Research Paper

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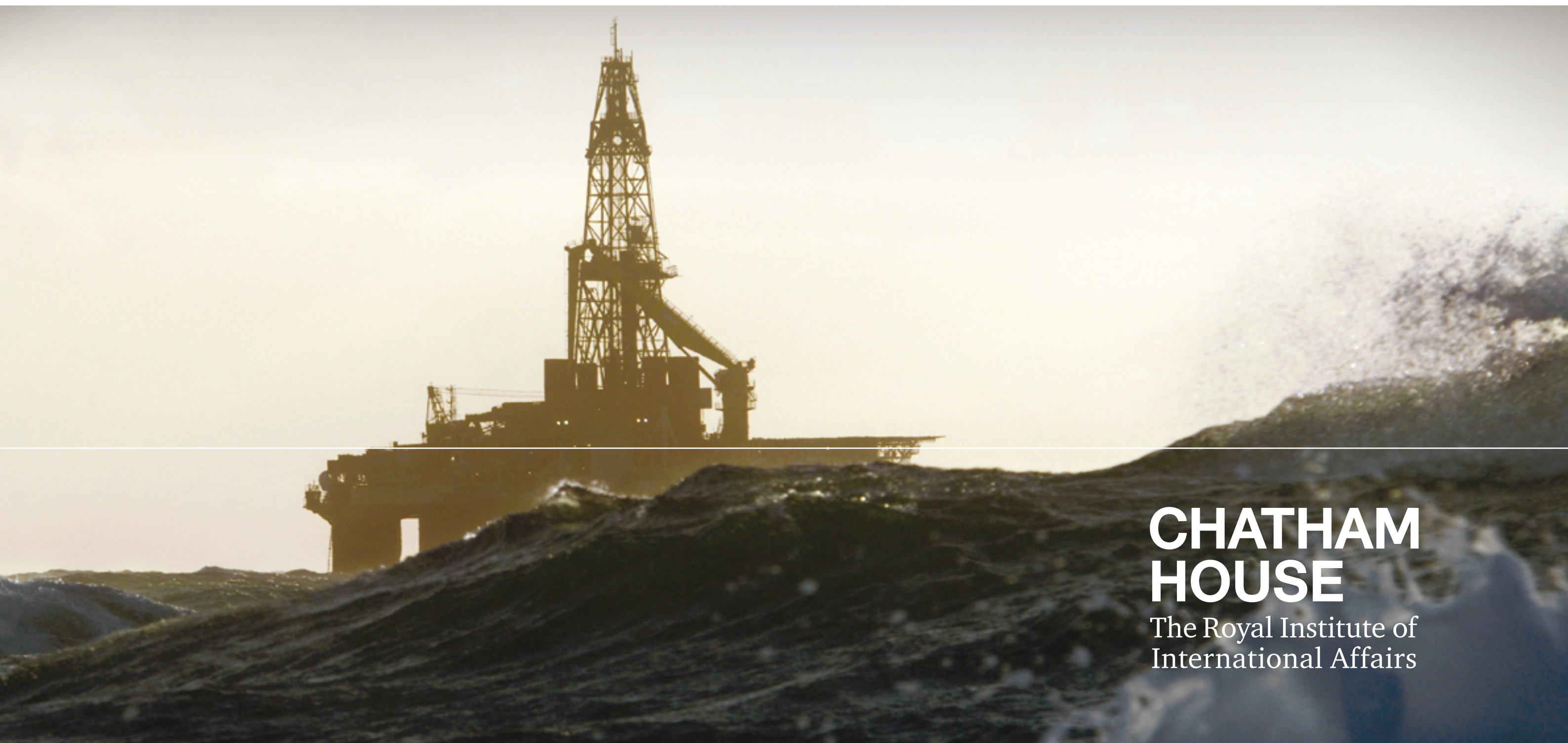
Energy, Environment and Resources | June 2015

Investing in Stability
Can Extractive-Sector Development Help Build Peace?



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Summary

Over the past decade growing demand for resources, geostrategic competition and new technologies have pushed resource exploration and development into increasingly politically, socially and environmentally sensitive areas. At the same time, donors and multilateral development banks have backed 'extractives-led growth' models in fragile and conflict-affected situations on the basis that resource development may help support stability and thus the underlying conditions for peace.

There is intuitive appeal to the logic that development of an extractive sector can help contribute to peace and stability via economic development; and in conflict-affected situations where governments struggle to attract foreign direct investment, the extractive sector may be the only real opportunity to do so. However a considerable body of literature argues the opposite, and draws a link between resource development and the risk of conflict.

The current softening in global commodity prices and a slowdown in the race to 'frontier' regions present an opportunity to reassess some current working assumptions regarding resource development, conflict and peace. This research paper takes as its starting point the idea that neither conflict nor peace is an inevitable consequence of resource development in fragile or conflict-affected settings. Drawing upon a large body of research on the 'resource curse' and the emerging field of business and peace, as well as on practical guidelines on responsible resource development in conflict-affected and fragile situations, it asks whether and under what circumstances resource development might support peace.

It presents three broad propositions for how resource development might support peace:

1. **Encouraging dialogue**. The presence or prospect of high-value resources can incentivize dialogue between parties to a conflict, supporting a peace process or agreement.

2. **Delivering peace dividends**. Resource development can produce broad peace dividends at the local and central level that support the underlying socio-economic conditions for peace.

3. **Establishing interdependence**. Resource development may create political and economic interdependence at bilateral or multilateral level, promoting stability by raising the potential 'cost' of conflict.

Although methodological challenges make it hard to reach a definitive position, a review of over 25 real-world cases indicates that plausible examples and counter-examples exist for each proposition. This suggests that resource development in fragile and conflict-affected settings is neither inherently promising nor inherently problematic for peace. In any specific case, whether resource development contributes to or undermines peace will depend first and foremost on a host of complex contextual factors.

This presents a significant challenge for stakeholders, including governments, companies, donors and multilateral institutions, working on resource development in fragile or conflict-affected situations. The complexity of conflict dynamics means that it is difficult to foresee the consequences of decisions and influence events, particularly for external actors such as companies. Existing guidelines and toolkits for extractive industries, which tend to focus on core operations rather than on wider contextual factors, offer little help in this regard.

Key findings

Resource investment in fragile and conflict-affected settings is unlikely to be 'conflict-neutral'. Large-scale resource development in fragile or conflict-affected situations will have an impact one way or another. This places special responsibilities on the actors that support extractives-led development in fragile and conflict-affected situations (not least companies and investors) to understand the direct and indirect consequences of their presence and activities on peace and conflict dynamics.

'Peace-positive' resource development is likely to be a 'fair weather' proposition. Where resource development appears to have contributed to peace, there is often already a constructive political and/or social dynamic under way, which the benefits of resource development can reinforce. This is arguably more likely in 'frozen' disputes and post-conflict situations.

Extractive companies have limited influence over peace and conflict dynamics. The extractive sector has the potential to make a positive impact in fragile states, but is not equipped to be the main peacebuilding actor. Companies may control their core operations and may have influence at the policy level, but they have minimal control over wider conflict dynamics or peace processes. Explicit corporate engagement in peacemaking or peacebuilding activities remains a high-risk proposition in all but the most exceptional circumstances.

Even a 'do no harm' approach can be harmful. Current tools and guidelines focus on the direct impacts and risks associated with resource development, with the objective of doing no harm. In the most adverse contexts, however, even a 'do no harm' approach in line with conflict-sensitive guidelines may inadvertently fuel conflict. In most cases firms must judge for themselves what the most responsible course of action is – this raises the question of how best they can do so.

New approaches are needed. At present there is little in the way of an evidence base or decision-making framework to enable stakeholders to assess conflict risk against peace-positive potential. This makes it difficult to reach informed and inclusive decisions on how to proceed in a given context. A transparent, multi-stakeholder process to develop such a framework would, at a minimum, deepen understanding of the links between resource development, conflict and peace – and what constitutes responsibility beyond 'do no harm'.

Strong institutions are critical, but take time to emerge. Even with the best technical advice and donor support, in the most fragile and conflict-affected states – where governance and institutional capacity are especially weak or absent – effective institutions will take a long time to emerge. In such circumstances, governments should explore the political and economic viability of policies to slow resource development, while working with development partners to build institutional capacity.

Promotion of extractive-led development as a means to peace in conflict-affected situations carries inherent risk. Even with significant financial and technical assistance and concerted multi-stakeholder efforts, there is no guarantee that resource development will contribute to peace. Despite this, the logic may still be that resource development is the 'best bet' in fragile contexts where few, if any, other prospects for economic transformation exist.

Introduction

In recent years there has been a shift in the global resource map. Growth in demand, new technologies and strategic competition among states and companies have prompted resource extraction to migrate to ever more challenging contexts.[1] Recent uncertainty around future demand and declining commodity prices may have slowed this race to 'frontier regions', but the fact remains that many of the world's remaining resource reserves lie in areas that are contested, currently or recently conflict-affected, or vulnerable to future conflict.[2] According to one estimate, three-quarters of states commonly classified as 'fragile' possess extensive, often unexploited natural resources.[3]

At the same time, the prevailing policy view among Western donors and multilateral development banks is that the well-managed commercial development of natural resources can support broad-based development by contributing to sustainable peace in fragile or conflict-affected societies. This 'extractives-led development' model appears to underpin donor approaches to investment promotion or support in Afghanistan, Somalia and Myanmar, for example. Encouraging resource development as a means of supporting stability has also become part of the narrative around investment in fragile states by major emerging economies.[4] Equally, governments in fragile or conflict-affected situations perceive investment in the extractive sector as a potentially transformative opportunity.

There is an intuitive appeal to the logic that resource development should contribute to peace and stability via economic development, job creation and the generation of revenues to support social and infrastructure spending. It is possible that the prospect of these benefits alone might convince parties to a conflict to come to the negotiating table or maintain their commitment to existing peace processes. Accordingly, a large body of policy advice for extractives companies and governments has emerged, offering prescriptions on the kinds of institutions needed for effective resource governance and revenue management, and the correct behaviour for businesses, in order that these benefits might be realized.

> There is an intuitive appeal to the logic that resource development should contribute to peace and stability via economic development, job creation and the generation of revenues to support social and infrastructure spending.

However, another considerable body of literature argues precisely the reverse – that in fragile contexts where conflict is present or likely, large-scale resource development is likely to amplify rather than reduce the chance or severity of conflict. According to this logic, resources and the revenues they generate may be something for belligerents to fight over, or may directly fund conflict over other issues. In the context of weak institutions and poor transparency, the large rents available from resource production are unlikely to be distributed widely, and instead fuel corruption, increase inequality, deepen divisions and potentially feed conflict.

[1] Lee, B. et al. (2013).
[2] Stevens, P. et al. (2013).
[3] Dobbs, R. et al. (2013), p. 26.
[4] See, for example, BBC (2012); Raghavan S. (2014); and Spegele, B. and Dean, J. (2011).

In reality neither conflict nor peace is an inevitable outcome of resource development in fragile contexts. Outcomes depend on the behaviour of the stakeholders concerned – community representatives, national and local politicians, bureaucrats, extractives companies and potentially third parties such as international organizations and non-governmental organizations (NGOs) – and on the context in which they are acting. With the fall in commodity prices prompting a slowdown in exploration and 'greenfield' development in some of the most challenging contexts, this is a pertinent time to reassess the understanding of how resource development relates to conflict or peace prospects, what determines the balance of probability between them, and how this might be shifted in favour of peaceful outcomes.

About this paper

This paper does not seek to establish or disprove a statistical link between resource exploration and development and conflict. There is a considerable body of evidence linking the extraction of high-value natural resources to wider conflict, especially where it takes place in areas of historic social and political fragility. Yet a valid question exists as to whether this link is inevitable and, if not, what actions by governments, companies and other actors might steer resource development in ways that avoid generating conflict and help consolidate peace. The issue is explored here through the following questions:

- Is there evidence that large-scale resource development might make a positive contribution to peacemaking and peacebuilding efforts; and if so, under what objective conditions?
- Can resource development help resolve political disputes or create momentum towards peace at local, national or even regional level?
- What role do contextual factors play *vis-à-vis* the agency of individual actors?
- What does this tell us about the value of standard policy prescriptions for resource development in fragile and conflict-affected situations?

This paper draws upon a large body of research on the resource curse and the emerging field of business and peace; as well as more practical guidance from international organizations, industry associations and NGOs. Section 2 gives a brief summary of this literature, before considering the current policy advice available to governments and extractive companies on how to develop resources responsibly in conflict-affected and fragile situations. Section 3 then explores the ways in which the development of large-scale commercial resources might contribute to peace. Three propositions are advanced:

- That the presence or prospect of high-value resources can incentivize dialogue between parties to a conflict;
- That resource development can produce broad 'peace dividends' that support the underlying conditions for peace; and
- That resource development can create economic interdependence that promotes stability by raising the 'cost' of conflict to the parties involved.

The validity of each proposition is considered through historical and current illustrative examples. These are drawn from over 25 cases of ostensibly 'peace-positive' resource development cited in the literature, and serve to explore some of the key elements and/or dynamics of each proposition. They are not advanced as comprehensive case studies. Finally, Section 4 reflects on the factors that may influence the likelihood of peace-positive outcomes and the implications of these for policy-makers, private-sector decision-makers, advocates and researchers. The paper concludes that in certain circumstances resource development may contribute to the political and socio-economic conditions that may support peace. At the same time, it stresses the unique relationship between extractive industries and conflict; the influence of context over agency; and the difficulties in defining, measuring and attributing causality to peaceful outcomes.

The focus and scope of the paper were developed with the assistance of an expert steering group at Chatham House. The analysis and findings were tested and refined in discussions with experts from academia, civil society, government and industry during a roundtable at Chatham House,[5] and later reviewed by peer experts from industry, academia and civil society. Given the complexity of the subject matter, this paper does not seek to provide definitive answers. Nevertheless, the authors do conclude with a number of proposals for how the links between resource development, conflict and peace can be better understood and analysed.

The limitations of the evidence base should be stressed. The resource curse literature remains relatively small, particularly in terms of in-depth case studies, and has traditionally been skewed towards finding explanations for the negative impacts associated with resource dependence. There are risks in making generalizations from 'small-n' studies, which this paper acknowledges. There are also methodological questions concerning attribution, causality, temporality and the absence of a counterfactual, which this paper addresses in Section 4. Moreover, there are definitional questions that are beyond the scope of this paper. Notwithstanding these limitations, it is hoped that by approaching a familiar subject from a different starting point, this paper may generate useful insights, identify knowledge gaps and raise questions worthy of further research.

Box 1: Working definitions

This paper deals with highly value-laden concepts, such as what counts as 'peace', and how to identify, measure and attribute 'success' in enhancing peace. It employs the following working definitions, and does not seek to resolve existing definitional debates:

'Resource development': This paper focuses on the local, national and regional significance of large-scale formal commercial activity by firms in the extractive industries (the mining, oil and gas sectors).

'Conflict' and 'fragility': The focus is on extractive-industry activity in fragile areas or situations that are affected by, recovering from or at high risk of violent conflict, both within and between states.

'Peacemaking', 'peacebuilding' and 'peace-positive': The focus is on initiatives to prevent or resolve serious conflict ('peacemaking'); and on comprehensive efforts to foster processes and conditions that reduce the drivers of conflict and insecurity, build trust, and help institutionalize peaceful ways to resolve crises and conflicts ('peacebuilding'). Hence 'peace-positive' actions are ones that promote peacebuilding activities and/or goals.

'Peace' and 'stability': In places, this paper refers to peace and stability together, but notes that they are not synonymous. Especially in repressive states, there exists the possibility of sites, situations, governance structures or societies becoming more 'secure' and 'stable' without being 'peaceful'.

See Annex for expanded definitions.

[5] The project workshop 'Resource development in fragile and conflict-affected states: can it promote peace?' was held at Chatham House on 30 September 2014. A summary is available online at http://www.chathamhouse.org/event/resource-development-fragile-and-conflict-affected-states-can-it-promote-peace.

Natural Resources, Conflict and Peace

This paper deals with a policy (and research) dilemma. For poor, fragile countries with resource endowments, the development of an extractive sector could help drive economic development, generate revenues for social spending, and thus contribute to stability and peace. However a large body of literature argues the opposite. According to this research, resource development is associated with poor or distorted economic performance, corruption and rent-seeking. It can raise the political and economic stakes to a dangerous level, straining relations within or between societies, and potentially triggering or fuelling conflict.

