From Fragility to Resilience

Managing Natural Resources in Fragile Situations in Africa

AFRICAN DEVELOPMENT BANK GROUP

Summary Report

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Transition Support Department

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Acronyms

AfDB:	African Development Bank
ALSF:	African Legal Support Facility
ASM:	artisanal and small-scale mining
AU:	African Union
BOT:	build, operate, transfer
CAR:	Central African Republic
COMIFAC:	Central African Forest Commission
CPIA:	Country Policy and Institutional Assessment
CSP:	Country Strategy Paper
DRC	Democratic Republic of the Congo
ECOWAS:	Economic Community of West African States
ESMP:	Environmental and Social Management Plan
EITI:	Extractive Industries Transparency Initiative
EU:	European Union
FSF:	Fragile States Facility
GDP:	gross domestic product
GEMAP:	Governance and Economic Management Assistance Programme
ICGLR RINR:	International Conference on the Great Lakes Region's Regional Initiative against the Illegal Exploitation of Natural Resources
IWRM:	integrated water resource management
OECD:	Organisation for Economic Co-operation and Development
PCNA:	Post-Conflict Needs Assessment
PPP:	public-private partnership
PRSP:	Poverty Reduction Strategy Paper
RMC:	Regional Member Country
UNECA:	United Nations Economic Commission for Africa
UNEP:	United Nations Environment Programme
USGS:	United States Geological Survey

Foreword

Sustainable natural resource management has the potential to transform economies of resource-rich countries in Africa. Envisioning the future of economic growth in Africa, the African Development Bank is focusing on equity, inclusiveness, the preservation of natural capital, and the creation of decent jobs, especially for youth and women. Almost all states in extreme fragile situations have abundant natural resources that can serve as a foundation for employment and macroeconomic development; however, these states often lack the capacity to effectively transform those resources into sustained economic growth, good jobs, and the achievement of the Millennium Development Goals. Moreover, natural resources are often strongly linked to conflict and fragility, from diamonds financing conflict in Sierra Leone to the control of oil fields as a key tension between South Sudan and Sudan.

The Bank mobilizes significant resources for development projects in fragile situations in Africa. Between 2008 and 2011, the Bank disbursed over US$1 billion through the Fragile States Facility (FSF) alone. This is a small portion of Bank lending to states in fragile situations, which also includes support through the African Development Fund and other mechanisms, such as the Congo Basin Forest Fund, the African Water Facility, and the African Legal Support Facility, which are administered by the Bank. On average between 2011 and 2012, the Bank was among the 10 largest donors of official development assistance in 13 of the 19 states eligible for funding under the Bank's FSF.[1] Among five of these 13 states in Africa, the Bank was among the top five donors. This funding has been distributed to a wide array of development initiatives, including natural resource management initiatives. For example, the funds help the states manage natural resource revenues transparently, increase agricultural production, and expand access to water.

The Bank has developed the Flagship Report for government officials, members of civil society, private sector actors, Bank staff, and other development partners working in fragile situations in Africa. The Report posits that fragility is a continuum, and many states that are not fragile experience tensions, localized conflict, and other pockets of fragility. African states experiencing these localized challenges can use these techniques and approaches to build resilience. Accordingly, the African experiences in this report are also relevant to fragile situations globally.

The Flagship Report seeks to build resilience in fragile situations in Africa by charting a course toward a more effective and conflict-sensitive natural resource management. It builds on many innovative Bank projects and experiences by Regional Member Countries (RMCs) and other development partners. The Flagship Report is part of a series of comprehensive efforts to improve Bank programming in fragile situations by considering fragility, supporting national peacebuilding and statebuilding, and increasing conflict sensitivity in Bank programming.

The report is the product of extensive consultations with Bank staff, officials from countries experiencing fragile situations in Africa, representatives from development partners, and stakeholders from civil society and the private sector. It focuses on how the states, the Bank, and other development partners can more effectively harness natural resources to address the causes and drivers of state fragility. It identifies key challenges and approaches to natural resource management that states in fragile situations in Arica and development partners have tailored to address these challenges. The Flagship Report emphasizes core principles that are particularly important where weak governance, lack of capacity, and other challenges require more focused attention beyond what is needed in other developing country contexts.

The Bank is proud to build on its collaboration with RMCs as they leverage their natural capital to support inclusive economic growth as part of the national peacebuilding and statebuilding process.

Janvier K. Litse
Vice-President,
Country and Regional Programme
African Development Bank

Preface

In Africa, natural resource sectors generate approximately one-third of growth in gross domestic product, serving as a foundation for employment, food security, and development. For example, when oil was discovered off the coast of São Tomé, the government received a signing bonus of approximately USD $100 million, more than twice its annual budget. Unfortunately, natural resources have also financed or been a contributing cause of at least 14 conflicts in Africa countries in fragile situations. Natural resources are therefore both a driver of conflict, if mismanaged, and a source of resilience, if managed well.

Several major global declarations and reports over the past fifteen years recognize the potential of natural resource management to strengthen resilience in fragile situations. These include reports on peacebuilding by the United Nations Secretary-General in 2009, 2010, 2012, and 2014; the 2015 report by the United Nations Secretary-General's High Level Independent Panel on UN Peace Operations; and the 2015 report of the Advisory Group of Experts on the Review of the UN Peacebuilding Architecture. The 2011 Busan New Deal, which was endorsed by the Bank, articulates a vision focusing on countries transitioning out of fragility to resilience, and many of the New Deal's objectives rely on effective natural resource management.

With this Flagship Report, the Bank is helping to develop a detailed understanding of the dynamics of natural resource management in fragile situations in Africa. Building on that understanding, the Report identifies and analyzes region-specific opportunities for action. In providing this vision, the Report helps to operationalize the principles outlined in the global documents, reflecting the priorities, capacities, and perspectives of African countries and institutions.

Fragility spans a broad spectrum that is varied in geographic scope and frequency of conflict, ranging from declared hostilities between warring parties to established states that experience sporadic violence. It can also be triggered by a failed or a flawed election, an attempt to modify the constitution for selfish political gains, a natural disaster and/or a health epidemic. These explain the Bank's decision to move from the concept of fragile states to countries in fragile situations or countries in transition. Accordingly, the approaches to natural resource management described in the Report are broadly relevant to all states seeking to transition from fragility towards resilience.

Prepared jointly with the Environmental Law Institute (ELI), this Flagship Report aims to improve the conceptualization, development, and implementation of conflict-sensitive projects and programs in Africa. It seeks to inform representatives from regional member countries, Bank staff, and other partners. The Report represents an important step in mainstreaming both fragility and natural resource management into Africa's development process.

I would like to thank the ELI, Bank staff as well as everyone else who has contributed in one way or the other to the success of this Flagship Report.

I encourage you to read both the summary and the full report.

Sibry J.M. Tapsoba
Director, Transition Support Department
African Development Bank Group

Fishermen in Sierra Leone. Photo: AfDB.

1. Introduction

Natural resources have the potential to catalyze transformative change in Africa. In the African Development Bank's Ten Year Strategy (2013-2022), the Bank envisions the next decade as an opportunity for Africa to become the world's next emerging market with growing internal and external demand for African products "if Africa can seize its potential in water, agriculture, renewable energy and other sectors, especially oil, gas and minerals."[2] Natural resources, for the purposes of this report, include extractive resources (oil, gas, and minerals), renewable resources (arable land, forests, fisheries, and livestock), land, and water. They provide employment, food security, export revenues, and a basis for private-sector development. They are essential for basic services as many of them form the pillar on which local livelihood systems are built. They have cultural and social values. If managed inclusively and equitably, resource revenues can be the foundation for transformative change: when oil was discovered in São Tomé and Príncipe, the signature bonuses for nine offshore blocks constituted more than twice the country's annual budget.[3]

Nevertheless, many African states affected by fragility and conflict have struggled to leverage their resource wealth to realize practical development gains for their populations. Fragile states are still often hampered by widespread poverty, frequent conflict, poor governance, weak administrative capacity, high perceptions of corruption, and challenging climates for doing business—much of which relates to natural resource management.[4]

This Flagship Report is the first to examine how fragile states in Africa can work towards addressing the causes and drivers of fragility by better managing natural resources across sectors. It is a reference for fragile states in Africa, Bank staff, and development partners that highlights key challenges, themes, opportunities, and approaches for managing natural resources in fragile states. Delving into key natural resource sectors, crosscutting issues, and programming approaches, it provides options for designing and implementing natural resource–related initiatives in ways that build resilience. This Report provides a broad vision drawing upon experiences to date; further efforts (such as checklists and resource-specific guidelines) are necessary to translate this vision into operational reality.

1 Introduction

Fragile States Classification

For operational and resource allocation purposes, the Bank uses a classification approach agreed by Multilateral Developments Banks in 2008. The approach defines fragile states based on harmonized Country Policy and Institutional Assessment (CPIA) ratings calculated by the Bank and the World Bank. The CPIA measures economic management, structural policies, policies for social inclusion and equity, and governance. Fragile states are defined as those countries that have either "a) a harmonized average CPIA country rating of 3.2 or below, and/or b) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years."

Nineteen African states were listed in the FY 2013 Harmonized List of Fragile Situations: Angola, Burundi, Central African Republic (CAR), Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo (DRC), Eritrea, Guinea, Guinea-Bissau, Liberia, Libya, Sierra Leone, Somalia, South Sudan, Sudan, Togo, and Zimbabwe. These states—with the exception of Angola and Libya—were eligible for funding through the Bank's Fragile States Facility (FSF). Djibouti and São Tomé and Príncipe were also eligible for FSF funding based on their classification as fragile states in previous years. The figures in this report focus on those countries that were eligible for FSF funding in FY 2013.

Fragility is fluid, and the list of fragile states changes each year. Twenty African states are listed in the FY 2014 Harmonized List of Fragile Situations. Many of the countries are the same; however, Angola, Djibouti, São Tomé and Príncipe, and Guinea are no longer listed as fragile, and Madagascar, Mali, and Malawi have been added to the list.

This executive summary was originally published in 2014. For the purpose of this report, the term "fragile states in Africa" refers to FY 2013 FSF-eligible countries, reflecting the data available at the time. For the most recent list of FSF-eligible countries, see http://fragilestates.afdb.org/. However, it is worth noting that due to the limitation of the CPIA approach and the recognition that fragility as a critical development challenge that neither respects borders nor is limited to a category of countries, the new Bank Group Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019) offers a broader perspective by focusing on "fragile situations".

1.1 Fragility, Conflict, Resilience, and Natural Resources

Drawing from a general consensus on classification of countries where fragility is a dominant development challenge, 20 African states were listed as fragile in 2014 (see box).[5] Central to the focus of many development efforts in most fragile states are resilience, peacebuilding, and statebuilding. This is largely due to the fact that fragile states experience development challenges more acutely than other developing countries, and they have the farthest to go to meet the Millennium Development Goals. Globally, 65 percent of people who lack access to safe water and 60 percent of people without adequate nourishment live in fragile states.[6]

Fragile states are disproportionately likely to be affected by conflict. Almost 80 percent (15 out of 19) of fragile states in Africa have experienced armed conflict in the last 20 years, with 11 countries experiencing armed conflicts in the last 10 years.[7] Conflict, in turn, increases state fragility. To break the conflict cycle and build resilience, fragile states must address the causes and drivers of conflict when designing and implementing strategies for statebuilding.

