collaboration of UN system partners for greater collective impact on development in Africa.

II. Background

Natural resources have been shown to play a key role in the conflicts that have plagued a number of African countries over the last decade, both motivating and fuelling armed conflicts. Revenues from the exploitation of natural resources are not only used for sustaining armies but also for personal enrichment and building political support. As a result, they can become obstacles to peace as leaders of armed groups involved in exploitation are unwilling to give up control over these resources. Even when conflict gives way to a fragile peace, control over natural resources and their revenues often stays in the hands of a small elite and is not used for broader development of the country.

In the United Nations Secretary General's seminal report to the General Assembly and the Security Council in 1998 on the causes of conflict and the promotion of durable peace and sustainable development in Africa,¹ among the key economic factors identified as fuelling conflict was the illegal exploitation of natural resources.

Seven years later, in 2005, in the Secretary-General's progress report to the 60th session of the General Assembly on the "Implementation of the recommendations contained in the report of the Secretary-General on the causes of conflict and promotion of durable peace and sustainable development in Africa"², the Secretary-General reiterated that illegal exploitation of natural resources in conflict-prone and conflict-ridden countries continued to be one of the contributory causes of conflict and of its recurrence and cited the example of Angola, the Democratic Republic of the Congo, Sierra Leone and Liberia, where natural resources had provided major funding for the perpetuation of wars.

The report emphasized the need to address this issue, utilizing a range of instruments to limit the trade in conflict resources, including targeted sanctions against persons, products or regimes, certification schemes and the creation of expert panels to investigate illicit commercial activities in conflict zones as has been done in Liberia and Sierra Leone. The resolution on the causes of conflict³ underscored the need to address the negative implications of the illegal exploitation of natural resources in all its aspects on peace, security and development in Africa.

Moreover, the Security Council, in a resolution⁴ adopted in 2005, recognized the link between the illegal exploitation of natural resources, the illicit trade in such resources and the proliferation and trafficking of arms as one of the factors fuelling and exacerbating conflicts in the Great Lakes Region of Africa, and in particular in the Democratic Republic of the Congo (DRC).

¹ A/52/871-S/1998/318

² A/60/182

³ A/RES/60/223

⁴ S/RES/1635 (2005) on strengthening the effectiveness of the Security Council and the role of civil society in the prevention and resolution of armed conflict, particularly in Africa. In 2000, the Security Council authorized the creation of a *Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo* which issued several periodic reports.

In January 2006, the Security Council adopted a resolution⁵ to address the situation in the Great Lakes region, in which it specifically urged governments in the region to enhance their cooperation to promote lawful and transparent exploitation of natural resources among themselves and in the region, and invited the international community including the United Nations system to support and complement the peacebuilding and development initiatives required to sustain peace, security and stability in the countries of the region.

The international community has indicated its support of efforts to address this critical issue. The Group of Eight (G8) countries stated their intention to support Africa's effort to build a peaceful and stable Africa and in particular to prevent conflicts and ensure that previous conflicts do not emerge by "acting effectively in the UN and in other fora to combat the role played by 'conflict resources' such as oil, diamonds and timber, and other scarce natural resources, in starting and fuelling conflicts".⁶

In keeping with its mission to promote international support for durable peace and sustainable development in Africa, including through advocacy and through facilitating intergovernmental deliberations on critical issues affecting Africa, in particular on the related issues of peace and development, the Office of the Special Adviser decided to hold an Expert Group Meeting to address some of the challenges of transforming exploitation of natural resources from a peace liability to a peace asset in post-conflict situations in Africa.

The promotion of peace and development is the overarching goal of the New Partnership for Africa's Development (NEPAD), an African-owned strategic framework for the continent's renewal. Among NEPAD's priorities, as preconditions for growth and development, are peace, security and good governance. The implementation of NEPAD's programme activities is supported by the United Nations Office of the Special Adviser on Africa which is mandated to act as the focal point for NEPAD within the UN system at headquarters.

⁵ S/RES/1653 (2006)

⁶ The Gleneagles Communiqué, G8 Gleneagles 2005

III. Conference Deliberations

The United Nations Office of the Special Adviser on Africa convened an Expert Group Meeting on “*Natural Resources and Conflict in Africa: Transforming a Peace Liability into a Peace Asset*” in Cairo, Egypt, from 17 to 19 June 2006, in collaboration with the Government of Egypt. The Meeting received financial support from the Government of Sweden and the United Nations Development Programme (UNDP).

The Meeting had the following objectives:

- Promote responsible, just and economically productive resource management in post-conflict countries in Africa and equitable distribution of wealth to all stakeholders, in particular, local communities;
- Promote an Africa-led process in transforming natural resource wealth from a peace liability to a peace asset in post-conflict situations;
- Review the analytical work already done on the subject of natural resources management in post-conflict countries in Africa and highlight the key findings or lessons learnt;
- Recommend certain measures for addressing the issues of illegal exploitation of natural resources in the context of conflict prevention, resolution and management by relevant bodies of the United Nations, African Union and African sub-regional organizations.

The Expert Group Meeting brought together some 30 high-level representatives from African governments, the United Nations, other regional and international organizations, civil society organizations, including NGOs, academia and the private sector. It was convened in keeping with the mission of the Office of the Special Adviser on Africa to promote international support for durable peace and sustainable development in Africa, including through advocacy and through facilitating inter-governmental deliberations on critical issues affecting Africa, in particular on the related issues of peace and development.

The meeting was co-chaired by the Government of Egypt and the Office of the Special Adviser on Africa. The opening address was delivered by Ambassador Ibrahim Ali Hassan, Assistant to the Foreign Minister of Egypt, on behalf of H. E. Ahmed Aboul Gheit, Minister of Foreign Affairs of the Arab Republic of Egypt. The United Nations Under-Secretary-General and Special Adviser on Africa, Mr. Legwaila Joseph Legwaila, also addressed the meeting during the opening session.

The Foreign Minister of Egypt warmly welcomed participants, indicating that the issue to be deliberated on regarding how to transform illegal exploitation of natural resources in Africa from an obstacle to peace and stability to an asset for peace and development was one of the most topical issues which preoccupied the African continent. He stated that the holding of such a meeting in Egypt was a renewed manifestation of the longstanding commitment of both Egypt and the United Nations to promote peace, stability and socio-economic development in Africa.

He further stated that mere imposition of sanctions were of limited effectiveness in the fight and that those measures should be complemented by wider national and regional perspectives which addressed the root causes of conflict related to natural resources and recognized the imperative of institutional capacity-building in the management of natural resources to eliminate the risk of external exploitation and fueling of conflicts through illicit arms trade. He emphasized the need for building national capacity in the field of governance and for post-conflict peacebuilding strategies to enhance capacity building in post-conflict countries for the management of their own natural resources and for securing a reliable and nationally owned means of financing reconstruction projects. He cited the important role that the newly established UN Peacebuilding Commission is expected to play in this area.

He pointed to the annual report of the United Nations Secretary-General to the General Assembly on the “Causes of conflict in Africa” which provided a valuable account of progress made and the continuing challenges faced in promoting peace, security and sustainable development in the continent, and requested the meeting to elaborate concrete recommendations that could provide substantive input to the next annual report. He called on the meeting to produce practical and actionable recommendations to move the issues forward.

The United Nations Under-Secretary-General and Special Adviser on Africa thanked the Government and people of Egypt for graciously hosting the meeting and for the warm hospitality extended to the participants. He noted that Egypt had been at the centre of multilateral diplomacy in both Africa and the Arab world and had given the world the first African Secretary-General of the United Nations. Egypt had played a central role in promoting and supporting the African agenda – from the period of the national liberation struggle, through ongoing efforts to achieve peace and unity on the continent and to the current focus on economic and social development within the context of NEPAD. It was therefore appropriate for the meeting on the theme of natural resources and their role in conflict to be held there given the long tradition of Egyptian activism and positive engagement.

He noted that Africa was home to some of the largest deposits of natural resources in the entire world, but that the illegal exploitation of some of these resources was contributing to continuing violence and instability and highlighted the negative role that natural resources had played in a number of African conflicts. He welcomed the opportunity for experts in the field and important stakeholders, including high-level government officials,

to deliberate on the issues involved and called on the meeting to focus on drawing the necessary lessons from the tragic experiences of the past which would help post-conflict African countries, in partnership with relevant organizations and key stakeholders, to improve their capacity to use their natural resources to consolidate the peace and accelerate development.

Experts deliberated on how wealth generated from abundant natural resources could be better managed to promote durable peace and sustainable development rather than to fuel conflict in post-conflict countries and countries emerging from conflict, notably in West Africa and the Great Lakes region. In this context, issues of horizontal nature, such as the connection between the illicit trafficking of small arms and light weapons and the illegal exploitation of natural resources in conflict affected sub-regions in Africa, were also addressed.

The meeting had six sessions devoted to:

- An overview of the key issues, actors, patterns, trends and regional dimensions to Natural Resources and Conflict in Africa;
- Breaking the link between natural resource exploitation and illicit trade in arms;
- Improving corporate governance in natural resource management, including through regulatory mechanisms;
- Improving political and economic governance and capacity building in natural resource management;
- Roles and responsibilities of African regional and sub-regional organizations and civil society perspectives;
- Roles and responsibilities of the international community.

The deliberations were on the basis of an overview paper and issues papers prepared by participating experts for each of the main sessions of the meeting, two of which appear as annexes to this report. A final session was dedicated to discussion of a draft report and the adoption of conclusions and recommendations for the final report. Papers prepared for the Expert Group Meeting are available on OSAA's website at <http://www.un.org/africa/osaa/reports.html>

IV. Session One: Overview

Overview

The presenter, Dr. Abiodun Alao, noted that in the last decade, perhaps no issue has engaged attention about Africa as much as the numerous conflicts involving the ownership, management and control of natural resources. Among the issues that have emerged are violent ethno-nationalism, acrimonious inter-group relations, youth revolts, small arms and light weapons proliferation, corruption, money laundering, cross-border looting and alleged links with global terrorism.

Moreover, the conflicts have also introduced a diverse array of actors: sometimes working together; most times working at cross-purposes; but all the time working to advance narrow aspirations over and above wider public interests.

While conflicts involving natural resources have increased and their devastating consequences have widened, interests have also expanded on how to ensure that natural resource endowments cease from causing tragedy and become instruments of peace, stability and post-conflict peace-building, especially in countries coming out of the throes of war. This is evidenced by the catalogue of national and international initiatives designed to stem illegal exploitation and sale of natural resources.

Dr. Alao also pointed out that for African countries as well as international organizations with commitments towards the continent, the major challenges have been how to ensure that natural resources are used to promote responsible, just and economically productive purposes in post-conflict societies, and to develop mechanisms for ensuring equitable distribution of wealth to all stakeholders.

Key discussion points

In discussing the conditions that often give rise to conflicts over natural resources, it is necessary to point out that many of the issues are interwoven. While in some cases the issues have been distinctly identified as independent causes of conflict, others only become key indices in conflict when they align with others.

Evidence across the continent has shown that countries that are solely dependent on particular natural resources are more prone to conflict.

Of critical importance is the weakness of key state structures in most African states. The first is the weakness of political and corporate governance. The neo-patrimonial nature of most rentier states readily lends itself to weak or poor corporate governance practices in relation to the regulation of the natural resource sector. Also relevant is the weakness of institutional and technical capacity. The major theatres of conflict coincidentally are countries that have poor administrative capacity to regulate the natural resource sector.

Closely related to the above is the nature of ownership rights in the continent. Owing to the dysfunctional nature of political systems in many African countries, many private actors, including the private citizenry and ethnic groups who inhabit regions with natural resource deposits, often engage in conflict on the strength of their perceived ownership of such resources. This brings to light the centrality of property rights issues in natural resource politics.

The issue of unresolved ownership is also linked to illegal exploitation of natural resources, as evidenced by the huge black-marketing of stolen crude in Nigeria's oil-rich Delta region, where citizens and ethnic minorities do not feel constrained in tapping resources found on their land, and which by implication belong to them as opposed to the Nigerian state.

The peculiarities of certain natural resources can also predispose them to conflict, linked to easy accessibility by non-state actors. These attributes include ease of discovery and extraction process, ease of transportation and less-technical ways of conversion (processing) into use.

Land is undoubtedly the most important natural resource in Africa. Every society in the continent sees land as a natural resource that is held in trust for future generations. Land is also the "abode" of most other natural resources.

Most of the conflicts over land can be linked to the inability of African countries to evolve a land tenure system that is acceptable to the population. The difficulties of harmonizing land tenure systems that are incompatible and for which the population have varying degrees of recognition and respect, remains a major challenge of many African countries.

Increasingly, agricultural resources are becoming linked to conflicts as they have been used to finance civil wars. Solid minerals have also been at the centre of controversies and conflicts in Africa. Next to solid minerals is oil, whose linkage with conflict has generated much interest and attention in Africa because of its high degree of profitability, the environmental consequences of its exploitation, the international nature of its politics and its role in the ethno-political and socio-economic affairs of the endowed countries.

A close look at conflicts over natural resources in Africa will show a somewhat peculiar regional flavour, both in the nature of their manifestations and the politics of their resolution. Of critical importance here is the Mano River Union, the Great Lakes region and the Gulf of Guinea, with particular emphasis on Nigeria's Niger Delta.

Main recommendations

- A geographical and regional approach to dealing with illegal natural resource exploitation should be adopted. The geographical approach will help focus on the trans-border nature of most illegal exploitation as well as generate international and inter-state cooperation among African countries in improving border control.
- The regional approach to dealing with illegal natural resource exploitation will include anchoring extant and new initiatives with existing regional organizations such as the Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC) and the African Union, among others.
- Establish a group of Experts to undertake a comprehensive review of conflicts relating to natural resources governance in Africa.
- Encourage greater research and advocacy work on natural resource governance by local civil society groups, with a view to putting the management of natural resources in the public domain.
- Improve coordination between the Extractive Industries Transparency Initiative (EITI) and the Kimberley Process. This will help address the two ends of exploitation – licit and illicit, respectively.
- Constructively engage countries which have failed to comply with extant regulatory framework, as opposed to threatening expulsion or suspension from such treaties.
- Support the domestication of natural resource-governance initiatives with a view to promoting transparency, accountability and fair use and allocation of proceeds from natural resource exploitation.
- Engage the home countries of actors involved in the natural resource sector, especially multinational corporations (MNCs) to make them accountable for their overseas business ethics in home and host countries.
- Create a Special Assistance Package for countries emerging from the throes of war.
- Set up an independent Fund and initiative to advise, train, and help develop the management of natural resources in countries just emerging from civil conflicts as well as countries experiencing problems of illegal exploitation.
- Strengthen efforts at improving governance and improving other domestic conditions, including unemployment and denial of minority rights that

drive sections of the population, especially youths towards illegal exploitation of natural resources.

- Incorporate technical experts on Natural Resource Management into peace-keeping missions.
- Establish a joint UN-AU Natural Resource Governance Unit where academic and policy-oriented researches on issues relating to Natural Resource Management in Africa can be undertaken.