Resources: conflict and curse

There is much at stake in the development of an extractives sector in fragile contexts. Accordingly a large body of policy advice has emerged for governments and companies focused on minimizing the risks of conflict and ensuring societal benefits. Much of this advice is grounded in one of two important bodies of research that assert a link between resource extraction and conflict: that on conflict resources and that on the 'resource curse'. This paper's focus on large-scale, formal resource development makes the latter most relevant.

Conflict resources

Research in the 1990s highlighted the role of mineral resources in driving or sustaining civil war.[6] So-called 'conflict resources' provide a prize worth fighting for and a source of revenues for state and non-state belligerents to finance their campaigns. Conflict resources primarily consist of 'lootable' resources (such as diamonds, gemstones or gold) that can be extracted and traded relatively quickly and cheaply, generally under informal conditions. Notorious examples include the eastern regions of the Democratic Republic of the Congo (DRC), Liberia and Sierra Leone. By contrast the high-tech, high-capital and skills-intensive nature of developing 'non-lootable' resources (such as oil, gas and iron ore) renders them less susceptible to conflict-related use.

This distinction is not absolute – regional rebels do not have a monopoly on conflict resources. Cases such as Angola prior to 2002 demonstrate how non-lootable resources can finance government actors in civil wars. Zimbabwe provides a more recent illustration of the risk of conflict resources allegedly funding state-sponsored violence.[7] Nevertheless, the differentiation supports distinct policy responses to the trade in conflict minerals, which have traditionally focused on the regulation of conflict-linked informal mining and commodity supply chains, from voluntary mechanisms such as the Kimberley Process to legislation such as Section 1502 on conflict minerals in the US Dodd–Frank Act. Conflict between formal and informal miners may also be central to fragility in some local settings, but, along with the 'conflict resources' literature, these issues are not the direct subject of this paper.

[6] See, for example, Collier, P. and Hoeffler, A. (1998); Keen, D. (1998); Carbonnier, G. (2003); and Wennmann, A. (2009).
[7] Global Witness (2010).

The resource curse

The 'resource curse' literature argues that large-scale formal resource development is associated with poor economic performance and heightened risk of conflict.[8] The theory held sway during the 1980s and 1990s, but seemed to lose some of its appeal during the resource-price boom of more recent years. Proponents of the resource curse theory argue that reduced or distorted economic growth is a macroeconomic consequence of large-scale resource production, as exemplified in the phenomenon of so-called 'Dutch disease'.[9] Further problems associated with the resource curse include corruption, the entrenchment of undemocratic regimes, and the failure to diversify economies away from resource extraction towards productive and sustainable activity.[10]

These debilitating political and economic effects may arguably increase the risk of conflict. Where resource development sustains or entrenches narrowly based, undemocratic regimes and kleptocracies at the expense of institutions for political and economic inclusion, then conflict may emerge over access to resource rents, or where long-term predictors of conflict such as corruption and inequality are likely to increase. Furthermore, resource discoveries create expectations of jobs and prosperity among populations. To the extent that these are not realized, the risk of conflict may be likely to increase.

Despite evidence that many resource-rich economies have performed well in recent years, there are legitimate questions as to whether this performance could have been stronger, and to what extent it can be sustained.

The resource curse is not an immutable law of economics. It is an attempt to generalize, and vulnerable to the pitfalls of oversimplification. History shows that different countries have developed their resources with differing results, ranging from the spectacularly successful to the abysmal. Recent research by the World Bank, for example, has suggested that (non-oil) mineral-rich countries have on average experienced better improvement in their Human Development Index scores than those countries without minerals. Moreover, the overall impact of the mining sector appears significantly stronger where there are infrastructure benefits and strong forward linkages to other industries through local content and supply chains.[11] Other analysts have argued that extractives-led growth (including oil and gas) can transform the prospects of low-income, resource-rich countries, and have put forward new growth models, tools and approaches to this end.[12]

Yet it would be unwise to dismiss the resource curse out of hand. Despite evidence that many resource-rich economies have performed well in recent years, there are legitimate questions as to whether this performance could have been stronger, and to what extent it can be sustained (see Box 2).

[8] See Stevens, P. (forthcoming) for a comprehensive overview of the resource curse literature.
[9] The term 'Dutch disease' was originally applied to the phenomenon of the decline of the manufacturing sector in the Netherlands, which was linked to appreciation of the Dutch currency after the country began exporting gas in the late 1960s. See Stevens, P. (forthcoming).
[10] Resource extraction simply translates a below-ground mineral asset into an above-ground cash asset. It therefore generates revenue, rather than income. Productivity follows from using the cash asset to create an income-earning economic asset. See Stevens, P. et al. (forthcoming).
[11] See McMahon, G. and Moreira, S. (2014), which assessed the performance of 22 mineral-dependent low- and lower middle-income countries over 20 years. Moreover in a sample of five low- to middle-income countries with relatively long histories of mining (Chile, Ghana, Indonesia, Peru and South Africa), the study found that the benefits of foreign direct investment, export revenues and fiscal revenues were multiplied where infrastructure benefits and strong interlinkages between the mining sector and the broader economy were present.
[12] Dobbs, R. et al. (2013).

Box 2: The resource curse revisited

A range of prominent donors, international organizations, consultancies and NGOs are now promoting extractive-led growth as the route to prosperity for resource-rich developing countries. Little more than a decade ago, this would have been considered heretical. Then, the received wisdom was that over-reliance on the extractives sector resulted in economic underperformance and an increased risk of conflict – the so-called 'resource curse'. This view was based on research that had accumulated steadily since the mid-1970s.

The principal arguments were as follows:

- The 'windfall' nature of resource revenues undermines non-extractive sectors of the economy through an appreciating real exchange rate (the so-called 'Dutch disease').
- Economic performance in resource-dependent countries is undermined by resource-price volatility.
- Extractives-led growth tends to result in problematic social and political outcomes such as higher inequality, increased corruption and the entrenchment of undemocratic regimes.
- Growth tends to be unbalanced due to the negative impacts on non-extractive sectors and other distorting effects.
- Resource revenues offer a prize to fight over, resulting in increased political tension and potentially conflict.

Since the early 2000s this narrative has shifted discernibly. Some of the strongest economic performers of the past decade have been resource-producing countries. Their performances no doubt owed much to the recent commodity-price boom, but no proponent of the resource curse ever said the model only applied during downturns. More substantively, further research has questioned many of the resource curse literature's assertions and assumptions. Critics have noted that it has focused not on resource-*abundant* countries, but on a subset of resource-*dependent* countries with weaker development prospects; that the timeframe over which the resource curse has been asserted is too short for any meaningful conclusion; and, most problematically, that some of the econometric analyses supposedly demonstrating a curse have in fact been flawed.

The resource curse's strength is that it is a simple idea, but that is also its weakness. It is an oversimplification, as the number of 'outliers' – such as Norway, Malaysia, Botswana and Chile – has always made apparent. It is hard to argue that the Gulf states would have been economically better off had they left their oil and gas in the ground. What could be argued is that they could have performed better with different policy approaches, and this is perhaps a better point of departure. Rather than ask whether large-scale resource development has damaged an economy or society, it is more useful to ask what constitutes successful extractive-led development, how to achieve it, and why in some cases this has not happened.

A key insight here is that resource revenues are not income *per se*. Instead, resource extraction can be better understood as the process of reshuffling a below-ground mineral asset into an above-ground cash asset. In so doing, a country does not become more productive or generate wider economic impetus. This only follows from investing the revenue in an income-earning asset or creating forward and backward linkages between the extractive sectors and the wider economy.

Paradoxically, therefore, successful extractive-led development entails diversification *away* from the extractive sector. In practice, and despite much sensible policy advice, meaningful economic diversification has eluded many governments, particularly where institutions and government capacity are weak, and where elites are reliant on resource rents. Consequently these economies remain highly vulnerable to downturns in resource prices and, in time, to the exhaustion of their reserves.

This box is based on the forthcoming Chatham House research paper, *Resource Curse Revisited,* by Paul Stevens, Glada Lahn and Jaakko Kooroshy.

Roles and responsibilities: actors in resource development and conflict

The insight that the resource curse is not inevitable raises the question of whether and how resource development should be managed to maximize the opportunities for economic development and the likelihood of peace, and to minimize the risk of exacerbating or renewing conflict.

National and local governments

Ultimate responsibility for ensuring that resource development contributes to a more peaceful, prosperous society rests first and foremost with national and local governments. There is now a great deal of policy advice available to resource-rich developing countries on how to pursue extractive-led development and avoid the pitfalls of the past. Broadly categorized, these prescriptions relate to the following:

- The establishment of national funds (e.g. sovereign wealth funds and stabilization funds) into which revenues are invested. These funds can be used to buffer government income against commodity market volatility, save for future generations and neutralize the impact of foreign-exchange flows on the wider economy (so avoiding Dutch disease);
- Ensuring transparent revenue management. This relates not only to the governance of revenue funds, but also to royalty payments and contracting processes;
- Governance of the extractive sector as a whole, including social and environmental regulation, competition and market entry (to attract foreign direct investment [FDI]); and
- 'Political inclusion' in the form of institutions and processes to ensure that affected communities, and societies as a whole, are consulted about resource development and have opportunities to participate in decision-making processes.

In theory, following these prescriptions should help governments avoid some of the problems associated with resource development, not least those that may contribute to conflict risk such as corruption or discontent among communities or sections of the population. But there remains the consequential question of how governments should invest their revenues for inclusive social and economic development, and formulate industrial policy that promotes diversification into more productive activities.

> The challenge of 'getting things right' should not be underestimated, as demonstrated by the mixed record of governments in the middle- and high-income bracket in implementing advice received.

To the extent that institutional capacity shapes the ability of host governments to implement these policy prescriptions, fragile states clearly face the greatest challenge. They consistently demonstrate the lowest capacity scores on key governance indicators (see Table 1, next page). The challenge of 'getting things right' should not be underestimated, as demonstrated by the mixed record of governments even in the middle- and high-income bracket in implementing advice received.[13] Yet the challenge is greatest where government capacity to design and deliver inclusive development is low and institutions are weak, untrusted or captured by unresponsive elites.

[13] See Stevens, P. et al. (forthcoming).

Table 1: Selected average government capacity indicators[14]

Country group	WGI 2013 Government effectiveness Score -2.5–2.5	BTI 2013 Rule of law Score 1–10	TI 2014 Corruption Perceptions Index Score 1–100
High-income	1.09	7.12	65.62
Upper-middle-income	-0.17	5.51	39.70
Lower-middle-income	-0.56	4.86	34.42
Lower-income	-1.09	3.91	25.86
Fragile states	-1.24	3.39	22.96

The international community

International actors – including governments and multilateral development banks – have driven the establishment and dissemination of many international norms relating to responsible resource development. Multilateral development banks and Western donors have become prolific providers of technical advice, institutional capacity-building and finance to support peace. Increasingly, these efforts have targeted resource development as part of wider state-building and peacebuilding initiatives.[15] The impact and potential role of formal extractive industries have also been explored in relation to peacemaking, with UN agencies undertaking research and publishing practical guidance around environmental and natural resource mediation.[16]

Such assistance may go some way towards mitigating the lack of government capacity discussed above. However, the responsibilities and roles of international actors in national conflicts or peacebuilding processes are rarely straightforward. The legitimacy of foreign governments and international organizations to engage in domestic matters rests on the agreement of the parties concerned. External actors typically bring their own agendas and interests, and local actors may strongly resist or subvert interventions where these touch on vested interests.

It is also not unusual for foreign governments and international organizations to become involved in attempts to prevent or manage resource-related conflicts within countries. International actors have played mediating roles between parties to a conflict where there has been a need for a neutral, convening third party. One example is the role played by the East African regional trade bloc, the Intergovernmental Authority on Development (IGAD), in the negotiation of the Comprehensive Peace Agreement in Sudan.[17]

Things are arguably more straightforward at the level of interstate conflict. Here, in principle, certain actors in the international community have a clearer role. Bodies such as the International Court of Justice (ICJ) have a mandate to deliver binding rulings. Multidimensional peacekeeping operations are mandated by the UN Security Council (UNSC) to oversee the implementation of peace agreements between or more often within post-conflict countries, for example. The intercession of such actors may

[14] In each case, a lower score indicates a worse performance. Sources: World Bank country classifications, http://data.worldbank.org/about/country-classifications/country-and-lending-groups#High_income; World Bank Governance Effectiveness, http://info.worldbank.org/governance/wgi/index.aspx#reports; Bertelsmann Transformations Index, http://www.bti-project.org/home/index.nc; Transparency International http://www.transparency.org/cpi2014/results/.

[15] See, for example, African Development Bank (2014), which argues that resource development can boost development and resilience to conflict if revenues are well managed, and calls for capacity-building at Regional Economic Community level, in order to support management of 'regional solutions' to the drivers of fragility, including extractive industries.

[16] See the UN Department of Political Affairs and UN Environment Programme's Mediating Natural Resource Conflicts series, most recently UNDPA/UNEP (2015).

[17] For a more expansive discussion of these issues, please see Keating, M. and Brown, O. (2015).

be a key variable in whether conflict escalates or is turned into peaceful cooperation. For example, Saudi Arabia facilitated negotiations in the long-running dispute between Bahrain and Qatar over the Hawar Islands and their associated hydrocarbons (see Box 4) before Qatar eventually referred the case to the ICJ. Qatar and Bahrain subsequently abided by the court's ruling.

Civil society

The role of civil society and NGOs ranges from that of 'watchdog' on contentious issues that might arise during projects, to advising and training governments, companies and civil society on ways to help reduce conflict risk and ensure inclusive development. Legitimate or representative national and local community and civil society groups, often networked with international groups, are critical partners in peace-positive resource development. National and local civil society or NGOs (and an independent media) can and should hold governments and companies accountable on issues such as revenue transparency, corruption and local social and environmental impacts. Yet in fragile environments they are often weak or compromised, and it is naive to assume that all NGOs necessarily have an apolitical agenda.

Transnational civil society can have a critical role in mitigating a lack of local capacity and, in some cases, directly facilitating dialogue. International NGOs such as Global Witness and the Natural Resource Governance Institute have considerable influence, respectively maintaining public scrutiny of resource development in fragile and conflict-affected situations, and helping build local civil society capacity. International NGOs have also played a central role in resolving resource-related conflicts at the political level – the Brussels-based Crisis Management Initiative, for example, helped broker a peace agreement to end decades of conflict in Aceh, Indonesia following the discovery of oil in the 1970s.[18] The agreement included terms for joint management of resources and revenue sharing.

Companies involved in the extractive industries

In fragile and conflicted-affected areas, by definition, governments are less able (or sometimes unwilling) to manage large-scale resource development and the risk that it may feed conflict. It follows that in these settings the relative significance and responsibilities of industry players are disproportionately high in terms of whether commercial behaviour helps or hinders peace.

There are strong commercial incentives for the extractive sector to minimize the risk of conflict arising from or around its activities. Conflict can lead to higher operational costs, loss of market share, higher financing costs and, where it can be linked to a firm's activities, reputational damage. One recent study suggests that major mining projects suffer direct costs of about $20 million per week when production is disrupted or delayed due to conflict, and significantly more in terms of indirect costs – including diverted staff time, impacts on talent retention and so on.[19] While this figure is based upon company-community conflicts, the estimate provides some guidance on the financial impact of operational disruption due to conflict of any cause.

Recent years have seen a proliferation of tools, guidelines, laws and standards designed to encourage responsible development and avoid these risks, among others. Extractive-sector initiatives range widely in their relevance to conflict, from conflict-sensitive guidelines[20] to mechanisms that address some of the

[18] Crisis Management Initiative (undated).
[19] Davis, R. and Franks, D., (2014), the $20 million figure refers to 'a major, world-class mining project with capital expenditure of … US$3–5 billion'.
[20] See International Alert (2005) and IPIECA (2008).

broader drivers of conflict such as the management of resource revenues, e.g. the Extractive Industries Transparency Initiative (EITI).[21] Broader private-sector initiatives have often run in parallel, bringing wider attention to conflict-sensitive business practices.[22] Notably, many of these initiatives and often the individual policies of extractive companies limit their ambition to minimizing negative impacts – a 'do no harm' approach. The question remains what circumstances or rationale might encourage companies to go beyond this approach to pursue peace-positive agendas – in which they make overt commitments to bolster peace, and potentially operate outside their core business activities in order to do so.