Natural resources often play a central role in the socioeconomic development of a country. In Africa, approximately one-third of real gross domestic product (GDP) growth comes from natural resource extraction, and commodities (generally unprocessed) make up over 80 percent of the continent's export earnings.[8] At least 70 percent of the labor force in Burundi, the Central African Republic (CAR), Côte d'Ivoire, and the Democratic Republic of the Congo (DRC) work in agriculture, fishing, or pastoralism.[9]

Many fragile states are resource rich. Oil, gas, and minerals are key exports for CAR, Chad, Congo, Côte d'Ivoire, DRC, Guinea, Sierra Leone, South Sudan, Sudan, and Zimbabwe.[10] Six of the 19 fragile states in Africa have oil and gas deposits that they are currently exploiting, and companies are currently exploring for new reserves in six more countries.[11] At least 14 fragile states in Africa have deposits of gold or diamonds, and two others are currently being explored for gold deposits.[12]

While natural resources represent great opportunities that fragile states can leverage to support socioeconomic development, they also pose significant challenges. Over the last 60 years, in any particular year, between 40 and 60 percent of ongoing internal armed conflicts have been linked to natural resources.[13] Natural resources contributed to the cause or financing of at least 14 conflicts in fragile states in Africa.[14] The financing of conflict with natural resources includes both familiar conflict resources, such as diamonds and timber in Sierra Leone and

Liberia, and less familiar resources, such as charcoal, bananas, and fish in Somalia.[15] Competition and competing claims over scarce resources such as land, grazing areas, and water sources have given rise to localized conflicts in many fragile states in Africa,[16] while struggles for control of oil and other valuable resources have fueled national and international conflicts.[17] Because decisions related to natural resource management are made at every level of government, conflicts related to natural resources are diverse in form and scale from one context to another. Community-level allocation of natural resources can give rise to local clashes. National-level decisions, such as policies on land ownership or large-scale concessions, can lead to more widespread tensions and conflict. In the same vein, regional conflict can arise from mismanagement of transboundary natural resources. Finally, countries recovering from resource-related conflicts are more likely to relapse into conflict, and relapse twice as quickly as countries recovering from other types of conflict.[18]

Natural resources can play three key roles in fragile states: (1) natural resources can be an asset for peacebuilding and statebuilding; (2) natural resource management practices can be a contributing cause of conflict; and (3) natural resources can be a source of financing for conflict. The drivers that lead to natural resource–related conflicts include competition over scarce resources, poor resource governance, and transboundary dynamics.[19]

1.2 Conflict Sensitivity and Peacebuilding and Statebuilding Goals

Conflict sensitivity and the use of natural resources to support national peacebuilding and statebuilding strategies are key themes of this report due to the close connections between fragility, conflict, natural resources, and resilience. These themes build on the findings of the 2012 evaluation of Bank activities in fragile states, which found that further analysis is needed of “the all-important political context and the drivers of conflict and fragility” and that explicit links are needed between Bank programming and national peacebuilding and statebuilding objectives as a way to reduce the risk that Bank interventions in fragile states could fail or even do harm.[20] Conflict sensitivity is “the ability of an organisation to (a) understand the context in which it is operating, (b) understand the interaction between the intervention and that context, and (c) act upon that understanding in order to avoid negative impacts and maximise positive impacts on the conflict.”[21] On the other hand, peacebuilding and statebuilding are “reinforcing processes that support the building of effective, legitimate, accountable and responsive states.”[22]

It is therefore critical to ensure that all Bank activities in fragile states, including natural resource–related activities, are conflict sensitive and support peacebuilding and statebuilding. In its current approach, the Bank includes within peacebuilding and statebuilding goals (PSGs) those activities that support (1) livelihoods and economic development, (2) governance, (3) basic services, and (4) security.[23] This approach builds on the Bank’s active participation in efforts led by the Organisation for Economic Co-operation and Development (OECD) and the International Dialogue for Peacebuilding and Statebuilding, and the commitment of the Bank and eleven fragile states to the New Deal for Engagement in Fragile States, also known as the Busan New Deal.[24]

1.3 The AfDB Group and Development Partner Engagement

The Bank has a strong record of supporting fragile states in Africa in their effort to address fragility and build their resilience, and has committed to scaling up the assistance in these states.[25] It has supported a broad range of natural resource–related initiatives, including projects related to water supply, agriculture, forestry, and joint management of shared waters. The Bank’s Ten Year Strategy prioritizes inclusive growth and a gradual transition to green growth over the next decade.[26] The Bank has partnered with the African Union (AU) and the United Nations Economic Commission for Africa (UNECA) to develop strategic guidance for natural resource management, including the African Mining Vision, the Framework and Guidelines on Land Policy in Africa, and Africa Water Vision 2025.[27]

International institutions and development partners such as the OECD, World Bank, the United Nations Environment Programme (UNEP), and the European Union (EU) have also highlighted the importance of improving natural resource management in building resilience in post-conflict and other fragile states. A number of policy frameworks and research publications are increasingly emerging on natural resource management in many post-conflict and fragile states.. This Flagship Report stands out among these international efforts because it is the first report that focuses exclusively on fragile states in Africa, articulates an African vision for managing natural resources in fragile states, and highlights specific strategies that can be used to manage natural resources to build resilience. The Report draws from the experiences of the Bank and other partners in proffering long-term solutions crucial for effective natural resources management.

Methodology

This Flagship Report has been developed through a comprehensive consultative process. It is the product of extensive desk research and interviews with over 130 Bank staff, officials from fragile states in Africa, development partners, and other stakeholders. Two full field visits were conducted in Burundi and CAR, and meetings for the report were also held in South Sudan and Côte d'Ivoire. Personnel from all 10 of the Bank's field offices in fragile states have been interviewed. Preliminary findings were presented and vetted at a consultative meeting in 2013 in Tunis, Tunisia.

1.4 Objectives, Scope, and Methodology

The Flagship Report examines the complex linkages between fragility, resilience, and natural resources in fragile states in Africa. It highlights strategies and approaches, unmet needs, opportunities, and constraints through sector-by-sector analyses of extractive resources (oil, gas, and minerals); renewable resources (arable land, water, fisheries, pasturage, and forests, including an consideration of resource rights); infrastructure (electricity, roads, water supply, and sanitation); and climate change. Crosscutting issues are also examined, including governance (data collection and management, vulnerable populations, and corruption), concessions and revenue management, the private sector, and regional dynamics and institutions. The section on the programming cycle offers approaches and entry points for tailoring natural resource–related initiatives to the needs of fragile states in Africa, and the section on sustainability examines participatory programming and capacity building necessary to ensure that projects achieve lasting gains in fragile states. The Flagship Report concludes by highlighting key opportunities to build on the Bank's core strengths and comparative advantage to build resilience in fragile states in Africa. Case studies, key issues, and additional background information are provided in boxes.

2. Extractive Industries: Oil, Gas, and Minerals

Artisanal miners in Liberia. Photo: Bocar Thiam.

Many fragile states in Africa are rich in extractive resources; however, most of them lack robust institutions that are essential to promote the formalization of resource flows, control environmental impacts, and effectively channel the revenue stream from natural resources to national economic and social development. Oil, gas, and minerals account for 25 percent to 91 percent of export revenues in nine fragile states in Africa.[28] These resources offer great promise when fragile states have the capacity to manage them effectively, but oil, gas, and minerals can also contribute to the cause and finance of wars, as they have in Congo, Côte d'Ivoire, DRC, Liberia, Sierra Leone, South Sudan, and Sudan.[29] States must undertake active efforts to wisely invest resource revenues and support job creation, technology acquisition, skills training, and infrastructure development. Without such measures, industrial oil and gas production and mining do not readily address the challenges of unemployment and economic diversification.[30] When unregulated or in instances where regulations are unenforced, both industrial and artisanal resource extraction can pose risks to the health and livelihoods of nearby communities due to environmental damage associated with, for example, the use of dangerous chemicals, acid drainage, and water use and pollution.

Fragile states can utilize two key approaches to identify and analyze ways to strengthen government and private-sector performance in the extractives sector. The first is the value chain approach, which focuses on the role of government in managing extractive industries. The second is the supply chain approach, which focuses on the role of the private sector throughout the life cycle of the extractive resource.

A key way to address corruption, public suspicions, and politicization of extractives industries is to integrate transparency and accountability into all aspects of resource extraction, particularly where extractive resources have served as a source of financing or cause of conflict. Regional and international institutions have been pioneering initiatives that provide for the certification of extractive resources and increased transparency with respect to concessions and revenue management. The International Conference on the

Great Lakes Region's Regional Initiative against the Illegal Exploitation of Natural Resources (ICGLR RINR) and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas are examples of key initiatives to address the illicit trade of conflict minerals in the Central Africa region.[31] Perhaps the most well-known international initiative to prevent the trade in conflict minerals is the Kimberley Process. Nine fragile states in Africa participate in the Kimberley Process to certify conflict-free diamonds.[32] The Extractive Industries Transparency Initiative (EITI) is another initiative being used by fragile states to improve the management of government revenues from concessions.

To address lingering suspicions due to past mismanagement of natural resources and rebuild weakened capacity, it is often necessary for fragile states in Africa to focus on the governance of extractive industries at the national level. Fragile states must frequently develop or reform laws and regulations governing concessions and managing the environmental and health effects and labor practices associated with resource extraction. Legally binding environmental and social standards should also carry over into contracts, licenses, and concessions.

Artisanal and small-scale mining (ASM) can offer significant employment opportunities and is an important source of livelihoods in some fragile states in Africa, especially in rural areas.[33] However, ASM is also frequently associated with low pay, incidents of child labor, unsustainable management of resources, and dangerous working conditions, particularly in countries that lack the capacity to effectively regulate the industry.[34] Regulation should encourage appropriate safety, labor, and environmental practices but should avoid making requirements so onerous that artisanal miners are driven into the informal sector.

Controlling Conflict Minerals in Central Africa

The International Conference on the Great Lakes Region's Regional Initiative against the Illegal Exploitation of Natural Resources (ICGLR RINR) is using a multifaceted approach to combat the illegal trade in cassiterite, wolframite, coltan, and gold. The Bank recently approved support for key ICGLR activities, such as the implementation of a mineral certification process, the sponsorship of EITI peer learning, and the promotion of the harmonization of national laws and regulation.

Because extractive resources are finite, countries must plan carefully for the end of resource extraction. Alternative and supplemental livelihoods initiatives are important to ensure that miners, particularly in labor-intensive artisanal mining, have opportunities for employment after mine sites are exhausted. Governments can also provide for the remediation and subsequent use of abandoned mine sites by requiring companies to restore mined land as mining operations proceed and to purchase a bond to pay for any remaining costs of clean up after extraction is complete.[35]

The Bank has contributed significantly to extractive resource governance and private investment in extractive industries. The Bank, the AU, and UNECA partnered to develop the African Mining Vision, which examines how African states can transform the mining sector into an engine for long-term economic growth and broad-based development.[36] The Bank has implemented projects that aim to strengthen the governance of extractive resources; assisted governments in negotiating contracts, licenses, and concessions; developed infrastructure for resource extraction; and supported private-sector investment in resource extraction.

Key actions for fragile states, the Bank, and other development partners in the area of extractive industries include:

- Support mineral tracking and certification systems to increase government revenue and prevent armed groups from using minerals to finance conflict.
- Where institutions are weak, use inclusive consultative processes to evaluate and revise general social and environmental impact assessment processes and sector-specific laws and regulations governing extractive industries.
- Provide capacity and advisory support for policy and legal reform, implementation of those reforms, and credible oversight.
- Create incentive structures that encourage safe and profitable artisanal and small-scale mining that is part of the formal economic markets of fragile states.
- Promote data transparency where information on mines, mining practices, and possibly revenue flows are available to the public.
- Prepare for the eventual depletion of extractive resources by requiring the remediation of extractive industry facilities, creating alternate employment for workers, and diversifying sources of government revenue.

3. Renewable Resources: Water, Land, and the Livelihoods They Support

Renewable resources are essential to fragile states because they are the foundation for livelihoods and food security. At least 70 percent of the labor force in many fragile states in Africa—including Burundi, CAR, Côte d'Ivoire, and DRC—work in agriculture, fishing, or pastoralism.[37] Moreover, agricultural and animal products are key exports for many fragile states.

Drought Resilience in the Greater Horn of Africa

Limited water and pasturage have led to chronic hunger and localized conflict over scarce resources. The Bank is working with the Inter-Governmental Authority on Development to build national and regional capacity to manage such conflicts in Djibouti, Eritrea, Somalia, South Sudan, and Sudan, among others. The project will improve human and institutional capacity for peace building and conflict resolution, water management infrastructure, rangeland management, and infrastructure for market access.

By nature, renewable resources are both important and challenging because a single landscape or renewable resource may be used for multiple purposes by many users and groups. For example, in Liberia, forests have religious and cultural significance; they provide communities with timber and non-timber forest products like resins, wild fruits, wild animals for local protein, and medicine; timber is harvested commercially for export; timber concession revenues are an important income stream for the government; and forests provide important ecosystem services like soil and water conservation, and carbon-sequestration.[38]

Because so many different users rely on water, land, and other renewable resources, disputes resulting from poor governance, scarcity, or transboundary dynamics have the potential to become contributing causes of armed conflict.[39] Disputes over land have been a contributing factor to conflicts in at least nine fragile states in Africa, and reducing the risk of relapse is an ongoing challenge in many countries.[40] Even where land disputes have not contributed to armed conflict, they can still be a source of tension.[41] Similarly, access to scarce water resources have led to localized conflicts in CAR, Somalia, Sudan, and elsewhere in Africa.[42] Conflicts among herders and between farmers and herders, called pastoral or agro-pastoral conflicts, have arisen in at least eight fragile states in Africa.[43] Low-level conflicts over forest tenure have arisen in Guinea, and indigenous land rights are frequently entwined with conflicts in Africa.[44] Moreover, even where disputes over renewable resources are not a contributing cause of conflict, the high value of certain export commodities can make them attractive to rebel groups seeking sources of financing.

To reduce scarcity as a potential contributing cause or driver of conflict, it is important to maximize the productive capacity of renewable resources and find ways to reduce the demands on renewable resources.[45] For example, activities that develop the value chain for natural resource–based products can reduce the pressure on scarce renewable resources by decreasing post-harvest losses, diversifying livelihoods, and generating additional income.[46] With Bank support, the government of Burundi is increasing productive capacity, diversifying livelihoods, and reducing poverty in the Bugesera region through the development of irrigation for agriculture and efforts to increase animal husbandry. These efforts are coupled with the construction of infrastructure to support local rice hulling and milk collection. The project also supports watershed protection for two lakes and the associated marshlands that supply the irrigation systems.[47]

Ecosystem-Based Management of Lake Tanganyika

The Bank is supporting ecosystem-based management of Lake Tanganyika. This approach addresses ecosystem health by restoring catchment areas and forests and promoting access to improved sanitation. These activities reduce the entry of pollutants into the lake and reduce erosion, thereby improving the habitat for fish and the productivity of the fishery. The project also seeks to harmonize fishing and water resource management practices among the states bordering the lake, including Burundi, DRC, and others.

