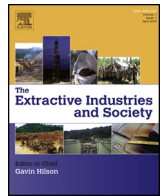




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Review article

Stabilize, rebuild, prevent? An overview of post-conflict resource management tools

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ABSTRACT

When a state endowed with natural resources emerges from violent conflict, it faces a significantly higher risk of conflict recurrence. In such fragile situations, resource management may help alleviate the risk of falling back into conflict. A variety of resource management tools has emerged over the past decade that addresses fields of action spanning the entire value chain of the extractive industries, often with implicit reference to resource-conflict links discussed in literature on armed conflicts. This paper reviews the most prominent of these tools and explicates the ways in which individual resource management tools attempt to disrupt the links between resource production and recurring political violence. Future research must pay attention to mutually contradicting logics of stabilization of individual resource management tools and address the questions of adaptation and effectiveness to identify conditions under which tools and entire strategies of resource management contribute to stabilization, reconstruction, and prevention of resource-related violence.

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1. Introduction

States producing high-value natural resources are – under specific circumstances – susceptible to an increased risk of violent conflict (for instance: [Le Billon, 2012b](#); [Ross, 2013](#)). If resource producing states are experiencing armed conflict, they additionally face an increased risk of falling back into conflict once the fighting terminates ([Rustad and Binningsbø, 2012](#)). Post-conflict situations in resource endowed states thus present a particularly challenging environment to actors who attempt to stabilize social and political relations, to rebuild infrastructure and economy, and ultimately to

prevent renewed large-scale violence. Reforming the extractive industries in such fragile settings has become a centerpiece focus of post-conflict reconstruction efforts the local, national, and international levels.

This paper reviews the prominent tools for post-conflict resource management with a particular focus on so-called “lootable” resources ([Ross, 2003](#)). The degree of lootability of a given resource is shaped by its ease of extraction, characterized by a high ratio of labor to capital invested. High-value lootable resources include artisanally minable minerals and metals, timber, and resources that can be processed into drugs such as poppy or coca. Lootable resources present a special challenge to post-conflict governments due to their low barriers of entry that facilitate illegal extraction and trade, thus weakening a state's

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Fig. 1. Extractive industries' value chain.

Source: [Alba, 2009](#).

relative power *vis-à-vis* illicit actors. As a consequence, post-conflict instability is a particularly salient problem in states producing lootable resources ([Roy, 2016b](#)).

During the past decade, resource management tools have proliferated; they are often driven by international non-governmental organizations, but increasingly shaped by local agents. Most post-conflict management tools operate with implicit reference to resource-conflict links that are debated in academic literature and attempt to disrupt one or several of these links in order to contribute to (post-conflict) stability and long-term sustainable peace. This review lists major resource management instruments along the extractive industries' value chain as conceptualized by the World Bank's Oil, Gas and Mining Policy Division ([Alba, 2009](#)), and makes explicit their implicitly assumed contribution to post-conflict stabilization. I attempt to be as comprehensive as possible but focus on international norms or policies that are implemented in more than one country to make the review tractable.

The literature discusses numerous causal mechanisms that connect resource production with an increased risk of conflict (e.g. [Le Billon 2001](#); [Humphreys 2005](#); [Ross 2013](#); [Basedau et al., 2014](#); [Roy 2016a](#)). Mechanisms either describe motives for conflict that arise from resource production, or focus on opportunities for violent collective action that stem from resource production. Stabilizing resource management disrupts these causal mechanisms in order to change the outcome from political instability to stable social, political, and economic relations. Given the multifaceted problems surrounding the extractive sector, non-state actors ranging from local communities and civil society groups to private security providers and corporations are affected by and involved in the implementation of resource management policies. Diverse instruments ranging from local dialogue and compensation to global certification and labor standards are employed and bundled into strategies in order to disrupt conflict inducing mechanisms ([Roy, 2016a](#)). The value chain approach guiding this review does not operate at the firm level, but takes into account the areas of governance that resource-producing states consider when formulating a resource management strategy. The value chain depicts the stages of governing any extractive project,¹ making it a useful tool to structure this review of resource management instruments.