V. Session Two: Breaking the Link between Natural Resource Exploitation and Illicit Trade in Arms

Overview

The presenter, Mr. Alex Vines, stated that internal armed conflict in resource-rich countries is a major cause of human rights violation around the world and availability of portable, high-value resources is an important reason behind the formation of rebel groups and the outbreak of civil wars.

He stated that the “greed vs. grievance” theory of conflict is distorted by an over-emphasis on the impact of resources on rebel group behavior and insufficient attention to how government mismanagement of resource and revenue fuel conflict and human rights abuses. If the international community is serious about curbing conflict-related abuses in resource-rich countries, it should insist on greater transparency in government revenues and expenditures and on punitive measures against governments that seek to profit from conflict.

Too often government control of important resources and the revenues that flow from these resources go hand in hand with a culture of impunity, lack of respect for the rule of law and inequitable distribution of public resources. These factors often lead to governments with unaccountable power that routinely commit human rights abuse. They can also make prolonged armed conflict more likely. Control over resources gives such governments a strong incentive to maintain power even at the expense of public welfare and the rights of the population.

He pointed out that in many resource-rich countries, governments are abusive, unaccountable and corrupt and often grossly mismanage the economy. Unaccountable governments with large revenue streams at their disposal have multiple opportunities to divert funds for illegal purposes. When such governments are involved in armed conflicts, the resulting human rights abuses can be horrific.

Main recommendations

- Instruments such as the UN Registry on Conventional Arms and the UN Voluntary Instrument for Defense Expenditure Reporting should be more utilized;
- The international community should be more consistent in demanding that governments manage their resources soundly. It should also insist on compliance with arms embargoes against known abusers.
- The International Monetary Fund (IMF) urgently needs to adopt a consistent strategy to promote transparency and accountability in order to address on-going and potential conflicts throughout the world.
- The public in resource rich countries should insist not only on audits but also accurate public disclosure of revenues and expenditures. This would afford them the opportunity to exercise oversight over governments' use of public funds.
- Effective control of national borders is necessary if the flow of illegally extracted natural resources and arms is to be stemmed.
- There is a need to analyze, institutionalize and make available, as appropriate, the experience and lessons learned from the investigations and findings of successive panels of experts constituted by the United Nations Security Council on specific countries such as Angola, the Central African Republic, the Democratic Republic of Congo, Liberia, Sierra Leone, Somalia and Sudan.
- A robust UN investigative body is needed to follow-up the unresolved issues outlined in final reports of the earlier UN panels.
- UN Member States should commit themselves at the national level to criminalize and penalize illicit activities, appoint national points of contact for internal and external coordination, ensure appropriate and reliable marking on weapons produced by their firms, and establish standards relating to the management and security of their weapon stockpiles.
- Active steps should be taken to support the development of a culture of peace within society by fully implementing the Declaration and Programs of Action on a Culture of Peace including through reform of education systems and through policies and resources to mainstream peace and conflict resolution in education.
- African countries should give priority to issues of power-sharing and resource allocation. New forms and modalities of governance which

take into account inclusiveness, transparency, accountability and effective leadership should be evolved.

VI. Session Three: The Extractive Industries and Natural Resource Management in Africa: Assessing Efforts to Enhance Responsible and Accountable Business Conduct in Conflict and Post-conflict Settings

Overview

The presenter, Ms. Karen Ballentine, pointed out that in Africa, as in other parts of the developing world, the exploitation of natural resources has long been associated with underdevelopment and violent conflict, first under colonialism and more recently under the impact of global economic liberalisation.

Over the last decade, the privatization of the global market place has been accompanied by a parallel, and not unrelated, privatization of the forces of war. Armed conflicts have become increasingly self-financing, as rebel groups, criminal networks, mercenaries and predatory elites have increasingly relied on natural resource revenues and more accessible global markets to fund military activity.

Moreover, extractive companies, particularly large multi-national enterprises are a key, often indispensable, source of capital and technological investment for African countries. Although investors typically prefer stable and predictable environments, extractive companies go wherever lucrative resources are to be found. Increasingly these resources are found in fragile and war-torn parts of Africa.

She noted that while most companies, unlike mercenaries and criminal profiteers, do not deliberately seek to profit from violence, very often their investments and operations in weakly governed and unstable settings contribute to insecurity. However law abiding they may seek to be, extractive companies often find themselves in situations where local rule of law is weak or absent, host government regulatory institutions broken, and economic activity beyond the reach of current international and trans-national frameworks.

She observed that in the absence of supplementary regulation, otherwise routine extractive activities can fuel conflict dynamics, often in ways that are legally problematic.

Ms. Ballentine cautioned that efforts to rebuild fragile economies after armed conflict need to do more than create an attractive investment environment. They need to make the private sector active partners in economic recovery and to ensure that their economic activities contribute to peace building.

Key discussion points

Most public discourse surrounding natural resources and conflict is shaded by some misguided assumptions about the role of the extractive companies in “fuelling conflict”. First it is often assumed that all extractive companies operating in weakly governed or war-torn states are necessarily complicit in violent conflict and the abuse of human rights that may attend it. Second, it is assumed that large multi-national private corporations are the companies whose activities are most problematic in conflict zones.

While it is true that the routine displacement effects of extractive operations in high risk environments can trigger local conflicts over land rights and community benefits, and while it is also true that some companies have engaged in actions that contravene local and international laws or that actively abet armed violence, careful analysis shows that conducting extractive operations in war-torn settings do not always or uniformly trigger or fuel violent conflict. Much depends on the proximity of extractive projects to areas of ongoing fighting, the relative strength of the regulatory environment and the nature of the company involved.

There are a range of other actors, including state-owned enterprises, prospecting companies, and rogue brokers and middlemen, that operate in conflict zones. Many of them are attracted to war-torn and anarchic environments because of the profits to be made.

There are a variety of ways in which the financial and operational decisions of extractive companies, whether large or small, private or public, have perpetuated instability and conflict. Some have been the unintended but problematic consequences of legal activities. In most cases violence and instability have stemmed from company disregard for the conflict risks that attend their activities.

Lack of full disclosure of the concession payments, royalties and bonuses paid by companies to host governments creates incentives for actual corruption, reinforcing predatory elites, while denying affected citizens critical information by which they might better hold their leaders to account.

In war-torn countries where the Security of plant and personnel are obvious priorities but local law enforcement is weak or non-existent, companies may seek security wherever they can get it.

Core business activities can also have effects at the operational level. For example, as in the Niger Delta, the establishment of major extractive operations in a remote and poorly governed region has generated a significant inflow of ethnic outsiders seeking jobs at the same time as these activities have degraded the local environment and disrupted traditional relationships. The impact, which was neither anticipated nor properly compensated for, upset the existing balance within the community and fed into existing inter-group grievances. The result was a spiralling cycle of violence in which companies have become a proxy target for violent anti-government protest.

Numerous reports have made clear that otherwise legitimate companies have also engaged in questionable business deals with corrupt and repressive governments who abscond with natural wealth and perpetrate massive human rights violations, often in the context of armed conflict. Companies are also dealing in what has been dubbed “booty futures”, that is the direct company financing of rebel groups in return for future exploitation rights once military victory is achieved.

The increased awareness of the impact of national resource exploitation in weak and war-torn countries has prompted a variety of policy responses ranging from UN sanctions, to commodity control regimes, to efforts to improve both corporate conduct and host country governance.

Initiatives aimed at improving the conduct of extractive companies in weak and war-torn settings fall along the spectrum from hard regulation, such as UN sanctions and legal prosecution to soft regulation, such as voluntary codes of responsible corporate conduct for extractive companies operating in fragile settings.

Although voluntary codes and other forms of industry self-regulation suffer from self-selection and weak enforcement, they have provided important guidance and even a niche for progressive companies seeking to improve business practice in challenging operating environments.

While mandatory or legal regulation is essential to the creation of a level playing field for conflict sensitive business and for addressing the most egregious conduct, it cannot remedy the many conflict-promoting yet still legal activities.

The role of governments and international financial institutions in promoting conflict-sensitive business practices among extractive companies operating in fragile and war-torn states has been largely limited to supporting voluntary codes and multi-stakeholders processes. Still lacking are the appropriate statutory and legal regulations or fiscal inducements that create a supportive incentive structure - one that rewards responsible and conflict-sensitive corporate conduct while penalizing poor performers.

Main recommendations

- There is a need to create African Standards for Conflict-Sensitive Resource Extraction. NEPAD offers a forum for negotiating such standards, while its review mechanism has strong potential to assist with effective implementation.
- Legal accountability for the mismanagement and plunder of natural wealth during wartime should be promised.
- International donors should be pressed to provide peacekeeping operations with financial, technical and human capacity to secure natural resource assets.

- It is necessary to consider making natural resource wealth-sharing an intrinsic element in peace negotiations and a priority of post-conflict recovery in settings where conflict has involved violent contestation over resources.
- Steps should be taken to make private sector actors active partners in post-conflict peacebuilding.
- There is need for a UN General Assembly Resolution on the Extractive Industries Transparency Initiative to establish it as an international best practice.

VII. Session Four: Improving Political and Economic Governance and Capacity-building in Natural Resource Management

Overview

The Presenters, Messrs Luigi Tessori and Sahba Sobhani of the United Nations Development Programme (UNDP) stated that managing the inflow of revenue from the exploitation of natural resources in a manner that will benefit social and economic development is a great challenge facing Africa today. It is, however, also a great opportunity.

They noted that Africa's emerging democratic institutions, including the development of fledging civil society institutions and parliamentary systems, can play an important role in promoting awareness of natural resource issues among local populations and helping them hold their governments accountable for their actions.

Key discussion points

- **Institutional Strengthening**
 - Developing resource allocation criteria that are “downwardly accountable” to the population
 - Long-term sustainable economic and land-use planning
 - Development of local skills and ensure vertical and horizontal linkages with the resource sector
- **Budgetary Transparency**
 - Improvement of budgetary documentation
 - Repealing of official secret legislation
 - Ensuring obligatory external reporting during the spending year

- Entrenchment of comprehensive and timely information on budget issues
- Bringing of extra-budgetary spending into the budget
- External transparency should be complemented with internal transparency
- Enhancing the capacity of Auditor Generals

VIII. Session Five: Roles and Responsibilities of African Regional and Sub-regional Organizations and Civil Society Perspectives

Overview

In his presentation, Mr. John Dos Santos Rocha noted that despite being endowed with some of the most sought after natural resources in the world, Africa has in the past failed to transform its enormous economic potential and wealth into tangible benefits in terms of human security, sustainable peace and development.

At the same time, there has emerged within Africa, a recognition that the governance of natural resources occupies the nexus between peace, stability and socio-economic development. This recognition underpins the new vision for Africa's growth and renewal embodied in the African Union (AU) and its socio-economic development framework, NEPAD.

This vision is further reinforced by the multi-dimensional notion of human security implicit in the common African Defence and Security Policy⁷, which links traditional state security and individual safety with the protection of socio-economic rights, such as access to resources and protection against poverty and environmental degradation.

Mr. Rocha noted that African leaders have recognized that the manner in which the continent's resources are managed and exploited was fundamental to their ability to enhance both state and human security, contribute to sustainable development and the achievement of the Millennium Development Goals. Consequently, natural resources governance should fall under the purview of the lead actors in the vision, namely the African Union and the African regional economic communities.

Mr. Rocha argued that conflict in one country has implications for other countries and indeed the continent as a whole. He suggested that in order to break the link between access to and control and exploitation of resources on the one hand and instability or insecurity and war on the other hand, there was a need to move away from the narrow perspective that only looks at the implication of exploitation and management of natural resources for areas affected by conflict to a new security dimension that puts Africa's natural resources at the centre of national, regional and continental security policies.

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In this regard, minimum standards for the governance of natural resources were directly relevant to the entire continuum of conflict prevention; management, resolution and post-conflict reconstruction, as well as the broader peace, security and development agenda.

Given the centrality of natural resource exploitation and management to the promotion of peace, security, stability and development in Africa, it was essential that the generation of minimum standards, as called for in the African Peace and Security Agenda (APSA), be accelerated.

Key discussion points

Discussions were led by Dr. Naison Ngoma and Dr. Abdel-Fatau Musah who underscored the points that: (i) governance of natural resources was vital to the consolidation of peace and the prevention of renewed violence. It is a fundamental precondition for successful post conflict reconstruction and development, and should, therefore, be given due attention; and (ii) that the generation of minimum standards for the exploitation and management of natural resources was an imperative.

Main recommendations

- Countries emerging from conflict should be given assistance to develop legislation, set up monitoring and regulatory bodies, strengthen relevant implementing bodies such as the police, the customs service, the revenue collection service, the office of the auditor and various resource management departments, with a view to developing a framework for harnessing their natural resource wealth for rebuilding political, social and economic structures of the country and for poverty eradication and sustainable development.
- The application of minimum standards should not be limited to areas affected by conflict. They should apply across the entire continent for them to impact upon the whole conflict cycle and contribute to prevention of conflict throughout Africa.
- The African Union (AU) should accelerate the continental process of generating minimum standards for natural resources governance in collaboration with the African regional economic communities (RECs). The AU should enter into strategic partnerships to harness existing African expertise and international capacity in this endeavor and mainstream natural resources related issues through the APSD.
- RECs should develop common positions reflective of regional peculiarities, to input into the continental process. They should facilitate the sharing of best practices among member states and support the harmonization of legislation and practices in member states in line with regional and continental standards.

- The African Peer Review Mechanism (APRM) should undertake a revision of its questionnaire to incorporate more explicit standards, benchmarks and indicators for natural resource governance to encourage sharing of good practices and lessons learned. Countries participating in the APRM should incorporate issues of natural resource management and exploitation into self assessments and action plans.
- Informal regional groupings such as the Mano River Union or the Great Lakes Conference should make natural resource governance a priority and incorporate it into peace and security measures.
- At the national level, governments should domesticate and implement regional, continental and international standards and develop mechanisms and institutions to monitor compliance. Moreover, they should forge partnerships with the private sector and civil society to ensure that the management and exploitation of natural resources benefit the entire populations.
- Governments should enhance the capacity for resource governance by improving the coordination of key ministries, such as environment, minerals and geology, land, water and agriculture, forestry, trade and industry, as well as internal affairs, foreign affairs and defense.
- Civil society organizations should enter into partnerships with government, regional and continental organizations as well as with international civil society organizations to support the development and implementation of continental minimum standards. They should conduct research and analyses to support the AU-led process towards minimum standards.

African Development Partners should:

- Respect and support the AU-led process, rather than attempt to impose governance related conditions for development assistance or supporting externally driven parallel initiatives.
- Create incentives for adherence to codes of conduct by the domestic private sector when operating in Africa.
- Support the establishment and capacity-building of African centres of excellence that work on the issues of natural resource governance.
- Help to enhance the capacity of African governments and regional organizations for good governance of natural resources and monitoring of compliance through provision of technical expertise.