Woman with firewood in Comoros. Photo: AfDB.

Controlling Conflict Financed by Renewable Resources

High-value renewable resources have been used to finance conflict. For example, timber revenues have fueled armed conflicts in DRC, Liberia, Sierra Leone, Somalia, South Sudan, and Sudan. Trade in agricultural products such as cocoa, coffee, cotton, palm oil, and rubber have financed conflict in Côte d'Ivoire, Liberia, and Sierra Leone. Fish were used to finance conflict in Somalia. The use of commodity tracking systems and targeting points of entry throughout the value chain can reduce the use of renewable natural resources to finance conflict. One key step is to better monitor the collection of revenues, build public confidence through transparency, and reduce corruption by expanding initiatives such as EITI to forest resources, cash crops, and fisheries.

Cumulatively, the damage to natural resources caused by armed conflict leaves fragile states facing a degraded renewable resource base and less productive capacity at a time when they need to rapidly restore livelihoods and jump-start economic growth.

Where conflict or unsustainable use has substantially degraded the resource base, projects should prioritize the rehabilitation of renewable resources upon which livelihoods depend. In eastern Sudan, refugees from Eritrea received international support to generate income and integrate permanently into their host communities by undertaking agro-forestry activities to restore the productive capacity of degraded refugee-impacted areas.[48]

Natural resource governance in fragile states can determine whether conflicts are resolved peacefully or lead to violence. In the aftermath of armed conflicts or political crises, fragile states often need to examine their strategies for identifying and including stakeholders in renewable resource decision making; allocating renewable resources; and administering, resolving disputes over, and enforcing rights to renewable resources. Within each sector, such as forestry or fisheries, states must develop approaches to coherently regulate commercial interests, livelihoods, conservation, and other competing uses that could impact one another. Streamlined systems for consultation and cross-referencing claims are required to ensure that commercial leases are not issued in areas already claimed for community or other uses. Users from different sectors may also rely on the same renewable resources, requiring further coordination to promote equity across sectors and groups. This necessitates the identification of the various users and uses of renewable natural resources during project design and the preparation of projects that distribute benefits in an equitable manner if they are to avoid exacerbating tensions and conflict.[49] Inclusive and accountable systems are needed to protect rights to resources and opportunities for meaningful public participation. Fragile states can benefit immensely from using consensus building and conflict-sensitive approaches when allocating rights and making decisions related to renewable resources.

Key actions for fragile states, the Bank, and other development partners in the area of renewable resources include:

- Increase the productive capacity of renewable resources by, for example, restoring damaged or degraded resources, using ecosystem-based management, and developing multiuse landscapes.
- Use conflict-sensitive strategies to deploy technology and market-based tools that reduce the demands on renewable resources.
- Govern inclusively by identifying, engaging, building consensus among, and recognizing the needs and rights of the full range of users who rely on the same renewable resources.
- Recognize, empower, and include traditional institutions in renewable resource decision making.

4. Infrastructure and Natural Resources: Electricity, Roads, Water Supply, and Sanitation

A top priority for fragile and post-conflict states is the construction and rehabilitation of infrastructure. Natural resources and infrastructure are interrelated because (1) infrastructure can facilitate improved access to natural resources and the benefits they provide, and (2) infrastructure can consume and otherwise affect natural resources in ways that can impact competing users and uses.

Infrastructure and Governance in CAR

The Bank and the World Bank have been co-financing a rural infrastructure initiative that uses community-planning processes to build local governance capacity and trust between communities and local-level government in CAR. The project will also build wells, rural markets, schools, health centers, drying yards, and village pharmacies in conjunction with efforts to improve agricultural, fish, and livestock production.

Fragile states in Africa lag behind in providing infrastructure and the associated basic services and macroeconomic benefits, often as a result of conflicts or prolonged political crises. In 2008, among sub-Saharan African countries and Least Developed Countries globally, fragile states in Africa represented five of the six countries with the highest percentage of the population lacking access to electricity.[50] In sub-Saharan Africa, approximately 27 percent of roads are paved; by contrast, in conflict-affected sub-Saharan African states only 13 percent of roads are paved.[51] Globally, conflict-affected countries account for 65 percent of people without access to safe water and over 54 percent of the population without access to improved sanitation.[52]

Infrastructure is one of the most important elements to long-term economic growth. Developing infrastructure builds legitimacy of governments. Restoring infrastructure is often a key priority in stakeholder consultations and public opinion polls in fragile states.[53] The inequitable distribution of services and opportunities can be a contributing cause of conflict.[54]

There are three key considerations when implementing infrastructure initiatives in fragile states: (1) equity, (2) understanding the fragile state context, and (3) designing infrastructure projects that support peacebuilding and statebuilding. Equity helps to ensure that fragile states and development partners do not use infrastructure projects to reward political supporters or punish opponents, with the attendant risk of deepening social cleavages and undermining state legitimacy.[55]

Infrastructure is essential for the provision of basic services and economic growth, and special attention is required to tailor infrastructure initiatives to address fragility—particularly weakened government institutions, lack of accurate information, and the potential for rapid change. Without careful consideration of the causes, drivers, and symptoms of fragility, major infrastructure initiatives risk causing unintended impacts. For example, roads are a key component of market access, improvement of livelihoods, and economic development. However, there is risk that—as in road construction projects in Afghanistan—improved roads can increase land values and lead to extensive land grabbing by elites who take advantage of weak land tenure system.[56] Fragile states in Africa have faced similar challenges with new roads that provide access to forests or wildlife parks. Where road projects are needed, potentially harmful impacts can be identified and often mitigated. For example, government capacity can be built to manage increased pressure on land or forests to reduce negative impacts; infrastructure initiatives may need to be carefully sequenced in order that government capacity is in place before the infrastructure is complete.

In fragile states where relations between the government and communities may have become strained, community-based infrastructure initiatives can rebuild relationships between local governments and communities through local planning processes. Decentralization can also build public confidence in public services and infrastructure, which in turn can lead to improved revenue generation for operation and maintenance of infrastructure.

Infrastructure projects that use labor-intensive techniques can also be used to employ vulnerable groups or to assist in reintegrating excombatants. For example, a 2012 Bank-supported water supply project in CAR was specifically designed to provide employment opportunities for women's community groups and excombatants.[57]

Infrastructure projects rely on land, water, and other natural resources as inputs, and their use must be coordinated with other competing users and uses through strategies such as integrated water resource management.

Key actions for fragile states, the Bank, and other development partners in the area of infrastructure include:

- Use infrastructure initiatives to reduce horizontal inequality and to bridge divides across groups.
- Encourage devolution of national infrastructure plans to the local level, while ensuring beneficiary communities and local authorities are given important roles in project design and implementation.
- Public-private partnerships (PPPs) are a key opportunity for cooperation between governments in fragile states and development partners to engage large-scale private-sector enterprises to build or rebuild infrastructure. Such partnerships can be particularly important.
- Evaluate the feasibility of partnering with informal and small-scale private service providers to rebuild and extend water and other infrastructure.
- Engage and leverage the expertise and technical capacity of large-scale private sector enterprises to build or rebuild water and other infrastructure.
- Standardize the consideration of green infrastructure alternatives at the inception of all infrastructure proposals.

5. Climate Change: Adaptation and Mitigation

Climate change is expected to further exacerbate the stress that fragile states are already facing. The regions of the Horn of Africa and the Sahel face high risk for climate change–related instability.[58] For instance, with the effects of climate change, existing demographic pressures and heavy reliance on agriculture, pastoralism, and other natural resource–based livelihoods are expected to increase food and water insecurity, as well as exacerbate challenges to public health in the Sahel region.[59] UNEP has observed that in the Sahel these resource demands may lead to "competition for resources, local-level conflict, migration and ultimately … broader political destabilization."[60] Similarly, predictions suggest that in North Africa, soil salinization, soil erosion, and water scarcity may increase due to climate change.[61] The subtropical climate belt in Southern Africa is projected to experience a decline in precipitation and crop production.[62]

Lake Chad Communities Adapting to a Changing Climate

The Bank is working with the Lake Chad Basin Commission to support agricultural and pastoral production techniques and infrastructure that are adapted to climate change. The project will complete a study on measures to replenish the rapidly diminishing waters of the lake. The project also increases grassland and forest cover in the Lake Chad Basin, and builds local capacity to control erosion and siltation.

Coping with the effects of climate change presents substantial challenges for countries and regions affected by fragility and conflict. Whether the stresses of climate change lead to conflict depends on how the government addresses them.[63] Governance is key. To build the resilience of fragile states to climate change, priority should be placed on building government capacity at the national, subnational, and local levels to monitor trends in precipitation and resource use and to develop early warning and early action systems; to identify disputes over resources before they escalate; and to facilitate the peaceful resolution of such disputes. Regional cooperation and governance systems are also key. There is a pressing need to develop guidance tools and standards for designing and implementing development initiatives in fragile states in Africa that are both climate sensitive and conflict sensitive.[64]

Developing clean energy and energy-efficient infrastructure is central to mitigation efforts, and developing sustainable infrastructure is a key component of green growth. Additional capacity building is also needed to help fragile states access funding for climate change mitigation and adaptation. Existing Bank support to RMCs to access climate funding has laid a strong foundation for further fragile state–focused efforts in this area. The Bank is currently supporting Sierra Leone in mainstreaming climate change adaptation and mitigation, and green growth in its long-term development planning. This would assist the country to meet required conditions for accessing global financial resources to support climate resilience in many low-income countries. Fragile states can use projects related to Reducing Emissions from Deforestation and Degradation Plus Sustainable Forest Management (REDD+) to increase livelihoods for communities and earn additional government tax revenues.

Key actions for fragile states, the Bank, and other development partners in the areas of climate change adaptation and mitigation include:

- Build capacity for early warning and early action systems, including through the collection and management of data related to climate and conflict.

- Climate-proof development initiatives by mainstreaming considerations of climate change adaptation and mitigation into development policies and programs.
- Target more funding to conflict-prone areas that are vulnerable to increased stress due to climate change.
- Build fragile states' technical and financial capacity to help mitigate climate change through activities like forest conservation and carbon-neutral hydropower projects.

6. Governance: Transparency, Data, Vulnerable Populations, and Anticorruption Efforts

Forest data management in DRC. Photo: AfDB.

Strengthening good governance for natural resource management builds the resilience of fragile state governments and supports improved economic performance.[65] The quality of governance in resource-rich states determines whether these states perform better or worse economically than comparable countries that are not resource rich.[66] This is particularly relevant to fragile states in Africa, which are resource rich and do not perform as well as other African states on governance indicators.[67] For example, 18 of the 19 fragile states in Africa are in the bottom 20 percent of countries globally with respect to the World Bank's effectiveness of governance indicator, as compared to only six non-fragile African states.[68]

Governance includes both formal and informal institutions for decision making, including bodies that perform legislative, executive, judicial, and administrative functions. As described in the following section, these institutions can all benefit from focusing on transparency, participation, accountability, and subsidiarity. The needs and challenges of fragility demand particular attention to collecting and managing data relating to natural resources, engaging vulnerable populations in government decision making, and combating corruption.

6.1 Transparency, Participation, Accountability, and Subsidiarity

Effective natural resource governance requires attention to transparency, participation in decision making, access to justice, and subsidiarity.[69] In fragile states, transparency and participatory decision making are particularly important in natural resource management due to the importance of those resources to livelihoods, food security, and identity, and because of the frequent lack of trust between communities and the government. Access to justice and the ability to enforce rights to natural resources, particularly property rights, often are a source of disputes in fragile states. Building the capacity of administrative and judicial institutions (including formal and informal grievance mechanisms) that enforce laws, determine rights, and resolve disputes over access to natural resources can build confidence in the government and create channels for the peaceful resolution of disputes. Legal pluralism, hybrid political orders, and decentralization are other key governance challenges—and opportunities—for fragile states that frequently have to balance customary and statutory systems of governance. Moreover because natural resource management can have both national and local implications, many governance functions—executive, legislative, and judicial—require an approach that engages and develops cooperative relationships between statutory and customary institutions at the national, subnational, and local levels.

6.2 Data Collection and Management

The collection, management, and communication of natural resource–related information is essential to resource governance in fragile states because these processes empower decision makers, stakeholders, and the public to make sound decisions on how best to leverage natural resources for resilience. However, in many fragile states critical information is either nonexistent or out of date. For example, in DRC, years of conflict eroded the capacity of the government to monitor water quality due to interruptions in operation and maintenance and looting of equipment.[70] This lack of data can have severe consequences. Where, for example, water supply points are developed without sufficient data about the resource base, community water supplies have dried up.[71]

Hydraulic Data in Togo

The government of Togo is working with the Bank to develop a system for collecting and analyzing data on water quantity and quality. Through the project, the government is building its human resources, equipment, and planning capacity to manage hydraulic data across the ministries governing health, agriculture, forestry, mines, energy, and the environment.