Table 2: Options for extractive firms in areas experiencing or at risk of conflict

Option	Action
Exit	Withdraw or suspend operations, or not invest in the first place
Exploitation	Take advantage of opportunities and weak governance, conscious of but unconcerned about negative impacts on peace
'Business as usual'	Do not take advantage of situation, but do take steps to mitigate conflict-related impact
Do no harm	Implement conflict-sensitive 'best practice', seeking to 'do no harm' and to have a 'neutral' impact on peace or conflict prospects
Peacemaking or peacebuilding	Make proactive efforts to mitigate conflict drivers or risk, and to support conditions and prospects for peace

The assessment of company actions and how they contribute to conflict and peace dynamics is complex. Table 2 sets out a range of potential options for extractive companies in areas that are experiencing or are at risk of conflict. At first glance, it might be argued that only going beyond a 'do no harm' agenda to undertake explicit peacebuilding activities could be labelled 'peace-positive'. However an 'exit' may have a positive impact if a company's operations are, even indirectly, exacerbating conflict. Conversely, the peace-positive potential of an exit might need to be weighed against other considerations, such as the impact of divestment on local livelihoods, or other scenarios whereby exit did not improve peace prospects.[23] A 'do no harm' strategy – designed to be conflict-neutral – could also be peace-positive if it indirectly contributed to peace through positive socio-economic impacts. Meanwhile, there is no reason to suppose that a company's decision to go beyond a 'do no harm' agenda and proactively engage in peacebuilding or peacemaking activities would necessarily be peace-positive in practice. The final section of this paper returns to these complexities.

Investment, peace and conflict: is the resource sector exceptional?

A relatively new area of scholarship concerns the potential role of business (not confined to the extractive sector) in the social and political processes of building peace. At its broadest, this body of research rests on a premise that the promise or provision of greater growth, state revenue, employment and income correlates with greater prospects for peace within and between societies. Implicit is the assumption that economic growth is a driver and consolidating factor in sustainable peace. Accordingly, there has been an increasing policy focus on how to attract investment in

[21] See Graf, A. and Iff, A. (2013) for a comprehensive overview of conflict-sensitive business instruments and guidelines. See also Chapter 1 of Ford, J. (2015).
[22] For example, UN Global Compact PRI (2010); UN Global Compact (2002). See also International Alert/Fafo Institute (2008).
[23] Critics have argued that implementation of Section 1502 of the Dodd-Frank Act, which requires companies listed with the US Securities and Exchange Commission to disclose the presence of certain conflict minerals originating from the Democratic Republic of the Congo and surrounding countries, has prompted companies to reorient their supply chains away from the country, resulting in negative socio-economic impacts for local communities that rely on artisanal mining.

conflict-affected settings,[24] and a small number of international initiatives have emerged (see Box 3). In many ways this wider business and peace literature has parallels with the above discussion of what might constitute peace-positive activity for an extractive company.

The promotion of extractives-led development in conflict-affected states by multilateral development banks and Western donors can be understood as one manifestation of this. In theory, the initial investment and subsequent revenues that come with extractive-sector development may provide a means for conflict and fragile situations to graduate from aid dependence. This logic is essentially the resource curse in reverse: investment in the extractive sector can support rather than undermine growth and institutions, and contribute to peacebuilding in the process. Shifting societal, market, donor and other expectations about the business sector playing a more active and direct role in the development agenda – and its special responsibilities in fragile operating environments – generally also play an underlying role.

The business and peace literature does not generally distinguish between the extractive industries and other forms of economic activity, yet the specific risks of extractive companies pursuing overt peacemaking or peacebuilding strategies would appear obvious. In most conceivable conflict situations,

Box 3: Business and peace – an emerging field

In the past 15 years interest has flourished in the role of business in peacebuilding. Since International Alert's *The Business of Peace* in 2000,[a] various works have explored the parameters of an underappreciated role for business actors (often with a focus on local ones[b]) to engage in strategies for conflict prevention, management and resolution.[c] Discussion of these issues within the international community was accelerated by a 2004 UN Security Council debate on the role of business in peace and conflict. Now there exists an annual Oslo 'Business for Peace' prize, and in 2013 the UN launched the Business for Peace (B4P) leadership platform, which aims to trigger more private-sector action in support of peace.

National policy-makers are also exploring how the private sector can contribute to efforts to stabilize fragile settings, beyond simply their economic impact. For example, in the United States from 2010 the Department of Defense's Quadrennial Review, the State Department's Quadrennial Diplomacy and Development Review, and the National Security Strategy all discussed a role for engaging business in peacebuilding, mainly through its indirect contributions to economic development.

Beyond an indirect contribution to peace via the promise or provision of growth, or merely pursuing conflict-sensitive ('do no harm') business practices, there are more overt ways in which business might pursue a peace-positive agenda[d] – for example, by sponsoring, facilitating or participating in political and reconciliation processes.[e] In some ways, businesses are analogous to NGOs, which engage in such efforts all the time. However, there is little consensus on whether businesses have the skills or legitimacy for direct engagement in peacebuilding, and little research has been carried out on what businesspeople make of ideas for them to play such a role.

[a] Nelson, J. (2000).
[b] See Banfield, J., Gündüz, C. and Killick, N. (eds.) (2006); and Killick, N. and Gündüz, C. (2005).
[c] See in particular Wenger, A. and Mockli, D. (2003); Zandvliet, L. (2005); Tripathi, S. and Gündüz, C. (2008). See Miklian, J. and Schouten, P. (2014) for a summary of the philosophical underpinnings of the B4P narrative.
[d] For an overview, see Chapter 1 of Ford, J. (2015); Oetzel, J., Westermann-Behaylo, M., Koerber, C., Fort, T. L., and Rivers J. (2010). Some have attempted forward-looking 'action plans' for business to foster peace: see Fort, T. and Schipani, C. A., (2007); Getz, K. and Oetzel, J. (2010); and Killick, N., Srikantha, V. S. and Gündüz, C. (2005). See also Oetzel, J., Getz, K. and Ladek, S. (2007).
[e] See, for example, Sweetman, D. (2009).

[24] See, for example, Schwartz, J. et al. (2004); Bray, J. (2009).

the resource concerned will be linked in some way to local and/or interstate conflict dynamics. Under such circumstances it is not clear how an extractive company could be perceived as a neutral or legitimate actor. Extractive companies may be able to catalyse dialogue, but they do not generally possess the necessary skills, capacities or local knowledge to engage in highly sensitive political processes. For these reasons, even the best-intentioned efforts of companies to proactively engage in peace efforts may be problematic.

Resources: a special case

The problems associated with the resource curse, combined with the findings of much of the conflict resources literature, indicate that the extractive sector is something of a special case as far as the relationship between business and peace is concerned. Several factors are involved, as outlined below:

Transformative potential

In fragile and conflict-affected contexts, the transformative potential of large-scale resource development is typically greater than that of other sectors. Extractive companies are often first to invest in states emerging from conflict, crisis or isolation, as the location of their investment is driven by geology and is relatively unconstrained by an underdeveloped local business environment (e.g. they do not require a developed domestic consumer market). The scale of extractive investment in fragile contexts struggling to attract FDI can be remarkable. In Myanmar, for example, investment in the extractive industries accelerated almost overnight: FDI commitments in 2010/11 were at least 30 times greater than the average for the previous two decades.[25] In poor countries with significant resource endowments, revenues could conceivably transform the fiscal position of governments, allowing more ambitious social spending. At the same time, unprecedented levels of investment in the resources sector place considerable pressure on the ability of any 'transitional' country to manage the sector and govern revenues, potentially undermining any resulting economic contribution to peace.

High expectations

A common argument of the business and peace literature is that the expectation of economic benefits can contribute to peace. Given the transformative potential of large-scale resource development in fragile contexts, managing expectations is particularly important as discontent could contribute to conflict risk. Unfortunately, expectations are often unrealistic. Major resource investment tends to generate immediate expectations across the host society, yet it is often many years before projects produce revenue, let alone profit. Policy prescriptions tend to highlight the importance of job creation as a key component of peacebuilding in conflict-affected societies – young males with jobs may be less likely to become embroiled in civil conflict.[26] However the capital- and skills-intensive nature of large-scale resource development means that it creates few direct jobs for local people; local communities in particular are often disappointed by the lack of opportunities for unskilled labour.

Local impacts

Large-scale resource extraction can have profound impacts upon the local environment and surrounding communities. These can be positive, in the form of infrastructure and service provision;

[25] Allan, D. and Einzenberger, R. (2013) states that FDI was 30 times greater in 2010/2011 than the average in the preceding 22 years – their figure includes oil and gas, (hydro) power and mining. Chatham House calculations based on official statistics for oil & gas and mining FDI alone put the figure at 50 times greater in 2010/11. Source: http://dica.gov.mm.x-aas.net/admin/Pages/DisplayPdf?path=YearlyApprovedBySector.pdf.

[26] This premise requires further empirical support, and makes the untenable assumption that lack of economic opportunities drives conflict, whereas in reality, many factors might – see Cramer, C. (2015) for a useful overview of the debate. None the less, it heavily informs policy rhetoric on the need for job creation in post-conflict settings.

or negative, in the form of disputes over land rights, pollution, community displacement, and impacts on ecosystem services that ultimately undermine local livelihoods. Negative outcomes can compound local disappointment about a lack of opportunities and grievances regarding revenue distribution.

Intangible factors

How resource development relates to issues of sovereignty and fairness is perhaps the extractive sector's most distinguishing characteristic when it comes to peace and conflict. The sovereignty of peoples and states over their natural resources is recognized in international law. Understandably, the political and public narrative around resource development generally focuses on rights over resources and the perceived 'fairness' of returns. The development of extractive resources primarily for export and with limited domestic linkages is particularly problematic in this context. Political and societal expectations are unlikely to be (and indeed should not be) moderated by the low levels of institutional, private-sector and civil society capacity typically found in fragile and conflict-affected situations – they simply become more challenging to meet.

As a result, there are unique tensions between national governments, extractive companies and local populations. While grievances often arise in response to factors such as the fiscal regime applied to the extractive industries or the regional distribution of resource revenues, they have their roots in far less tangible factors, such as asymmetries of power between companies and governments, relations between the centre and regions, perceptions of political inclusion, and broader factors including cultural and historical notions of ownership and access to related resources, including land and fisheries. These tensions are likely to become particularly charged in the context of conflict or secessionist tensions.

These distinguishing features suggest that large-scale formal resource development has particular significance in conflict-affected and fragile contexts, and is unlike other forms of economic activity. It may have unique and potentially transformative economic impacts, but in other important respects it may contribute to conflict risk through complex political and social dynamics that are difficult to predict and manage.

Peace-Positive Resource Development: Three Propositions

There are at least three ways in which formal commercial resource development in fragile and conflict-affected situations might make a material positive contribution to the likelihood and/or sustainability of peace. They are considered here in terms of the overall societal impact of natural resource development in such situations. This section describes the theory of change behind each proposition, explores its viability, and comments on the assumptions that underpin it. Each proposition is illustrated by past or current examples, but these do not purport to be comprehensive case studies.

Encouraging dialogue and engagement

The first proposition is that resource revenues and related benefits (actual or anticipated) can provide an incentive for parties to a conflict, within or between states, to overcome their differences and enter or re-enter peace negotiations. It therefore relates to a process or outcome that might provide the basis for sustainable peace. This might apply to ongoing conflicts in which hostilities are active. It might equally apply to 'frozen' conflicts, such as disputes over maritime boundaries, where hostilities have failed to materialize or have been suspended, but where there remains no political agreement between parties.

> Resource revenues and related benefits (actual or anticipated) can provide an incentive for parties to a conflict, within or between states, to overcome their differences and enter or re-enter peace negotiations.

The proposition turns on the assumption that opposed groups in conflict settings will invariably seek to share in the possible economic benefits of resource development. It therefore relies on the assumption that groups seek material gains more than they seek political victories (or the satisfaction of depriving others of such gains, even at their own expense). The logic is that groups or states can be persuaded by the possible economic dividends of shared development of natural resources to sacrifice other objectives and resolve their differences. Each opposed party would need to harbour reasonable belief that it would receive the benefits of resource development to its satisfaction.

Perhaps the most promising context for this proposition takes the form of 'frozen' crises, where new understanding about the existence or scale of reserves (and the opportunity cost of not developing them) could upset the equilibrium positively between parties, leading to an improvement in the prospects for peace. Here, resource development can provide a 'window of opportunity' for parties to the conflict to engage in dialogue and work towards the resolution of wider issues. The prospect of gas discoveries likely acted as an incentive to the resolution of a maritime boundary dispute between Bahrain and Qatar over the Hawar Islands in 2001 (see Box 4) after close to 70 years of stasis. The UN secretary-general has recently applied a similar argument to Cyprus, suggesting that development of gas reserves in contested Cypriot waters could act as an incentive for resolving the island's long-standing conflict (see Box 5).

Equally, the destabilization from changing the equilibrium in a frozen conflict may have a negative impact. Resource development may raise the stakes and lead to an escalation of tensions. The

Indonesian province of Aceh, for example, had a history of tension with the central government in Jakarta, yet it was development of the Arun gas fields in the 1970s that galvanized local opposition and prompted the emergence of the Free Aceh Movement (Gerakan Aceh Merdeka or GAM).[27] More recently, relations between China and the Philippines that had improved later deteriorated again when the former objected to the latter's decision to unilaterally award exploration licences in the South China Sea, undermining any argument that joint development of offshore oil and gas could ameliorate an ongoing territorial dispute between the two (see Box 6).

Box 4: Bahrain–Qatar interstate dispute resolution over the Hawar Islands[a]

The promise of unlocking commercial-scale offshore hydrocarbon reserves may be seen as contributing to the resolution of a maritime dispute that had potential to escalate into interstate conflict between Bahrain and Qatar. The former claimed the Hawar Islands area in 1935, and one year later the latter formally initiated a dispute with Britain (both were British colonies at the time). The United Kingdom confirmed Bahrain's authority over the islands in 1939 and had delimited the maritime boundary by 1947. Bahrain affirmed its sovereignty over the islands in 1964, which Qatar rejected.

While oil and gas exploration in the 1930s directly contributed to the emergence of the dispute in the first instance, there was proof no that the islands held potentially significant resources until 1980, when Bahrain confirmed hydrocarbon reserves beneath the islands. Between 1981 and 1991, both states used various avenues to resolve their dispute, notably Saudi-led negotiations. None were successful, and after escalating military tensions the parties almost went to war over the islands in 1986. Qatar referred the case to the International Court of Justice in 1991, and both states attempted negotiation and mediation along parallel tracks.

Upon the court's binding ruling in 2001 – which granted Bahrain the Hawar Islands and al-Jaradah, and awarded Qatar Zubarah, the Janan Islands and al-Dibal – Bahrain immediately invited firms to begin exploration in its territory, with limited success. By contrast the Qatar Petroleum Company has hugely benefited from its rights over the area. Relations between the two states have remained good and the ruling has never been questioned, despite the fact that only Qatar has experienced greater material benefit from resource development in the area. The case suggests that the confirmation of resource reserves can convince parties to resolve a long-standing boundary dispute.

[a] Based on Wiegand, K.E. (2012).

Box 5: Cyprus – natural gas to warm up a 'frozen' crisis?[a]

Cyprus is a chronic 'frozen' crisis. The island has hosted a UN peace operation since 1964, has been physically divided since the 1974 military intervention by Turkey, and has seen all international attempts to resolve the dispute fail. Turkey and the Republic of Cyprus (ROC) maintain maritime territorial disputes in waters near the island, including the Levant Basin. The ROC has defined 13 exploration blocks in its claimed territory. Noble Energy, a US independent, discovered the Aphrodite Field in 2011. In January 2013 the UN secretary-general noted tensions around offshore exploration, and called for the parties to see the reserves as an incentive for resolving the long-standing conflict.