Multinational Corporations should:

- Adopt and implement ethical codes of practice. Until African minimum standards are developed other existing standards such as the UN's Global Compact, the OECD Guidelines for Multinational Enterprises, the EITI, the Voluntary Principles on Security and Human Rights, the Kimberley Process, the Global Reporting Initiative and a number of others can serve as guidelines.
- Support the development and implementation of continental minimum standards through sharing of experiences and best practices, adoption of industry-wide policies or guidelines, and adherence to national, regional and continental regulations.

The UN system should:

- Continue to facilitate research on natural resource governance, corporate good governance and issues of trade as they relate to the exploitation of natural resources.
- Facilitate and accelerate the implementation of APSA priorities through the continued provision of technical and financial support to the AU, NEPAD and RECs.
- Mainstream issues of natural resource governance into the post-conflict peacebuilding activities of the newly created Peacebuilding Commission, in line with the African Peace and Security Agenda.

Other recommendations

- States should be encouraged to review their domestic law on the exploitation of natural resources with a view to determining their conformity with the relevant international instruments and legal norms.
- A Committee comprising of persons of high moral standing, impartial and competent with respect to curbing the illegal exploitation of natural resources should be constituted for the whole of Africa.
- The various initiatives should be properly coordinated, while policies related to natural resource-management should be properly implemented.

IX. Session Six: Roles and Responsibilities of the International Community

Overview

During this session, several agencies and departments of the United Nations system shared their perspectives on the roles and responsibilities of the international community. Subject areas covered included livelihoods, institutional capacities and the peace process and leveraging peacekeeping in areas of conflict.

Those represented included: the UN Economic Commission for Africa (ECA), the Food and Agricultural Organization (FAO), the United Nations Conference on Trade and Development (UNCTAD), the UN Department of Political Affairs (DPA), the UN Department of Peacekeeping Operations (DPKO) and the UN Department of Economic and Social Affairs (DESA).

The key roles of the international community were understood to include: to deepen understanding through research on the nexus between natural resources and conflict to determine adequate responses to the challenges; to find out and map existing initiatives to improve coherence and impact and to forge partnerships; to scale up pressure on international companies to observe the highest corporate conduct; and to contribute to capacity-building and institutional strengthening of the enforcement of rules and regulations.

The nature of the partnership between institutional actors was considered important for the sound implementation of projects and for them to have maximum impact.

UN agencies such as the FAO have been involved in providing policy and legal options in the management of natural resources in countries like Sudan for many years. Although the work in the Sudan has focused mainly on land and forestry, its implications go beyond the two sectors into livelihood, institutional capacities and the peace process.

Peacekeeping operations provide the vehicle for re-establishing a secure environment where legitimate state control can be re-asserted, while also offering the international community a focus of support to play a direct role in targeting action against those involved in the illegal exploitation of natural resources. The international community is beginning to address this issue through the formation of expert panels, more targeted peacekeeping mandates and sanctions regimes.

The establishment of panels of experts on the illegal exploitation of natural resources in some African countries to investigate the dynamics involved in the illegal exploitation of natural resources in these conflict-affected countries has been crucial in highlighting this issue within the international community.

On a technical level, peacekeeping operations are actively involved in supporting the work of the panels which rely on them for security, logistics and information gathering on the ground.

Peacekeeping operations can also contribute to curbing trafficking in resources by targeting the perpetrators of illegal exploitation on the ground through their mandated tasks in the areas of disarmament, demobilization and reintegration (DDR) and security sector reform (SSR).

The Security Council is increasingly using targeted sanctions, including arms embargoes, travel bans and financial sanctions in response to threats to peace and security. One of the aims of sanctions is to prevent the diversion of resources from their use for development and social needs to the purchase of arms.

Recommendations

- Sustain and expand efforts by the international community to support policy dialogue and facilitate consensus building on emerging issues.
- Help develop relevant laws and regulatory frameworks, models, benchmarks, codes of conduct and standards of practice to regulate investment, distribution of benefits, ownership, production, consumption, trade, and environmental and social liability and responsibility.
- Render more technical assistance to member states to design second-generation legal and regulatory regimes, which are more in tune with current societal needs.
- Help to develop country responses that are specific to the local context.
- Deploy resources and assistance to help countries mainstream natural resources development into poverty reduction strategies and other national development frameworks.
- Assist governments in promoting broad-based growth and development and in diversifying their economies to reduce dependence on their natural resource sectors.
- Encourage value addition and local processing with a view to retaining a higher share of rents locally.

- Encourage fair trade practices as an incentive scheme to foster environmental, social and economically responsible exploitation of natural resources.
- Honour commitments and pledges made in international and other fora, including but not limited to financing for development, trade, market access and debt relief.
- Support capacity-building for policy makers, communities and other stakeholders at national and local levels.
- Create knowledge on the nexus between natural resources and conflict, with documentation of practices, identification of risk factors and tools for risk reduction, and establish mechanisms to disseminate the knowledge created.
- Enforce and monitor compliance with international conventions, treaties, codes of conduct, guidelines and related instruments.
- Strengthen local capacity and enforce laws and regulations.
- Promote discussions on natural resources and conflict in high-level fora.
- Advocate for the independence of oversight functions such as the Ombudsman, Auditor General and Parliamentary oversight committees.
- Establish a common understanding on land issues, policies and management should be established.
- Address the multiplicity of legal systems governing natural resources, in particular land, with a view to effecting harmonization.

On peacekeeping

- Capacity building in the security sector should be complemented by the strengthening of the legitimate national civilian authorities responsible for managing the country's natural resources, a governance issue that is included in many mandates of peacekeeping operations.
- There is need for partnerships between governments of countries emerging from conflict and the international community on the question of the illegal exploitation of natural resources in regard to issues which span from peacekeeping to development.

On the UN Security Council

- The UN Security Council should provide peacekeeping missions with the necessary resources to carry out their mandates of monitoring arms embargoes.
- The Security Council should implement the recommendations of Expert Groups mandated to monitor sanctions regimes.
- The UN Secretariat should be given the necessary resources to support Expert Groups in monitoring sanctions regimes, including the establishment of an Information Management System.
- The establishment of a traceable system should be given priority.

X. Summary and Recommendations

The United Nations Expert Group Meeting on “Natural Resources and Conflict in Africa: Transforming a Peace Liability into a Peace Asset” which was held in Cairo, Egypt from 17 to 19 June 2006, sought to come up with strategies designed to transform the exploitation of natural resources in Africa from a peace liability into a peace asset – how to harness Africa’s natural resources for peace and development on the continent.

Summary of the Deliberations and Recommendations adopted at the Expert Group Meeting in Cairo

The Expert Group Meeting focused on strategies to convert Africa’s natural resources from a peace liability into a peace asset. In particular, the meeting sought to:

- Draw lessons from past experience,
- Identify best practices, and
- Make specific recommendations for the way forward.

Underlying assumptions

Natural resources are inherently good; they can generate wealth and contribute to peace and development. To ensure that Africa’s natural resource wealth serves as an engine for sustainable socio-economic development rather than a source of inter- and intra-state conflict and under-development, good political, economic and corporate governance is of primary importance. Natural resources were broadly defined to include renewable and non-renewable resources such as minerals, oil and gas, land, forestry, marine resources, water and others. Land was arguably the most important natural resource in Africa.

Natural resources and conflict is first and foremost a political problem that requires political solutions, including at the international level, as well as the creation of political space in which to generate technical solutions at all levels. The question of natural resource governance should be addressed in a holistic manner to incorporate both legal and illicit exploitation across all of Africa, rather than only in conflict areas.

Key themes and issues discussed

Discussion focused on a number of key themes, and the meeting identified a number of fundamental issues to guide future action, as follows:

1. The issue of natural resources to be treated as a governance issue, and must be addressed at all levels, from the local, national, regional and continental to the international:
 - a. Political governance must be participatory, transparent and accountable.

- b. Economic governance must involve development strategies and efficient and effective economic management including systems of revenue and expenditure management.
 - c. Corporate governance must include government regulatory structures as well as corporate social responsibility (CSR).
- 2. There is a need for a broad and holistic approach that takes cognizance of the inter-connectedness between natural resource governance and other peace, security and development issues:
 - a. In the peace and security arena, it is linked to the issues of small arms and light weapons, conflict prevention, including early warning, and post-conflict reconstruction and development, amongst others.
 - b. In the development arena, it is linked to trade, regional integration, socio-economic development, food security, poverty reduction strategies and environmental protection, as well as money laundering and corruption, amongst others.
 - c. Cross-cutting issues linked to natural resource governance include youth unemployment and gender.
- 3. Natural resource governance requires context-based solutions derived from lessons learned from past experience in Africa:
 - a. A regional approach must be adopted, in addition to a national perspective, given that many aspects of the problem have regional dimensions.
 - b. There is a need for a strategic approach, based on a common African understanding of the issue.
 - c. At the same time, it is important to recognize the uniqueness of each country context, as well as the peculiarities of each resource, which call for specific governance measures and mechanisms.
- 4. There is a need for coordination, cooperation and partnership in addressing natural resources:
 - a. African leadership, national and local ownership are critical to the success of these initiatives, in particular their sustainability.
 - b. There is a need to build upon existing mechanisms for collaboration between, and coordination of, the myriad actors and stakeholders involved in and affected by natural resource governance, including the private sector, civil society, local communities, governments and multi-laterals (such as the African Union (AU), regional economic communities (RECs) and the United Nations).
 - c. There is a need to coordinate and harmonize, where possible, the various voluntary and mandatory initiatives that have already been developed from within and outside of Africa (including, among others, the Kimberley Process, the Extractive Industries Transparency Initiative (EITI), the African Peer Review Mechanism and various AU/REC efforts).

- d. Inter-governmental and inter-institutional coordination is fundamental to ensure enforcement of international norms and standards and to generate support for natural resource governance initiatives.

The Way forward

The presentations and subsequent discussions highlighted the fact that natural resource governance underscores the nexus between peace, security and sustainable development. This underpinned recommendations on how to harness Africa's natural resources for peace and development. The meeting's recommendations focused on the areas of knowledge generation, capacity building, monitoring and enforcement and international cooperation, targeting the relevant actors at the local, national, sub-regional, regional and international levels.

Cross-cutting recommendations:

1. There is a need for more detailed and better quality information on the quantity, quality and value of natural resources in Africa, as well as their legal and illicit exploitation and relation to conflict. Existing information must be collated and made more accessible, and additional research (including better information on network of exploiters) undertaken, as appropriate, to generate the information needed to support policy development and monitoring of compliance.
2. The Group of Eight (G8) countries should support the EITI.
3. Governments, extractive industries, civil society and multi-lateral organizations must ensure that lessons learned about improving natural resource governance are captured and disseminated to the broadest possible group of stakeholders.
4. Post-conflict countries need special support in creating policies and mechanisms to manage their resource wealth and harness it for post-conflict reconstruction and development consistent with the framework of the African Union's new policy on post-conflict reconstruction and development.
5. All actors should endeavour to mainstream natural resource issues with other peace, security and development initiatives, including through wealth-sharing provisions in peace agreements, Disarmament, Demobilization and Re-integration (DDR) programmes and the work of the UN Peacebuilding Commission; expansion of peace-keeping mandates to incorporate natural resource monitoring and protection issues. There may be a need to revisit certain World Trade Organization (WTO) agreements if recommended measures for the prevention of natural resource conflict are found to contravene them.
6. Support and strengthen appropriate international mechanisms to ensure accountability and responsibility on the part of all those involved in natural resource-based conflict and to combat abuse and impunity.

To African countries:

1. Require extractive industry companies to develop a sustainable development plan, through a participatory and consultative process involving the government, civil

- society and affected communities, before granting licenses or concessions. The plan should delineate the responsibilities of each actor and incorporate benchmarks and indicators to monitor its implementation. These plans must incorporate technology transfer, skills development, value addition and linkages to the local economy (e.g. through local content). The environmental, social and conflict-related impact of extractive operations must also be assessed prior to licensing.
2. Forge partnerships with civil society, affected communities, the private sector, and international partners to develop and implement natural resource governance strategies and policies that contribute to peace and sustainable development through equitable access to natural resource wealth. This is especially important in countries emerging from conflict.
 3. Undertake mapping exercises to determine the quality, quantity and value of resources in the country, where feasible, and publicize the findings and input into a continental database, in collaboration with existing initiatives such as the Forum on African Statistical Development (FASDEV), the private sector, civil society and member states.
 4. Incorporate natural resource exploitation into national security and development plans (e.g. Poverty Reduction Strategy Papers (PRSPs)), with special attention to youth unemployment and the gender dimension of natural resource governance.

To African sub-regional organizations:

1. Incorporate minimum standards for resource governance into regional instruments and standards, and ensure that they are linked to other regional priorities such as infrastructure development, job creation, environmental protection, and food security, amongst others.
2. Collect, collate and support the publication of information on the quality, quantity and value of resources in each region, where possible, to input into a continental database.
3. Create fora for Member States to share lessons learned and best practices, and to harmonize policies on natural resource governance.
4. Share experiences and collaborate with other RECs and informal regional groupings (such as the Mano River Union) on natural resource governance.

To the African Union:

1. In coordination with ongoing projects, to collect statistics in Africa (such as the FASDEV), establish and maintain a database of natural resources in Africa, and/or centralize and compile existing information, and make this information accessible to all stakeholders.
2. Provide support for post-conflict reconstruction and development to ensure timely, coordinated and effective support to countries emerging from conflict.

3. Devise a template, based on lessons learned, that countries can use to guide the development of resource management policies and strategies.
4. Establish a standing multi-stakeholder mechanism to provide advice and support to countries on the issue of natural resources and conflict, and to remain seized with the issue in countries that have experienced conflict.
5. Build upon existing African initiatives such as the African Mining Partnership or the African Ministerial Conference on Water, while promoting innovative strategies, including through South-South cooperation.

To the international community:

1. Provide support for the AU-led process of developing minimum standards for natural resource governance and give African countries sufficient policy space to design and implement strategies for resource governance in line with their own needs and objectives.
2. Undertake or support research to generate detailed information about natural resources and disseminate such information widely to support policy development and monitoring of compliance.
3. Provide support to countries emerging from conflict:
 - a. Enhance their capacity for natural resource governance and conflict management.
 - b. Provide for a smooth transition from emergency assistance to development support (for example, through integrated UN offices).
 - c. Involve the private sector as a partner in post-conflict reconstruction and development activities.
 - d. Incorporate natural resource issues into post-conflict activities including security sector reform and reintegration of former combatants who are traditionally associated with illicit exploitation of natural resources.
4. Enhance local and national governmental and civil society capacity for natural resource management, including economic planning, development of legislation, and strengthening the capacity of enforcement structures such as the auditor, parliamentary oversight committees, the justice system, border controls and anti-corruption mechanisms.
5. Establish new and/or strengthen existing mechanisms for monitoring and enforcement of compliance with African and other international standards and UN resolutions, to combat impunity and abuse:
 - a. Document and expose malpractice, improve the monitoring and enforcement of UN sanctions and embargoes, and implement recommendations of UN Panels of Experts.
 - b. Support the work of the UN Secretary-General's Special Representative on Business and Human Rights, including the definition of the roles and responsibilities of the private sector with respect to human rights, and delimitation of their spheres of influence.
 - c. Home governments of extractive industry companies must be encouraged to hold those companies accountable for their actions abroad, including through prosecution or other punitive measures.