Transparent data collection and management is a foundational tool for peace and development. Even in the early stages of building or rebuilding data management systems, fragile states should focus on building their own capacity for long-term data collection and management. When negotiating resource concessions, fragile states can secure more revenues and other benefits if they have sound data on the extent, condition, and value of the natural resource base, as well as the extraction process. Data on resource extraction is also important when government ministries overseeing concessions need to determine whether the resources are going through formal channels (with taxes and fees being collected), or whether and to what extent the resources are being extracted and traded illegally or illicitly. Likewise, where credible records of land and water rights are current and easily accessed, governments are better positioned to resolve disputes and plan for future development. This information is vital when governments are considering issuing large-scale agricultural, forest, or mineral concessions and must evaluate impacts to existing users of land and water. It is also important to resolving and where possible avoiding situations where overlapping, incompatible rights are held by multiple users.

Data analysis, collection, and management need to be (1) based on developing fragile state capacity, (2) designed to support a broad view within a sector and across sectors, (3) shared seamlessly across line ministries, subnational governments, and regional institutions responsible for the shared management of natural resources across borders, and (4) transparent and available to the public in fragile states. See also section 12.2.

6.3 Vulnerable Populations

Natural resources are integral to livelihoods, food security, and basic services in fragile states. Since natural resources are important to so many aspects of life, they must be governed inclusively, through processes that promote the full participation of vulnerable populations that might not normally be included in decision-making processes. Inclusive governance of natural resources can improve vulnerable populations' access to natural resources, which in turn can lay the foundation for inclusive growth. Vulnerable populations include groups of women, youth, and others who are affected by fragility in ways that are different from the rest of the population—that is, in ways that are more severe, more long lasting, and with unforeseen impacts—yet with fewer opportunities to protect their rights.[72] For example, African women and girls perform many core natural resource–related activities, such as cultivating crops, finding and carrying water, and collecting firewood.

In several African countries, youth perform uncompensated agricultural labor as part of their duties to elders within their communities.[73] Yet, vulnerable populations are often excluded from decision-making processes that govern the very resources on which they rely. Excluding vulnerable populations is counterproductive because many members of such groups have unique knowledge about the resources and can contribute important information to resource-related initiatives. Excluding youth or ethnic minorities, for example, from decision making can also contribute to grievances, exacerbate tensions, and risk a possible relapse into conflict in post-conflict situations. Actively involving and engaging ethnic minorities, refugees, youth, indigenous groups, women, and other vulnerable populations in development initiatives can mitigate these risks. Fragile states and development partners can mainstream the consideration of vulnerable populations into natural resource management by (1) identifying vulnerable populations and how natural resource decisions and initiatives affect them; (2) engaging vulnerable populations in natural resource–related initiatives and decision-making processes; and (3) protecting vulnerable groups through targeted assistance and legal guarantees.

Strategies to encourage the participation and leadership of vulnerable groups in decision making are particularly important. Inclusion mandates and quotas can encourage new leadership and reduce stereotypes, particularly with respect to women.[74] Tailored measures are needed to affirmatively protect and support vulnerable populations. For example, customary systems of land tenure frequently prohibit women from owning land and sometimes marginalize youth or members of ethnic groups.[75] Fragile states can reverse this trend by actively promoting predictable long-term access to land for vulnerable populations as part of policies and projects related to agriculture, forestry, and other land uses. In conflict-affected environments, projects that reduce the number of times that women and girls need to collect water and firewood can also reduce their risk of being sexually assaulted.[76]

6.4 Combating Corruption

The presence of significant extractive resources in a country increases the likelihood of corruption in that country.[77] Fragile states are particularly susceptible to corruption due to their weakened institutions. Of the 15 lowest-ranked African states on the Corruption Perceptions Index, 11 are fragile states. These 11 fragile states in Africa are also within the bottom 20 percent of fragile states globally.[78] Such corruption can be corrosive to local and national efforts to manage natural resources effectively.[79] Anti-corruption initiatives are particularly important for natural resource governance because the high value of many natural resources can make corruption lucrative in the absence of adequate measures ensuring transparency and accountability of government operations.

Where corruption is severe, fragile states can request assistance to help increase transparency, improve procedural safeguards, and strengthen institutions for public financial management. For example, in Liberia, where smuggled diamonds and illegal timber transactions had fueled the civil war, the Liberian government worked with development partners to introduce the Governance and Economic Management Assistance Programme (GEMAP), which gave cosignatory authority over certain government decisions to international experts and provided for review of and technical assistance for government concessions.[80] GEMAP provisions, such as the cosignatory authority, were controversial because of their implications for sovereignty, but they provided a critical opportunity to reset administrative procedures that had suffered from widespread corruption.

Systems of transparency, monitoring, and evaluation to control corruption are critical in fragile states. For example, in 2004, the government of Sierra Leone learned that, of the funds allocated to local governments through the Diamond Area Community Development Fund, approximately 60 percent were missing.[81] In response, the government created a national-level oversight committee, conducted outreach and training, and introduced other measures to reduce the unaccounted-for disbursements to 10 percent and to recover some of the funds that had been lost. Additional reforms have since been put into place to address local-level corruption by improving transparency, monitoring, evaluation, and public accountability of the local government committees that administer the funds.[82]

Key actions for fragile states, the Bank, and other development partners in the area of natural resource governance include:

- Rebuild the social contract by emphasizing transparency, public participation, accountability, and subsidiarity as the hallmarks of effective natural resource governance.
- Invest in data collection and management to build fragile state governments' ability to effectively manage natural resources.
- Identify, engage, protect, and recognize the rights of vulnerable populations in natural resource management.
- Combat corruption in natural resource governance by prohibiting conflicts of interest and promoting transparency and accountability.

7. Concessions and Revenue Management

Effective management of natural resource concessions and revenues is essential to transforming the revenues from commercial production of extractive and renewable resources into concrete economic and social development gains.

7.1 Concessions

Concessions—including contracts, leases, and other agreements—are an important way for fragile states to generate revenue from their natural resource wealth; however, fragile states are frequently ill-equipped to negotiate, administer, or enforce the terms of concessions.[83] Low capacity, weak institutions, and incidents of corruption are chronic challenges to effectively governing concessions.[84]

A single disadvantageous concession can cost a government millions of dollars a year in lost revenues, with concession agreements often lasting for decades; and costs associated with mitigating environmental and social impacts only adds to the loss.[85] Yet, many fragile states inherit a legacy of unfavorable concessions. Following the timber-fuelled civil war in Liberia, a comprehensive review of 70 timber concessions found that not one fulfilled the minimum requirements of Liberian law.[86] Likewise, a 2007 concession review in DRC found that all of the 61 concessions signed between 1996 and 2006 should either be cancelled (22 concessions) or renegotiated (39 concessions).[87] Fragile states, particularly those emerging from conflict or political unrest, often seek to review concessions.[88] Concession review procedures should be transparent, engage both the public and the private sector, and use clearly articulated criteria of general applicability to evaluate individual concessions. If states are to avoid deterring private-sector investment, however, they may need to limit concession reviews to contracts that are regarded as illegal or deeply unfair. Where possible, renegotiation of concessions should be considered as an alternative to cancellation of concessions that are under review.

Quarry in Togo. Photo: AfDB.

Key elements of good governance––transparency, predictability, inclusion, and accountability––are especially important to the negotiation and enforcement of natural resource concessions. To strengthen both the capacity and negotiating leverage of fragile state governments, fragile states like Liberia engage nongovernmental stakeholders who would be affected by the concession.[89] Countries can also require the public disclosure of concession agreements.[90] Opening concessions for public bidding can improve the quality of concession agreements.[91] Steps also need to be taken to ensure that concessions consider customary land tenure rights.[92] Any concessions under negotiation or review should be evaluated to determine whether they comply with national laws, including environmental and social standards.[93] Concessions can also be negotiated to go beyond these minimum legal requirements and provide additional social and environmental protections, such as providing for grievance-resolution mechanisms or requiring compliance with international standards for resource extraction.

The Extractive Industries Transparency Initiative (EITI) is an international initiative operating at the intersection of concessions and revenue management. It promotes the publication and reconciliation of payments from the private sector to government associated with oil, gas, and mineral concessions. As of November 2014, eight fragile states in Africa are compliant with EITI, one other is a candidate country, and one has had its candidacy temporarily suspended.[94] In a number of instances, fragile states have expanded on the minimum requirements of EITI. For example, Liberia requires the disclosure of contracts and applies EITI's requirements to renewable natural resource sectors such as forestry.[95] To sustain national EITI processes in the long run, national mechanisms are needed to ensure sustained funding for national institutions that administer and enforce national commitments.

EITI in Guinea

In Guinea, the Bank is supporting EITI implementation following the voluntary suspension of the country's EITI candidacy in 2009. Guinea resumed reporting and disseminating information on extractive industry revenues, and completed the EITI validation process in August 2012. In October 2012, the EITI Board concluded that the country had made meaningful progress and renewed Guinea's candidacy for 18 months.

The African Legal Support Facility (ALSF), hosted by the Bank, is an initiative designed to assist governments in the negotiation of concession agreements. As of March 2014, the ALSF is assisting five fragile states in the negotiation of concession agreements in areas relating to extractive industries, infrastructure, and agriculture. The ALSF works with international and national lawyers to ensure knowledge transfer and capacity building so that fragile states can ensure fair and balanced negotiations. With additional financial resources from the FSF, the ALSF intends to substantially expand its coverage of advisory and capacity building support to fragile states during the 2014-2016 period.

7.2 Revenue Management

The management of revenues from natural resources is one of the most important factors that determine whether natural resources support or undermine resilience. Natural resource revenues may come from a wide range of extractive and renewable industries: oil and gas, diamonds and other minerals, cash crops such as coffee and cacao, timber, and others.

Reform of revenue management can help stabilize fragile states. São Tomé and Príncipe experienced a short-lived military coup d'état in 2003, where those involved in the coup claimed to have taken over due to dissatisfaction with the continuing poverty of the general public despite the discovery of substantial oil reserves.[96] In 2004, the democratically elected government of São Tomé and Príncipe used inclusive processes that engaged the political opposition and advisors from development partners to draft a revenue management law that was unanimously enacted by the National Assembly.[97] The law provides that oil revenues will be directed into a savings fund from which withdrawals are limited to ensure sustainability, made public to ensure credibility, and monitored by a public oversight committee to ensure accountability.[98] The Bank and others are providing São Tomé and Príncipe with technical assistance on oil revenue management and the administration of concessions.[99]

Fragile states should invest natural resource revenues with an eye toward investments that provide long-term economic and social benefits because natural resources—particularly extractive resources—represent an intergenerational natural endowment that can be exhausted. It is important for fragile states to have a legacy of development gains to show for the extracted resources.[100] The Natural Resource Charter provides key guidelines for collecting and managing natural resource revenues.[101] Nevertheless, planning for the allocation of natural resource revenues among competing uses, and developing the legal and institutional capacity to implement revenue collection and management plans, often requires technical and financial support. Clear legal and regulatory frameworks are needed to set forth the process for revenue allocation and management. At the national level, there is the question of whether funds should be (1) managed as part of the national budget, (2) placed in a dedicated account (for example, to share revenues with producing regions or to remediate environmental and social harms of resource extraction), (3) invested in a savings fund (also known as a trust fund or sovereign wealth fund), (4) invested in a stabilization fund (also known as a countercyclical fund), or (5) some combination of these options. For example, Sierra Leone is considering a hybrid option for managing revenues from diamonds, gold, and petroleum that would spend smaller-scale revenues on an ongoing basis and put larger revenues in a fund for stabilization, savings, and development initiatives.[102]

Benefit sharing with resource-producing regions is both sensitive and critically important. Inequitable sharing of revenues and other benefits from resource extraction has fueled fragility and provided a rallying call for secessionist movements. In contexts such as South Sudan and Sudan, equitable sharing of natural resource revenues has been central to securing peace.[103] Revenue sharing helps to ensure that resource-producing communities do not bear the brunt of the costs associated with resource extraction without also gaining benefits. It is important that revenue sharing be done appropriately: if disagreements arise over the formulas or implementation of revenue allocations, revenue-sharing agreements can be a basis for renewed grievances for separatist movements. When revenues are collected, managed, distributed, and accounted for, national oversight bodies and local community oversight build confidence that revenues are used as intended for local development.[104]

Key actions for fragile states, the Bank, and other development partners in the area of natural resource concessions and revenue management include:

- Guard the credibility of the concession review processes by using institutions that are independent, technically capable, transparent, and legitimate in the eyes of the public.
- Consider concessions as a means of advancing social, economic, and environmental objectives, in addition to increasing government revenues.
- Use resource revenues to address horizontal inequities across groups or regional subdivisions within fragile states.
- Raise public awareness on national resource endowments, concession systems, and revenue flows to gain their trust on collective benefits of their natural resources.
- Provide a clear mandate for allocating resource revenues to improve accountability and provide sustained funding for transformative change.

8. The Private Sector

Private-sector investment is essential to leveraging natural resources for the economic development of fragile states in Africa, from oil and gas extraction to production of agricultural commodities to value-added transformation of forest products. The private sector also provides opportunities to build and operate the infrastructure of fragile states through public-private partnerships (PPPs). Small, medium, and large private-sector investments are all needed to rebuild livelihoods and reignite macroeconomic development. Efforts by businesses to adhere to voluntary guidelines or undertake due diligence can also support stability in fragile states by addressing labor, human rights, and environmental considerations.[105]

Despite the urgent need, there are many regulatory and risk-related obstacles to private-sector investment in fragile states. Fragile states in Africa constitute 11 of the bottom 15 countries in the World Bank's 2013 Doing Business rankings,[106] in contrast to only two African states that are not fragile.[107] Regulatory and legal reforms are needed to clearly define rights and responsibilities both in the regulatory environment and in concessions, so that companies have confidence that their investments will be protected and that the market will be regulated equitably.