The Turkish and Greek Cypriot authorities have significant economic problems and shared interests in energy security and hydrocarbon revenues. Initial discussions focused on transport options. With a liquefied natural

[27] Aspinall, E. (2005).

gas (LNG) facility unlikely to be economically viable for Aphrodite alone, discussions focused on the potential to construct pipelines to Turkish and European markets. However, the ROC signed an energy cooperation agreement with Egypt in February 2015, and energy talks with Israel are ongoing. In June 2015, Noble and Israeli partner Delek Group confirmed that Aphrodite Field was commercially viable, and called for a floating production unit and pipelines to Cyprus and Egypt.

Despite uncertainty and potential tension about prospective export markets, the possibility of an agreement to exploit reserves may yet help to thaw the wider Cyprus dispute. Turkish Cypriot leader Mustafa Akinci, who came to power in April 2015, has reiterated calls for a pipeline running through Turkey to Europe, but has equally urged gas to be 'an asset for a solution' rather than a source of tension. Should the ROC government dismiss a joint development and/or pipeline proposal and pursue a unilateral development, this may risk entrenching rather than resolving divisions. None the less, a combination of fresh political leadership and increased momentum around gas development may add impetus to resumed peace talks.

[a] Based on Antreasyan, A. (2013); Roberts, J. (2013); Gürel, A. et al. (2012); UN Security Council (2013d); Hazou, E. (2015); Haaretz (2015).

Box 6: China and the Philippines – negotiations and resources in the South China Sea[a]

Tension between China and the Philippines rose in 1995–98 over sovereignty over the Spratly Islands and Scarborough Reef in the South China Sea. In September 2004 the Philippine National Oil Company and the China National Offshore Oil Corporation (CNOOC) signed a bilateral 'Agreement for Joint Marine Seismic Undertaking in Certain Areas in the South China Sea'. It described the national oil companies as representing their respective governments' commitment to pursue 'efforts to transform the South China Sea into an area of cooperation' and explicitly set aside issues of sovereignty in favour of resource development and other cooperation. This became a three-party agreement with Vietnam (through state operator PetroVietnam) in March 2005.

However, the agreement was not renewed in 2008 and relations began to deteriorate. China objected to the Philippines' decision to award exploration licences in the area and refused to submit claims to international adjudication in 2011. While earlier tension (in 1998) was not necessarily related to resources beneath the seabed, the potential for hydrocarbons continues to feed dangerous competition over the area. The Association of Southeast Asian Nations (ASEAN) has facilitated dialogue, and some 'track two' diplomacy (i.e. between non-state actors) has occurred. China signed the 'Guidelines for the Implementation of the Declaration on the Conduct of Parties in the South China Sea'. However, conflict risk has only been managed, not resolved or turned around into more positive peace progress.

[a] Based on Scott, D. (2012).

Assessing the role of various actors

Reaching a political agreement sits at the heart of the first proposition, and governments are invariably the primary actors. The illustrative cases demonstrate how resources and resource development can promote the resolution of conflict and/or form one element of a wider peace agreement. Alternatively, parties to the conflict may choose to jointly develop shared resources in lieu of a political agreement, temporarily setting aside less tractable conflict drivers such as sovereignty, in favour of shared economic rewards. Joint development zones can provide a framework for shared resource governance and recourse to dispute-resolution mechanisms, effectively reducing the politicization of resources and often supporting official interstate or 'track one' negotiations.

Commercial actors also have a clear rationale for supporting dialogue and negotiation, given their generally strong vested interest in peace and stability. Their actions may include direct and intentional involvement or indirect facilitation – both with the aim of convincing political actors to negotiate rather than continue engaging in conflict and to place shared economic benefits over other objectives. The role of local (wider) business coalitions in promoting peace has been well documented, from the Consultative Business Movement in South Africa in the 1980s to the Northern Ireland Confederation of British Industry in the 1990s.[28] Others have acted unilaterally – Roland 'Tiny' Rowland, CEO of British conglomerate Lonrho, for example, became involved in Mozambique's peace process after attacks on the company's installations in 1990. He acted as an intermediary, making resources and aircraft available to facilitate the peace process and contributing an estimated $6–8 million towards the transformation of the rebel group RENAMO into a political party.[29]

Extractive companies face unique challenges in providing such assistance. Government–company relations have the potential to be genuine partnerships, built around mutual interests in unlocking wealth from resources. However, in many cases they are also characterized by tensions regarding the distribution of resource revenues or share of production, and concerns over contractual sanctity.[30] As a result, managing the reality and the perception of company involvement in peace processes can be challenging. Swedish oil company Lundin's role has been described as 'catalytic' in reaching the 2005 Comprehensive Peace

Box 7: Sudan–South Sudan – oil prospects and peace persuasion[a]

Resource revenues were the central element of the 2005 Comprehensive Peace Agreement (CPA) between the government of Sudan and the secessionist movement that, after 2011, formed the government of the new independent state of South Sudan. The agency of Swedish independent oil company Lundin is notable. It acquired blocks 5A and 5B in what is now South Sudan in 2001, but suspended its operations as the armed conflict intensified. In response to the local, conflict-related challenges it faced in these blocks, the company undertook a full appraisal of its corporate social responsibility and social investment policies. In 2003 it farmed out Block 5A to the Malaysian state operator Petronas, and included its community development scheme in the deal. Lundin maintained a non-operating interest in Block 5B, but ultimately, as fighting once again intensified in 2009, it withdrew all interests and left the country altogether.

Lundin was perhaps uniquely equipped among independent oil companies to promote dialogue between warring parties, given the presence on its board of an experienced statesman, Sweden's former prime minister, Carl Bildt. He led informal efforts to promote peace and openly promoted the peace process, which was already in train, as the best means of securing sustainable oil production and thus broad economic benefits to both sides. Yet low levels of transparency and poor implementation (with regard to the distribution of resource revenues) ultimately undermined the CPA, and there was a resurgence in the conflict. Lundin's conduct has been criticized and investigated in Sweden, arguably resulting in reputational damage.[b] None the less, in 2010 the company maintained that the CPA 'validated our view that oil could be used to achieve a sustainable peace'.

[a] Based on Lundin, I. H. (2010), Batruch, C. (2010) and Batruch, C. (2011).
[b] NGOs have advocated the investigation of Lundin's activities in Sudan between 1997 and 2003, including the transfer of acreage to Canadian independent Talisman and the reinvestment of the proceeds of the sale in Norwegian North Sea licences. See Bloodhound (2015) for a summary of one NGOs advocacy.

[28] See Killick et al. (2005) for an overview.
[29] Vines, A. (1998); also Wennmann, A. (2012) for wider context.
[30] Stevens, P. et al. (2013). It should be noted that the nature of government–company negotiations will differ depending on the regulatory and fiscal frameworks that guide extractives development, and in particular whether fiscal and production commitments are enshrined in law rather than negotiated at the licensing stage.

Agreement (CPA) in Sudan (see Box 7). Yet there are clear limits to the leverage that any company can (or should) exert. In this case, poor implementation of the CPA and a lack of transparency ultimately undermined trust between parties and thus the sustainability of the peace.

Assessing the proposition

The main conceptual weakness with the first proposition lies in the assumption that opposed groups in conflict settings invariably seek to share possible economic benefits. This assumes that parties to civil or international conflicts speak with a united voice and are driven by largely economic agendas. As a result, the logic goes, parties will invariably decide to put the chance (maybe only the slight chance) to share in resource revenues above other goals or values. Groups and states can be persuaded to do so, but equally, the motives and drivers of peace or conflict may not involve rational choices for improving economic well-being.

Resource exploration and confirmed production have different peace-supporting dynamics. Where frozen conflicts are concerned, the evidence above suggests that the confirmation (or even the prospect) of reserves can force a shift in the status quo for better or for worse. In Cyprus today, for example, the commercial window of opportunity to agree on new investment may imbue protagonists with a new sense of urgency to resolve their wider political differences. It may also exacerbate conflict risk. The influence of foreign actors over a host government, if any, is likely to peak immediately before investment. Once investment is 'sunk' into the project and project-related infrastructure, relative influence declines.[31]

There are temporal dynamics to any claim that resource development has promoted or can promote dialogue and conflict-resolution. In Aceh, gas development in the 1970s contributed to an intensification in conflict and calls for independence. Almost three decades later, however, resources became a central part of the Helsinki peace process and the resulting memorandum of understanding (MoU) signed by the Indonesian government and GAM in 2005. The MoU granted autonomy to the province, mandated the joint management of resources and allowed Aceh to retain 70 per cent of resource revenues. It should be noted, however, that the relative importance of these revenues had declined, given that production peaked in the 1990s.

Conflicts evolve in response to many factors, many of which may be unrelated to resources. To support the assertion that resources contributed to peace in South Sudan, research would need to isolate the part that calculations over the future of oil production played in enabling the Sudanese government and the southern rebels to reach the CPA.[32] Looking ahead in cases such as that of Cyprus, it is too soon to tell how gas development might affect overall interstate relations and the prospects for peace. Even if the confirmation of reserves correlates with revived peace talks, one would need to isolate the significance of gas before claiming that resource development was the primary cause of progress towards peace, rather than just a contributing factor or coincidence. The role of resource development as a catalyst for peace is not currently clear.

Regarding the role of different actors in promoting dialogue and peacebuilding, and particularly extractive companies, the difficulty will normally be in finding evidence. Many extractive-industry actors already influence governmental diplomacy in formal and informal ways. Yet the dearth of information in the public sphere regarding when and how companies have intervened is a major constraint in assessing the proposition. In South Sudan, for example, to address the particular agency

[31] 'Obsolescing bargain theory' suggests that the point of leverage is greatest immediately before investment in infrastructure associated with extraction commences.

[32] Aspinall, E. (2005).

of invested firms in enabling peace-positive development, one would have to isolate whether they encouraged this path by pointing to the ways in which both sides would benefit from post-conflict oil production, and whether those interventions were material in bringing parties to the table.[33]

Generating 'peace dividends'

The second proposition is that resource development can generate a tangible economic yield through peaceful conditions, and contribute to a sense of momentum towards a better future. At the central level, the large-scale development of natural resources can provide revenues that help stabilize government institutions and increase their capacity, as well as fund inclusive social and public services. At the local level, resource development may support local economic empowerment, employment and growth, and also contribute to economic development by fostering forward and backward linkages.[34] Peace dividends ultimately give affected populations a sense of hope and 'buy-in' towards the process of consolidating peace. This proposition therefore relates mainly to peacebuilding rather than peacemaking, for example as an economy recovers following the end of an internal armed conflict.

The theory of change here relies on twin assumptions. The first is that improvement in the population's economic well-being does or will result from major resource development projects, i.e. that 'resource curse' effects are mitigated. The second assumption is that poverty, inequality and under-development are significant drivers of conflict, so greater and shared material prosperity is naturally conducive to peace. In addition to material benefits, resource development (and, critically, the revenues that follow it) can shore up the legitimacy of a government, boosting its effectiveness in a virtuous circle that reduces the appeal or abilities of those committed to non-peaceful political actions.

Greater economic importance may also lend a previously under-represented constituency greater political recognition. Where tensions between the centre and local level exist, or where identity-based economic exclusion is a possible driver of conflict, resource development may also help to counter-balance centralizing forces by delivering jobs and growth to sometimes marginalized provincial areas, and/or by diversifying the sources of economic development.

Assessing the role of various actors

Whether a mineral resource endowment is managed in a conflict-sensitive and peace-positive manner primarily depends on the legitimacy, effectiveness and good faith of the host government. In many respects, the 'peace dividends' proposition is effectively the resource curse in reverse. Through fiscal and distributive measures, the government bears primary responsibility for translating resource revenues into inclusive, broad-based growth. Revenues can also increase the capacity of government institutions to provide social services, thus strengthening the 'social contract' and the government's legitimacy, and contributing towards the consolidation of peace.

There is also evidence to suggest that resource development can promote peace dividends at the local level by creating jobs and economic impetus. In fragile and conflict-affected situations, the very presence of formal-sector economic activity may be construed as a peace-positive outcome.[35] Anecdotal evidence

[33] Patey, L. (2014).
[34] Forward linkages typically refer to the sector's contribution to the wider economy, for example supplying oil and gas for domestic consumption (e.g. the outputs), while backward linkages refer to the local content and employment (in addition to FDI) required to develop the sector (e.g. the inputs).
[35] See p. 3 of the project workshop summary. Several participants asserted that the presence of formal-sector economic activity was evidence of a peace-positive outcome, since 'normalizing the formal sector industry is a big prize in many countries'.

suggests that job creation – through direct employment and the creation of local value chains – can be a significant factor in consolidating peace.[36] Core business policies can also contribute to the quality of peace and its underlying social dynamics in less tangible ways. An example from wider business is that of GM Colometeres, the General Motors subsidiary in Colombia, which adopted conflict-sensitive hiring policies that actively reintegrated ex-militant fighters. The company was widely credited with making a positive contribution to overcoming the social dynamics that had precipitated conflict.[37]

The extractive industry's scope for such impact is generally limited due to its high-tech, capital-intensive and cyclical nature. Governments have tried to increase the percentage of nationals employed by the extractive sector by establishing local employment and local content policies. Yet implementation has proved challenging due to limited local workforce capacity. In fragile operating environments filling technical roles and providing internationally competitive inputs may be difficult or impossible. Mining projects typically provide the best prospects for local employment. Employment opportunities generally peak during the early construction stages of a project, however, and longer-term direct job prospects are fewer.[38] Despite the relative scale of extractive investment in resource-rich developing countries, direct and indirect employment (the 'multiplier' effect) often accounts for just 1–2 per cent of total employment.[39] Perhaps the exceptions to the rule are countries that have a long history of mining and where reforms began early, such as Chile, Peru and South Africa.[40] Clearly, developing skills, private-sector capacity and effective industrial policy takes time, something that typically stands at odds with the short-term pressure that governments and companies face to bring resources to market

Box 8: Liberia – post-conflict peace dividends from the iron ore sector?[a]

In 2003, after nearly 15 years of civil war, Liberia's main factions signed a peace agreement. A UN multidimensional peace operation (UNMIL) was subsequently mandated with overseeing its implementation. Liberia's transitional government signed a Minerals Development Agreement (MDA) with the steel producer ArcelorMittal in 2005, which included concessions to reopen mines in the country's northeast and to rehabilitate and use mine-to-port rail export infrastructure. The initial deal was condemned by NGOs, including Global Witness, as not being in Liberia's national interests. An elected government renegotiated the MDA in 2006.

A strong emphasis on governance was evident from the outset at government and company level. Liberia has received heavy donor funding and international assistance for capacity-building. The country became EITI-compliant in 2009. By 2013 iron ore exports had risen by over 200 per cent on their initial (late 2011) volumes,[b] driving real GDP growth of 8.7 per cent.[c] These revenues and other economic proceeds from mining have helped sustain a viable national government capable of consolidating the 2003 peace. At the local level, ArcelorMittal claims to have created almost 500 jobs directly and over 2,000 jobs indirectly since 2006. The company's development of a local consultative forum and stakeholder-engagement mechanisms, along with structures for monitoring and resolving grievances, appears to have mitigated the risk of local discontent that might have damaged the overall peace trajectory. ArcelorMittal's post-2005 approach in Liberia has been cited by the UN Global Compact as a case of good practice.[d]

[36] See p. 3 of the project workshop summary. Drawing on personal experience in West Africa, one participant argued that 'employment has been one of the major factors that kept local populations peaceful. As soon as the business could demonstrate this, the relationship became positive.'
[37] Oetzel et al. (2010).
[38] See figures from the World Bank (2012): in Papua New Guinea, for example, investment in the Ramu nickel mine equalled 19 per cent of GDP yet the project employed 5,000 workers during construction and just 2,000 after. Investment in Papua New Guinea's LNG project is equivalent to 237 per cent of GDP, yet the project employed 9,300 during construction and just 1,000 afterwards.
[39] World Bank (2012), p. 200. Moreover, it should be noted that resource development may have a net job destruction effect if other economic activity becomes uncompetitive due to a higher exchange rate.
[40] See McMahon, G. and Moreira, S. (2014), p. 37. Approximately 10 per cent of Chile's workforce is employed in mining. South Africa and Peru have relatively high percentages of nationals employed in their mining sectors. Kumo, W. L. et al. (2014), p. 13, suggests that mining accounts for more than 16 per cent of South Africa's formal sector employment.