- d. Governments must be held accountable for compliance with international standards and norms related to resource governance, human rights, labour and the environment.
 - e. Information to be made accessible to all.
6. Provide financial and technical resources in support of peace, security and development, and honour commitments to provide such support.
 7. Ensure the continuing work of the UN Panel of Experts.

To civil society:

1. Share local knowledge and lessons learned in natural resource governance with other civil society groups, and input into national, regional and continental policy processes.
2. Forge partnerships between NGOs from within and outside of Africa, to promote capacity building and incorporate local knowledge into international campaigns.
3. Consumer groups and shareholders to put pressure on companies, including junior companies and parastatals, to comply with international standards and norms.

To the extractive industries:

1. Share lessons learned from operating in conflict areas and from implementing various guidelines and standards with all relevant stakeholders, especially small and medium-sized enterprises.
2. Develop and implement sustainable development plans that involve local capacity building, skills and technology transfer, value addition and local content.
3. Align all contracts with sub-contractors to the principal contract with the government and ensure that they comply with the same standards, and eliminate the practice of secret clauses.
4. Ensure broad-based, active and visible involvement of affected communities in approval, planning, implementation and monitoring of natural resource exploitation. In so doing, comply with international standards on the environment, labour, human rights and conflict-sensitivity.

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List of Annexes

Annex I: Programme

Annex II. List of Participants

Annex III: Statements in the Opening Session

- Mr. Legwaila Joseph Legwaila, Under-Secretary-General and Special Adviser on Africa, United Nations.
- H.E. Ahmed Aboul Gheit, Minister of Foreign Affairs of the Arab Republic of Egypt (delivered by Ambassador Ibrahim Ali Hassan, Assistant to the Foreign Minister of Egypt).

Annex IV: Natural resource exploitation and the illicit trade in arms.

Annex V: Harnessing the continent's natural resources for peace and development: Civil Society Perspective.

United Nations Office of the Special Adviser on Africa

**Expert Group Meeting on “*Natural Resources and Conflict in Africa:
Transforming a Peace Liability into a Peace Asset*”
Cairo, Egypt – 17-19 June 2006**

Programme

Friday, 16 June 2006

18:00 – 20:00 Registration

Saturday, 17 June 2006

08:00 – 09:00 Registration continued

OPENING SESSION

09:00 – 09:10 Opening remarks by **Mr. Legwaila Joseph Legwaila**,
Under-Secretary-General and Special Adviser on Africa, United Nations

09:10 – 09:30 Address on behalf of **H.E. Ahmed Aboul Gheit**, Minister of Foreign
Affairs of the Arab Republic of Egypt, delivered by **Ambassador
Ibrahim Ali Hassan**, Assistant to the Foreign Minister of Egypt

SESSION ONE: Overview of key issues

Chair: Mr. Legwaila Joseph Legwaila, Under-Secretary-General and
Special Adviser on Africa, United Nations

Presenter: Dr. Abiodun Alao, Senior Research Fellow, King’s College, London

09:30 – 9:45 Presentation

09:45 – 10:45 Discussion

10:45 – 11:00 Tea/Coffee break

SESSION TWO: Breaking the link between natural resource exploitation and illicit trade in arms

Moderator: Dr. Abiodun Alao, Senior Research Fellow, King’s College, London

Presenter: Mr. Alex Vines, Chairman of the Group of Experts on Cote d’Ivoire

Discussants: Ambassador Mahmoud Kassem, former Chairman of the United
Nations Expert Panel on the Democratic Republic of Congo (DRC)
Dr. Abdel-Fatau Musah, Conflict Prevention Adviser, ECOWAS
Mr. Anatole Ayissi, Political Affairs Officer, UNOWA

11:00 – 11:15 Presentation
Saturday, 17 June 2006 (continued)

11:15 – 13:00 Discussion

13:00 – 15:00 Lunch

SESSION THREE: Improving corporate governance in natural resource management, including through regulatory mechanisms

Moderator: Mr. Ribson Gabonowe, Director of Mines, Ministry of Minerals, Energy and Water Resources, Botswana

Presenter: Ms. Karen Ballentine, Expert on Political Economy of Armed Conflict

Discussants: Mr. Mark Van Bockstael, Chairman of the Working Group of Diamond Experts and Technical Issues, Kimberley Process
Mr. Daniel Graymore, UK DFID Extractive Industries Transparency Initiative
Mr. Rory More O’Ferrall, Director, External Affairs, De Beers Group
Mr. Abu Brima, Executive Director, Network Movement for Justice and Development

15:00 – 15:15 Presentation

15:15 – 17:30 Discussion

Evening: Gala reception (Government of Egypt)

Sunday, 18 June 2006

SESSION FOUR: Improving political and economic governance and capacity building in natural resource management

Moderator: Dr. Dorothy L Njeuma, Rector, University of Yaounde I and Member of the African Peer Review Mechanism (APRM) Panel

Presenters: Mr. Luigi Tessiore, Policy Adviser on Governance, UNDP and Mr. Sahba Sobhani, Programme Manager, UNDP

Discussants: Hon. Conmany Wesseh, Deputy Minister of Foreign Affairs, Liberia
Mr. Ribson Gabonowe, Director of Mines, Botswana
Dr. Dorothy L. Njeuma, Member of the African Peer Review Panel

09:00 – 09:15 Presentation

09:15 – 10:45 Discussion

10:45 – 11:00

Tea/Coffee break

Sunday, 18 June 2006 (continued)

SESSION FIVE: Roles and responsibilities of African regional and sub-regional organizations; and civil society perspectives.

Moderator: Hon. Conmany Wesseh, Deputy Minister of Foreign Affairs, Liberia

Presenter: Mr. John Dos Santos Rocha, Senior Analyst, SaferAfrica

Discussants: Dr. Naison Ngoma, Expert, Post-conflict Peace-Building, AU
Dr. Abdel-Fatau Musah, Conflict Prevention Adviser, ECOWAS

11:00 – 11:15 Presentation

11:15 – 13:00 Discussion

13:00 – 15:00 Lunch

SESSION SIX: Roles and responsibilities of the international community

Moderator: Ambassador Mahmoud Kassem, former Chairman of the United Nations Expert Panel on the Democratic Republic of Congo (DRC)

Discussants: UN Agency Perspectives
Mr. Antonio Pedro, Senior Economic Affairs Officer, ECA
Mr. Victor Mosoti, Legal Officer, FAO
Mr. Christopher O'Donnell, Political Affairs Officer, DPKO
Mr. Simon Cunningham, Senior Economic Affairs Officer, DESA

15:00 – 16:45 Discussion

16:45 – 17:00 Tea/Coffee break

17:00 – 18:00 Discussion of key questions and summing up

Monday, 19 June 2006

SESSION (morning): Discussion of Draft Report

Moderator: Dr. Ademola Popoola, Dean – Faculty of Law, Obafemi Awolowo University, Nigeria

09:30 – 11:00 Discussion of draft report

11:00 – 11:15 Tea/Coffee break

Monday, 19 June 2006 (continued)

11:15 – 12:00 Discussion of draft report cont'd

12:00 – 14:00 Lunch break

SESSION (afternoon): Closing session

**Co- Chairs: Ambassador Ibrahim Ali Hassan, Government of Egypt, and
Office of the Special Adviser on Africa, United Nations**

14:00 – 15:00 Adoption of conclusions and recommendations for final report

15:00 – 15:30 Closure of meeting



United Nations Office of the Special Adviser on Africa

**Expert Group Meeting on “*Natural Resources and Conflict in Africa:
Transforming a Peace Liability into a Peace Asset*”
Cairo, Egypt – 17-19 June 2006**

List of participants

Participant	Organization
1. Dr. Abiodun Alao Senior Research Fellow E-mail: alao@dircon.co.uk ; abi_alao@hotmail.com	Conflict, Security and Development Group King’s College, University of London London, UK
2. Mr. John Apruzzese Head, Coordination Unit	Office of the UN Resident Coordinator United Nations, Cairo
3. Mr. Anatole Ayissi Political Affairs Officer E-mail: ayissi@un.org	United Nations Office for West Africa (UNOWA) Dakar, Senegal
4. Ms. Karen Ballentine E-mail: kballentine@nyc.rr.com	Expert Political Economy of Armed Conflict New York, NY 10027
5. Mr. Abu Brima E-mail: abrima@nmjd.org nmjd@nmjd.org	Executive Director Network Movement for Justice and Development (NJMD), 29 Main Motor Road, PMB 798 Freetown, Sierra Leone
6. Mr. Simon Cunningham Senior Economic Affairs Officer E-mail: cunningham@un.org	Department of Economic and Social Affairs (DESA) United Nations, New York
7. Mr. John Dos Santos Rocha Senior Analyst E-mail: johnrocha@saferafrika.org	SaferAfrica 173 Beckett Street Arcadia, Pretoria South Africa
8. Mr. Ribson Gabonowe Director of Mines E-mail: rgabonowe@gov.bw	Ministry of Minerals, Energy and Water Resources Gaborone, Botswana

9. Mr. Samuel Gayi Senior Economic Affairs Officer E-mail: samuel.gayi@unctad.org	United Nations Conference on Trade and Development (UNCTAD) Geneva, Switzerland
10. Mr. Daniel Graymore E-mail: B-Mellor@dfid.gov.uk	International EITI Secretariat Dept. for International Dev. 1 Palace Street London, England. SW1E 5HE
11. Ambassador Mahmoud Kassem E-mail: mahmoudkassem@hotmail.com	Former Chairman of the United Nations Expert Panel on the Democratic Republic of Congo (DRC) Cairo, Egypt
12. Ms. Brittany Kesselman Analyst E-mail: brittany@saferfrica.org	Safer Africa 173 Beckett Street Arcadia, Pretoria South Africa
13. Ms. Erma Manoncourt UN Resident Coordinator, a.i.	Office of the UN Resident Coordinator United Nations Cairo, Egypt
14. Mr. Rory More O’Ferrall E-mail: Rory.MoreOFerrall@debeersgroup.com	Director, External Affairs, De Beers Group United Kingdom
15. Mr. Victor Mosoti Legal Officer E-mail: Victor.Mosoti@fao.org	Development Law Service Food and Agricultural Organization (FAO) Rome, Italy
16. Dr. Abdel-Fatau Musah Conflict Prevention Adviser E-mail: abdefataumusah@yahoo.co.uk	Economic Community of West African States (ECOWAS) 60, Yakubu Gowon Crescent Asokoro Abuja, Nigeria
17. Dr. Naison Ngoma, Expert Post-conflict Reconstruction & Peace Building E-mail: ngoman@africa-union.org	Peace and Security Directorate African Union Addis Ababa Ethiopia
18. Dr. Dorothy L. Njeuma E-mail: dlnjeuma@yahoo.com	Rector, University of Yaounde I, Cameroon and Member of the African Peer Review Mechanism (APRM) Panel, NEPAD Yaounde, Cameroon
19. Mr. Christopher O’Donnell Political Affairs Officer E-mail: odonnell1@un.org	Department of Peacekeeping Operations (DPKO) United Nations, New York

20. Mr. Antonio M. A. Pedro Senior Economic Affairs Officer and Leader of the Natural Resources Development Team Sustainable Development Division E-mail: apedro@uneca.org	Economic Commission for Africa (ECA) Addis Ababa Ethiopia
21. Dr. Ademola Popoola Dean, Faculty of Law E-mail: ademolapopoola2000@yahoo.com	Dean, Faculty of Law Obafemi Awolowo University Ile- Ife, Nigeria
22. Ms. Loraine Rickard-Martin Political Affairs Officer E-mail: rickard-martin@un.org	Department of Political Affairs United Nations New York
23. Mr. Sahba Sobhani Programme Manager Division for Business Partnerships Bureau for Resources and Strategic Partnerships E-mail: sahba.sobhani@undp.org	United Nations Development Programme (UNDP) New York, NY 10017
24. Mr. Luigi Tessiore Policy Advisor Decentralization & Local Governance E-mail: Luigi.Tessiore@undp.org	UNDP – West & Central Africa SURF BP/P.O. BOX 154 Dakar – Senegal
25. Mr. Mark Van Bockstael Director International Affairs & Trade Antwerp Diamond High Council (HRD) E-mail: mvb@hrd.be	Chairman of the Working Group of Diamond Experts and Technical Issues Kimberley Process Antwerp, Belgium
26. Mr. Alex Vines E-mail: CHUNGVINES@aol.com	Chair, Group of Experts for Cote d'Ivoire and Head Africa Programme Chatham House, the Royal Institute of International Affairs 10 St. James Square, London SW1, UK
27. Hon. Conmany B. Wesseh E-mail: conmanybwesseh1@yahoo.com	Deputy Minister of Foreign Affairs for International Cooperation and Economic Affairs Monrovia Republic of Liberia
From Government of Egypt:	
Ambassador Ibrahim Ali Hassan	Assistant to the Foreign Minister of Egypt

Ambassador Taher Farahat	Deputy Assistant Minister for African Organizations and Groupings
Mr. Yasser Atef	Minister Plenipotentiary African Sector, Ministry of Foreign Affairs
Mr. Nagui Ghaba E-mail: naguighaba@hotmail.com	Third Secretary Assistant Foreign Minister Office Ministry of Foreign Affairs
From OSAA:	
Mr. Legwaila Joseph Legwaila Under-Secretary-General and Special Adviser on Africa	UN Office of the Special Adviser on Africa (OSAA)
Ms. Cheryl Larsen Chief - Coordination, Advocacy and Programme Development Unit E-mail: larsenc@un.org	Office of the Special Adviser on Africa United Nations New York, NY 10017
Ms. Willa Liburd Economic Affairs Officer E-mail: liburd@un.org	Office of the Special Adviser on Africa United Nations New York, NY 10017

Annex III

B.

**ADDRESS BY H.E. AHMED ABOUL GHEIT,
MINISTER OF FOREIGN AFFAIRS OF THE ARAB REPUBLIC OF EGYPT,
AT THE OFFICIAL OPENING OF THE EXPERT GROUP MEETING ON
NATURAL RESOURCES AND CONFLICT IN AFRICA: TRANSFORMING
A PEACE LIABILITY INTO A PEACE ASSET
CAIRO, EGYPT 17-19 JUNE 2006⁸**

Ambassador Legwaila Joseph Legwaila, Under-Secretary-General and Special Adviser of the United Nations Secretary-General on Africa;

Distinguished guests and experts;

Excellencies,

Ladies and gentlemen,

It is my pleasure indeed, to welcome you to Egypt, at the inauguration of this highly important United Nations meeting of experts, on one of the most topical issues which preoccupies our African continent, namely the issue of illegal exploitation of natural resources in Africa, and the means to transform such resources to assets of peace, development and prosperity for our peoples. It gives the Government of Egypt particular pleasure and honour to co-host this meeting, in collaboration with the Office of the Special Adviser of the United Nations Secretary-General on Africa, as a renewed manifestation of the longstanding commitment of both Egypt and the United Nations to promote peace, stability and socio-economic development in Africa. The location of this meeting on the bank of the Nile River, is symbolic of the natural and historical bonds that connected Egypt to its African sphere for thousands of years. Such bonds have been instrumental in shaping Egypt's identity and foreign policy orientation, over many centuries, during which our ties with our African brothers and sisters only grew stronger and matured into mutual sentiments of oneness and unity.