Biofuels in Sierra Leone

The Bank is financing the Addax sugarcane ethanol production facility. The facility will be the first of its kind in Africa, and the project includes electrical generation and food security components. It will support economic diversification, employment, access to electricity, food security, government revenues, and climate change mitigation. As with many large private-sector investments, the project has also been the subject of international controversy surrounding its environmental and social impacts.

Supporting value-added transformation of natural resources and promoting natural resource sectors can support employment and livelihoods, and the Bank has recognized the importance of the value-chain approach and is increasingly structuring its interventions around value chains.[108] Developing networks to connect small businesses with each other and with larger-scale domestic and even export markets can improve demand for value-added products.[109]

Efforts to jump-start entrepreneurship and private-sector investment in natural resource sectors should be coupled with project components that provide access to credit. While credit opportunities are available for small and large private-sector investments, gaps exist both at the micro- and mid-sized levels. The Bank provides loans for large-scale private-sector investments such as mining, manufacturing and agro-business, and infrastructure; however, Bank investments in the private sector in fragile states are limited compared to its private sector investments in other African countries.[110]

Value-Added Agriculture in Burundi

A Bank-supported project in Burundi has increased employment among women and the poor by training cooperative associations in basic business skills and providing them with equipment for artisanal value-added transformation of agricultural products. For example, one group that included former refugees, internally displaced persons, and excombatants received training and equipment for rice decortication.

The private sector can be an important partner in providing basic services. Small-scale private suppliers can be networked together to provide water and electrical services in fragile states where such services are limited.[111] PPPs have also been used to provide or restore services on a larger scale, including build, operate, transfer (BOT) agreements in which the private sector constructs the infrastructure, operates it for a specified period of time, and then transfers it to the government for long-term maintenance and operation.[112]

Key actions for fragile states, the Bank, and other development partners in the area of private sector engagement in natural resource management include:

- Incentivize the private sector's adoption of voluntary guidelines and certification processes to address labor, human rights, and environmental considerations.
- Encourage the private sector to manage risks and reduce tensions through public consultations, corporate natural resource policies, and grievance resolution mechanisms.
- Support indigenous micro, small, and medium enterprises more deliberately, for example by enhancing access to credit and information.
- Support value-added production and value-chain development to create strong networks among private sector enterprises and encourage the domestic processing of raw natural resources.

9. Regional Dynamics and Institutions

State fragility frequently has regional drivers and impacts, with neighboring states providing markets and routes for licit and illicit trade in natural resources. Neighboring states typically suffer a 0.6 percent loss of economic growth due to the negative spill-over effects of conflict.[113] Large migrations of refugees have significant impacts on natural resources—such as deforestation, soil erosion, soil exhaustion due to reduction of fallow periods, water pollution, and strains on potable water—in the neighboring countries that receive displaced persons.[114] Regional drivers and impacts mean that regional approaches are often valuable in addressing conflict and conflict prevention for fragile states.

Regional institutions can both address the transboundary dynamics of fragility and provide support to build state resilience by (1) building norms for shared resources, (2) providing technical support for the development and harmonization of national laws, (3) developing cooperative efforts and trust between countries, and (4) undertaking conflict prevention, mediation, and peacekeeping activities. The role of regional institutions is particularly important because so many natural resources are shared across borders, as are the trade routes. Transboundary water basins contain 90 percent of all surface water in Africa.[115] The Congo Basin—the green heart of the African continent—includes forested areas in six fragile states and four non-fragile states.[116]

Efforts to promote regional integration and regional institutions can play a key role in building norms for shared resources. Central African Forest Commission (COMIFAC), the regional body that coordinates Congo Basin forest management, has worked with member countries to develop a forest management plan for the region, and it offers capacity building for forestry officials at the national level.[117]

Regional institutions such as regional economic communities also help their member countries develop and harmonize laws and build capacity for natural resource management. For example, the Southern African Development Community (SADC) has developed sub-regional agreements on environmental issues and on river basin management.

Regional institutions can coordinate and support projects that build cooperation and trust, and they can sometimes mediate disputes over transboundary natural resources. For example, in the Greater Virunga Landscape, international nongovernmental organizations initially organized technical coordination and activities such as joint patrols and regional meetings between Rwandan and Congolese park rangers on gorilla conservation.[118]

Regional institutions are also playing a larger role in conflict prevention, mediation, and peacekeeping. By developing systems for recognizing and responding to natural resource–related conflicts at their earliest stages, regional institutions can play a key role in preventing natural resource–related conflicts. [In 2008, Economic Community of West African States (ECOWAS) supplemented its ongoing work on conflict mediation and prevention with the adoption of the ECOWAS Conflict Prevention Framework, which identifies natural resource allocation and management as one of the structural causes of conflict and outlines activities, benchmarks, and capacity building requirements needed to achieve improved natural resource governance in the ECOWAS region.[119]

Key actions for fragile states, the Bank, and other development partners in the area of regional cooperation around natural resource management include:

- Use regional institutions to address tensions over shared natural resources by creating platforms for information sharing, joint planning, legal harmonization, and dispute resolution.
- Engage regional economic communities to facilitate the growth and formalization of natural resource–related trade with neighboring countries.
- Address power imbalances by building the capacity of fragile states to participate on equal footing in regional cooperation around natural resources.

10. Conflict Sensitivity and the Program Cycle

In fragile states, natural resource management is essential to peacebuilding, statebuilding, and conflict management and mitigation, as well as to development. There are three key entry points for mainstreaming conflict sensitivity, peacebuilding, and statebuilding into the program cycle for natural resource management initiatives in fragile states: (1) dialogue between development partners and fragile states, (2) project design, and (3) monitoring and evaluation of implementation.

Natural resources have contributed to the onset or financing of conflict in at least 14 fragile and formerly fragile states in Africa. Applying conflict-sensitive approaches to natural resource management in fragile states can help development initiatives reduce, rather than exacerbate, tensions. Mainstreaming conflict sensitivity into Bank activities involves asking, at each step in the programming cycle, whether the objectives or operational aspects of the proposed activity have the potential to directly or indirectly aggravate tensions, renew grievances, or otherwise increase fragility—and whether the activity could provide jobs, foster cooperation and reconciliation, or otherwise build resilience.[120] Consideration of the linkages between natural resources and fragility is also important to projects that are not traditionally considered a part of natural resource management, such as infrastructure initiatives or efforts to improve public financial management, because the projects can inadvertently affect natural resource–related conflict dynamics.

To ensure effective programming, peacebuilding and statebuilding priorities need to be mainstreamed into the programming cycle for natural resource–related projects. Multiple peacebuilding and statebuilding challenges may need to be considered simultaneously because weaknesses in one area can undermine the performance of projects to support other peacebuilding and statebuilding priorities. For example, the lack of inclusive governance and access to justice in many instances has undermined economic development projects; conversely, poorly designed development projects can undermine governance. In Nigeria, a World Bank project achieved its goals to boost agricultural production; however, the project had a negative impact on conflict dynamics, in part because the project benefited only one user group and also because it lacked local capacity to build consensus over how natural resources should be used.[121] The follow-on World Bank and African Development Bank project addressed the conflict dynamics by supporting local natural resource governance, planning, and dispute resolution. By addressing the noneconomic aspects of natural resource management (that is, the conflict-related aspects), the project was ultimately able to support economic development and reduce conflict.

The Fragility Lens

The AfDB is developing guidance notes, analytical tools, and training seminars on the application of fragility lens in Bank programming. One training seminar, focusing on working effectively in the water sector in fragile states, was held in 2013. These seminars examine how best to take into consideration fragility in needs assessment, project design, and implementation, including the institutionalization of context and political economy analyses.

10.1 Development Partner Dialogues with Fragile States

Dialogues and strategic planning between fragile states, the Bank, and other development partners are opportunities to identify and prioritize projects that focus on linkages between natural resources and fragility and to address these linkages to build resilience.

Fragility assessments are important diagnostic tools for identifying the causes and drivers of fragility, including natural resource linkages. For example, an analysis of the conflict in Somalia identified competition between pastoral, semipastoral, and agricultural clan groups for arable land and water points as a key source of serious and recurring violence.[122] Guidelines are needed to standardize processes for identifying the natural resource–related aspects of conflicts and fragility within the larger fragility assessment process.

The findings from fragility assessments can then inform strategic plans, such as country strategy papers (CSPs). The Bank is developing guidelines to incorporate considerations of fragility into CSPs.[123] For countries emerging from armed conflict, transitional assistance is sometimes informed by Post-Conflict Needs Assessments (PCNAs), in which the fragile state government works with several development partners to assess needs and prioritize initiatives.

As fragile states in Africa and development partners engage in dialogue to develop CSPs and prioritize natural resource–related projects, considerations include (1) the importance of the project to peacebuilding, statebuilding, and preventing, reducing, and resolving conflict; (2) the presence of a window of opportunity to address a politically sensitive topic; (3) whether development initiatives and benefits are distributed equitably across political and social divisions; (4) the time and capacity necessary for implementation; and (5) whether the project lays the foundation for other projects.

Coordination among Development Partners and Fragile States

Coordination between fragile state governments and development partners around natural resources can be useful because multiple development projects may all use, rely on, or impact the same natural resource, in addition to demands placed on the resource by existing users and uses. The pooling of expertise is also needed to develop cohesive frameworks for natural resource management challenges. For example, in Liberia, the Liberia Forest Initiative was created to coordinate the efforts of a range of international institutions, bilateral donors, and nongovernmental organizations. The government of Liberia worked with them to coordinate funding and technical support for the reform of the forest sector. This coordinated approach helped ensure a coherent, flexible strategy for forest management, so individual development partners could provide support in their respective areas of expertise and comparative advantage.

Dialogues on project prioritization should examine whether the combination of projects supported by development partners will benefit groups across political and social lines so as to avoid increasing tensions. Fragile state governments can build their legitimacy by working with the Bank and other development partners to plan a mix of projects that provides equitable assistance and avoids pockets of exclusion. For natural resource management initiatives, if the conflict involves land, this might mean supporting a mix of projects that help livelihoods for both landed and landless populations.

It is important to have a mix of projects that deliver benefits in the short- and long-term. Short-term projects, such as natural resource management initiatives that support food security and water supply can build confidence in the state and deliver peace dividends. Long-term projects, such as the development of extractive industries or the institutional reformation of natural resource governance, can lay the foundation for more transformative change and resilience.[124] Projects that address the root causes of the conflict or reduce the incentives or financial resources for continuing conflict should be given priority.

10.2 Project Design

Natural resource management projects that are designed to be conflict sensitive and contribute to peacebuilding and statebuilding objectives are more responsive to the needs and contexts of fragile states, and thus are more likely to be successful.

Designing natural resource management projects in conflict-sensitive ways involves actively considering how a development project might affect the dynamics between and across groups, including whether a project might aggravate tensions or build trust and foster reconciliation. Appropriate project design thus involves considering the causes and drivers of conflict, the actors involved, the power dynamics between and among various actors and groups, and the risks associated with programming in fragile situations. This type of analysis applies not only to project objectives but also to procurement, training for project staff, project location, and other details of how a project is implemented.[125]

Fragility assessments are important in identifying and analyzing these dynamics, and sector-specific checklists can help project teams to identify areas of risk and opportunities to improve the conflict sensitivity of natural resource management initiatives. To ensure that the proposed projects are tailored to the local context, national-level fragility assessments may need to be supplemented with interviews and workshops during project design.[126] As part of project design, communities can be engaged in activities such as mapping the relationships between the causes.[127] To effectively design and implement conflict-sensitive development initiatives, project budgets and timelines need to include capacity building for project staff and government officials on the importance of and techniques for conflict-sensitive programming.

Natural resource–related projects for economic development, infrastructure, governance, and livelihoods can often be designed to promote multiple peacebuilding and statebuilding activities with relatively minor modifications—thus improving the likelihood of project success, while also building resilience of the fragile state.

Infrastructure and Excombatants in CAR

A 2012 Bank project to restore and expand water supply in CAR was designed to create jobs for excombatants and unemployed youth in the construction and maintenance of water points. This type of project has the potential to significantly improve security as well as water infrastructure in a country that relapsed into conflict in 2012 and again in 2013, partly due to the lack of effective and continuous excombatants reintegration.

10.3 Monitoring and Evaluation of Implementation

In fragile states, monitoring and evaluation of natural resource–related projects is most effective when it examines both peacebuilding and statebuilding objectives and natural resource management objectives, is performed frequently, includes both quantitative and qualitative components, and involves beneficiary populations. Moreover, processes that allow projects to adapt to changing conditions on the ground are needed.

As conflict sensitivity, peacebuilding, and statebuilding are mainstreamed into project design, it becomes important to develop frameworks for monitoring and evaluating links between natural resources, conflict, peacebuilding, and statebuilding from project design through implementation.[128] This process begins during project design with the development of a theory of change and indicators that articulate and test the assumptions of the design team as to how the project activities will affect conflict dynamics or contribute to peacebuilding and statebuilding objectives.