The 'peace dividend' proposition seems broadly justifiable in Liberia's case, albeit with three major caveats. First, there are other possible explanations for Liberia's peace gains after 2006, including very high levels of donor support, UNMIL's security role, political cooperation and consolidation, and widespread lack of popular appetite for conflict. It is difficult to state just how iron ore exports fostered peace relative to these other factors. Second, that one firm or sector is so significant to Liberia's viability presents, in itself, political and economic vulnerability to a collapse in iron ore prices and demand, amid high youth expectations and unemployment, and low levels of trust in government institutions. Third, Liberia's history is marked by a war economy based upon conflict resources, and there are related legacies of grievance and mistrust around the exploitation of natural resources. New investments may support the economic conditions for political peacebuilding, but they may also represent a risk factor. UNMIL reports in recent years have repeatedly warned that poor and/or corrupt management of natural resources (and related development funds) would risk undermining trust in government and the prospects for long-term peace.

[a] Based on Global Witness (2006); Hettinger, P. (2014); ArcelorMittal (2015); UNGC/PRI (2013b) pp. 12–16; and Ford, J. (2015), Chapter 4. For a comprehensive analysis, see the latter.
[b] US Geological Survey (2013).
[c] Hettinger, P. (2014). Subsequent performance has been seriously affected by the impact of the Ebola outbreak and the collapse of iron ore prices – real GDP growth in 2014 is estimated at 1.8 per cent, although it is projected to reach 3.8 per cent in 2015 and 6.4 per cent in 2016.
[d] It should be noted that the UN Global Compact relies entirely on self-reporting rather than external evaluation.

The key long-term objective for extractives-led development is diversification into activities that generate income and reduce dependence on exhaustible resources and volatile revenues.[41] Out of direct income from mining sector activity, fiscal revenues and the mining sector's contribution to wider industrialization (its 'forward linkages'), the latter is the most important vector of employment.[42] Yet the track record of governments in successfully using industrial policies to foster forward and backward linkages from their resource sectors is patchy at best, even in high-capacity states. In fragile and conflict-affected situations, governments are unlikely to have the necessary capacities to successfully design and implement such policies and coordinate companies. Active conflict may affect the ability of local enterprises to capitalize on economic spillovers. Because of security problems, it may also affect the level of engagement of capacity-building NGOs or civil society actors on security grounds.

Where there is a marked disparity between state and company capacity, there may be scope for industry agency. Extractive companies have increasingly supplemented traditional corporate social responsibility and social investment programmes with targeted capacity-building and more 'meaningful' local content and in-country value addition. 'Dual use' company investment in skills and infrastructure for the extractive sectors, for example, can benefit other sectors of the economy in the long term. Another example is support for local small and medium-sized enterprises (SMEs) as a means of supporting local private-sector development and overcoming the traditionally limited nature of forward and backward economic linkages. BP's Enterprise Centre in Azerbaijan, for example, aimed to develop local capacity so that local companies could compete for expected procurement opportunities. The centre reportedly worked in 80 different sectors between 2007 and 2012, and BP Azerbaijan doubled its local procurement of goods and services from $350 million in 2005 to almost $700 million in 2011.[43]

[41] Stevens, P. et al. (forthcoming).
[42] McMahon, G. and Moreira, S. (2014), p. 36.
[43] Mifsuci-Bonnici, A. (2013).

There is clearly scope for companies to go beyond the 'do no harm' agenda and seek to have positive impact at the local level. The 2013 UN Global Compact-PRI report, *Responsible business advancing peace*, cites 15 examples of businesses (including extractive companies) that appear to have had a peace-positive impact on conflict through their core operations. It cites investment, employment figures or similar indicators as evidence of a 'peace-positive' impact.[44] The extractive industries do not naturally lend themselves to such opportunities, but with effective backing for SMEs and investment in dual-use infrastructure, some companies have managed to support the local conditions that are conducive to peace, while also enhancing the efficiency of their core operations and supply chains.

Only where an investor makes exceptional commitments, or has disproportionate influence over how a government manages the sector and resource revenues in peace-positive ways, can it be said that a company has a more direct impact. Even if it helps ensure peace-positive management of the sector, such a degree of investor influence over government is likely to be criticized from a civil society perspective. Moreover, for companies, the prospect of entering into potentially unsustainable state-like commitments is highly undesirable for commercial and reputational reasons. It is tempting to assume that the less capable the state, or the larger the power asymmetry between industry and government, the greater relative influence a company or international actor may have. However, this neglects the role of political will – cases such as the Chad–Cameroon pipeline clearly demonstrate the limitations of external leverage over sovereign actors (see Box 9).

Box 9: The Chad–Cameroon Oil Pipeline Project – the limits of external leverage?[a]

The Chad–Cameroon Oil Pipeline Project had the potential to support broad peace dividends in Chad. In the late 1980s, a consortium led by Exxon[b] began exploration, with the aim of constructing a 1,070-kilometre pipeline from three fields in the country's southwest to a floating facility off the coast of Cameroon. After Chad's government was toppled by insurgents in 1990, concerns regarding the increasingly authoritarian nature of the new regime led by Idriss Déby and the risk of expropriation increased, and the consortium sought multilateral backing for the project.

In 1994 the World Bank stepped in, with the intention of demonstrating that oil revenues could be used to strengthen governance and promote development. A package of loans worth $337.6 million was provided by the World Bank Group via the International Finance Corporation, International Bank for Reconstruction and Development, and International Development Association – this accounted for roughly 9 per cent of the estimated project cost of $3.7 billion,[c] with the remainder met by the European Investment Bank, commercial loans and the consortium. At that time, Chad's governance effectiveness was among the lowest in the world, there was a medium-intensity civil war and the country ranked 168th of 173 countries on the UN Development Programme's Human Development Index. World Bank credit was conditional upon development of the Petroleum Resource Management Law (PRML), which allocated resource revenues to development expenditure, a Revenue Management Programme and other mechanisms to ensure fiscal and environmental accountability.[d]

Despite stringent oversight by the World Bank Group, the limits of accountability were evident almost from the outset. Construction of the pipeline began in 2000 with a consortium of ExxonMobil, Chevron and Petronas (Malaysia's state operator) after the World Bank's environmental assessment and risk management requirements were met. Out of a $25 million signing bonus for the government, $4.5 million was spent on weapons – President Déby justified the decision on the basis that without security, there could be no development. Pipeline 'first oil' was

[44] UN Global Compact-PRI (2013).

achieved in 2003. Three years later, Déby sought to renegotiate the PRML in order to divert oil revenues to Chad's main budget, including to finance security expenditure. The World Bank responded by suspending loans and freezing oil revenues. However, as conflict in Chad's eastern regions escalated, and with the stability of the state looking increasingly questionable, it softened its stance on negotiations. Moreover, oil tax revenues fell beyond the jurisdiction of the PRML – Déby was able to use these with impunity.

The World Bank maintains that the main project was technically well implemented and a financial success, but it acknowledges that it failed to manage resource development for improved governance or poverty reduction.[e] Multilateral involvement undoubtedly resulted in stronger environmental and social protection, as well as in higher allocations of resource revenues to priority sectors than would have been the case. However, the World Bank's leverage was temporary, and rapidly declined once investment was 'sunk'. Over the longer term, the temporary leverage of an international actor could not act as a substitute for strong and inclusive governance and effective civil society.

[a] Based on Winters, M. S. and Gould, J. A. (2011); World Bank (2009).
[b] The initial consortium consisted of Exxon, Shell and Elf. The latter two left the consortium in 1999 and were replaced by Chevron and Petronas.
[c] The actual cost of the project was $6.5 billion to 2008, when the World Bank exited the project, World Bank (2009) p. 3.
[d] The Revenue Management Programme required the establishment of a petroleum oversight committee, the Collège de Contrôle et de Surveillance des Revenues Pétroliers (CCSRP). Other mechanisms included: an International Advisory Group (IAG) to advise on implementation; an External Compliance Monitoring Group (ECMG) which enabled the World Bank Group and other lenders to monitor compliance with the Environmental Management Plan (EMP); the World Bank Inspection Panel, designed to ensure that citizens' interests were not harmed by the project; and Chad's Comité Technique National de Suivi et de Contrôle (CTNSC), an interministerial committee mandated with monitoring and following up on environmental and social impacts. See World Bank (2010).
[e] World Bank (2009) p. 3.

Assessing the proposition

Whether peace dividends materialize will tend to turn on the role of government and only indirectly on the agency of companies. Ultimately, the fiscal terms of any resource contract and any way in which the host government uses and distributes resource revenues will dwarf any peace-positive action that external actors can engage in at the local level.[45] The second proposition relies on an assumption that host governments are able and willing to translate resource-related economic dividends into fair and shared prosperity. This assumed capacity is not generally in place in fragile and conflict-affected countries, even where there is the requisite political will and donor support to enable the government to use resource revenues to strengthen governance. At local level, projects tend not to be job-rich, and building workforce and private-sector capacity can take years. For governments, effectively managing expectations around resource revenues and local opportunities may be a key determinant of whether resource development supports peace or conflict.

Extractive investments may also take many years before they deliver regular income to governments. The concept of a 'peace dividend' typically relates to more immediate economic growth benefits following the cessation of hostilities, which are seen as important for maintaining faith in the peace agreement in a post-conflict setting. The assumption that there will be significant revenues from resource development (beyond up-front signature bonuses, for example) within a timeframe that is relevant to peacebuilding is flawed. Especially with highly capital-intensive, complex, large-scale projects, the state may receive very little in taxes and royalties for up to a decade after a deal is signed. Establishing forward linkages such as local energy provision has the potential to deliver early benefits,

[45] See p. 4 of the project workshop summary.

but presents its own challenges.[46] When expectations are not met (both in terms of the scale and timeframe of returns), this may increase rather than reduce conflict risk in the crucial first five or so years of consolidating peace.[47]

In the long term, a well-managed inflow of resource revenues can help stabilize and consolidate existing governance structures. Whether this supports peace or conflict is likely to depend on existing contextual factors. Whether resource development is associated with positive or adverse effects on governance and conflict dynamics, the same transmission mechanisms are at work. In the Chad case, for example, resource revenues appear to have primarily increased the capacity of an authoritarian government, rather than alleviated poverty and promoted peace. The wealth of cases in which resource development has had a negative contribution to conflict suggests that resource revenues may foment tensions or prolong the stability of a regime without necessarily building long-term peace. This raises the temporal aspect of the 'peace dividends' proposition: for example, would large-scale mining investment have had similar (and ostensibly peace-positive) impacts in Liberia if undertaken 10 years earlier amidst civil war, and how would the outcome have differed if the MDA had not been renegotiated?

Resource development also has implications for the geographic distribution of political power and wealth creation and the long-term prospects for peace. New projects implicitly shift the balance of political and economic power between the central government and regional actors, potentially in the direction of greater peace, empowering regions and enhancing political inclusion. At the other end of the spectrum, new resource revenues and greater local economic activity may strengthen the appeal or viability of secessionist claims, potentially provoking violence. In the Katanga province of the DRC, for example, revenues from the mining sector have arguably contributed to peace dividends, including by strengthening the provincial government and indirectly improving local socio-economic indicators, yet these same dynamics might also have emboldened secessionist sentiment in the province and increased tensions with the national government (see Box 15).

Where conflict cannot be reduced to (or ameliorated by) economic drivers, the prospect for peace dividends becomes much less clear. The argument that the possibility of peace dividends supports the conditions that lead to peace relies heavily on a theoretical assumption that conflict is mainly driven by a lack of economic prospects, or discrimination or disappointment in accessing economic benefits. This risks oversimplifying the complex and varying causes of significant tension and/or violence. Groups may descend into serious violence against firms, each other or the state for reasons that have little or nothing to do with grievances over unfair or insufficient economic patterns.

Building stability through interdependence

The third proposition is that resource development can build bilateral or multilateral economic interdependence, which promotes stability and thus peace. Classic examples include those states or territories that have experienced long periods of diplomatic and investor isolation, often due to their extreme fragility and/or conflict intensity, and non-recognition by the international community. The proposition mainly applies to failed states, so-called 'pariah' states and autonomous regions with claims

[46] There is an emerging body of research and guidance around the extractive sectors and domestic power provision. In oil and gas there are an increasing number of initiatives to use production for domestic energy provision, although there are infrastructure, demand and other barriers to maximizing this potential. In the mining sector, initiatives such as the World Bank's 'Power of the Mine' project are exploring the ways in which mining sector investment in power infrastructure might be harnessed for broader benefit. See Banerjee, S. G. et al. (2015).
[47] Collier, P. (2006) found that the risk of conflict recurrence after civil war is 39 per cent in the first five years – it is now conventional post-conflict policy to consider this first five years as a special period.

to statehood or proto-statehood. In such contexts, resource development and the FDI that it brings may assist countries in reducing aid dependence and integrating into the global economy and international community. For self-declared autonomous regions, resource development involving international firms can be perceived or portrayed as a form of validation by the 'international community'.

Commercial peace theory, a subset of liberal peace theory, lends some intellectual credibility to the concept of stability through interdependence.[48] Research exploring the links between interstate trade and conflict provides support to the claim that economic interdependence should, in theory, promote peace, on the basis that conflict is inconsistent with mutually beneficial links in the formal economy.[49] Along similar lines, the World Trade Organization claims that commercial relationships make conflict less likely, and cites the promotion of international peace as the first of 10 benefits of its trade system.[50] Support for commercial peace theory is also seen when economic interdependence is operationalized as FDI. Here the logic is that conflict risks deterring FDI and, accordingly, that rational actors will seek to reduce the perception of political risk in order to safeguard investor confidence.[51] Information sharing also contributes to the pacifying effect of economic interdependence: through trade and FDI actors reveal information, thus increasing transparency, reducing uncertainty and aiding understanding of the costs and benefits associated with conflict.[52]

Significant foreign extractive-sector investment may also incentivize behaviours by a transitional regime towards its populations and neighbours, and establish interdependences that are peace-positive. Soft influence, capacity-building and the international links related to FDI in the extractives sector should, on the face of it, encourage transparency and help regimes to comply with rule-of-law, human rights, and democratic and good governance principles. The proposed development of major reserves might galvanize international diplomatic and other attention to erstwhile peripheral or isolated fragile situations (boosting efforts toward peacebuilding), as donor and investment conferences focusing on Myanmar and Somalia have demonstrated. Current donor support for the development of a viable extractives sector may not only help these countries stand alone, but adopt politics and policies that connect them to the mainstream and build incentives to avoid oppressive or aggressive conduct.

The argument in relation to autonomous regions is less easy to pin down. In theory, it is that FDI and its associated economic impetus boost the confidence and relative political and economic profile of autonomous regions, potentially resulting in peace-positive progress in their interactions with their 'parent' state. Thus the promise or arrival of global energy or mining investment in an autonomous region convinces or obliges the parent state to treat it with more respect, leading to fruitful conflict-averting dialogue. The autonomous region may feel satisfied with its recognition by investors and drop secessionist tendencies (so promoting peace), but it could also feel empowered by this recognition and step up claims for independence (so promoting conflict). Growing claims for independence may be articulated peacefully, however, rather than automatically fuelling conflict.

[48] See Miklian, J. and Schouten, P. (2014) for a sophisticated analysis of 'positive' liberal peace theory which emphasizes institutions, and 'negative' or capitalist peace theory which presents economic growth as an inherent driver for peace. The authors present the 'Business for Peace' (B4P) narrative as emerging out of the latter in response to the shortcomings of the former – which has tended to fail in conflict-affected and fragile situations due to its inability to influence the core drivers of conflict, and has found limited resonance among emerging BRICS investors. The authors argue that B4P should bridge the gap between 'positive' and 'negative' peace agendas by pursuing 'embedded liberal peacebuilding' where commercial actors operate under conditions set by transnational institutions. This would appear to support the proposition that resource development can help build stability through interdependence.
[49] Hegre, H. et al. (2010).
[50] WTO (2008).
[51] Busman, M. (2010).
[52] Busman, M. (2010).