It has been proven, ladies and gentlemen, that Africa is blessed with vast natural resources that, unfortunately, placed our continent – over the past few centuries – high on the radar screen of external power and imperial designs. The situation, today, is not very much different, with the “globalization” imposing a much more complex and multilayered power struggle over Africa's abundant natural resources. Such struggle has only exacerbated the fragile security situation in Africa, and fuelled already existing inter and intra-state cleavages in Africa over resources allocation and revenues distribution. Thus, instead of being an asset for peace and development, these large natural resources

⁸ Delivered by Ambassador Ibrahim Ali Hassan, Assistant to the Foreign Minister of Egypt.

have become, in recent years, a real obstacle for security and stability in many parts of our continent.

In his valuable report of 1998, on “the Causes of Conflicts and Promotion of Durable Peace and Sustainable Development in Africa”, the United Nations Secretary-General has clearly identified and highlighted the negative implications of the illegal exploitation of natural resources, as one of the main causes of conflict in our continent. The challenge we are facing today is, how to end the illegal exploitation of natural resources in Africa, and transform them into an asset of peace and development, rather than an obstacle to security and stability in Africa.

The experience gained from recent examples of addressing the issue of natural resources and conflict in Africa taught us that mere imposition of sanctions on production and/or exports of natural resources and its connection to arms embargoes, are of limited efficiency. To bear fruit, such measures should be complemented with wider domestic and regional perspectives, addressing the root causes of conflicts related to natural resources, and recognizing the imperative of institutional capacity-building in the area of management of natural resources, to eliminate the risk of external exploitation and fueling of conflicts, through illicit arms trade.

Moreover, African countries where illegal exploitation of natural resources is occurring, should take all necessary measures to effectively control and halt such activities. To do so, regional and international efforts, aimed at building national capacity in the field of governance, should be exerted.

At the regional level, effective an orchestrated action, to curb the illegal exploitation of natural resources is essential. In this regard, inter-regional coordination and cooperation in the areas of border management, breaking the link between the illegal exploitation of natural resources, and trafficking of small arms and light weapons, and the movement of dissident forces and mercenaries, through close collaboration with international actors, is a necessity.

The international community should also assist African countries to impose their full control over the trade system of their natural resources. A monitoring process to help achieve a substantial reduction in the level of illegal exploitation of African natural resources, should be established.

In all these areas, the United Nations, the Africa Union, including through its NEPAD program, the Regional Economic Communities and other sub-regional and international organizations, will need to develop a coherent strategy, in consultations with national governments, to assist African countries in their efforts, to transform natural resources into peace and development asset. I trust that the Office of the Special Adviser for Africa will benefit from the ideas and proposals generated during your deliberations, to devise concrete and constructive recommendations, on the proposed coherent strategy.

It is also of paramount importance to devote particular attention to the issue of exploitation of natural resources in post conflict situations in Africa. It is firmly believed that countries emerging from conflict are vulnerable to the implications of illegal exploitation of natural resources, in light of the likely weakness of their institutional capacity to manage such resources. In this vein, post-conflict peacebuilding strategies must focus on supporting the country emerging from conflict, assume the required capacity to manage its own natural resources, enable it to secure a reliable and nationally owned means of financing reconstruction projects, and assume national ownership of its peacebuilding strategy. We are looking forward to address this particular aspect in the context of the newly established United Nations Peacebuilding Commission, to which Egypt has been elected and is looking forward to contribute to its work, particularly those aspects relevant to countries emerging from conflict in Africa.

In conclusion, I wish to emphasize that the role of the United Nations in drawing the attention of the international community to the myriad of issues pertinent to the special needs of Africa, has been very useful. Its efforts to mobilize international support for the particular development and security dimensions of those needs are central to our continued efforts, within the African Union, to strive for a better future for our continent. Since its inception in 1998, the annual report by the Secretary-General to the General Assembly on the “Causes of Conflict in Africa” has been a valuable account of the progress made and the challenges we face in promoting peace, security and sustainable development in the continent. Your meeting over the next few days shall hopefully elaborate concrete recommendations that would enable the Secretary-General to further substantiate his next annual report so as to mark a new phase in addressing one of the most complex of such causes.

I am confident that such a distinguished group of experts gathering today in Cairo, will produce the ideas and proposals needed to vitalize our collective effort, both in the United Nations and the African Union, with a view to transforming natural resources in Africa into an asset of peace and sustained prosperity.

Thank you.

Annex III

A.

**ADDRESS BY MR. LEGWAILA JOSEPH LEGWAILA,
UNDER-SECRETARY-GENERAL AND SPECIAL ADVISER ON AFRICA,
AT THE OFFICIAL OPENING OF THE EXPERT GROUP MEETING ON
NATURAL RESOURCES AND CONFLICT IN AFRICA: TRANSFORMING
A PEACE LIABILITY INTO A PEACE ASSET
CAIRO, EGYPT 17-19 JUNE 2006**

Excellency Ahmed Aboul Gheit, Minister of Foreign Affairs of the Arab Republic of Egypt,

Excellencies,

Distinguished Ladies and Gentlemen,

Friends and Colleagues,

I would like to begin by formally acknowledging the presence here of the distinguished Foreign Minister of the Arab Republic of Egypt, the Hon. Ahmed Aboul Gheit. I would also like to express on behalf of the Office of the Special Adviser on Africa, and indeed on behalf of the entire United Nations, our deep appreciation and profound thanks to the Government and people of Egypt for graciously hosting the meeting and for the warm hospitality that we are enjoying here in Cairo.

Allow me to recall that Egypt was one of a handful of independent African countries that signed the original Charter of the United Nations, and has always been at the centre of multilateral diplomacy in both Africa and the Arab world. She was a founding member of, and has remained an active key participant in, both the Non-Aligned Movement and the Group of 77. Africa takes pride in the fact that Egypt gave the world the first African Secretary-General of the United Nations, Dr. Boutros-Boutros Ghali. Through the good work of the Egyptian Fund for Technical Cooperation, she has for many years been training African policemen, agriculturalists and many other professionals.

Egypt has always played a central role in promoting and supporting the African agenda, from the days of the national liberation struggle, through Africa's ongoing efforts to achieve peace and unity, to the current focus on economic and social development within the context of NEPAD. Our gathering here today in Cairo to discuss the important subject of natural resources and their role in conflict is therefore entirely appropriate and very much in the long tradition of Egyptian activism and positive engagement.

Africa is well known as home to some of the largest deposits of natural resources in the entire world. Algeria, Angola, Libya and Nigeria together produce a substantial portion of the world's crude oil; South Africa and several other African countries are a major source of the world's gold output; Botswana, the DRC, and Sierra Leone are major sources of diamonds; yet other strategic minerals such as chrome, coltan, bauxite and manganese are major export products from a number of African countries. A good proportion of the world's tropical hard wood, coffee, cocoa and rubber exports are produced in Africa. The foreign exchange earnings from these and other natural resources constitute a major source of Africa's income.

But unfortunately, today, in much of eastern DRC, the illegal exploitation of natural resources is contributing to continuing violence and instability. In Liberia, the illegal exploitation of timber and other natural resources similarly helps to fuel that country's civil war, now thankfully at an end. In Angola, the illegal exploitation of diamond resources was a major source of funding for the UNITA rebellion. These and other examples illustrate the negative role that natural resources have played in a number of African conflicts. Several UN reports have in recent years tried to assemble the facts about this phenomenon.

Our purpose in this expert group meeting is to shed further light on the subject by bringing together a number of experts for a real and serious policy dialogue as to how to convert what has hitherto often been a peace liability into an asset. We hope that in the course of our discussions here, the many complex issues relating to the role of natural resources in African conflicts will be substantively addressed, and that hopefully we will be able to come up with some specific recommendations for the future.

I am particularly pleased that a number of high-level government representatives are here with us today to enrich our discussions because the perspective of governments on the issue at hand in Africa must be at the very centre of our deliberations. In this regard, I recognize the distinguished Deputy Foreign Minister of Liberia, the Honourable Commany Wesseh. It is governments who set the regulatory environment and provide licences for the exploitation of natural resources. But we also recognize that a meaningful discussion requires the active participation of the full range of the other stakeholders, such as the private sector and civil society, including the NGOs. In this context, I am pleased that several of these other stakeholders are also represented here.

Distinguished delegates, my appeal to you is that our deliberations should focus on drawing the necessary lessons of the tragic experiences of the past, so that we can help to build a better tomorrow. Our aim should be to identify best practices, to pinpoint useful practical approaches, which will help post-conflict African countries, working in close and effective collaboration with the appropriate international institutions such as the UN, to improve their capacity to use their natural resources to consolidate the peace and accelerate development.

Thank you.

Annex IV

Natural resource exploitation and the illicit trade in arms⁹

Internal armed conflict in resource-rich countries is a major cause of human rights violations around the world. An influential World Bank thesis states that the availability of portable, high-value resources is an important reason that rebel groups form and civil wars break out, and that to end the abuses one needs to target rebel group financing. The focus is on rebel groups, and the thesis is that greed, rather than grievance alone, impels peoples toward internal armed conflict. Although examination of the nexus between resources, revenues, and civil war is critically important, the picture as presented in the just-described “greed vs. grievance” theory is distorted by an overemphasis on the impact of resources on rebel group behavior and insufficient attention to how government mismanagement of resources and revenues fuels conflict and human rights abuses. As argued here, if the international community is serious about curbing conflict and related abuses in resource-rich countries, it should insist on greater transparency in government revenues and expenditures and more rigorous enforcement of punitive measures against governments that seek to profit from conflict.ⁱ

The “Greed vs. Grievance” Theory

Civil wars and conflict have taken a horrific toll on civilians throughout the world. Killings, maiming, forced conscription, the use of child soldiers, sexual abuse, and other atrocities characterize numerous past and ongoing conflicts. The level of violence has prompted increased scrutiny of the causes of such wars. In this context, the financing of conflict through natural resource exploitation has received increased scrutiny over the last few years.ⁱⁱ

One theory influential in World Bank circles is that countries with abundant natural resources are more prone to violent conflict than those without, and that insurgent groups are more likely motivated by control over resources than by actual political differences with government authorities, ethnic divisions, or other factors typically viewed as root causes of civil war. Paul Collier, formerly the head of the World Bank’s development research group, now a professor at Oxford University and one of the strongest proponents of this theory, says, “[e]thnic tensions and ancient political feuds are not starting civil wars around the world—economic forces such as entrenched poverty and the trade in natural resources are the true culprits. The solution? Curb rebel financing, jump-start economic growth in vulnerable regions, and provide a robust military presence in nations emerging from conflict.”

⁹ Paper by Alex Vines at the request of United Nations Office of the Special Adviser on Africa following facilitation of discussion at Expert Group Meeting on “Natural Resources and Conflict in Africa: Transforming a Peace Liability into a Peace Asset”. Alex Vines is Head of the Africa Programme at Chatham House, Royal Institute of International Affairs, London, England.

The civil wars in Angola, Colombia, Democratic Republic of Congo (DRC), Liberia, and Sierra Leone are often cited as examples of this dynamic. In Angola, the National Union for the Total Independence of Angola (União Nacional para a Independência Total de Angola, UNITA) financed its war largely through the taxation and encouragement of the illicit trade in diamonds from the mid-1990s until the war ended in 2002. The Revolutionary United Front (RUF) in Sierra Leone also financed itself by trading in illicit diamonds. In the DRC, control of diamonds, coltan, and timber has been a powerful incentive to prolong the country's vicious civil war. Collier has also classified the illegal drug trade and kidnapping for profit - predominantly by rebel groups in Colombia - as part of this equation. It is undeniable that non-state actors have financed warfare through trade in resources. Successive U.N. investigative panels monitoring UNITA's sanctions-busting in Angola, for example, reported that UNITA earned approximately U.S.\$300 million a year from illicit diamond sales between 1999 and 2002.

The greed vs. grievance theory is provocative and compelling to a point. Even on its own terms, however, there are weaknesses. First, there is evidence that greed is often not the determinative motive for rebel group behaviour. El Salvador and Sri Lanka, for example, have endured brutal civil wars where resources were not a factor. Cynical exploitation of ethnicity has been a driving force behind conflicts in Rwanda and Côte d'Ivoire. Colombia's civil war existed long before the cocaine boom in the late 1970s and kidnapping in the 1990s, and even the civil war in resource-rich Angola began some twenty years before UNITA started to finance itself with illicit diamond sales in the mid-1990s. Indeed, UNITA agreed to a ceasefire roughly two months after the death of Jonas Savimbi in February 2002, even though U.N. investigators estimated that UNITA was still able to earn as much as U.S. \$1 million per day from illicit diamond sales. Had greed been the primary motive of the rebels, they could have continued to fight for much longer to the detriment of the country and civilians caught in the middle of the conflict. This suggests that funding from commodities was secondary to Savimbi's larger goal of defeating the Angolan government, and was not much of a factor in UNITA's choice to end the war after Savimbi's death.

Another aspect of the problem is that many of the actions and aims of armed groups engaged in combat with a government are by definition illegal, and so such groups are naturally prone to seek extralegal financing for their activities. Absent an international patron state willing to finance weapons purchases and the like (as was common during the Cold War), they tap into illicit sources of financing in much the same way as organized criminal and terrorist networks smuggle and trade in contraband. UNITA's leader Jonas Savimbi only in 1994 authorized significant centralized investment in diamond mining, following a complete cessation of U.S. and South African overt and covert aid that had been given to the rebels since the mid-1970s.

A missing element in this greed vs. grievance theory, however, is the role that governments of resource-rich states play. Too often, government control of important resources and the revenues that flow from those resources goes hand-in-hand with endemic corruption, a culture of impunity, weak rule of law, and inequitable distribution

of public resources. These factors often lead to governments with unaccountable power that routinely commit human rights abuses; they can also make prolonged armed conflict. The remainder of this essay examines three different aspects of this dynamic.

First, control over resources gives such governments a strong incentive to maintain power, even at the expense of public welfare and the rights of the population. In many resource-rich countries, governments are abusive, unaccountable, and corrupt, and they grossly mismanage the economy. Rather than representing the citizenry, the government becomes predatory, committing abuses to maintain power and controlling the resources of the state for the benefit of a few. Researchers at the World Bank sometimes refer to these governments as “Predatory Autocracies,” where:

[S]tate power faces few constraints and the exploitation of public and private resources for the gain of elite interests is embedded in institutionalized practices with greater continuity of individual leaders. Such regimes are nontransparent and corrupt - little financial and human capital flows into productive occupations, whose returns are depressed by a dysfunctional environment.