In fragile states, particularly in countries recovering from conflict, the situation may be volatile and frequently involve many actors.[129] Moreover, due to the lack of capacity and data (especially related to the extent and condition of natural resources) in fragile states, projects are often designed based on preliminary or incomplete baseline information.[130] This means that close monitoring and frequent evaluation is necessary to stay abreast of changing circumstances, including how specific natural resource management projects might interact with conflict dynamics.[131]

It is often best to use an integrated monitoring and evaluation approach comprising both quantitative indicators and qualitative interviews. Monitoring for quantitative outputs (for example, number of wells drilled) or outcomes (such as fewer conflicts over water) is important; however, in fragile and conflict-affected environments, there are frequently too many variables to accurately assess the impact of a development initiative based on quantitative data alone.[132] This is especially true for natural resource governance. Qualitative structured and semi-structured interviews are essential to identifying capacity gaps, changing circumstances, and unintended consequences.[133]

Engaging beneficiary populations to support monitoring and evaluation can improve project transparency, build community support for the project, and help build confidence and trust in many fragile and conflict-affected communities. Examples of participatory monitoring and evaluation include: initiatives to engage communities in reporting on the status of a resource; those where beneficiary populations track whether there are improvements in resource governance; and community microcredit associations in which group members evaluate each other's business plans and implementation to encourage loan repayment.[134] The use of low-cost mobile technology is proving increasingly useful in engaging communities in participatory approaches and to collect and analyze data in real time.

Finally, opportunities and processes are needed to allow natural resource–related projects to act on feedback from monitoring and evaluation, and to adapt to changing circumstances and evolving understandings of the capacity and needs of the beneficiary populations.

Key actions that fragile states, the Bank, and other development partners can undertake to mainstream conflict-sensitive programming, peacebuilding, and statebuilding into the program cycle include:

- Use fragility and conflict assessments to identify the role of natural resources as (1) assets for statebuilding and peacebuilding; (2) potential contributing causes of conflict; and (3) potential sources of financing for armed conflict.

- Design and implement projects using conflict-sensitive approaches—whether or not project goals focus on addressing conflict.

- Identify opportunities for natural resource–related initiatives to contribute to peacebuilding and statebuilding objectives.

- Create the opportunity and space for community participation and feedback, including ease of access to information and reporting.

11. Programming for Sustained Success

In fragile states, it can be challenging to achieve lasting results. For example, the United Nations Development Programme evaluated its projects related to agriculture and erosion control in Rwanda as the country was recovering from conflict.[135] The evaluation demonstrated that while the projects were well received, their ability to produce lasting impacts was mixed due to insufficient consultation with beneficiary populations during project design and the short duration of the project. Strategies for enhancing the long-term impact of projects facilitate country ownership and leadership through capacity building, long-term engagement, participatory programming, and planning for phasing out programming.

Capacity Building for Environmental and Social Management Plan (ESMP) Implementation in Liberia

When designing the Bank's supplement to the Labor-Based Public Works Project to rehabilitate roads and rural infrastructure in Liberia, it was found that the Ministry of Public Works lacked the capacity to implement the ESMP. To address this, the Bank provided supplementary funding to hire an assistant charged with monitoring the implementation of the ESMP for four months during the project.

11.1 Capacity Building

Natural resource management initiatives in fragile states must often go beyond the development of resource-related infrastructure and build the informational, institutional, human resource, and infrastructure capacity of local and national governments and beneficiary populations. Fragility and conflict often erode capacity at the national, regional, and local levels. Human resources are reduced as skilled workers frequently move to urban areas or abroad to escape conflict or economic hardship. Data and data management systems may be out of date or destroyed. And infrastructure may be dilapidated due to lack of maintenance or destroyed as a target in conflict.

When conducting a needs assessment for natural resource–related projects in fragile states, identifying gaps is one of the most challenging tasks. Project design teams should look for gaps in long-term institutional and management capacity as well as natural resource–specific expertise, and then suggest strategies for addressing these gaps.[136] Both civil society organizations and the private sector play essential roles in natural resource management, and they should be included in the process of identifying capacity gaps in government at the national and local levels and in their own institutions.[137] There is also a strong need for capacity building initiatives in civil society organizations and the private sector. Parliamentarians also stand to benefit from expert support for the development natural resource–related legislation and for support to strengthen connections with their constituencies.

Examples of strategies for ongoing capacity building support include the seconding staff from development partners or funding the placement of international experts in government ministries to work alongside ministry staff for a year or more.[138] Other options include providing specialized training to key staff outside of the workplace, with incentives to return after their studies are complete. Extension officers can be used to disseminate information on agricultural, forestry, and other natural resource–related livelihoods into rural areas. Capitalizing on expertise from within the diaspora is another tool for building fragile state capacity over the short and long term.

Supplementary funding is often needed to address capacity gaps identified during project implementation because the full scope of capacity gaps can be difficult to assess at the outset, both for the fragile state and for development partners.

Long-Term Engagement

Fragile states in Africa need long-term donor engagement to reform natural resource–related laws and institutions, build capacity, and change engrained practices. It takes at least 10 years to build capacity of core institutions in fragile states. With this in mind, the Bank has extended the period that fragile states are eligible for FSF funding from two three-year ADF cycles to at least three, and thereafter to be determined on case by case, to more closely reflect the amount of time it takes to transition out of fragility.

Because institutional capacity initiatives take longer than the duration of individual projects, long-term natural resource management initiatives may need to be divided into smaller, successive projects with discrete objectives that can be achieved in a shorter timeframe.

11.2 Participatory Programming

While community engagement is important in all development projects, the characteristics of fragile and conflict-affected states make community engagement both more necessary and more challenging. Community engagement is especially important for projects focusing on, inadvertently affecting, or relying on natural resources because of the often-central role of natural resources to livelihoods, food security, identity, and conflict financing.

Situations of fragility are frequently characterized by a hyperpoliticized environment in which there is a lack of trust and social capital.[139] In comparison to nonfragile situations, communities more frequently lack confidence in institutions.[140] This makes it more challenging to engage communities in fragile states, and greater attention must be devoted to transparency and community engagement to overcome suspicion and build community ownership.

Building the Capacity of Civil Society to Participate in Natural Resource Management

Natural resource management in fragile states needs the active participation of civil society. Transparency initiatives such as EITI and the development of environmental impact assessments depend on civil society to reach out to stakeholders who may lack the resources and sophistication to participate effectively. Often capacity building and support is needed for civil society organizations in fragile states, which frequently lack experience and a strong foundation in advocacy and policy analysis and are often focused on providing basic services.

All projects, particularly natural resource–related projects in fragile states, should mainstream community engagement as a standard practice. Many development projects use a participatory approach to engage communities; however, engagement in fragile states must be continuous throughout the project cycle—from project design to implementation to monitoring and evaluation.

A range of techniques can be used to create opportunities for participation in natural resource management initiatives. Some examples include notice, consultation, participatory decision making, comanagement, inclusive strategies for local governance, and public comment on proposed legislation and rulemaking.

Moreover, it is important to ensure that participatory approaches are truly inclusive. Participatory projects have sometimes concentrated benefits with local elites and their patronage networks.[141] Accordingly, projects may also need to require the inclusion of vulnerable groups; address, reduce, or at least avoid increasing existing inequities; create mechanisms to ensure that local governance structures are accountable to their constituencies; and improve the management and maintenance of investments in infrastructure and natural resources by building capacity, providing resources, and creating the necessary incentives.[142]

Phasing Out Programming

Phasing out of assistance and transferring and mainstreaming long-term management responsibilities into national or local institutions is a crucial step in long-term programming. For a program to have a lasting effect, the transition from donor assistance to a wholly locally or nationally funded and run program requires planning and preparation.

Where sudden withdrawal of project funding can have a devastating impact, graduated reductions in funding that are supplemented by continued technical support can facilitate a smooth transition to national management. Moreover, capacity building must be accompanied by strong institutionalized reforms that create frameworks for ongoing capacity development and maintenance of gains after assistance ends.

Key actions that fragile states, the Bank, and other development partners can undertake to design and implement projects for sustained success include:

- Evaluate existing capacities and assess the scope of capacity gaps in government, civil society, and private sector entities.
- Emphasize capacity building in local and national government institutions, civil society, and the private sector to restore human resource and institutional capacity lost during conflicts and political crises.
- Sustain support to fragile states over a time frame that allows for the effective development of institutions for natural resource management.
- Engage communities and civil society organizations throughout the project cycle—from project design to implementation to monitoring and evaluation.

Comoros landscape. Photo: AfDB.

12. Recommendations and Next Steps

The sustainable management of natural resources is essential for fragile states seeking to improve economic growth, employment, good governance, basic services, and private-sector investment. The Bank's Ten Year Strategy (2013-2022) places an emphasis on not only on "sustainable growth, but also [on] the sustainable management of natural resources" and it has identified fragile states as one of its three areas of focus in the coming decade.[143]

Accordingly, this Flagship Report identifies ways that the Bank can further support fragile states in their efforts to build resilience through improved management of natural resources. This report has examined how the linkages between fragility, conflict, and natural resources sometimes necessitate natural resource management initiatives in fragile states to use approaches that differ from development approaches appropriate to other RMCs. Fragile states frequently require additional support or attention to development fundamentals that are universal to developing countries, but may require special attention due the challenges of state fragility. As one among the many development partners working with fragile states on natural resource management, a coordinated approach is needed to address unmet needs in each country. Thus, the bulk of the Flagship Report focuses on experiences and lessons for the broad community of fragile states and development partners.

This section, in contrast, examines how the Bank can improve the way that it engages RMCs and development partners to leverage natural resources for resilience in fragile states. It emphasizes four priority opportunities: (1) mainstreaming natural resource management, conflict sensitivity, peacebuilding, and statebuilding in Bank processes, tools, and training opportunities throughout the program cycle; (2) using natural resource data collection, analysis, and management to build resilience and transparency in fragile states; (3) improving natural resource concessions; and (4) building fragile state capacity for natural resource revenue management.

12.1 Mainstreaming Conflict Sensitivity and Peacebuilding and Statebuilding Objectives

Procedural modifications to project design and implementation: Procedural changes could help to ensure that conflict sensitivity and peacebuilding and statebuilding objectives are systematically incorporated into Bank projects in fragile states, including natural resource–related initiatives. Options include:

- Fragility assessments examine fragility dynamics at the national and regional levels and can inform the identification of peacebuilding and statebuilding priorities in fragile states. Incorporating natural resource considerations into fragility assessments is essential to understanding how development initiatives may affect conflict dynamics in fragile states.

- The Bank's CSP template should be tailored to the unique needs of fragile states. The CSP template for fragile states can be designed to include categories and questions that facilitate the analysis of linkages between natural resources, conflict, peacebuilding, and statebuilding.

- A more strategic and systematic coordination of policies and programs with development partners and governments informed by assessments that integrate the linkages between natural resources, conflict, and fragility. Examples include the development of PCNAs and Poverty Reduction Strategy Papers (PRSPs).

- A review of the project design process and project cycle management for fragile states—including project conceptualization—to identify ways to adapt standard Bank procedures to the unique challenges of fragility. Possible points of entry for review include the development of additional criteria for Concept Notes and Project Appraisal Reports in fragile states. A procedural opportunity may also be added to allow Transition Support Department staff to review and comment on proposed natural resource management projects in fragile states.

- Monitoring and evaluation in fragile states is most effective when it is multi-faceted. Integrating conflict– and peacebuilding–focused methodologies and indicators into monitoring and evaluation can identify project impacts on conflict, peacebuilding, and statebuilding. For example, theories of change can be used to identify a project's effects on the fragile state political and conflict context.

Capacity building and tools for Bank staff and implementing partners: Practice guides and training are needed to help staff rapidly understand and identify how to adapt natural resource–related programs and projects to the context of fragile states. Both overarching and sector-specific guides and training opportunities are necessary, with priority sectors including extractive industries; water resource management, water supply, and sanitation; and agriculture, pastoralism, fisheries, and forestry. Such guidance would raise the profile of key issues that arise frequently and provide tools for analysis, while clearly explaining that the political and conflict dynamics around natural resources are specific to each fragile state and require tailored analyses and responses. To ensure effective project prioritization, planning, and implementation, additional capacity building opportunities could be developed for Bank staff, fragile state government officials, project staff and consultants, and community groups and beneficiary institutions. Options include:

- Introducing streamlined, sector-specific practice guides to consistently incorporate conflict-sensitivity and peacebuilding and statebuilding objectives into different natural resource sectors. The guides could include forms, checklists, and lists of key issues that project managers should consider throughout the program cycle. A guide on monitoring and evaluation of natural resource–related projects in fragile states could also be useful.

- Providing natural resource–specific trainings for Bank staff who administer projects in fragile states. Such training could introduce the practice guides and offer opportunities to share ideas and experiences among Bank staff.

- The unique context and challenges of fragile states mean that performing environmental and social impact assessments and planning and implementing other project safeguards in fragile states requires specialized skills and expertise. Accordingly, training and certification opportunities in conflict-sensitive programming can help Bank staff who perform environmental and social assessments and for those who plan or implement other project safeguards in fragile states.