Box 10: Myanmar – reintegrating a 'pariah' through foreign investment?[a]

Strategically sited and resource-rich, Myanmar has been undergoing transition and emerging from diplomatic and investment isolation by the West since at least 2011. Since President Thein Sein's election and accompanying democratic reforms, foreign diplomatic, developmental and investor engagement has surged. The extractives sectors already accounted for 40 per cent of exports in 2010. Much of the country's natural resource endowment is still unexplored. Various bidding rounds, and legal and fiscal reforms, have already been conducted. Some projects involve subsidiaries of the Burmese military, such as development of the Shwe offshore gas field by South Korea's Daewoo International in conjunction with the military-linked Myanmar Oil and Gas Enterprise, while others have attracted considerable controversy, such as the Kyaukphyu–Yunnan pipeline.

Investors, donors and development agencies have all scaled up engagement. Donor agencies including the Asian Development Bank and UN Development Programme, as well as the Australian and UK governments, have launched reform and capacity-building projects on extractives governance, and Myanmar was one of the countries included when the G8 announced 'fast-track' partnerships to support extractive industries governance in 2014. The EITI will be a central element of many of these partnerships, and Myanmar became a candidate country in 2014. Together, these foreign investors and agencies bring to Myanmar various frameworks for monitoring performance and promoting international standards, from public financial management to human rights impact assessment.

To support the proposition that interdependence supports stability and thus peace, evidence would be needed that this engagement is moderating the political stance of the regime in Myanmar as it tries to sustain international diplomatic and investment confidence. Moreover, proof would be needed that it encourages the government to choose peace-enhancing options in managing the extractive emerging sectors and the country's overall transition, as well as to promote peacebuilding in communities hosting new investment. Yet 'transition' is not a smooth, linear process. Myanmar's internal order is at once highly centralized and fragmented; the country is not just inherently fragile but in parts already conflict-affected. It is still too soon for any assessment of the impact of resource development on Myanmar's overall peace prospects.

[a] Based on Mifsuci-Bonnici, A. (2013); Talbott, K. (2012); EITI (2015); *The Economist* (2013); McKinsey Global Institute (2013); Bächtold, S. et al. (2014); Allan, D. et al. (2013); NRGI (2015).

Box 11: Somalia – hydrocarbon prospects risk igniting inter-clan rivalries[a]

Since the fall of Siad Barre's regime in 1991, centre–periphery tensions have been a major driver of Somalia's severe insecurity and dysfunction. Three regions – Galmudug, Puntland and Somaliland – have long asserted their autonomy from the central government. Somaliland has consistently sought international recognition as a distinct, coherent and relatively secure state. In 2012 the provisional 'national' government in Mogadishu (which had very little control over most of Somalia) gave way to the elected/negotiated Federal Government of Somalia (FGS).

Following this donor-supported transition, some oil majors with outstanding claims to hydrocarbon exploration licences – which had been suspended since 1991 as a result of the civil war and state collapse – began to assess the prospects for reasserting their rights. Other new entrant firms sought to explore in Somaliland, Puntland and Galmudug, despite the risk of overlap with existing concessions. In 2012 Somaliland awarded various exploration licences, including to Anglo-Turkish Genel Energy. Other Somaliland deals involved firms incorporated in the United Kingdom, South Africa, Norway and the United

Arab Emirates. Exploration in Galmudug is hampered by intensive inter-clan rivalries and the region's tensions with Mogadishu.

Significant tension exists between the FGS and regional governments over the regions' ambitions to pursue resource development. The FGS has consistently disputed the validity of new concessions granted by the regions, while the regions see autonomous commercial relationships as authorized by the 2012 federal constitution. For its part, the FGS argues that the 2008 Petroleum Law grants it regulatory responsibilities, and it envisages that future legislation would apportion hydrocarbon revenues to the federal and regional levels.

Donors have strongly supported federalism in Somalia, including through a 2013 'Somali Compact',[b] despite a lack of consensus on the ground. The Somali Compact calls for the sustainable development and management of resources through support and capacity-building where regulatory frameworks and key institutions are concerned. The Compact appears to recognize the entitlement of regions to use their natural resources for their own development. Amid heightened interest from oil majors looking to reassert their pre-1991 licences and tentative interest from 'high-risk, high reward' independent firms, the UN Security Council issued a stark warning. In 2013 it encouraged the FGS to 'mitigate properly against the risk of the petroleum sector … becoming a source of increased tension'.[c]

The notion that the prospect of major extractives investment and revenues has or will foster inter-region peace and reconciliation is not self-evident. The 2013 UN Monitoring Group's report noted the scope for the exploration and development of hydrocarbons to foster more heated politics, rather than encourage peace through greater consensus on federalism. It argued that energy companies should cease negotiations with Somali authorities or risk fuelling 'non-transparent practices and political disagreements that could exacerbate clan conflict and constitute threats to peace'.[d] It is too soon to determine the overall impact of energy exploration and expectations on relations between federal units, but the UN Monitoring Group is unequivocal in claiming that pre-existing clan and other fault-lines will make conflict over resources more likely.

[a] Based on Manson, K. (2013); Hearn, S. and Zimmerman, T. (2014); Reitano, T. and Shaw, M. (2013); Federal Republic of Somalia (2013); UN Security Council (2013a); UN Security Council (2013b); UN Security Council (2013c). This brief overview does not purport to explain the range of conflict drivers in Somalia, including very complex clan-based politics, cross-border regional issues, and in south-central Somalia a complex cocktail of clan, Somali nationalist, centre–periphery and Islamist politics.
[b] The Somali Compact is a Somali-led process designed to build capacity around the G7+ led New Deal Peacebuilding and Statebuilding Goals (PSGs), with support from the international community (including assistance from Norway, the UNDP and others in building transparent natural resource management capacity). See Federal Republic of Somalia (2013). There were major donor conferences in London (in May 2013, led by the UK government and Somalia) and Brussels (in September 2013, led by the EU and Somalia).
[c] UN Security Council (2013a).
[d] UN Security Council (2013b).

Box 12: Kurdish Regional Government–Iraq–Turkey – legitimation and integration?[a]

After the fall of Saddam Hussein, the Kurdistan Regional Government (KRG) in Iraq pursued the development of a semi-autonomous oil export sector. Iraq gained a new federal constitution in 2005, which Kurdish leaders then claimed supported their promulgation of a KRG-specific hydrocarbons law and policy framework independent of Iraq's national policy. The KRG government signed over 40 contracts with foreign energy firms without the federal government's approval. It granted concessions to companies including ExxonMobil, Gazprom, Total, Chevron and Genel. The region has proven oil reserves of 45 billion barrels and substantial reserves of gas, but exports initially relied on pipelines controlled by the federal government. Moves to develop the region's own oil and gas sector created serious tension between the two sides.

On the other hand, the move arguably improved historically poor relations between Iraq's Kurds and Turkey. For decades, Turkey had feared that greater development and autonomy in Kurdish northern Iraq might reinforce Kurdish nationalism within Turkey and across the sub-region. Yet, after 2007, Turkish diplomats and investors encouraged the KRG's moves, boosted economic relations with it, and positioned Turkey as its long-term partner for production and exports. Turkish firms were granted licences to explore, to import gas and to construct pipelines.

By 2009, relations between the KRG and the federal government had improved slightly. The sudden decline in global oil prices following the global financial crisis may have been a factor in the federal government's decision to permit KRG exports of oil through the main Iraqi pipeline. A re-funding mechanism was agreed whereby the KRG (and thus contracted firms) recovered expenses from the federal budget allocation; this was renewed in 2010. Yet in 2012 this arrangement became strained, and that year Turkey and the KRG agreed to build three gas and oil pipelines directly from KRG territory to Ceyhan in Turkey, which would supplant the Baghdad-controlled Kirkuk–Ceyhan pipeline.

In one view, Turkey secured the KRG as a low-cost supplier while constraining Kurdish nationalism through economic interdependence, as well as promoting Iraq's federal unity. Turkey encouraged Erbil and Baghdad to agree a federal hydrocarbons arrangement, and the United States encouraged the KRG to pursue its ambitions within the Iraqi federal structure. If so, this case could support the proposition that facilitating development of the energy sector within the parameters of Iraq's federal integrity helped to placate Kurdish nationalism (preventing secession, which would have unpredictable conflict consequences) while drawing the KRG into regional and global energy markets in ways that would tend to promote peaceful relations with Turkey and Iraq's government.

This case's support for the third proposition relies on accepting that the KRG's integration into Turkey's energy economy and the negotiation of arrangements with the Iraqi federal government created greater prospects for peace than previously existed between the KRG, Iraq and Turkey (as well as with Iran and Kurdish separatists across the borders of all these countries). The KRG's unilateral development of its energy sector carried some risk of conflict with Iraq's government, and also of motivating wider Kurdish secessionism with probable violent consequences. However, the process of developing the sector appears to have helped the KRG to become a more responsible and predictable entity within federal Iraq, and so may arguably have contributed to more peaceful relations in the sub-region.

[a] Based on International Crisis Group (2012); Turunc, H. (2011). Events relating to Islamic State of Iraq and Syria (ISIS) have now somewhat overtaken this assessment, in ways that do not seem relevant to the proposition advanced here, although at some level the rise of ISIS cannot be divorced from issues of post-2005 centre–periphery governance in Iraq's federation.

Development of high-value resources in certain contested environments can also help build bilateral economic interdependence between opposed parties, and in many cases shared physical infrastructure. The announcement of a 15-year deal between two Jordanian firms and US-based Noble Energy (and its Israeli partners) for natural gas imports from Israel's offshore Tamar field in 2014, for example, has been described as a 'remarkable economic tie for two countries with a history of tension'.[53] Israel's energy minister previously stated that exports to Jordan (and the Palestinian Authority) could 'help bridge relations on a broader level [and be] an important step in building trust and peace in the region'.[54] Sudan and South Sudan present another example of this dynamic in the context of fragile states and active conflict (see Box 13). Essentially, interdependence relies on a fairly simple rational-choice argument that is 'in theory' compelling (where the parties are happy with their slice of the shared economic windfall).

[53] Galbraith, K. (2014).
[54] Udasin, S. (2012).

Box 13: Sudan and South Sudan – onshore oil interdependence?[a]

The interdependence proposition for relations between Sudan and South Sudan is distinct from, but related to, internal peace and stability in the latter. The new country descended into ethnic civil war in 2013. The oil sector was a major feature both of the new conflict and of efforts to resolve it, and to prevent it affecting the peace between the two countries.

After a long secessionist war and based on a 2005 peace accord, in 2011 South Sudan gained independence. At that point Sudan lost over 70 per cent of its previous oil reserves. However, for the foreseeable future South Sudan can only export oil in bulk through Sudan's pipeline and port infrastructure. Both countries' economies rely heavily on revenues and tariffs from this production-and-transit arrangement.

In 2012, South Sudan suspended production and exports, mainly as a result of a disagreement over transit fees. There was a serious escalation in tension and rhetoric. Yet, while the borderlands have hardly been stable post-2011, no all-out conflict has resumed between the two states. Both countries face serious fiscal problems and internal political instability; their ruling regimes have a direct political interest in avoiding disruption to oil-related revenues. In this sense, it is arguable that oil interdependence continues to incentivize the maintenance of peace.

[a] China has invested heavily in oil production in both Sudan and South Sudan through its national oil companies, and made unprecedented conflict mediation efforts. The case presents a rare example of external intervention by a party that has resource interests in both sides of the conflict, and therefore in both parties' stability. See, for example, Raghavan, S. (2014).

Assessing the role of various actors

Achieving stability and peace through interdependence assumes political will on the part of host countries and extensive assistance on the part of donors and development agencies. Extractives-led development strategies present resource revenues as the basis for growth, development and thus stability (albeit with appropriate governance and fiscal assistance). International proponents of extractives-led development strategies generally accept the likelihood of negative 'resource curse' effects and see effective governance as key to avoiding them, particularly the implementation of initiatives such as the EITI in host governments and operating companies.[55] The emphasis among donors and multilateral actors on transparency reflects this. Good governance and EITI compliance constitute a central pillar of the UK Department for International Development's £34 million 'Releasing the Transformative Potential of Extractives for Economic Development' programme, which covers a number of fragile and conflict-affected countries including Afghanistan and the DRC. Similarly, the G8 has announced 'fast-track' partnerships to support the EITI and wider extractive industries governance in Colombia, Guinea and Myanmar, among others.[56]

Situations where co-dependence issues might arise at international or interstate level will probably be so heavily politicized that there may be little scope for firms to influence outcomes other than to encourage parties to act on fairly self-evident interdependence. In the case of the KRG, for example, it is difficult to attribute any peace-positive impact to deliberate and direct peacebuilding actions by extractive firms. The main role of invested firms in such situations may be to conduct their core business with sensitivity towards the timing of actions that might unbalance interdependence. Where bilateral dependence is concerned, the 'business for peace' literature supports the idea of

[55] Stevens, P. et al. (forthcoming).
[56] EITI (2013).

generating shared economic activity across conflict lines – not only promoting reconciliation, but also fostering a sense of mutual dependence and creating jobs.[57] Peacebuilding narratives have also explored the role of trade and other economic links across conflict lines where traditional peace processes have stalled.[58]

Assessing the proposition

Much turns on the definition of 'peace' adopted, in relation to both stability and many of the norms associated with it, including democracy and rule of law. FDI and resource revenues may reinforce existing transmission mechanisms – what kind of stability (and thus peace) this promotes may in turn depend on the nature of existing governance structures and patterns. Moreover, the question of whether extractive-sector development promotes the democratic transition in Myanmar, for example, may not be the same as whether it promotes regime stability or near- or longer-term peace.

Interdependence also relies on the assumption that parties to conflicts will act on rational calculations of their economic self-interest. This defies centuries of experience that parties have entered into conflict despite strong mutual economic incentives to avoid it. Between deeply divided sub-national groups or between states, the desire for independence may prove stronger than the merits of interdependence. New or existing resource developments may drive conflict, rather than mitigate it. Moreover, in many cases, the resources in question may be the reason for conflict in the first place. Thus while oil interdependence might provide leverage to convince Sudan and South Sudan to pursue peace, oil is also inextricably connected to the overall nature of their dispute.

> Interdependence also relies on the assumption that parties to conflicts will act on rational calculations of their economic self-interest.

Long-standing areas of unresolved international legal and political status present an entirely different challenge. Here, the international attention and engagement accompanying a new resource discovery or development may promote peace-positive behaviour by the autonomous and parent authorities. The prospect of a developed sector may convince the parent authority not to resist greater autonomy or even independence, or to support this with concessions and conditions. The territory may be incentivized by market and other pressures to behave in predictable, reassuring and unthreatening ways. Under such circumstances, they may reach positions of mutual recognition and respect in peaceful ways. Equally, the parent authority may resist an area's claims to autonomy or independence, while a discovery may convince pro-independence actors of the need to push forward and increase the use of force. Here, even the prospect of resource development may exacerbate rather than reduce the risk of serious armed conflict.

[57] Killick et al.'s (2005) 'core business' category of action, for example, includes generating shared activity across conflict lines, promoting reconciliation as well as creating jobs and a sense of mutual dependence.
[58] See Conciliation Resources (2012), for example, which explores the role of the Joint Chamber of Commerce of Jammu and Kashmir in fostering economic ties and dialogue across the highly militarized Line of Control between India and Pakistan. However, it should be noted that this example draws on small-scale, local business actors.

Evaluating the Prospects of Resource Development for Peace

A case can be made that large-scale commercial resource development in fragile and conflict-affected situations can make a positive contribution to peace at local, national and interstate level. Equally, however, a case can be made that it may undermine peace. Perhaps the most that can be said is that due to the special nature of large-scale resource development, there is no such thing as 'neutral' impact – resource development will have a peace-relevant impact one way or another. This provisional conclusion is not intended to be glib; it reflects the fact that the contribution of resource development to peace or conflict depends on complex political, economic and social dynamics. These will vary with each context (and over time), as will the other important variable: the conduct and capabilities of governments, industry firms and other actors.

Recognizing the conceptual soundness of propositions about resource development and peace is clearly not the same thing as asserting a link between them. Nor should the illustrative examples in the previous section be interpreted as evidence or refutation of such a link. They are arguable as individual cases, but this does not imply a relationship. Meanwhile, a number of conceptual and empirical problems remain.