The government of Angola, largely dependent on oil during the latter years of its war with UNITA, is one example of such an unaccountable, predatory state. The roots of the Angolan civil war were political, influenced by the dynamics of the Cold War and divisions among the former nationalist movements. The Angolan government enjoyed significant military assistance from the Soviet Union and Cuba and conducted a semi-conventional war against UNITA, which in turn was supported by its apartheid South Africa backers and encouraged by the West. However, this conflict had been transformed into a low intensity conflict by the end of 1998, and the government of Angola increasingly took on the attributes of a predatory state. During the last years of the war, huge sums of money simply unaccountably disappeared from government coffers, and the population grew ever more impoverished.

Second, unaccountable governments with large revenue streams at their disposal have multiple opportunities to divert funds for illegal purposes. When such a government is involved in armed conflict, the resulting rights abuses can be horrific. The example of the Liberian government under Charles Taylor, as explained below, is a case in point. Relying on off-budget accounts, the Taylor government funded both illegal arms purchases and illegal supplies of arms to rebels in neighbouring Sierra Leone, who at the time were subject to a U.N. arms embargo. It took stringent international enforcement of the embargo to put an end to the Liberian government’s illegal activities.

Third, armed conflict can be exacerbated by the actions of third-party governments seeking to profit from resource-rich neighbours. A prime example, detailed below, is the way in which both Ugandan and Rwandan governments have intervened in the conflict in DRC, a conflict that itself has been impelled by competition for lucrative resources. The involvement of Charles Taylor’s forces in Sierra Leone’s conflict and in western Côte d’Ivoire from September 2002 to mid-2003 was also driven in part by a desire to obtain control of such resources. The incursion into Côte d’Ivoire also fostered individual greed: Taylor’s forces resorted to looting in lieu of pay.

The international community has an important role to play in combating such abuse. Because the problem of abusive, resource-rich states has both economic and political dimensions, a solution requires action by international financial institutions, governments, and corporations to ensure greater transparency and accountability, and, during active conflict, to strengthen enforcement of arms embargoes and sanctions regimes that target known abusers - governments and non-state actors alike.

Liberia: Misuse of Resource Revenues for Sanctions -Busting

Unaccountable governments with large revenue streams at their disposal have multiple opportunities to divert funds for illegal purposes. Relying on off-budget accounts, the Taylor government in Liberia fomented national and regional instability by providing arms and other support to a vicious rebel group, the Revolutionary United Front (RUF), in neighbouring Sierra Leone and rebel groups in western Côte d'Ivoire, as well as to fund its own war within Liberia. Meanwhile, Liberia remained one of the poorest countries in the world.

Despite international arms embargoes, the Taylor government spent millions for its own wars and to supply the RUF, using revenue from government-controlled diamond and timber sales, and from monies diverted from Liberia's lucrative maritime registry. An arms embargo was placed on all parties to the civil war in Liberia in 1992 after the Economic Community of West African States intervened militarily in large part to prevent Taylor, at the time leader of rebel forces known as the National Patriotic Front for Liberia, from taking power. The sanctions remained in effect when Taylor subsequently was elected president of Liberia in 1997 but were largely ineffective because they were poorly enforced. It was only after the U.N. Security Council introduced a new expanded package of sanctions in May 2001, this time accompanied by a serious international enforcement effort, that Taylor's predatory behaviour was checked.

For years, Taylor used illicit funds to pay for the illegal weapons. Liberia's weapons purchases from 1999 to 2003, for example, were mainly financed by off-budget spending by the Liberian government. Taylor favoured maintaining major off-budget agencies—the Bureau of Maritime Affairs (BMA), the Forestry Development Authority (FDA) and the Liberia Petroleum Refining Company — headed by his close associates. While neither the BMA nor FDA published its financial accounts or provided financial information, the IMF estimated that, in 2002, off-budget revenues from shipping and timber totalled about U.S.\$26 million, some 36 percent of the government's total revenue and almost six times what the government spent on education and health.

Taylor was able to secretly divert these funds until U.N. investigative panels were constituted to monitor sanctions-busting by the government. In March 2001, the U.N. Security Council decided to approve new sanctions on Liberia to start in May 2001. The sanctions were in response to a report presented by the Panel of Experts on Liberia established to monitor sanctions applied to the RUF and other forces operating in Sierra Leone. The basis for these sanctions was President Taylor's support for the RUF in Sierra

Leone in violation of the existing sanctions. Security Council Resolution 1343, passed in March 2001, reauthorized the arms embargo on Liberia; imposed a travel ban on key officials, their spouses, and business associates; called on U.N. member states to freeze all financial assets of the RUF; and called for the expulsion of RUF members from Liberia. An embargo was also imposed on all of Liberia's diamond exports, and in July 2003 a timber embargo was added.

The panel examined the Taylor government's misuse of maritime revenues in order to violate sanctions. Liberia today has the second-largest maritime fleet in the world, and in 2002, maritime revenue constituted about 18 percent of government revenue—about U.S.\$13 million. The U.S.-based Liberian International Shipping and Corporate Registry used off-budget accounts to pay U.S.\$925,000 for illegal arms and other prohibited items at the request of the government in 2000, a period when Liberia was still deeply involved in supporting the RUF and had also launched incursions into neighbouring Guinea. Nathaniel Barnes, finance minister from September 1999 to July 2002, admitted, "revenue was largely diverted," for the "war effort. But there was no kind of accountability." At least U.S. \$1.6 million of maritime revenue was used for sanctions-busting from 2000 through 2001.

Timber revenue was also problematic. The U.N. Liberia panel of experts was able to document how Taylor used these resources to violate sanctions. In one case, the panel documented nine payment instructions for a total of U.S. \$7.5 million from 1999 to 2001 to nine different bank accounts. These were all off-budget expenditures from the timber industry. Two of these were used as payments for defence-related expenditure.

On May 6, 2002, prior to the introduction of timber sanctions in July 2003, the U.N. Security Council passed Resolution 1408 (2002). That resolution included a requirement to audit revenues derived from the shipping registry and the Liberian timber industry in order to ensure that the revenue is used for "legitimate social, humanitarian and development purposes." It represents the first time that the Security Council had insisted upon an audit. The Security Council formally linked misuse of government revenues and sanctions busting to reducing human rights abuses and spending more resources on social programs by calling for an audit.

The Taylor government did very little in response to the resolution. It commissioned a systems and management audit, one that avoided any financial analysis. However post Taylor, the UN Security Council broke new ground by focusing on post-conflict measures and appointed an Expert Group with financial, timber and diamond expertise to monitor financial management and the creation of credible and transparent resource management systems for diamonds and timber.

The Role of Uganda in the DRC

An overlooked aspect of resources and conflict is the role of foreign governments who provide political, material, financial, or military support to rebel groups and governments in furtherance of their own economic interests. The presence of natural

resources, particularly strategically important resources such as oil, colours the way foreign governments deal with resource-rich states and rebel groups. They may downplay human rights abuses or poor governance in order to maintain cordial relations with a commodity provider. In some cases, they may engage in the conflict directly or through proxies in order to secure resources. This is nothing new; it was a mainstay of colonial and Cold War politics. For example, in a 1975 National Security Council meeting during the Nixon presidency, senior U.S. officials discussed which of the various factions in Angola to support, either directly or through allies such as Zaire's dictator Mobutu Sese Seko, once the Portuguese withdrew from the country. In considering options, Secretary of Defense James Schlesinger suggested, "[w]e might wish to encourage the disintegration of Angola. Cabinda in the clutches of Mobutu would mean far greater security of the petroleum resources." The enclave Cabinda was and remains Angola's largest area of oil production.

While Mobutu did not end up with Cabinda, his plunder of state resources in Zaire (now the Democratic Republic of Congo) helped create the conditions that led to the country's civil war. The cycle continues. In the DRC today, warring factions backed by neighbouring Uganda and Rwanda, among other governments, have ruthlessly exploited the country's natural resources and in some cases, repatriated them. More than three million people have died directly or indirectly as a consequence of war since 1998, and all parties to this complex conflict have been implicated in gross and systematic abuses.

Uganda has benefited from the DRC's gold and diamonds. According to the U.N. Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the DRC, Uganda has no diamonds but became a diamond exporter after it had occupied diamond-rich areas in the DRC. Similarly, the panel reported that Uganda's gold exports dramatically increased after its involvement in the conflict. Uganda also backed insurgents in the eastern Ituri region and played a direct role in combat there. Ituri is rich in gold reserves, and the dispute in part involved control of those resources. The Ugandan economy significantly benefited from the re-exportation of gold, diamonds, coltan, timber, and coffee, and commodity sales significantly improved the country's balance of payments.ⁱⁱⁱ Uganda is often cited as an economic success story in Africa, a model of economic growth and a country committed to poverty reduction, but there has been little scrutiny by international financial institutions (IFIs) regarding the role of its illegal exploitation of resources in the DRC in bolstering its economy.

This problem has not been publicly acknowledged by the IFIs. Thomas Dawson, the director of the IMF's External Relations Department, wrote in June 2002, "in recent years, the Ugandan government's economic policies have proven quite successful in containing inflation and promoting strong economic growth —The IMF has fully supported this program with advice and lending." In a September 2003 review of Uganda's performance under the Poverty Reduction Strategy Paper (PRSP) process, the IMF and World Bank praised the country for its export-led growth. Although the report raised concerns about human rights and the humanitarian situation in northern Uganda, it was silent on the country's role in the DRC. Overall, it found that "the staffs of the Bank

and Fund consider that, based on the PRSP annual progress report, Uganda's efforts toward implementation of the poverty reduction strategy provide adequate evidence of its continued commitment to poverty reduction, and therefore the strategy remains a sound basis for Bank and Fund concessional assistance."

The Ugandan Government established the Porter Commission on May 23, 2001 to look into the allegations of Ugandan involvement in illegal exploitation of Congolese resources. The final report was produced in November 2002, but only made public in 2003. The report exonerated the Ugandan government and army of official involvement in such exploitation up to 2002. The Commission did, however, support the U.N. panel's findings in relation to senior Ugandan military officials. The Commission strongly recommended further investigation of diamond smuggling, stating that there was a link between senior Ugandan army members, known diamond smugglers, and a Ugandan business.

The illicit trade in arms in Africa

West Africa has over the last decade witnessed some of the most devastating armed conflicts in the world. The region today remains fragile with Côte d'Ivoire divided between rebels and government and Guinea-Bissau and Guinea on a number of international watch lists for further violence. These conflicts have been fuelled by a pool of young people frustrated by a lack of employment prospects and easy access to light weapons. Combating access to such weapons is important in any development efforts to support this fragile and troubled region. The proliferation of arms in West Africa is assisted by plentiful supplies from current and past conflict zones, corrupt law enforcement and military personnel selling their weapons, and growing domestic artisan production from Senegal, Guinea, Ghana and Nigeria, which passes down established trade routes. The routes themselves have been in existence since before independence and were created to meet several needs, such as migration and the cross-border smuggling of minerals and crops. Artisan production of guns also has several hundred years of tradition behind it in some countries, such as Ghana. The effect is to create an informal regional economy straddling all the West African countries. Small arms trade also assists the expansion of transnational criminal networks.^{iv}

Tackling transnational organized crime is high on the international agenda. The spread of light weapons by organized criminal groups is nowhere better illustrated than in West Africa. No country in the Economic Community of West African States (ECOWAS) region is exempt from this deadly proliferation, and the need to stop further expansion presents an urgent challenge.

Arms Control initiatives

On paper, West Africa is at the forefront of African regions in efforts to curtail the proliferation of light weapons in the continent. Just under half of the ECOWAS states have signed the U.N. Firearms Protocol.

The key initiative is the Moratorium on the Importation, Exportation and Manufacture of Small Arms and Light Weapons in West Africa. This agreement, produced in 1998, looked like a ground breaking step forward, for with it West Africa became the first region in the world to announced a halt in further light weapons procurement. ^v Sadly the Moratorium - a voluntary initiative has not worked well – with many shipments of lights weapons imported with no official exemptions sought from ECOWAS.

The weaknesses of the moratorium have created a momentum for a stronger, binding ECOWAS convention on light weapons. In 2006 there has been a series of expert consultations on a draft convention text. At an ECOWAS ministerial meeting on 15 June 2006 the Ministers signed the convention.

The Convention considers the Arms Trade Treaty principles on arms transfers. It also covers ban of arms transfer to non-state actors (ART 6); the principle of ban on import, export of arms by members' states has been kept. Member states will import arms only if they received exemptions from ECOWAS (ART 7). The control of arms production is not banned because of craft production in the region.

Any new regional legal instrument should also seek to complement existing binding protocols to address transnational organized crime, as well as regional African initiatives and protocols for the control of firearms and ammunition. The institutionalization of regional police committees and liaison with the regional Interpol Bureau in Abidjan are important for improved effectiveness.

There are also a number of important mechanisms that need strengthening, in particular sanctions, procedures for exemption, and criteria for the examination process and independent verification of the final destination and use are essential, as are the marking of weapons with clear indentification of manufacture and origin, registers, and procedures for collection and destruction. ECOWAS is also looking to enhance control of arms brokering in the region where arms are easily furnished to non-state actors.

Above all, getting such an instrument adopted is in itself a very real challenge. Adoption will require consensus among ECOWAS heads of state and government and then ratification, acceptance or approval through national legislatures. The track record in West Africa for this kind of process is poor; at best, it is very slow. Even when ECOWAS states are obliged by UN Security Council resolutions to support Chapter VII sanctions, their compliance record is patchy.

U.N. sanctions in West Africa

U.N. arms embargoes have been used in West Africa for over a decade. An arms embargo was placed on Liberia in 1992 following a request from ECOWAS after it had intervened militarily in the Liberian civil war to prevent Charles Taylor and his National Patriotic Front of Liberia rebels from taking power. However, the embargo was simply not implemented: it took two years even for a sanctions committee to be established, and the sanctions had no impact at all on Liberia. Farcically, they were maintained even after Taylor was elected president in 1997.

U.N. sanctions were first imposed on Sierra Leone in response to the overthrow in May 1997 of the government of President Ahmed Tejan Kabbah by disaffected members of the armed forces, with subsequent backing from the Revolutionary United Front (RUF) rebels. Security Council Resolution 1132 of October 1997 imposed an arms embargo, an oil embargo and a travel ban on members of the Armed Forces Revolutionary Council and their associates. In March 1998 the oil embargo was lifted following the ousting of the junta, and in June 1998 sanctions were lifted from the Kabbah government, which had been reinstated. However, the arms embargo and travel bans were reimposed on the RUF and former members of the junta in July 2000, following attacks by RUF rebels and the capture of U.N. peacekeepers. Resolution 1306 increased the pressure on the rebels. As part of this decision, the Security Council set up a panel of experts to report on violations of the sanctions, with a particular focus on the links between the diamond trade and arms trafficking. The five-member panel submitted its report in December 2000 and confirmed that the diamond trade had played a central role in sustaining the RUF. The report's recommendations included the imposition of wider sanctions on Liberia.

