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on
Conflict Prevention, Peacebuilding and Development
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Issues Paper for the Session on Natural Resource Governance and Conflict Prevention

Summary

The twin roles of natural resources in fueling and motivating violent conflicts is being increasingly recognized in strategies for conflict prevention, resolution and peacebuilding. The mechanisms through which natural resources induce conflicts are often deeply rooted in economic and social structures and call for integrated approaches in addressing peace and development. Natural resources cut across various other sectors and also require multidisciplinary response addressing e.g. inequality, including gender inequality, governance, finance, economic policies and international trade. Governance and management of natural resources are the core tools for conflict prevention.

Within DESA, the Division for Sustainable Development and the Secretariat of the United Nations Forum on Forests are the two entities that have a watching brief on key and emerging policy issues relating to natural resources and conflict. This is undertaken within the context of their work on managing natural resources for economic and social development and sustainable forest management.

Questions that the session on *Natural resource governance and conflict prevention* is expected to address:

- How to ensure transparent natural resource governance and management? What role
- natural resources benefit distribution in the long term growth and equality debate? How should these aspects be addressed in a post-conflict situation?
- resource depletion, scarcity and their restoration through appropriate management, involving both women and men?
- international framework on natural resources management and conflict prevention and what is the potential role of DESA in this area? What are the range of instruments needed and how should efforts be

targeted? Should countries at risk be identified?

– n-renewable and renewable natural resources, how should intra-departmental and inter-departmental cooperation and policy coordination on natural resources governance and management, particularly in the context of conflict prevention and peace-building be pursued?

I. Introduction

1. Natural resources have always been linked to conflicts both directly and indirectly. They both motivate and sustain violent conflicts^{1,2}. There is a growing body of literature, which explains conflict by greed^{3,4} when, for example, rebellion is prompted by economic motivations. Control over valuable renewable and non-renewable natural resources has induced several acute conflicts. Primary products with high economic rent also provide means to finance violent activities. Especially since the end of Cold War natural resources have increasingly financed civil wars⁵.

2. There is a growing body of research and policy work that is based on strong empirical support for the linkages between the availability of natural resources and conflicts, particularly civil wars. This proposition is usually labeled as “honey pot” effect based on the abundance of natural resources. There is also a body of knowledge that asserts that conflict is generated by the scarcity of natural resources. From the environmental security perspective, ecological transformation alters the sociopolitical fabric of society.

3. DESA is uniquely placed to promote global policy development to address both dimensions of the linkages between natural resources and conflict. It can also contribute to the post conflict peace building efforts by providing advice through its technical cooperation activities.

II. DESA’s work on natural resources in the context of conflict prevention, peace building and development

4. The Division for Sustainable Development and the Secretariat of the UNFF are the two entities in the Department that have a watching brief on key and emerging policy issues relating to natural resources and conflict. This is undertaken within the context of their work on natural resources, sustainable forest management and on cross-sectoral issues of their management.

(a) The Secretariat of the United Nations Forum on Forest: is in the process of analyzing the issues of conflict timber and other socio-economic and political dimensions vis-à-vis sustainable forest management. It is also exploring how it can further develop its capacity in this area to support the intergovernmental machinery. Governance, rights of indigenous peoples and forest-dependent communities, illegal logging and forest law enforcement, deforestation due to illegal crops are emerging priority issues in the policy deliberations under the United Nations Forum on Forests and there is now increasing evidence that the issue of forest and conflict will become a priority issue in future norm setting. The Secretariat is liaising with the other members of the Collaborative Partnership on forests, particularly the World Bank, CIFOR, UNDP and FAO, in responding to the increased attention to this issue by Member States when preparing analytical studies to understand the impact on and role of

forests in forested regions experiencing conflict, and to explore the potential contribution of the forest sector in conflict prevention and peace building.

(b) The Division for Sustainable Development: analyses the impact of conflict on resource management and the relationship between natural resource endowments and incorporates the cause of conflicts into the normative and analytical outputs of the Division. Moreover, the Division is regularly involved in the planning and implementation of technical cooperation projects that must be sensitively designed to either prevent conflicts or rebuild in the wake of conflict situations. Major examples of past projects designed to reduce or prevent conflicts were the Division's involvement in (a) the rehabilitation of the electric power sector in northern Iraq, (b) the international sharing of water resources in the Jordan river basin, and (3) the plan to take advantage of the since-aborted Middle East Peace process to build a natural gas pipeline through most of the region, including Israel, as a way of promoting peace through joint economic prosperity. The Division has on-going or recently concluded projects in Africa, Central Asia and Timor-Leste that involve conflict situations. Several projects in the Niger Basin, the Lake Chad Basin, Ethiopia and Madagascar are focusing on improving water security, and thus alleviating poverty and reducing conflict at the local, sub-national, national and international levels within a framework that sees alleviating poverty as critical to securing socio-economic and political stability. Similarly, the Governments of Central Asian nations called on the Division to provide technical advice on water resource governance and management in the context of resolving the current and preventing future conflicts over water resources in the region.