- First, the propositions rely too heavily on the idea that economic growth or opportunities for material gain will invariably reduce incentives for conflict between groups or states. The drivers of human conflict are often multiple and too complex to be addressed solely by economic growth and its associated benefits.
- Second is the assumption of the existence of – or the realistic possibility of establishing – institutions that are legitimate and effective enough to ensure that resource development is pursued in inclusive, transparent ways that build social cohesion and long-term positive peace. Fragile situations are so-called precisely because at the time of their assessment, they lack these attributes.
- Third is the challenge of confidently isolating the contribution of resource development to peace in any one case. This brings empirical problems of causality, attribution, the absence of counterfactuals and temporality.

With an eye on future research and case-specific analysis, this section explores the significance of contextual considerations and methodological issues in assessing claims that resource development can be 'peace-positive'. It also explores policy options for guiding efforts to realize any peace-positive potential.

Context matters

Whether resource development contributes to peace or conflict depends on whether it supports or undermines social and economic development, institution-building and political inclusion. It also depends on how it plays into existing conflict dynamics (whether latent or active). The impact of resource development will depend first and foremost on contextual factors, particularly the legitimacy and effectiveness of existing institutions, the level and nature of government capacity and economic development, and historical and socio-political factors and experiences.

Underlying drivers and actors

There are many forces, factors and actors that shape peace and conflict trajectories. The illustrative examples of the previous section clearly demonstrated that while the actions of policy-makers or businesses may be well-intentioned and appropriately implemented, wider contextual factors may do more to determine whether outcomes are positive, negative or immaterial to peace.[59] Based on the literature review, expert consultation and analysis of the propositions and illustrative cases, the following factors are among the likely determinants of the 'peacefulness' of the development path:

Political and conflict factors

- **The political context, including the 'stage' and 'status' of a conflict, impasse, peace process or peacebuilding process**: The peacebuilding literature notes the fallacy of any approach that treats conflicts as conforming to types.
- **The legitimacy and effectiveness of the government and its institutions**: This includes not only institutions that regulate the extractive industries, but also those that are relevant to the distribution and perception of resource benefits and risks in societies. Much depends on the rule of law and governmental actions in distributing or utilizing revenues and other benefits fairly, transparently and effectively.
- **The relative distribution of power in societies in regulating and managing resource extraction and revenues**: Firms, donors, lenders, civil society and others may be able to influence and assist governments to act in more pro-peace ways, but this influence and its impact will inevitably vary with place and over time.
- **The scope for popular, civil society and community inputs into resource development strategies and operations**: Again, it seems fair to posit that more open societies will be better placed to ensure that resource development and the revenues associated with it do not reinforce political patterns that are drivers of political risk.

Economic and infrastructure factors

- **The local economic context, including the scale of the resource, the sector's size and the degree of non-resource diversification**: A new extractive-sector project that is of relatively insignificant scale in the context of the overall economy will conceivably have less potential impact, either for better (potential peace-positive gains are less marked) or for worse (deleterious 'curse' impacts are less marked).
- **The extractive sector's stage of development or maturity**: The capacity among local and external actors to manage a new resource discovery will clearly vary between situations where an established extractive industry sits side by side with a wider conflict situation, and where greenfield development occurs in fragile and conflict-affected situations.
- **The wider and global economic context, especially in terms of commodity-price or demand cycles**: Macro-level variations, such as an acute commodity-price drop at a particular point in a political process, may hold more significance for the overall impact of a project or sector on development dynamics than, for example, the actions of particular firms.

[59] This is echoed by findings from the peacebuilding literature that the 'success' of an intervention is very often determined by wider contextual factors (the history and politics of the crisis or conflict, and even variation in the broad geopolitical environment) far more than by the mandates, resources, leadership or other attributes of particular operations. See Paris, R. (2003).

Commercial and external factors

- **The interest, influence and effectiveness of donors and other supportive external players**: As with firms (although with different issues of appropriateness), the scope for external actors to influence peace-positive state management of resources will vary, and be a significant determinant of whether any peace-positive potential is realized in fragile states.
- **The attitude and attributes of extractive-industry firms**: A significant firm or group of firms might not only pursue conflict-sensitive or peace-positive resource use and development in their operational areas, but also influence how host authorities manage the political economy relating to resource wealth (i.e. in pro-peace ways). However, as noted, this influence may fluctuate, including over time and due to factors beyond their control. Moreover, such influence may be problematic in terms of democratic legitimacy, even if the influence of commercial power can be shown to be peace-positive.
- **Various company-specific factors potentially affecting a firm's amenability and ability to make direct peace-positive contributions**: These include physical location (e.g. there is a very significant difference between offshore and onshore hydrocarbon production in terms of both conflict footprint and peacebuilding potential); identity (firms vary hugely by origin, nationality, ownership structure, operating structure, size, stage of extraction, appetite for risk, reputational exposure, capacity, project timeframe etc., while individual managers will have varying approaches to peacebuilding issues); and time horizon (for instance between junior explorers and the majors – this will typically be relevant to whether a firm perceives, and has realistic scope for, any positive peacebuilding roles or impacts, as well as its overall risk threshold).

Historical and intangible factors

- **The historical role of resource development in political and conflict dynamics**: The role of natural resources in development and/or the distribution of national wealth may be peripheral to the issues dividing societies or states. By contrast, a sector (or even a particular firm) may be or become intricately linked to the history and narrative of a past or potential conflict. Wider forces such as nationalism may be at play, affecting how use of resources affects politics.
- **Perceptions about the legitimacy of a sector, project or deal**: A firm could operate in a highly conflict-sensitive and peace-positive manner, yet find that its presence or the sector's operations inflame grievances and fuel conflict risk because of perceptions that the company is aligned with one party (e.g. the licensing body) or because the overall terms of the investment are seen as unfair.

Measuring and assessing these contextual factors and the agency of actors remains a more challenging prospect. Indicators are available for many of the political, conflict, economic and infrastructure factors, but data gaps in the most fragile and conflict-affected countries such as Somalia, Afghanistan and Myanmar highlight the difficulties governments, investors and external actors face in accurately assessing and managing both the conflict risk and peace-positive potential of extractive-industry development. For other factors, particularly the historical and intangible factors, but also to some extent commercial and external factors, indicators and thus understanding are typically lacking.

Waiting for fair weather

It is likely that peace-positive resource development in a conflict-affected or risky area might be a 'fair weather' proposition. That is, where the prevailing initial conditions are favourable – perhaps if conflict has ceased and peacebuilding efforts are already in train – the development and the benefits that might follow could conceivably reinforce a virtuous circle of peace and economic development. In other circumstances, the context of governance or conflict may be so adverse that it is inconceivable that the even the enlightened behaviour of firms and policy-makers could prevent resource development from contributing to greater risk or intensity of conflict. In this case the responsible course of action could be to leave the resources underground until the context is more favourable.

Governments and donors that pursue resource development in fragile areas, with the attendant risk of exacerbating conflict risk, cannot argue that they are hostage to 'prevailing conditions'. Their conduct (and sometimes their mere presence) comprises part of the context. This means that, especially over a long time for a major project, it will be difficult to assess a sector in isolation from its context. The rather unsatisfactory answer to questions about peace-positive resource development potential in settings of existing fragility is that each investor must judge whether peace-positive impacts are at all likely (e.g. amid compromised institutions) and be prepared to be judged on the basis of that contextual call.

Can context be changed?

Deliberate and concerted interventions can make certain contextual factors more favourable. History cannot be rewritten, but government capacities and legitimacy can be developed, and competent, trusted institutions can be progressively built. This is the implicit assumption behind much of the policy advice and donor funding to resource-endowed governments. Experience tends to show, however, that effective institutions emerge gradually. Even in relatively small countries that experience intense international engagement (such as Timor-Leste, Liberia or Guinea), state-building, like peacebuilding, has proved extremely difficult, time-consuming, or both.

> One clear indicator of whether resource development is likely to support peace is whether there are actors within the government that share the vision of peace-positive resource development and have real agency.

Nor is it guaranteed that good policy advice, donor support and investment will necessarily lead to more effective governance. Institutions develop in a path-dependent fashion and tend to be more responsive to their domestic political economy than to donor policy advice. Efforts to develop a peace-enhancing resource sector are necessary but not sufficient, especially if the prevailing 'tide of history' shows little alignment between contesting parties, or if the political will of the host government is uncertain. One clear indicator of whether resource development is likely to support peace is whether there are actors within the government that share the vision of peace-positive resource development and have real agency, and whether there are companies and civil society with which they can collaborate.[60]

Although institutional development can occur in parallel with resource development, if the latter takes place too rapidly institutions may not keep pace. For example, the manner in which resource development is occurring in Myanmar carries significant risk. Resource-sector FDI in the country has taken off in recent years but political and economic institutions are reforming at nothing like the same pace, despite considerable donor engagement. It is arguable that the uncertainty, higher stakes and suspicions around resource development, coming on top of deep underlying ethnic and political tensions, would not require much of a catalyst to ignite widespread conflict.

[60] See p. 4 of the project workshop summary.

Implications for key actors

What implications do these insights hold for the key actors listed in the first section of this paper: host governments, the international community, the extractive industry and civil society?

Public policy challenges

The discussion so far has identified the following requirements for government to maximize the contribution of the resource sector to economic development and peace:

- Effective institutions for transparent and effective management of the sector, especially in terms of revenue management and use;
- Sufficient legitimacy and capacity to convene multi-stakeholder coalitions in order to ensure political inclusion and provide viable means of recourse to peaceful dispute resolution;
- Sufficient government capacity to design and implement industrial policies to diversify economies away from the resource sector into productive, job-creating activities; and
- The ability to develop and implement an appropriate communication strategy around resource development to manage expectations, and to translate revenues into broad-based improvements in human development through social spending.

In fragile and conflict-affected contexts, this level of institutional and government capacity is unlikely to be present.[61] As a result, a windfall of resource revenues could fuel corruption, deepen inequality, distort the economy and exacerbate tensions.

The roles of donors and partner governments, as well as transnational and local civil society, will be crucial in managing the potential risks and in fashioning any peace-positive outcomes. As noted, governments, donors and NGOs are increasingly able to draw on more sophisticated policy ideas and frameworks for inclusive resource development. Against this policy trend is the fact that contextual conditions will probably determine whether such interventions have any prospect of success.

Given the risks of allowing resource development to run ahead of institutional development, there is an argument for national governments to slow the pace of resource extraction, and pick up the pace of capacity-building. There is a further case that 'going slow' might help economic diversification and job creation (so reducing conflict risk), by providing local enterprises with more time to develop backward and forward linkages from and to the extractive sector.[62]

Going slow presents a further challenge to governments, however, and cannot guarantee success. They will come under inevitable pressure from populations to realize and spend resource revenues quickly. Where corruption is rife, there may be further pressure on governments from political elites seeking to plunder the revenues. Finally, government will also come under pressure from extractive companies keen to maximize the net present value of their expected cash flows by frontloading them as much as possible.[63] To some extent, the preference of companies for haste can be dealt with through regulation. Governments can manage the pace of development through the rate at which

[61] With interstate contested resources, such institutional frameworks for joint development or dialogue require considerable political investment.
[62] Stevens, P. et al. (forthcoming).
[63] Ibid. However, as Stevens, P. and Considine, J. (2013) argue, a business case for slower development can also be made using options theory.

exploration licences are granted and development plans approved. They can also influence extraction rates through legislation.

Managing the demands of the population – the ultimate owners of the resource – is harder. One way to do so is through a national dialogue that discusses when and under what conditions it would be appropriate to begin producing the resource, and how quickly depletion should occur. A model national debate took place in Norway following the discovery of North Sea oil.[64] A more recent example is Ghana. The very process of facilitating such a debate should, if done properly, contribute to political inclusion. The difficulty in drawing these analogies is that Norway and Ghana were not fragile states at the time when their petroleum endowment became realizable.

Extractive-sector challenges

Companies have contractual duties to their host governments and responsibilities to their host societies, but they cannot (and should not) be expected to carry the burden of ensuring peace-positive development. There are limits to how much they can and should influence how governments pursue that development. Nevertheless, if they choose to invest in weak and fragile governance contexts, they cannot disown the need for special precautions and responsibilities with respect to the impact of their presence, operations and revenues on social well-being, cohesion and peace.

Firms are increasingly expected to find ways to minimize conflict risk within their 'sphere of appropriate influence' (see Box 14). More work is needed, generally and in special cases such as those that attract UNSC attention, on what role extractive firms can or should play in trying to affect their governance environment. The challenge for firms is to understand better the potential consequences of their actions for conflict and peace dynamics. This is no easy task, as the preceding discussion has highlighted. Strict adherence to conflict-sensitive business practices will not necessarily prevent resource development from creating risks to peace.

In some cases, exiting from conflict-affected areas or deciding not to invest in the first place may be better for peace prospects than responsibly managed resource production. In other cases it may be appropriate to proceed, but to develop the resource at a slower pace and with a lower internal rate of return, with the reduced conflict risk (and hence investment risk) justifying the discount. The real challenge is deciding the most appropriate course of action. There are significant questions to be explored around conflict risk and project financing – how should reduced conflict risk be weighed against a lower internal rate of return, for example? Should the wider implications of an exit decision be considered, such as the consequences for local partner companies? The complexity of conflict dynamics will generally make it difficult to foresee the consequences of any decision, although some settings are so manifestly fragile and controversial that investment decisions cannot be justified on the basis that their consequences were unforeseeable.

The 'sphere of appropriate influence' framework is helpful in illustrating how an extractive company's influence generally decreases as the relevance of its actions to wider peace and conflict outcomes increases. As noted, seeking to pursue more explicit peacemaking or peacebuilding activities beyond core operations is a risky proposition for an extractive company. Not only do firms generally lack the necessary skills and legitimacy, they may also lack sufficient influence to be effective; and they certainly lack sufficient control to avoid unintended outcomes, which may have severe consequences.

[64] Stevens, P. (2011).

Box 14: Extractive firms – spheres of influence and control

There is a trend of growing expectations that big business should match its influence with social accountability and beneficial impact. For many observers, the global extractive industries' degree of (often invisible) influence on public policy and governmental action is highly problematic.[a] On the other hand, in fragile or poorly governed zones there are calls for firms to influence government to develop the extractive sector more inclusively and peacefully.

The challenge is to delineate the appropriate or advisable 'sphere' for business in relation to directly building peace or indirectly contributing to the conditions for peace. Given the special nature of resource development in fragile contexts, this is particularly complicated for extractive companies. Nevertheless, one can advance a framework that distinguishes between:

- Peace- or conflict-related factors that a firm can control;
- Factors that a firm can influence but not control; and
- Factors that a firm can understand, but not influence or control.[b]

The first sphere relates primarily to core operations and so would include adherence to best-practice operating principles ('do no harm'). It would also include investment or disinvestment decisions such as exiting a conflict situation or delaying investment until conditions are more favourable.

The second sphere might include lobbying of government on relevant policies and regulations. This could be to encourage transparency or to encourage a government to plan resource development at a speed that allows domestic institutions and infrastructure to keep pace. Overt peacemaking or peacebuilding activities would also belong here, including attempts by companies to encourage dialogue between parties to a conflict or to mobilize the international community to engage.

The third sphere might include complex social, political and conflict dynamics over which the firm has no intended influence or control, but which it may still affect unintentionally and indirectly through its actions.

This conceptual differentiation holds some promise in helping delineate an appropriate role for extractive-sector companies in relation to efforts to promote and consolidate peace. The applicable normative principles around business responsibility are becoming more defined over time.[c] Better understanding of these parameters and of the varying motivations, capacities, incentives and concerns of extractive firms is relevant as policy-makers increasingly seek to engage business in the wider development agenda. There are various ways to explore this untapped potential. For example, emerging country-level hubs for public-private development partnership and dialogue could incorporate cross-sector collaboration on how to build more durable peace.[d]

[a] See, for example, Coll, S. (2012).
[b] Goodhand, J. (2006), as applied in Ford, J. (2015).
[c] See UN-level work around the UN Guiding Principles on Business and Human Rights, UN OHCHR (2011).
[d] See, for example, The Partnering Initiative (2014).

Research challenges

Meanwhile the research challenge is to be able to be more confident about claims of peace-positive impacts, especially in particular contexts. The findings of this paper point towards an emerging research agenda on this important issue. However, it is likely that any enquiry into claims about peace-positive impacts will face generic methodological difficulties. These are not limited to resource development or the extractive industries. Scholars struggle to define, measure and attribute 'success' in positively contributing to peace. Some of the principal difficulties are considered below.