In response to the report of the Panel of Experts on Sierra Leone, the Security Council decided to approve new sanctions on Liberia, to come into force in May 2001. Resolution 1343 accordingly reauthorized the arms embargo and also imposed a travel ban on key officials and their spouses and business associates of Charles Taylor, as well as freezing all financial assets of the RUF and its expulsion from Liberia. An embargo was also imposed on all exports of diamonds, and in July 2003 an embargo on the export of timber was added. A Panel of Experts on Liberia was created to monitor compliance with these sanctions. Resolution 1343 marked the first time the Security Council had imposed sanctions on one country for its refusal to comply with the sanctions on another. The Liberia sanctions were at their core designed to shore up the peace process in Sierra Leone. This they did. The diamond embargo in particular resulted in an almost complete halt in the traffic in illicit diamonds from Sierra Leone to Liberia, and encouraged the redirection of the indigenous product to Freetown, the Sierra Leonean capital. The Liberian diamond trade also changed, with some Liberian rough diamonds passing to Sierra Leone to be sold there.^{vi}

Events in Sierra Leone in late 2000 and 2001 show that the threat and imposition of sanctions on Liberia probably contributed to the RUF's decision to sign an unconditional ceasefire in November 2000 and reaffirm the agreement in May 2001. However, sanctions did not achieve this by themselves. The deployment of hundreds of troops by the UK in May 2000 to support the U.N., along with sustained, hard-hitting

Guinean military operations against the RUF and Liberian territory, also played a role. Within this context, sanctions in Liberia helped to loosen Monrovia's grip on the RUF, and this in turn assisted the RUF's efforts to transform itself into a political party that was able to contest the parliamentary and presidential elections in Sierra Leone in December 2002.

By early 2003, following the successful elections in Sierra Leone, the original justification for sanctions on Liberia had weakened. In late 2002 and mid-2003 the Panel of Experts submitted reports demonstrating that its mandate was increasingly outdated and that if sanctions were to continue they needed to be put on a new basis. Their effectiveness also deteriorated over time. Increasingly, the Liberian government had given up trying to observe them even minimally. The travel ban was widely violated, and weekly sanctions-busting flights of ammunition were arriving in Monrovia. The panel also found that its investigations in Liberia were more difficult to pursue, with people less willing to talk and the authorities becoming obstructive and hostile. All the neighbouring states were involved in violating the arms embargo, either in support or against Charles Taylor, while several members of the Security Council had encouraged violations: in essence, the embargoes had become dysfunctional. Paradoxically, the imposition of U.N. sanctions on Liberia has also given organized transnational criminal groups from Europe, the Middle East and Asia a greater opportunity to prosper.

Following a bloody chain of events, with the Liberian rebels vigorously increasing their efforts to overthrow him, Taylor handed over the presidency to a stop-gap government, which in mid-October 2003 gave way to a transitional administration of national unity that lasted to January 2006 when an elected government took power following multiparty elections. Over 102,000 ex-combatants have disarmed, handing over 27,000 weapons.

On 15 November 2004 the focus of U.N. sanctions shifted to Côte d'Ivoire after the Security Council passed Resolution 1572, which imposed a 13-month arms embargo and threatened further sanctions. In December 2005 the sanctions were extended for another 12-months and a diamond embargo added. Three Ivoirians were listed by the Security Council for targeted sanctions in February 2006. A U.N. Expert Group has under three mandates investigated compliance and reported that there have not been major violations of the embargo up to now because of other priorities by the protagonists.

Sometimes UN pressure can have welcome results. In July 2001 Togo submitted to the United Nations Register of Conventional Weapons the complete inventory of its armed forces, in an effort to dispel regional anxieties aroused by allegations by the UN Panel of Experts on Angola. Togo reported that its military small arms arsenal included 12,850 items.

What Can be Done?

The paper above argues that neither one measure nor one commodity is particularly linked to the arms trade. Indeed arms embargoes appear easy to violate and it

may be more effective to target the funding structure for procurement rather than the supply chain. In this regard transparency plays a critical role. Instruments such as the UN Registry on Conventional Arms and the UN Voluntary Instrument for Defence Expenditure Reporting are both under-appreciated even within the UN. Greater effort to have UN inter-agency co-operation between the United Nations Development Programme (UNDP) and other agencies, and also the Global Compact and the Special Representative of the Secretary General on human rights and transnational corporations and business enterprises is necessary.

The international community should be more consistent in demanding that governments manage their resources soundly, and it should insist on compliance with arms embargoes against known abusers. International financial institutions (IFIs), the U.N. Security Council, governments, and companies all have important roles to play in pressing for transparency. Each of these actors has taken some steps recently, but many current proposals either depend on voluntary compliance by the government in question or are too limited to be fully effective in promoting greater transparency and accountability.

To its credit, the IMF has been a forceful proponent of such measures in Angola and Liberia. Whatever one thinks of the IMF's economic prescriptions, its efforts to promote transparency in Angola and Liberia have been an important source of leverage for those interested in human rights improvements in those countries. The IMF has so far refused to enter into a program with the Angolan government until more transparency is evidenced. In Liberia, which has had its IMF voting rights and related privileges suspended, the Fund has insisted that greater transparency in the use of timber and maritime revenues will be a key component of any future cooperation with the government.

However, the IMF has been inconsistent regarding transparency globally. As noted above, the IMF has been silent on Uganda's role in the DRC. The IMF urgently needs to adopt a consistent strategy to promote transparency and accountability in order to address ongoing and potential conflicts throughout the world.

The World Bank has also been moving towards a consistent approach on transparency. A two-year-long review by the World Bank assessing its role in the extractive industries has largely concluded that the bank should consistently address these issues. By requiring audits and accurate public disclosure of revenues and expenditures, the public in resource-rich countries could have an opportunity to exercise oversight over governments' use of public funds.

Action by national governments to pursue retro-active cases of violations of UN sanctions is important. The conviction by a Dutch Court of Dutch businessman Guus van Kouwenhoven for weapons smuggling to Liberia in violation of UN sanctions in June 2006 sets an important precedent. This follows the jailing and conviction of two Lebanese in Antwerp in 2005 for dealing with conflict diamonds and money laundry

charges by a Belgium Court. An initiative to support future court action of sanctions violators by the Justice Initiative of the Open Society Institute looks promising.^{vii}

Sanctions need better monitoring and enforcement. UNITA was able to profit from illicit diamond revenue while sanctions were in force. Charles Taylor flouted longstanding arms embargoes and was not deterred until the U.N. Security Council enhanced monitoring of sanctions busting and increased enforcement of the embargoes. The international community should adopt a rigorous approach toward monitoring and enforcement of sanctions wherever a conflict takes place. A positive development is the use of investigative panels to monitor misuse of resources and sanctions busting in Angola, Côte d'Ivoire, the Democratic Republic of Congo, Liberia, and Sierra Leone. The international community may wish to consider a semi permanent expert mechanism that can investigate these issues throughout the world, rather than ad hoc panels.

When governments actively break sanctions or embargoes, or illegally exploit the resources of a third country, the Security Council's treatment of Liberia provides a model. Security Resolution 1343 was the first time that the council imposed sanctions on one country for its refusal to comply with sanctions on another. The Liberia sanctions were essentially designed to assist the peace process in Sierra Leone. They fully achieved this objective. In conjunction with sanctions, IFIs should require audits of questionable commodity flows, which they are already empowered to do by their existing mandates, and should push for compensation of or repayment to countries from which resources have been illegally extracted.

Conclusion

When unaccountable, resource-rich governments go to war with rebels who often seek control over the same resources, pervasive rights abuse is all but inevitable. Such abuse, in turn, can further destabilize conditions, fueling continued conflict. Factoring the greed of governments and systemic rights abuse into the "greed vs. grievance" equation does not minimize the need to hold rebel groups accountable, but it does highlight the need to ensure that governments too are transparent and accountable. Fundamentally, proper management of revenues is an economic problem, and that is why the role of IFIs is so important. But it is an economic problem that also has political dimensions and requires political solutions. Political will and pressure, including targeted U.N. sanctions where appropriate, can motivate opaque, corrupt governments to be more open and transparent.

ⁱ This paper draws upon, Ganesan A, & Vines, A 'Engine of War: Resources, Greed and the Predatory State,' *Human Rights Watch World Report 2004*, pp.301-323.

ⁱⁱ Ballentine K & Sherman J, *The Political Economy of Armed Conflict: Beyond Greed and Grievance* (New York: IPA, 2003).

ⁱⁱⁱ In addition to UN reports, see, Van Woudenberg, A, etal, *Democratic Republic of Congo: the Curse of Gold* (New York: Human Rights Watch, 2005).

^{iv} Vines A, Combating light weapons proliferation in West Africa, *International Affairs*, Vol.81, no.2, March 2005.

^v Seek J, *West Africa small arms moratorium: high level consultation on the modalities of the implementation of PCASED* (Geneva: UNIDIR, Feb 2000).

^{vi} Cortright D & Lopez G, *The Sanctions Decade: Assessing UN Strategies in the 1990s* (New York: IPA, 2000); Vines A, 'Monitoring UN Sanctions in Africa: the role of panels of experts,' in *Verification Yearbook 2003*, (London: Vertic, 2004) pp.247-263.

^{vii} Open Society Justice Initiative, *Legal Remedies for the Resource Curse: A digest of experience in using law to combat natural resource corruption* (New York: Open Society Institute, 2005).

Annex V

Harnessing the continent's natural resources for peace and development: Civil Society Perspective^{vii}

I. Introduction

Despite being endowed with some of the most sought after natural resources in the world, Africa has, in the past, failed to transform its enormous economic potential and wealth into tangible benefits in terms of human security, sustainable peace and development. Instead, the abundance of natural resources has become what some analysts describe as a “curse” or a “peace liability”, fuelling violent conflicts over access to, and control of, natural resource wealth. Recent experiences from resource-endowed countries such as Angola and the Democratic Republic of Congo have demonstrated the critical linkage between the exploitation of natural resources and the onset, escalation or prolongation of violent conflict.

At the same time, there has emerged within Africa a recognition that the governance of natural resources occupies the nexus between peace, stability and socio-economic development. This recognition underpins the new vision of African growth and renewal, embodied in the African Union (AU) and its socio-economic development framework, the New Partnership for Africa's Development (NEPAD).

This vision is further reinforced by the multi-dimensional notion of human security outlined in the Common African Defence and Security Policy, which links traditional state security and individual safety with the protection of socio-economic rights, such as access to resources and protection against poverty and environmental degradation. African leaders have recognised that the manner in which the continent's resources are managed and exploited could enhance both state and human security, contribute to sustainable development and the achievement of the Millennium Development Goals, and accelerate the realisation of the African Renaissance vision of growth and renewal. Therefore, natural resource governance must fall under the purview of the lead actors in that vision: namely, the AU and the regional economic communities (RECs).

II. Continental and regional actors

African regional and sub-regional organisations, or the African Union and the RECs, are key actors in the governance of natural resources on the continent, for four key reasons. First, Africa's natural resources have an intrinsic social, economic and developmental value for the attainment of the goals enshrined in the agenda of the African Union, NEPAD and Regional Economic Communities, namely the comprehensive and integrated development of African member states, individually and collectively. Second, the RECs have been conceived as the building blocks of the continental peace and security architecture. This role is exemplified by the regional early warning networks that form the foundation for the continental early warning system, as well as the five regional standby brigades that make up the African Standby Force. Third, the RECs are the primary vehicle through which to cascade continental policies to the regional level and adapt them to regional specificities, insofar as resource endowment and exploitation are concerned. Finally, the RECs serve as a bridge between individual countries and the continent, providing a forum for the harmonisation of national policies with continental ones, and for input by individual countries into continental processes.

The governance of natural resources and the other peace and security priorities enumerated in the African peace and security agenda (APSA) will be tackled by the continental and regional mechanisms that make up Africa's emerging peace and security architecture. At the continental level, these are the Peace and Security Council and its organs—the African Standby Force, the Panel of the Wise, the Continental Early Warning System (CEWS) and the Peace Fund—as well as the Peace and Security Directorate of the AU Commission and the NEPAD sub-committee on peace and security. At the regional level, the Regional Economic Communities (RECs) have established a number of structures and mechanisms for conflict prevention, management and resolution. In Southern Africa, for example, the SADC Organ for Politics, Defence and Security Cooperation fulfils that function. In West Africa, ECOWAS has taken a lead role in the promotion of peace and security in member states, including through deployment of peacekeeping forces. While the AU maintains strategic leadership of the peace and security agenda, and the RECs are often the first to respond to situations of conflict in their regions, implementation of continental and regional initiatives takes place primarily at national level. Taken together, the various layers and components of the African peace and security architecture represent a comprehensive set of tools to address the scourge of conflict on the continent and to create the conditions for sustainable development.

III. Natural resource governance in the context of Africa's peace and security priorities

An AU-NEPAD consultative workshop in February 2003 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 eight priority areas that together

constitute the African peace and security agenda (APSA).^{vii} Subsequent consultations have called for the APSA to be broadened so that the issue of the management and exploitation of natural resources is located within the broader governance agenda, and is not limited to areas affected by conflict. The need for a continental common position on resource governance is exacerbated by increasing demand for Africa's natural resources, within the continent and outside of it. As competition for resources increases, it will generate additional challenges for governments attempting to manage those resources, and to maintain peace and security on the continent.

A key characteristic of the APSA is the recognition that the priority areas are inter-related. To quote from the report of the AU-NEPAD consultative workshop: "the AU-NEPAD peace and security agenda is a single and indivisible agenda for addressing issues and challenges relating to peace and security in Africa". The need for an integrated approach to the APSA priorities becomes apparent when one considers the relevance of minimum standards for the governance of natural resources to the entire continuum of conflict prevention, management, resolution and post-conflict reconstruction.

Furthermore, the NEPAD framework document highlights peace, security, good governance and regional integration as key conditions for sustainable development. The governance of natural resources is closely related to all of these areas, and demonstrates the immense positive impact that good governance of natural resources will have on the continent's development. To illustrate this point, it is useful to highlight the relationship between natural resource governance and four other continental priorities: early warning, post-conflict reconstruction and development (PCRD), democratic governance and regional integration.

Early Warning

The importance of early warning for conflict prevention is indisputable, and therefore it is no surprise that it was included amongst the APSA priorities. The African Union recognised the centrality of early warning and provided for the establishment of a Continental Early Warning System (CEWS) to ensure systematic collection and analysis of information from crisis areas for the purpose of anticipating the escalation of violent conflict, developing strategic responses to crises and presenting options to actors that are able to make and implement the right decisions.^{vii} The CEWS is designed in a pyramidal structure, with national early warning systems feeding into regional networks, which then feed into the continental system.