III. Challenges of integrating natural resource management with conflict prevention, peace-building and development

5. High dependence on natural resources, without proper management and appropriate policies also, tend to be associated with poor economic performance, weakening government institutions and thus increase risk of conflict. Natural capital seems to displace foreign capital, social capital, human capital, and physical capital⁶. In addition to slower economic growth, increased dependence of natural resources seems to be associated with greater income distribution disparities⁷. Natural resource dependence tends to erode government institutions, making them more vulnerable to conflicts⁸. Corruption, state weakness, and reduced accountability tend to be associated with large revenues from natural resources.

6. Corruption appears to be a problem due to the sheer volume and volatility of the revenues from natural resources. Governments can absorb and effectively track limited amounts of money and resource revenues often exceed the capacities of government to manage the money. Sudden resource discoveries can generate revenue flows that are especially difficult to handle.

7. A rich natural resource base does not necessarily lead to poor economic performance. There are several examples of stable democracies where natural resources have contributed to long term economic growth and equitable income distribution. Natural resources can significantly contribute to economic development in an appropriate, diversified economic framework.

8. Resource revenues are volatile due to international price changes. Prices of primary commodities fluctuate more than those of manufactured goods⁹. Therefore countries that are dependent on a single or a very limited number of primary product exports are more vulnerable to economic shocks than those with more diverse economic base.

9. It has been argued that natural resource driven conflict may be induced also by resource scarcity.^{10,11} The overuse and declining quantity and quality of the non-renewable resources or mismanagement of renewable sources, such as forests may cause tension over the shrinking resource base. Scarcity and mismanagement may also induce migration, forcing people to look for new resources to replace the local depleted resource base. This may lead conflicts between natives and immigrants, within national borders or internationally. Resource scarcity has been also linked to weakening government institutions, eroding confidence in government, civil unrest and conflict.

10. On the other hand, the primary production sectors in war-torn countries are usually the least affected by conflicts and as such can play an important economic role in the recovery and rehabilitation of the country. For example, in Liberia illegal logging sustained a long-lasting conflict. Today, forests may play an important role in stabilizing and rebuilding the country. In a post-conflict country, forests provide livelihoods, strengthen communities and help reintegrating displaced people, ex-combatants and returning refugees to society. However, since post-conflict situations in most cases are fragile, solid policies and effective law enforcement and governance are crucial.

11. As important natural resource users, women are affected by and involved in natural resource conflicts, and contribute to their resolution or exacerbation.

IV. Development problem or development engine?: policy integration in natural resources governance and management

12. It is necessary that strategies for conflict prevention and peace-building take into account the essential role of natural resources in motivating and financing conflicts and the often serious humanitarian and ecological impacts the mismanagement and associated illegal activities have. The mechanisms through which natural resources induce conflicts are often deeply rooted in economic and social structures of the economy and call for integration of conflict prevention in development policies.

13. Governance and management of natural resources are the core tools for conflict prevention. When enhancing equitable and sustainable development, natural resources can help prevent conflicts and enhance human security. How could this be achieved? How could a rich natural resources base contribute to development instead of hindering it? How could natural resources promote peace instead of sustaining and causing resource wars? The answer most probably lies in transparent, efficient and equitable governance and management of natural resources, that involves both men and women in the decision-making processes.

14. Natural resources are a cross-cutting issue having numerous linkages with other sectors. Natural resources themselves are diverse, ranging from minerals and fossil fuels to forests, water and arable land among others. It is obvious that their governance and management require very diverse strategies. While it is necessary that natural resources are considered in

policies aiming at decreasing inequality, natural resource policies must address also equality questions. Natural resource related conflict is an issue of governance. It is also an issue of finance, economic policies and international trade. Natural resource related conflicts can be also rooted in state institutions, a non-diversified economic base and economic failures. An efficient framework for natural resources, conflict prevention, peace building and development needs to address all these and many other dimensions. For example, it is widely acknowledged that in local communities around the world, women play important roles in the sustainable use of natural resources as a means of subsistence livelihoods for them and their families.

How are these issues addressed in the development framework?

15. A good starting point is to look at current policy tools and analyze how they address natural resources. A coordinated effort to mainstream transparent, efficient and equitable governance and management of natural resources to development policies and conflict prevention strategies is rather essential.

16. DESA has a unique opportunity to develop an inclusive approach to natural resources in development, conflict prevention and peace building thus integrating the management of natural resources to national development policies. However, an analytical framework on the role of natural resources in development, conflict prevention, post-conflict situations is an essential building block for such an approach

V. Key Questions

17. To DESA design its approach to integrate peace and development in the contexts of governance and management of natural resources and to make contributions more comprehensive, coordinated and coherent, the Expert Group meeting could, among other things, discuss the following issues:

- How to ensure transparent natural resource governance and management? What role can DESA play in this area?
- What are the challenges of natural resources benefit distribution in the long term growth and equality debate? How should these aspects be address in a post-conflict situation?
- How to address resource depletion, scarcity and their restoration through appropriate management?
- How should DESA integrate in the existing international framework on natural resources management and conflict prevention and what is the potential role of DESA in this area? What are the range of instruments needed and how should efforts be targeted? Should countries at risk be identified?
- Considering the cross-cutting nature of the non-renewable and renewable natural resources, how should intra-departmental and inter-departmental cooperation and policy coordination on natural resources governance and management, particularly in the context of conflict prevention and peace-building be pursued?
- How could DESA ensure that gender perspectives be systematically reflected in all its work on natural resource governance and conflict prevention.

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