- Expanding coverage of training opportunities for fragile state government officials on natural resource–related conflict dynamics and approaches to peacebuilding and statebuilding. One option for such training is an annual international workshop for government officials from fragile states to learn and exchange experiences related to natural resources and conflict, conflict sensitivity, peacebuilding, and statebuilding.

- Where appropriate, projects could incorporate training on key topics related to natural resource management and fragility that would be tailored for project staff, fragile state government ministries, other implementing partners in fragile states, and beneficiary communities. Such trainings could address targeted issues, such as strategies for conducting informal contextual evaluations as part of the monitoring and evaluation process and identifying key conflict dynamics that could potentially impact the performance of natural resource–related projects.

12.2 Data Collection, Analysis, and Management

One of the greatest needs for improving the management of natural resources for resilience in fragile states in Africa is to improve the collection and management of resource-related data, and the Bank is well suited to offer further support in this area. The Bank supports and encourages data collection and management for sound natural resource decision making in fragile states, from projects for the collection and analysis of targeted natural resource and environmental information to broader household statistical surveys.[144] Additional support is needed to build the capacity of fragile states to collect and manage data on their natural resources. Measures to improve the efficacy and conflict-sensitivity of natural resource data collection and management initiatives in fragile states include:

- ***Building fragile state government capacity:*** Natural resource data collection and management projects should be evaluated based on the extent to which they improve the long-term capacities of governments. Capacity building can address human, technological, and financial capacity to independently maintain, update, and adapt data management systems. When evaluating alternatives during project design, key considerations include whether projects inventory and build on existing databases and whether they are designed to facilitate long-term expansion so that new types of data and additional users can be added over time.

- ***Collecting and comparing data within and across sectors:*** Data collection and management practices must be designed to collect and compare information within a natural resource sector, as well as across more than one sector. Inventories and atlases are needed to identify overlapping and inconsistent claims of land, water, mineral, and other resource rights, including concessions. To support pro-poor natural resource management, analyses should also cross-reference demographic, census, and other poverty data with natural resource–related data. To maximize the utility of the natural resource–related data collected, information should be collected at the highest level of detail that can be feasibly updated and maintained.

- ***Sharing data throughout fragile state governments:*** Natural resource–related data management systems should be designed for use by multiple government ministries as well as by local and regional government institutions. To build a common understanding of the natural resource base and the needs and rights of different users, natural resource–related information must be shared across multiple levels. Clear plans are needed to outline how access to natural resource–related information and how databases will be shared within and across national and subnational government institutions. The collection and sharing of data at the regional level can build trust across borders and facilitate planning for shared natural resources at the regional level.

- ***Promoting transparency:*** Encouraging transparency of natural resource data should be a high priority in fragile states to put to rest lingering suspicions and tensions arising from past mismanagement. It is good practice for fragile state governments to release natural resource–related information and datasets to the public, ideally through publicly accessible websites. In politically polarized situations, studies by a neutral third party may be used to create a common foundation for negotiation and demonstrate that the government is negotiating in good faith.

12.3 Concessions

Fragile states are often ill-equipped to negotiate or enforce concessions. Financial and technical support is greatly needed to develop the institutional frameworks for concessions and for negotiating, administering, and enforcing the terms of individual concessions. The Bank's ongoing initiatives for extractive industries governance and concession negotiation create a solid foundation for deepening engagement on this key issue. The Bank's African Legal Support Facility helps fragile states in Africa and other RMCs negotiate or, as necessary, renegotiate complex commercial transactions, such as natural resource concessions.[145] Four key considerations regarding the financial and technical support for concessions include:

- ***Providing technical assistance to negotiate, renegotiate, and review concessions:*** Fragile states need more technical assistance for the negotiation, review, and renegotiation of natural resource concessions. Technical advisors and attorneys for fragile states should consider provisions in natural resource concession contracts that reduce harmful impacts of concessions and provisions for sharing social and environmental benefits. Suggested negotiation strategies should seek to ensure private sector compliance with human rights obligations and include processes to encourage transparency and address grievances. Both concessions under negotiation and concessions included in comprehensive reviews should be evaluated to determine whether they comply with national laws, including environmental and social standards and relevant certification systems.[146]

- ***Supporting institutional reforms:*** Greater support is needed to facilitate the legal and institutional reform of the standards and processes governing natural resource concessions. Seconding international technical experts to relevant ministries has proven successful in developing the capacity of fragile states to negotiate, administer, and enforce concessions.[147] To maximize the efficacy of legal reforms, design support to develop the long-term institutional and human resource capacity so that fragile states can independently negotiate and administer future concessions without outside assistance. This support includes workshops and training tools for officials from the ministries that negotiate, administer, and enforce concessions. To ensure that reforms are effectively implemented, it is good practice to require fragile states to commission and publish periodic independent audits of recently issued natural resource concessions.

- ***Developing model concessions:*** Models for natural resource concessions could be developed as tools for fragile states. Countries would benefit from an in-depth study of concessions in Africa with some generalized sample concession forms and terms that fragile states could select and adapt to their particular context. Alternatively, the Bank and Regional Member Countries could contribute to a broader global model concession contract. Once states have narrowed down the types of agreements and provisions they wish to pursue, model natural resource concession agreements could be developed to empower them to use their own standard terms for concession agreements. Such models can mainstream a state's environmental, social, and other legal requirements into the terms of its concessions, avoiding the adoption of concessions that are inconsistent with a country's laws.

- ***Disclosing concession contracts:*** Requiring the disclosure of concession contracts could improve the management of concessions financed by the Bank. Disclosure strengthens both institutions and legitimacy. This policy has already been adopted by the International Finance Corporation.[148] Where the Bank is financing concessions in fragile states, it is particularly important to regularly review the implementation of any environmental and social management plan (ESMP) or resettlement plans associated with the concession.

12.4 Revenue Management

With its expertise in public financial management and natural resource revenue transparency, the Bank has an important role to play in supporting the efforts of fragile states in Africa to manage natural resource revenues. The Bank has supported the negotiation of natural resource concessions, the adoption of EITI in eight fragile states in Africa, and the implementation of broad-based public financial management projects in many others.[149] The Bank has a comparative advantage in providing technical support for the management of natural resource revenues because it is a specialized area of public financial management that relates to the EITI process. Four key considerations for support in natural resource revenue management include:

- ***Promoting dialogue:*** As an African institution, the Bank can play a unique role in bringing together technical experts and leaders from line ministries to exchange experiences and share best practices on managing natural resource revenues. Workshops and exchange programs can help create interest and political will within fragile states by creating opportunities for fragile states to learn from well-performing African states.

- ***Developing revenue management research and tools:*** There is a need for guidance documents and toolkits that lay out the benefits and constraints of the different approaches for revenue management, benefit sharing, and implementation issues. This could be complemented by additional research to determine how to most effectively allocate natural resources revenues to promote economic diversification and horizontal equity while addressing the complex conflict dynamics and limited administrative capacities of fragile states.

- ***Expanding EITI:*** Further support is needed to encourage the continued expansion and sustained implementation of EITI in fragile states. It is important to encourage countries to extend national EITI frameworks beyond the minimum requirements of EITI to cover additional resources, additional disclosure requirements, and additional measures to promote good management of resource revenues. EITI implementation efforts should include national and subnational training workshops and initiatives that build the capacity of civil society representatives and subnational governments to access and interpret the information released as part of EITI. For many fragile states, EITI project components should include the development of independent mechanisms for financing national EITI secretariats after Bank support for implementing EITI winds up.

- ***Providing technical and financial support for revenue management:*** Fragile states need more access to tailored technical and financial support to prepare and implement national plans for the collection and management of natural resource revenues.[150] This includes developing legal, institutional, and human resource capacity. Monitoring and consistent support for transparency and accountability are needed to build public trust in the effective management of natural resource revenues in fragile states.[151]

12.5 Way Forward

If managed soundly, natural resources and their revenues have the potential to be a catalyst for resilience and sustainable economic and social development in fragile states in Africa. The Bank has a key role to play in promoting conflict-sensitive natural resource management projects that support peacebuilding and statebuilding in fragile states in Africa. In pursuing actions highlighted in the Flagship Report, fragile state governments, the Bank, and other development partners can more effectively and equitably manage natural resources and their revenues, laying the foundation for inclusive development, building resilience, and supporting the transition away from fragility.

Citations for Text Boxes

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8 Africa Progress Panel 2011.
9 Ninety-five percent of Burundi's labor force is engaged in agriculture. Eighty-five percent of the Ivoirian labor force works in food production. Almost 80 percent of DRC's population works in agriculture, fishing, and stockfarming. Seventy-four percent of the population of CAR works in agriculture and animal husbandry sectors. Seventy percent of Liberia's labor force works in agriculture. GOB 2006 (Burundi); GOCI 2009 (Côte d'Ivoire); IDA and IMF 2007 (DRC); GOCAR 2007 (CAR).
10 Oil and gas are a substantial percentage of the total exports for a number of fragile states in Africa, including Chad (90.8 percent), Sudan (88.5 percent), Congo (81.3 percent), and Côte d'Ivoire (32.6 percent). Similarly, minerals are a substantial percentage of total exports for DRC (78.3 percent), Guinea (65.2 percent), Sierra Leone (54.3 percent), CAR (35.8 percent), and Zimbabwe (26.8 percent). Oil and gas is also an important export to South Sudan; however, the 2011 OECD report was based on 2010 figures that were compiled before South Sudan's independence. OECD 2011a.
11 Based on the United States Geological Survey (USGS) 2010 and 2011 Mineral Yearbooks, Chad, Congo, Côte d'Ivoire, DRC, South Sudan, and Sudan are currently producing oil or gas. Data on South Sudan was not available through the USGS; however, the presence of oil on the border of Sudan and South Sudan is common knowledge. Oil exploration is underway in Guinea, Liberia, São Tomé and Príncipe, Sierra Leone, Somalia, and Togo. South Sudan was not treated separately from Sudan in the 2010 yearbook. Bermúdez-Lugo 2012a (Liberia), 2012b (Sierra Leone), 2013 (Togo); Mobbs 2012a (Chad), 2013 (Congo); Soto-Viruet 2011b (Guinea), 2012a (Côte d'Ivoire); 2012c (São Tomé and Príncipe). Yager 2012b (DRC), 2012c (Somalia), 2012d (Sudan).
12 The USGS Mineral Yearbooks for 2010 and 2011 list Burundi, CAR, Chad, Congo, Côte d'Ivoire, DRC, Eritrea, Guinea, Guinea-Bissau, Liberia, Sierra Leone, Sudan, Togo, and Zimbabwe as having gold, diamonds or both. Mali also produces gold and may be designated a fragile state in the future. Exploration for gold is currently underway in Somalia, and there is the potential for the discovery of gold in Djibouti. South Sudan was not treated separately from Sudan in the 2010 yearbook, so the presence of mineral resources is unclear. UN sanctions against diamond exports from Sierra Leone were lifted in 2010, but the USGS has not yet released information on diamond exports since the sanctions were lifted. Bermúdez-Lugo 2012a (Liberia), 2012b (Sierra Leone); 2013 (CAR and Togo); Mobbs 2012a (Chad), 2012b (Zimbabwe), 2013 (Congo); Newman and Yager 2011 (Eritrea); Soto-Viruet 2011b (Guinea), 2011c (Mali), 2012a (Côte d'Ivoire), 2012b (Guinea-Bissau); Yager 2012a (Burundi), 2012b (DRC), 2012c (Somalia), 2012d (Sudan); UNSC 2010.
13 Rustad and Binningsbø 2010.
14 Examples where disputes over land have contributed to the onset of conflict in fragile states in Africa include DRC, Liberia, Sierra Leone, and Southern Sudan (AU, AfDB, and UNECA 2010a); Burundi (Brachet and Wolpe 2005); Chad (USAID 2010b); Comoros (Larrabure and Ouledi 2012); Côte d'Ivoire (USAID 2011); Liberia (Hartman 2010); Mali (ARD 2010); Sierra Leone (USAID 2010c); South Sudan (Forojalla and Galla 2010); Sudan (El-Tayeb, Nimir, and El Hassan 2006). On water, see Pacific Institute n.d. (DRC, Eritrea, and Sudan); UNEP 2007 (Sudan), 2010 (Sierra Leone), 2011b (DRC). On herder-herder and farmer-herder conflicts, see BBC 2011 (South Sudan); Bevan 2007 (CAR, Chad, Sudan); Jones-Casey and Knox 2011 (Mali); Djibouti (LOG Associates 2010); Manzubaze 2012 (DRC); WANEP 2011 (Côte d'Ivoire); World Bank 2005b (Somalia). Natural resources have financed conflict in countries such as Congo, Côte d'Ivoire, DRC, Sierra Leone, Somalia, Sudan (UNEP 2009a).
15 UNEP 2009a; Webersik and Crawford 2013.
16 Examples where disputes over land have contributed to the onset of conflict in fragile states in Africa include DRC, Liberia, Sierra Leone, and Southern Sudan (AU, AfDB, and

UNECA 2010a); Burundi (Brachet and Wolpe 2005); Chad (USAID 2010b); Comoros (Larrabure and Ouledi 2012); Côte d'Ivoire (USAID 2011); Liberia (Hartman 2010); Mali (ARD 2010); Sierra Leone (USAID 2010c); South Sudan (Forojalla and Galla 2010); Sudan (El-Tayeb, Nimir, and El Hassan 2006). On water, see Pacific Institute n.d. (DRC, Eritrea, and Sudan); UNEP 2007 (Sudan), 2010 (Sierra Leone), 2011b (DRC). On herder-herder and farmer-herder conflicts, see BBC 2011 (South Sudan); Bevan 2007 (CAR, Chad, Sudan); Jones-Casey and Knox 2011 (Mali); Manzubaze 2012 (DRC); WANEP 2011 (Côte d'Ivoire); World Bank 2005b (Somalia).