The remainder of this overview will thus follow the governance areas making up the value chain depicted in [Fig. 1](#) and address specific challenges that arise in post-conflict contexts, ways to address these challenges, and potentially contradicting outcomes of these policies. The overview can serve as a starting point for research engaging with the more advanced questions of adaptation (what factors shape the likelihood of governments and commercial actors' propensity to adopt a certain resource management instrument?) and effectiveness (under what circumstances does implementation of instruments fulfill the hypothesized effect?) that are beyond the scope of this paper. Literature on resource-

conflict links that points to motives and opportunities for violent conflict serves as the backdrop for this discussion and will be revisited throughout the following sections.

2. Awarding of contracts and licenses

Negotiation of contracts and the award of licenses are crucial moments for resource-endowed governments. The structure of revenue and cost distribution is decided during these negotiations, the tone for corporate relations with local communities is set, and the public is made aware of novel extractive projects. Contracts perceived to be unfair or disadvantageous to specific groups can provide a powerful motive for conflict, as do extraction projects that are negotiated without obtaining the consent of affected populations in the extractive region ([Revenue Watch, 2009](#); [Costanza, 2016](#)). Until recently, governments and multinational corporations usually opted for secrecy with regards to contracts, enabling a system of corruption and exclusivity which weakens economic and political institutions and provides motive and opportunity for challenging the state ([Ross, 2013](#); [Le Billon, 2014](#)). But at the same time, high-level corruption has been shown to reduce the risk of political instability in oil-producing states due to cooptation of crucial groups ([Fjelde, 2009](#)). Publishing new or renegotiated contracts and incorporating local stakeholders in this first phase of the value chain can thus on the one hand counteract the destabilization that potentially arises from intransparent contracts that allow for corrupt practices and proliferate economic and political inequality. On the other hand, removing the possibility of buying off sections of society that threaten stability may, while normatively desirable, threaten post-conflict stability in the immediate term.

Often, news about the discovery of high-value resources or renegotiated contracts raise expectations of increased wealth across the nation as a whole and the extractive region in particular. Open communication about the costs associated with the exploration, extraction, the taxes and other benefits to the state, and the recruitment of workers helps to create realistic ideas about potential benefits to the general public. Expectation management is crucial to prevent legends about the price of state capture and reduce motives for rebellion associated with "future booty" ([Ross, 2004](#); [Basedau and Rustad, 2015](#)). In addition, transparent communication raises possibilities for public control and prevents corruption that is often at the center of weak government institutions and therefore creates both motive and opportunity for rebellion ([Ford and Tienhaara, 2010](#); [Acosta, 2013](#); [EITI, 2013](#)). Conflict-sensitive resource management also may provide for consultation prior to extraction or even exploration to prevent local grievances regarding landownership or other related issues such as environmental degradation, relocation of communities, or social changes in the region ([DDI, 2014](#), but see [Schilling-Vacaflor, 2014](#)).

An example of successful transition from a corrupt to a transparent contracting system can be found in post-war Liberia where, during the transition phase between signing the Accra Peace Agreement in 2003 and the election of the new government in 2005, leaders of armed factions effectively controlled rubber plantations and iron ore mining sites in a rampantly corrupt system with barely any oversight ([International Crisis Group, 2004](#); [Aning and Atuobi, 2011](#)). This buy-off system ensured their cooperation as the country went through immediate post-war reconstruction and election preparation. The national election marked a juncture in Liberian resource management with the cancellation and renegotiation of all existing contracts, a revamping of the entire institutional apparatus, and a shift toward a participatory and redistributive resource management strategy that included community consultation processes ([Roy, 2016a](#)).

¹ With the possible exception of the last stage (sustainable development) which is normative rather than prerequisite in character.

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