Attribution and causality

Existing scholarship confirms that in fragile situations, no major intervention (investment, humanitarian or other) can have a 'non-impact'.[65] However, it will invariably prove difficult to isolate the relative impact of any one particular actor, factor or sector, and to attribute peace-related gains accordingly. This is partly a function of the interplay between the wider context and resource-related circumstances.

However, without the counterfactual, isolating and proving the impact of any one particular actor or variable will prove difficult. In essence, any claim that resource development has contributed to consolidating peace (and to making conflict less likely, intense, prolonged, etc.) ultimately involves assessing how the political dynamic might have evolved without the resource-base or its development as a factor. This process can become highly abstract and artificial.

There may also be logical difficulties in positing resources as a factor bringing parties together in dialogue or interdependence to resolve tensions. While extractives companies can have convening power, the argument may become strained in cases where tensions might not have arisen in the first place without the discovery or development of the resource in question. As noted, to argue that the oil sector promotes peace between Sudan and South Sudan because it generates economic interdependence is to ignore that the conflict may have been exacerbated by, or might even not have arisen without, contests over control of oil wealth.

The impacts of major investments are not necessarily linear and simplistic. This raises the challenge of attributing a net contribution, especially at a fixed point in time. A firm's actions may contribute to local peacebuilding, yet governance at national level – from contracting procedures to the use of resource revenues – may have a net negative effect on national processes to consolidate peace. In such cases an overall 'peace-positive' claim may prove as difficult to sustain as claims of net negative impacts of an investment.

It is arguable that a country's improving peace quality or declining conflict-risk rating could credibly be tracked relative to the discovery and/or development of major resources, in search of some correlation for how the sector's development coincided with peacebuilding progress. In addition to the counterfactual problem, significant problems of causation and attribution would arise. Oil-rich Angola after its 2002 peace agreement illustrates some of these methodological difficulties:

- Angola's peace deal coincided (almost exactly) with a massive rise in global oil prices, and the country has been stable and at peace since then. On the face of it, this is a basis for arguing that the oil sector has contributed to peace-positive development in a post-conflict country.
- However, it is not obvious that oil-funded governmental development actions account for the

[65] Goodhand, J. (2006), p. 191.

consolidation of peace in Angola. Other compelling reasons exist, such as the end of apartheid in South Africa and of the Cold War, widespread war fatigue among most Angolans, and the fact that the ruling party enjoyed an outright (and oil-financed) military victory.

- Taken only from 2002, an Angola 'peace-positive' case is artificial unless it could be claimed that oil was not relevant to why or how its parties fought so hard and so fiercely for so long.

The case presented in Box 15 illustrates the potential pitfalls in credibly assessing these sorts of scenarios, and of ascribing causality too readily.

Box 15: Attribution, causation and unintended effects – the Katanga question

The copper-rich province of Katanga in the Democratic Republic of the Congo (DRC) provides a good example of the potential problems in assessing peace-positive claims. Is the presence of a large-scale formal mining sector in Katanga a cause or a consequence of its (relative) peace and stability? Can the development of a large-scale, formal mining sector there be credited with some role in the province's stability compared with the more northerly eastern provinces? Those very unstable provinces (particularly the Kivus) are involved in global metals supply chains, but do not host formal, foreign-owned operations at any scale.

The argument could be made that Katanga is relatively stable because of the development of the mining sector and the presence of major foreign mining companies (which are absent from less stable provinces) and the resource revenues they provide, which in turn bolster the state government's capacity and contribute to peace. However, the contrary argument is just as viable: mining companies may only be present because of this stability. Katanga may be relatively stable for very complex, historical and political reasons that cannot be ascribed to its resource development path. In geological terms, Katanga and the Kivus have very different resource bases, further undermining the utility of the comparison.

Moreover, the question requires more nuance, with no simple answer. Is the question about net peace-positive impact, and what is the relevant timeframe for assessment? Is peace local or national? A counter-argument would be that mineral wealth unlocked by resource development has fuelled low-level secessionist impulses and tensions between Katanga and the national government, raising complex questions over net peace-positive impacts. There is also the difficulty of the counterfactual of non-development of Katanga's resource base.

Temporality

As discussed in relation to Angola and the DRC (see Box 15), the timescale over which a peace-positive claim is considered can affect the conclusion. Development of hydrocarbons in Aceh province in Indonesia in the 1970s sparked a secessionist conflict that ebbed and flowed for decades. A consideration of events from the turn of the millennium, however, might lead to the conclusion that the prospect of cooperative resource development helped bring both sides into negotiations and agree a peace, ending a conflict rooted in the same resource.

> A peace-positive claim needs to be assessed over the full life-cycle of the resource development, from exploration to discovery, exploitation and expiry.

In many conflict-affected areas, the intensity of conflict fluctuates due to endogenous and exogenous factors. A peace-positive claim needs to be assessed over the full life-cycle of the resource development, from exploration to discovery, exploitation and expiry. For example, copper mining on Bougainville Island in Papua New Guinea contributed to insurgency, civil war and secessionism in the 1980s and 1990s; yet the prospect of its future revival could conceivably one day become a catalyst not just for reconciliation but for building greater resilience against conflict than existed before. However, the way this revival is managed remains critical to its peace-positive potential.[66]

In this regard, in many areas of major new resource discoveries within historically conflict-affected, contested or fragile areas there exists a theoretical case for investment to be peace-positive, and one for it to exacerbate conflict. However, in these settings, it is too soon to make any strong claim to one effect or the other. This applies to some of the examples in the previous section, including Cyprus and Myanmar. There are many more examples, from multiple maritime boundary disputes in the Eastern Mediterranean and the South China Sea to resource development in Afghanistan (mining and hydrocarbons), Turkana county in northern Kenya (oil), and Lake Albert between Uganda and the DRC (oil), to name just a few.

For policy purposes, the relevant research question is perhaps not the counterfactual of 'no resource development' but 'a different path of resource development'. This puts a premium on avoiding assumptions about how resources might help or hinder peace consolidation, and instead on focusing on what contextual factors can be influenced (and by whom) so as to maximize any incipient or potential peace-positive impacts.

[66] Under the terms of its Bougainville Peace Agreement, signed in 2001, the island will hold an independence referendum by 2020. Bougainville's president, John Momis, states that reopening the mine is the only way to secure a viable economic base for independence and meet the conditions for the referendum. However, a survey presented to the Australian parliament last year reported 'near universal' opposition to the reopening of the mine among local civil society; see Davidson (2014).

Conclusions

This paper avoided a starting assumption that major resource development in fragile or conflict-affected areas necessarily tends to fuel division and conflict. Instead it asked whether and in what circumstances it might help to bring parties together, or help foster conditions more conducive to peace. It is possible to advance three propositions that, independently or in combination, suggest how large-scale resource development might do so:

- **Encouraging dialogue**. In an active or frozen conflict, the economic benefits of resource development might encourage parties to enter into negotiations.
- **Delivering peace dividends**. Especially in post-conflict situations, resource development can contribute to peace through favourable impacts on economic growth, institutions and social spending, and public faith in and patience with the political settlement.
- **Establishing interdependence**. Resource development can assist the integration of conflict-affected countries into the global economy and international community, thus contributing to peace and stability, or create bilateral economic interdependence between opposed countries or regions.

For each of these, there is a counter-proposition, though. Rather than encouraging dialogue, resource development could raise the stakes in an existing conflict by providing something to fight over. Rather than contributing to economic development, institution-building and peace, it could fuel corruption, undermine economic development, deepen inequality and foment discontent, thus undermining peace. Rather than contributing to stability, rapid integration with the global resource economy could disrupt fragile contexts if large inflows of investment disrupt livelihoods and fuel corruption, or if national economies become tied to volatile resource markets.

Methodological challenges mean it is hard to be definitive, but arguable examples and counter-examples for each proposition exist. Resource development is inherently neither promising nor problematic for peace. In any specific case, whether resource development contributes to or undermines peace will depend first and foremost on a host of complex contextual factors. This has the following implications:

- **Resource investment in fragile settings is unlikely to be 'conflict-neutral'**. The extractive sector has unique transformative potential for better or worse in fragile or conflict-affected settings. This places particular responsibilities on extractive companies to decide whether to invest at all, or to apply conflict-sensitive business practices and take into consideration the indirect consequences of their operations on peace and conflict dynamics.
- **Peace-positive resource development is likely to be a 'fair weather' proposition**. For resource development to have a good chance of contributing to peace, the wider context must be favourable. This depends in turn on complex historical, cultural, social, political and economic factors, in addition to institutional variables such as state and civil society capacity. Peace-positive outcomes appear more likely where there is already a constructive dynamic under way that the benefits of resource development can reinforce. This might include economic growth, institution-building or a peace process, for example. These dynamics are more likely in frozen disputes and post-conflict situations than in active, ongoing conflicts.

- **Extractive companies have limited influence over peace and conflict dynamics**. Despite the fact that they sometimes have much greater financial, technical and human capacity than the host state, companies lack peacebuilding skills and democratic legitimacy. Typically, an extractive company's influence decreases as processes become more directly relevant to peace and conflict – a firm has control over its core operations, some influence over policies and regulations pertaining to the extractive sector, and minimal control over wider conflict dynamics or peace processes. Explicit corporate engagement in peacemaking or peacebuilding activities remains a high-risk proposition in all but the most exceptional circumstances, for instance where a company is part of a multi-stakeholder coalition and/or has a long, positive history in the country.

- **Even a 'do no harm' approach can still be harmful**. Responsible firms tend to adopt a 'do no harm' approach to minimize the direct impact of their operations on conflict. Yet in the most adverse contexts, activity in line with conflict-sensitive guidelines may still inadvertently fuel conflict. In the most serious cases, where activities are likely to exacerbate conflict risk, firms should consider a moratorium. Depending on the stage of development, this could mean a decision not to explore, not to invest, or even to disinvest. While some situations may attract UN Security Council resolutions or other injunctions, in most cases firms must make these judgments themselves. This raises the question of how they can best do so.

- **New approaches are needed**. Existing guidelines generally stop at 'do no harm'. There is no common framework that companies might use to understand the wider implications of resource development for conflict and peace dynamics and potentially reach a decision not to prospect, not to invest or to disinvest. Of course such a framework would be imperfect, as it could never fully capture the complexity and contextual specificity that characterize the relationship between resource development, conflict and peacebuilding. Nevertheless, it could still be of considerable value if, through using it, companies and stakeholders gained a more nuanced and shared understanding of the dynamics associated with a particular project. Developing such a framework would be extremely challenging, both methodologically and practically, and might even prove impossible. However there would be inherent value in a transparent multi-stakeholder process that attempted to do so. At the very least, this could deepen understanding of the links between resource development, conflict and peace and what constitutes responsibility beyond 'do no harm'.

- **Strong institutions are critical, but are rarely present in fragile and conflict-affected situations**. Effective institutions to manage revenues, govern the resource sector, minimize corruption and ensure political inclusion are vital if resource development is to contribute to sustainable peace. Development agencies, multilateral development banks and NGOs have become effective providers of governance and regulatory advice. However, even with the best technical advice and donor support, in the most fragile and conflict-affected states where governance and institutional capacity is exceptionally weak or absent, effective institutions will take a long time to emerge. In these circumstances, governments should explore the political and economic viability of policies to slow resource development, while working with development partners to build capacity. Such action is likely to be at odds with the pressure that governments and companies face to bring resources to market, increasing the scale of the challenge.

- **Promotion of extractive-led development in fragile conflicts carries inherent risk**. The current policy trend among Western donors and multilateral banks to promote resource development in conflict-affected countries is premised on the notion that investment and resource revenues – through their beneficial impacts on economic growth, institutions and social spending – can contribute to stability and thus peace. Yet even with significant financial and technical assistance and concerted multi-stakeholder efforts, a peace-positive outcome is by no means a foregone conclusion. Despite this risk, in some cases the logic may still be that resource development is the 'best bet' given the opportunities presented by resource development and the exceptionally challenging prospects of the countries concerned.

Annex: Definitions

'Resource development'

This paper focuses on the local, national and regional significance of large-scale formal commercial activity by firms in the extractive industries (the mining, oil and gas sectors).

From artisanal communities to supply-chain analyses to global commodities trading, other actors and activities may also affect peace dynamics, but are not covered here. The roles of extractive firms are given particular attention, with recognition that huge diversity exists between firms and sectors, affecting their social interests and impacts, and that the overall shape of resource development and peacebuilding processes is primarily a matter for governmental and civic institutions.

'Conflict' and 'fragility'

The focus is on extractive-industry activity in fragile areas or situations that are affected by, recovering from or at high risk of serious armed conflict, both within and between states.

From strikes to criminal activity, resource development projects may encounter various forms or sources of violence. Yet while such problems can mutate or spread, this paper is interested only in situations where the overall stability of an area or region could be affected. At issue is resource development *within* conflict-risk states (those that do or could rank on institutional lists of 'fragile states')[67] or *between* contesting states (tensions that do or would in theory attract UN Security Council attention). Such settings are 'fragile' in that relevant institutions struggle or decline peacefully to manage political, economic and social provision, competition or shocks.

This approach takes into account:

- Definitional debates about conflict;[68]
- The complex causes of conflict and the shifting nature of conflict dynamics over time;
- The fact that supposedly stable states can have areas of special fragility or conflict risk and vice versa; and
- The fact that violent conflict is not the only issue worth understanding or resolving, since resource development could affect human rights, poverty reduction, good governance, democratic freedoms or the environment without necessarily affecting conflict risk.

[67] There is no consensus on the definition of 'fragile states'. This research considered, among other sources, the World Bank's Country Policy and Institutional Assessment indicator, the Uppsala Conflict Database, and the Fund for Peace Failed States Index.
[68] For one recent academic definitional exercise in the extensive literature on conflict and fragility, see Boyle, M. (2014), pp. 25–44. Since 1991 Heidelberg University has refined methodologies for defining and measuring 'conflict'. See http://www.hiik.de/en/methodik/index.html.

‘Peacemaking’, ‘peacebuilding’ and ‘peace-positive’

The focus is on initiatives to prevent or resolve serious conflict (‘peacemaking’), and on comprehensive efforts to foster processes and conditions that reduce the drivers of conflict and insecurity, build trust, and help institutionalize peaceful ways to resolve crises and conflicts (‘peacebuilding’). Hence ‘peace-positive’ actions are ones that promote peacebuilding activities and/or goals.

From activists to academics, debate continues around what situations can be described as ‘peaceful’, who decides this, and how best to achieve and consolidate sustainable peace.[69] This paper avoids this complex debate, but prefers a notion of ‘positive’ peace defined by more than simply an absence of violence.[70]

It recognizes several facts:

- Successful peacebuilding, and peace-positive resource development in fragile states, will normally be accompanied by and require ‘state-building’ (strengthening the capacity, responsiveness and legitimacy of governance institutions), although one can strengthen the state without making a society more peaceful.
- Likewise, ‘peace’ and ‘stability’ are often mentioned together, but these concepts are not synonymous. Especially in repressive states, a site, situation or society could be ‘secure’ and ‘stable’ without being ‘peaceful’.

[69] See Call, C. (2008). See generally United Nations (2008), ‘UN Peacekeeping Operations: Principles and Guidelines’; *Guiding Principles for Stabilisation and Reconstruction*, Washington, DC: US Institute for Peace; Smith, D.(2004).
[70] Galtung, J. (1985), p. 141; Lederach, J.-P. (1995).

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Acknowledgments

This project has benefited from extensive guidance and support both within Chatham House and beyond. The authors would like to thank Professor Paul Stevens, Dr Valerie Marcel and Glada Lahn for their invaluable advice and assistance in defining, shaping and developing the project. Thanks are extended to the experts who attended the workshop that Chatham House held in September 2014, entitled 'Resource development in fragile and conflict-affected states: can it promote peace?'. Their experience and suggestions were critical in refining the paper. Special thanks go to Anette Hoffman, Janani Vivekananda and Kevin Rosser for their generous comments and advice on earlier drafts of the paper. The authors are particularly grateful to Owen Grafham for coordinating the project and providing research assistance. Thanks are also due to Rachel Shairp for her additional assistance. Finally, the authors would like to thank Kosmos Energy for its financial support, without which this project would not have been possible.

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ISBN 978 1 78413 066 4

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