17 UNEP 2009a; Webersik and Crawford 2013.

18 Rustad and Binningsbø 2010.

19 United Nations Interagency Framework Team for Preventative Action 2012c.

20 AfDB 2012b, viii.

21 OECD 2012a, 35.

22 IDPS 2010, 2.

23 These activities reflect and are consistent with key priorities identified by the United Nations, the Organisation for Economic Co-Operation and Development, and other development partners. See, for example, IDPS 2011a; JICA 2011; UNSG 2012; USIP and U.S. Army PKSOI 2009.

24 IDPS 2011a; New Deal 2012.

25 AfDB 2013d.

26 AfDB 2013d.

27 AU 2009; AU, AfDB, and UNECA 2010a; UNECA, AU, and AfDB 2000.

28 Oil and gas constitute significant exports in Chad (90.8 percent), Sudan (88.5 percent), Congo (81.3 percent), and Côte d'Ivoire (32.6 percent), and minerals are significant exports for DRC (78.3 percent), Guinea (65.2 percent), Sierra Leone (54.3 percent), CAR (35.8 percent), and Zimbabwe (26.8 percent). OECD 2011a.

29 UNEP 2009a.

30 Oil and gas production and industrial mining tend to use few highly skilled workers, and inputs needed for resource extraction are imported. AfDB and AU 2009.

31 ICGLR 2012; OECD 2012c.

32 The Kimberley Process is an international system for certifying and tracking diamonds to ensure that they are not sold to finance armed conflict against the government in their country of origin. CAR, Congo, Côte d'Ivoire, DRC, Guinea, Liberia, Sierra Leone, Togo, and Zimbabwe are all participants in the Kimberley Process, although CAR's participation has been temporarily suspended as of May 2013. Kimberley Process Secretariat n.d.; Nhlapo 2013.

33 IRIN 2013; UNECA 2002.

34 IRIN 2013; UNECA 2002; World Bank 2010a, 2011a.

35 Rustad, Lujala, and Le Billon 2012, Australian Government 2006.

36 AU 2009.

37 GOB 2006 (Burundi); GOCAR 2007 (CAR); GOCI 2009 (Côte d'Ivoire); IDA and IMF 2007 (DRC).

38 Nichols and Goldman 2011; Altman, Nichols and Woods 2012.

39 United Nations Interagency Framework Team for Preventative Action. 2012c; see also Chapter 1.

40 AU, AfDB, and UNECA 2010a (DRC, Liberia, Sierra Leone, and Southern Sudan); Brachet and Wolpe 2005 (Burundi); El-Tayeb, Nimir, and El Hassan 2006 (Sudan); Forojalla and Galla 2010 (South Sudan); Larrabure and Ouledi 2012 (Comoros); Hartman 2010 (Liberia); USAID 2010b (Chad), 2010c (Sierra Leone), 2011 (Côte d'Ivoire). See also ARD 2010 (if Mali is designated as a fragile state).

41 See, e.g., Furth 1998 (Togo); ICG 2004 (Zimbabwe).

42 UNEP 2005 (Somalia), 2007 (Sudan), 2009b (CAR).

43 Bevan 2007 (CAR, Chad, Sudan); WANEP 2011 (Côte d'Ivoire); Manzubaze 2012 (DRC); Jones-Casey and Knox 2011 (Mali); World Bank 2005 (Somalia); BBC 2011 (South Sudan). Pastoral and agro-pastoral conflicts are also a challenge in many African states that are not fragile, such as Kenya, Uganda, and Ethiopia, among others. LOG Associates 2010.

44 Wallace and Conca 2012;

45 United Nations Interagency Framework Team for Preventative Action 2012c. The United Nations Interagency Framework Team for Preventative Action (2012c) also discusses a third type of scarcity called structural scarcity, which is the third is addressed as part of governance.

46 Jarmillo Castro and Stork 2014.*

47 AfDB 2009a.

48 Id.

49 A World Bank project in Nigeria initially exacerbated tensions across groups; however, a follow-on project by the World Bank successfully addressed the issue of inequity and resolved the conflicts, and an AfDB initiative has since expanded upon the follow-on initiative. Ruckstuhl 2009; AfDB 2003.

50 The five fragile states among the six countries with the highest percentage of the population lacking access to electricity were Burundi, Liberia, Chad, CAR, and Sierra Leone. The other developing country among the top six was Rwanda. Legros, Havet, Bruce, and Bonjour. 2009. Least developed countries are identified by the Economic and Social Council of the United Nations based on three criteria measuring (1) low Gross National Income per capita, (2) human resource weakness, and (3) economic vulnerability. UN-OHRLLS n.d.

51 Schwartz, Hahn, and Bannon 2004.

52 World Bank 2011c.

53 See, for example, IDPS 2010; Mosher et al. 2008.

54 See, for example, Mashatt, Long, and Crum 2008.

55 Allouche 2013*; Mashatt, Long, and Crum 2008; Stel 2011.

56 Unruh and Shalaby 2012.

57 AfDB 2012d.

58 For Sahel see UNEP 2011a.

59 UNEP 2011a; AfDB 2011d.

60 UNEP 2011a, 13–14.

61 WBGU 2007. See AfDB 2011d for discussion on reduced water availability in Africa.

62 WBGU 2007. See AfDB 2011d for discussion on reduced agricultural production in southern Africa.

63 AU, AfDB, and UNECA 2010b; Smith and Vivekananda 2009.

64 Smith and Vivekananda 2009.

65 IDPS 2011a.

66 Collier and Venables 2010.

67 Kaufmann, Kraay, and Mastruzzi 2012; World Bank 2012e.

68 Kaufmann, Kraay, and Mastruzzi 2012.

69 United Nations Conference on Environment and Development, Rio Declaration on Environment and Development, U.N. Doc. A/CONF.151/5/Rev.1, 31 I.L.M. 874 (1992). www.un.org/documents/ga/conf151/aconf15126-1annex1.htm.

70 UNEP 2011b.

71 UNEP 2003.

72 For defining vulnerable populations with respect to impacts from Bank projects, see AfDB 2013a.* For defining vulnerable populations within the context of peacebuilding, which include "children, the elderly, women and other traumatized groups in the society," refer to the Protocol Relating to the Establishment of the Peace and Security Council of the African Union, 2002, Durban, South Africa, July 9. Art. 14(2)(e). www.africa-union.org/root/au/organs/psc/Protocol_peace%20and%20security.pdf.

73 Peeters et al. 2009.

74 For a discussion on quota systems for women in community forest management in Liberia and Nepal and fisheries in Uganda, see Karuru and Yeung 2013.* See also Kethusegile-Juru 2004; Mansuri and Rao 2013; World Bank 2010b.

75 Karuru and Yeung 2013*; Peeters et al. 2009.

76 IRIN 2011; Karuru and Yeung 2013.*

77 Kolstad and Wiig 2011.

78 Transparency International 2012; World Bank 2012e.

79 For a discussion on post-conflict conditions that enable corruption, see Cheng and Zaum 2013,* for example.

80 Dwan and Bailey 2006 (GEMAP). See also, Kawamoto 2012 (diamonds from Sierra Leone and Liberian conflict); Nichols

and Goldman 2011 (timber and Liberian conflict).
81 Maconachie 2012.
82 Id.
83 Concessions can cover the commercial exploitation of agriculture, forests, gas, minerals, oil, water, and other natural resources.
84 Ornert 2012; Global Witness 2012.
85 For example, in Sierra Leone, an unfavorable titanium extraction agreement caused an $8 million dollar estimated annual loss of government revenue for a 12 year period. Rustad, Lujala, and Le Billon 2012.
86 Nichols and Goldman 2011.
87 Gajigo, Mutambatsere, and Ndiaye 2012.
88 Rustad, Lujala, and Le Billon 2012.
89 Kaul, Heuty, and Norman 2009.
90 Liberia has already required the disclosure of concessions. Id.
91 Rustad, Lujala, and Le Billon 2012.
92 Unruh and Williams 2013.
93 Gajigo, Mutambatsere, and Ndiaye 2012.
94 Congo, Côte d'Ivoire, Liberia, Sierra Leone, and Togo are EITI compliant. Chad, Guinea, and Saõ Tomé and Príncipe are candidate countries. The candidacies of CAR and DRC are currently suspended. EITI Secretariat n.d.
95 Rich and Warner 2012.
96 IRIN 2003.
97 Bell and Faria 2005.
98 Id.; AfDB 2012f.
99 AfDB 2012f.
100 AU 2009.
101 The Natural Resources Charter is a set of economic principles on how to use extractive natural resources for sustained economic development. It was developed by a technical advisory group, made up of academics, lawyers, practitioners, and other experts from around the world. Natural Resources Charter 2010.
102 Managing Natural Resources (Pillar 2) Working Group 2012.*
103 Rustad, Lujala, and Le Billon 2012; United Nations Interagency Framework Team for Preventative Action 2011.
104 Maconachie 2012; Rustad, Lujala, and Le Billon 2012.
105 See, for example, OECD 2012c; UNHCHR 2011; Voluntary Principles on Security and Human Rights (VPs) Initiative 2000.
106 World Bank and IFC 2013.
107 Id.
108 AfDB 2012c.
109 Jaramillo Castro and Stork 2013.*
110 AfDB 2009c.
111 Schwartz, Hahn, and Bannon 2004; Schwartz and Halkyard 2006.
112 Schwartz, Hahn, and Bannon 2004; Marin, Mugabi, and Mariño 2010.
113 Chauvet, Collier, and Hoeffler 2007; see also Santi, Ben Romdhane, and Ben Aïssa 2011.
114 See, for example, UNEP 2000.
115 Jägerskog and Zeitoun 2009.
116 The six Congo Basin fragile states include Burundi, CAR, Chad, Republic of Congo, DRC, and São Tomé and Príncipe. AfDB and WWF 2012; COMIFAC n.d.; World Bank 2011b.
117 COMIFAC 2005, 2009.
118 Refisch and Jenson 2014*.
119 Economic Community of West African States (ECOWAS). 2008. The ECOWAS Conflict Prevention Framework. Regulation MSC/Reg.1/01/08. Abuja, Nigeria. www.ecowas.int/publications/en/framework/ECPF_final.pdf.
120 OECD 2012a.
121 Ruckstuhl 2009.
122 World Bank 2005b.
123 See, for example, AfDB 2013e.*
124 See, for example, AfDB 2009b.
125 Collaborative for Development Action 2004.
126 Conflict Sensitivity Consortium 2012.
127 Hammill et al. 2009.
128 OECD 2012a.
129 Nanthikesan and Uitto 2012.
130 Coyle, Bruch, and Nakayama 2011; Davitt 2003.
131 Depending on the development partner and the particular fragile state, monitoring and evaluation reports can either be (1) analyses of the country conditions with a consideration of how such conditions may impact individual projects or (2) project-specific monitoring and evaluation reports that take into account changes in the country. DFID 2010; USAID 2010a.
132 Natsios 2010; Nanthikesan and Uitto 2012.
133 Id.
134 Brady et al. 2011; Chidhakwa 2003; Sugiura 2011.
135 Nanthikesan and Uitto 2012.
136 IDPS 2010; AfDB 2010c. For a discussion on a port infrastructure project in Juba City—now the capital of South Sudan—that did not initially address gaps in financial and administrative capacity but later created a supplemental project to address capacity building, see Ishiwatari 2011.
137 IDPS 2011c.
138 As part of a larger multi-donor assistance program, a member of the U.S. Forest Service worked in the Liberian Forest Development Authority to provide expert support as the agency developed the operational capacity to implement its new forestry law. Nichols and Goldman 2011.
139 Bruch et al. 2009; United Nations Interagency Framework Team for Preventive Action 2012b.
140 Id.
141 Mansuri and Rao 2013; Vihemäki 2005.
142 Id.
143 AfDB 2013d, iii.
144 See, for example, AfDB 2011b (Togo), 2012g (Mali), 2013c*; Republic of Sudan 2010.
145 ALSF 2010; Agreement for the Establishment of the African Legal Support Facility. 2008. www.afdb.org/fileadmin/uploads/afdb/Documents/Legal-Documents/Agreement%20for%20the%20Establishment%20of%20the%20African%20Legal%20Support%20Facility%20%28ALSF%29.pdf.
146 Gajigo, Mutambatsere, and Ndiaye 2012.
147 See, for example, Nichols and Goldman 2011.
148 Moberg 2013. Contract disclosure is also encouraged by the new EITI Standard. EITI International Secretariat 2013b.
149 AfDB 2013b.*
150 Natural Resources Charter 2010.
151 Managing Natural Resources (Pillar 2) Working Group 2012*; Bell and Faria 2005.

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Transition Support Department