In Africa, where there is a history of violent conflict over access to and control of natural resources, it is clear that resource-related indicators will be among the core indicators for early warning. Indicators related to changes in the quality, quantity or strategic value of resources, the exploitation of resources (entry or exit of large multi-national corporations; nationalisation or privatisation) or people's relationship to those resources (expropriation, displacement, etc) must be at the heart of any effective early

warning system. This is true in terms of early warning of both intra-state and inter-state conflicts, since natural resource wealth does not respect national boundaries. As the CEWS is being developed, experts on natural resource governance must ensure that such indicators are included in the module. Further, the collection, analysis and transmission of early warning data will involve governmental and non-governmental actors from the community level to the national, regional and continental levels, all of whom must be able to recognise and interpret relevant natural resource-related indicators.

Post-conflict reconstruction and development (PCRD)

The African Union is currently at an advanced stage in the development of a policy on post-conflict reconstruction and development. The need for such a policy stems from the instability of post-conflict countries, the high risk of resumption of conflict and the obstacles to successful post-conflict reconstruction. Further, the interests and priorities of countries emerging from conflict are often overlooked as it is beyond the capacity of these countries to manage the activities of the myriad actors engaged in post-conflict reconstruction and development, each pursuing their own agendas. One of the key objectives of the PCRD policy is to address the root causes of conflict - in many cases, these include inequitable access to natural resources and the wealth they generate. Therefore, the development and implementation of policies that guarantee equitable access to resource wealth, and the creation of mechanisms to ensure that resource wealth benefits the entire population, are critical activities for PCRD and feature in the emerging policy.^{vii}

Natural resource wealth also features in the resource mobilisation strategies for PCRD, since it is widely recognised that financial support from the international community is unreliable, often comes with strings attached, and is more likely to be forthcoming if a post-conflict country is able to mobilise some of its own resources for the reconstruction effort (as was the case in the Sudan). Countries with natural resources can utilise them to generate some of the required funds for reconstruction and development, but must be wary of falling prey to unscrupulous companies that may wish to exploit the weakness of post-conflict countries to secure exploitative natural resource deals. The existence of continental minimum standards for resource governance would assist post-conflict countries to ensure that any actors who wished to participate in the exploitation of their natural resources would do so to the benefit of the population, in a way that promotes sustainable development rather than conflict.

The exploitation and management of natural resources is equally relevant to other peace, security and development priorities. For example, even peace agreements have begun to reflect this reality, with the incorporation of wealth-sharing agreements, as in the CPA in the Sudan.

Democratic governance

The governance of natural resources also fits squarely within the broader transformation agenda of democratisation and participatory governance. Amongst the objectives of the African Union is the promotion of democratic principles and institutions, popular participation and good governance.^{vii} Similarly, the Declaration on Democracy, Political, Economic and Corporate Governance, which lays out the principles enshrined in the African Peer Review Mechanism, reaffirms the importance of “just, honest, transparent, accountable and participatory government” and commits African leaders to “combat and eradicate corruption”.^{vii} It goes on to draw an explicit connection between democracy, good governance, human rights, social development, protection of environment and sound economic management, as the essential conditions for sustainable development. This connection is encapsulated in the governance of natural resources. If managed in a participatory, democratic and transparent fashion, natural resources can generate broad-based, pro-poor growth and development to the benefit of local communities and the entire population. Conversely, if natural resource wealth is managed in an inequitable or exclusionary fashion, it contributes directly to under-development and to grievances that can develop into violent conflict. African leaders have recognised the need for participatory governance to extend beyond the mechanism of elections, to incorporate the broader range of political, social and economic choices made by a society.

Regional integration

One of the objectives of the African Union is to accelerate the political and socio-economic integration of the continent.^{vii} The NEPAD framework document also recognises the need for African countries to enhance economic integration on the continent to improve economic competitiveness, and calls for the RECs to be strengthened and rationalised. While regional political and socio-economic integration has long underpinned African development initiatives, its importance cannot be overstated in relation to the exploitation and management of natural resources. First, because of the trans-boundary nature of many natural resources, their governance should be undertaken at the regional level. Second, resource-endowed countries often compete with each other to attract investment. Through the application of continental minimum standards and a regional common approach to resource governance, countries would be able to work together in a mutually beneficial fashion, rather than entering into unhealthy competition. In the case of water resources, actors at regional and international level have recognised the need for a common and coordinated approach to the governance of shared water resources, with encouraging results. The same principles and practices should be applied to other natural resources in Africa.

Given the centrality of natural resource exploitation and management to the promotion of peace, security, stability and development in Africa, it is essential that the generation of minimum standards, as called for in the African peace and security agenda, be accelerated.

IV. Progress to date

Steps to improve the governance of natural resource have so far been driven by three sets of actors, operating in different but overlapping arenas. First, there has been a private sector- or capital-driven process, in which corporations (usually from the developed North) have undertaken to develop voluntary ethical codes and standards. To a large degree, this process has been the result of pressure from civil society and governments in the North, and has been motivated by a desire to pre-empt stricter, legally binding government regulations. Some of the codes and standards that have resulted from these measures include: the Voluntary Principles on Security and Human Rights, the Kimberley Process, the Diamond Best Practice Principles, the Toronto Declaration of the International Council on Mining and Metals, and a number of codes of conduct and ethics within individual companies. Levels of adherence to these codes and standards vary, monitoring is difficult because of their voluntary and often internal status, and the plethora of initiatives can be confusing and difficult to harmonise and implement, even for willing companies.

The second process has been driven by political actors, at the multilateral level. As outlined above, the African Union, NEPAD and the RECs have prioritised issues of peace, security and development, and have placed the issue of minimum standards for natural resource governance high on the continental agenda. Within these multi-lateral institutions, some work has been done on individual resources: for example, the AU recently hosted a conference on the development of a continental policy on land, and SADC has commenced a political process toward harmonisation of mining policies in member states. These efforts, while most welcome, have been *ad hoc* and uncoordinated. There is a need for more active strategic leadership on the part of the AU in spearheading the continental process toward the development of minimum standards, with active participation of the RECs.

Recently, a third process has commenced, which is driven by civil society actors in Africa. Community-based organisations in countries emerging from resource-based conflicts, research institutions and policy advocacy organisations have begun to raise the profile of natural resource governance, and to generate information and analysis in support of continental processes. In light of the need for immediate action, and in recognition of the benefits to be derived from partnerships with civil society, the AU Peace and Security Directorate requested the support and assistance of SaferAfrica in implementing the APSA priorities, including the development of minimum standards for the exploitation and management of natural resources (including non-renewable resources) in conflict areas. As a result of the AU mandate, SaferAfrica hosted and facilitated the “First Consultative Meeting on the Management and Exploitation of Natural Resources in Africa: Implications for Peace and Security” in March 2005. The objectives of the consultation were to: review links between uncontrolled exploitation and illicit trade in natural resources and conflict; discuss and define the status of strategic resources in Africa; and explore the need for a common African approach for responsible management of Africa’s renewable and non-renewable resources. Participants included

24 experts and practitioners from thirteen African civil society organisations, five governmental departments and two international non-governmental organisations.

Deliberations during the consultation were focused around three key areas: first, a review of the links between resources and conflict, looking at case studies from the DRC and the Niger Delta; second, a review of five key natural resources (minerals and energy, fresh water, marine resources, land and timber), including current governance practices and priorities for developing a common African position with regard to management of these resources; and third, developing recommendations on the way forward. Throughout the meeting participants highlighted a number of key issues that should inform further work on natural resource governance. These included:

- The need for additional in-depth research to inform a Common African Position on the management and exploitation of natural resources. Regional mapping exercises to determine the extent of natural resource wealth and its strategic value were recommended;
- The need for policies at national level to consider simultaneously the value and the use of natural resources. This will ensure a balance between local requirements for resources, macro-economic policies, and trade;
- The strategic importance of Africa's natural resources, to the continent as well as in the global arena. Any policies or standards that fail to account for the national, continental and international strategic value of natural resources will grossly underestimate their value, in economic and political terms.

Through discussion of case studies and specific strategic resources, the experts at the consultation also generated a number of recommendations on the way forward with regard to the generation of continental minimum standards for the exploitation and management of natural resources. These recommendations, which can be grouped into three principal areas for action, apply to actors at various levels.

- Partnership: The AU should enter into strategic partnerships to accelerate the process toward the generation of minimum standards for resource governance. These partnerships can involve African civil society, regional and professional groupings, international development partners, multi-lateral institutions, and the private sector. South-South cooperation should be prioritised. These partnerships should generate financial and technical support for the AU-led process.
- Knowledge generation: In-depth research on the management and exploitation of resources should be undertaken, to inform the development of a Common African Position. This research should include regional mapping exercises to determine the extent of natural resource wealth and its strategic value to individual countries, regions, the continent and the wider international community. A forum or platform for dialogue at political and technical level should be created, and information dissemination should be undertaken to expand the knowledge base,

raise the profile of the issue and assist policy-makers in the decision-making process. Where possible, lessons should be derived from existing initiatives on natural resource governance.

- Capacity building: At national and regional level, there is a need to enhance institutional capacity to manage, regulate, control and resolve natural resources-based conflicts. There is also a need for measures to enhance good governance and build (technical, material and human) capacity to develop, implement and monitor effective laws and regulations on the management and exploitation of natural resources for the benefit of the population.

The March consultation also mandated SaferAfrica to undertake research and analysis, and to continue to hold consultations on the implications of natural resources for peace, security and sustainable development in Africa. Since then, SaferAfrica has commenced a process of research, analysis and consensus-building in the SADC region to develop a regional common position on the exploitation and management of natural resources, which will feed into the continental process. We also continue to support the AU and NEPAD as they work toward the generation of continental minimum standards.

V. Conclusion: way forward and recommendations

The recommendations generated at the March 2005 consultation are still valid today. Resource and capacity constraints have impeded progress by the African Union and regional organisations on this issue, though other initiatives, such as the African Ministerial Conference on Water and the Africa Mining Partnership, have made strides in improving the governance of specific resources. Of course, the UN, in particular the UN Economic Commission for Africa, has undertaken research on resource governance, which has made an important contribution to the knowledge base on the continent.

However, a great deal remains to be done, and the generation of minimum standards for the exploitation and management of natural resources remains an imperative. The AU has taken its peace and security mandate seriously, and has garnered a number of successes in resolving conflicts on the continent. Yet as countries emerge from conflict, the good governance of natural resources will be vital to the consolidation of peace and the prevention of renewed violence, and will be a fundamental pre-condition for successful post-conflict reconstruction and development. In particular, countries emerging from conflict will have to develop legislation; set up monitoring and regulatory bodies; capacitate relevant implementing bodies such as the police, the customs service, the revenue collection service, the auditor and various resource management departments; develop a strategy to harness the country's natural resource wealth for poverty eradication and sustainable development; all while simultaneously rebuilding the political, social and economic structures of the country. These tasks are especially critical in cases where disputes over natural resources were among the root causes of the conflict,

and where provisions for more equitable access to natural resources and the wealth they generate form part of the peace agreement. Clearly these tasks will require the support of regional, continental and international governmental and non-governmental actors, and the burden on the country emerging from conflict will be greatly reduced by the existence of minimum standards to guide it as it establishes policies, mechanisms, institutions and partnerships to exploit and manage its natural resource wealth.

As important as this issue is in post-conflict situations, it is equally vital for the rest of the continent. As recommended by the March consultation, the application of the minimum standards should not be limited to areas affected by conflict. Rather, they should apply across the entire continent to ensure that they impact upon the whole conflict cycle and contribute to the prevention of conflict throughout Africa. Resource rich countries that have not experienced violent conflict may provide valuable lessons to those who have, but they will also benefit from the existence of minimum standards for the exploitation and management of resources. Therefore, in addition to the recommendations laid out above, the following actions will assist in the generation of continental minimum standards for the exploitation and management of natural resources, and contribute to the translation of Africa's natural resource wealth into a "peace asset".

At continental level:

The AU

- Accelerate the continental process of generating minimum standards for natural resource governance, in collaboration with RECs;
- Enter into strategic partnerships to harness existing African expertise and international capacity in this endeavour;
- Mainstream natural resource-related issues throughout the APSA priorities;
- At the level of the PSC, remain seized with developments on this issue;

The APRM

- Undertake a revision of the questionnaire to incorporate more explicit standards, benchmarks and indicators for natural resource governance to encourage sharing of good practice and lessons learned;

At regional level:

RECs

- Develop common positions reflective of regional peculiarities, to input into the continental process;
- Facilitate the sharing of best practices among member states and support the harmonisation of legislation and policies in member states, in line with regional and continental standards;

-
- Continue to strengthen mechanisms for the prevention, management and resolution of conflict and ensure that they are equipped to address resource-based conflicts;

Informal regional groupings (such as the Mano River Union or the Great Lakes Conference)

- Make natural resource governance a priority and incorporate it into peace and security measures;

At national level:

Governments

- Domesticated and implement regional, continental and international standards and develop mechanisms and institutions to monitor compliance;
- Forge partnerships with the private sector and civil society to ensure that the management and exploitation of natural resources benefits the entire population;
- Enhance the capacity for resource governance by improving the coordination of key ministries, such as environment, minerals and geology, land, water and agriculture, forestry, trade and industry, as well as internal affairs, foreign affairs and defence.

Countries participating in the APRM

- Incorporate issues of natural resource management and exploitation into self-assessments and action plans;

Civil society

- Enter into partnerships with government, regional and continental organisations, as well as with international civil society organisations, to support the development and implementation of continental minimum standards;
- Conduct research and analysis to support the AU-led process toward minimum standards;

At international level:

Africa's development partners

- Respect and support the AU-led process, rather than attempting to impose governance-related conditions for development assistance or supporting externally-driven parallel initiatives;
- Create incentives for adherence to codes of conduct by the domestic private sector, when operating in Africa;
- Support the establishment and capacity-building of African centres of excellence that work on the issue of natural resource governance;

-
- Help to enhance the capacity of African governments and regional organisations for good governance of natural resources and monitoring of compliance, through provision of financial and technical expertise;

Multi-national corporations (engaged in or affiliated with natural resource exploitation)

- Adopt and implement ethical codes of practice. Until African minimum standards are adopted, other existing standards such as the UN's Global Compact, the OECD Guidelines for Multinational Enterprises, the EITI, the Voluntary Principles on Security and Human Rights, the Kimberley Process, the Global Reporting Initiative and a number of others can serve as guidelines. However, it should be recognised that these externally-developed initiatives may have less relevance and political support in Africa than African-owned processes and standards;
- Support the development and implementation of continental minimum standards through sharing of experience and best practice, adoption of industry-wide policies or guidelines, and adherence to national, regional and continental regulations;

The UN system

- Continue to facilitate research on natural resource governance, corporate good governance, and issues of trade, as they relate to the exploitation of natural resources;
- Facilitate and accelerate the implementation of APSA priorities through the continued provision of technical and financial support to the AU, NEPAD and RECs;
- Mainstream issues of natural resource governance into the post-conflict peace-building activities of the newly created Peace-building Commission, in line with the African peace and security agenda.