

**Security Council**

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Letter dated 6 June 2013 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Secretary-General

I have the honour to inform you that, under the Presidency of the United Kingdom, the Security Council will hold an open debate on “Conflict prevention and natural resources” on Wednesday, 19 June 2013. In order to help steer the discussions on the subject, the United Kingdom has prepared the attached concept note (see annex).

I would be grateful if the present letter and its annex could be circulated as a document of the Security Council.

(Signed) Mark Lyall **Grant**



Annex to the letter dated 6 June 2013 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Secretary-General

Conflict prevention and natural resources: how can the effective and transparent management of natural resources in conflict-affected States contribute to international peace and security?

**Security Council thematic open debate, 19 June 2013
Concept note**

I. Introduction

1. Non-renewable natural resources, such as oil, gas and minerals, present particular challenges for countries affected by and vulnerable to conflict. Weak management of these resources can be a key factor in triggering, financing and prolonging conflicts. The effective and transparent management of a country's natural resources can therefore be critical to preventing conflict, fighting corruption, protecting human rights and promoting sustainable development.

2. On 19 June 2013, the United Kingdom of Great Britain and Northern Ireland will hold an open thematic debate in the Security Council on "Conflict prevention and natural resources". The last time that this issue was discussed in the Security Council was under the Presidency of Belgium on 25 June 2007, when the related theme "Natural resources and conflict" was debated and a Presidential statement (S/PRST/2007/22) agreed upon.

II. Natural resources and conflict

3. There are many examples of countries around the world that have experienced stability and impressive economic growth in recent years through the effective management of their extractive industries. As global demand for energy and commodities continues to grow, resource rich countries with well-regulated extractive sectors — and good governance in general — have the opportunity to benefit from increased revenues, investments and job creation.

4. But there are also some examples of countries with large extractives sectors that are experiencing conflict. Extractive resources are never the sole source of a conflict. Conflict is often triggered by the interaction of a complex set of factors, such as poverty, inequality-related grievances, property rights and land tenure disputes, corruption and economic mismanagement and the exacerbation of tension between different geographic regions or ethnic or religious groups. Nevertheless, once these factors are taken into account, academic studies have consistently shown that a country's dependence on extractive industries heightens its susceptibility to conflict, especially where governance and State institutions are weak. In such circumstances, the existence of a large extractive sector can provide financing for rebel or separatist movements to fuel and sustain a conflict. For example, in May 2013 the Special Representative of the Secretary-General Margaret Vogt briefed the

Security Council on how illegal diamond mining in the Central African Republic was providing resources to sustain the Séléka rebellion.

III. Good governance, transparency and natural resources

5. Transparency in the extractive industries is not, on its own, sufficient to overcome these challenges, nor should it be regarded as an end in itself. However, national governments that are able to build strong, accountable, transparent institutions to regulate their extractive industries mitigate the risks of conflict and increase their chances of attracting responsible private investment and of transforming the vast potential of these industries into economic growth and jobs.

6. Transparency on the part of private sector firms is also important, allowing them to make a positive contribution to promoting international peace and stability while decreasing a company's operational and reputational risks. A number of international processes and initiatives demonstrate how responsible and transparent business practices can encourage stability and help citizens to understand revenue flows to the government:

(a) **The Extractive Industries Transparency Initiative:** Currently, 70 of the world's largest oil, gas and mining companies support the Extractive Industries Transparency Initiative, and 37 countries are already implementing it;

(b) **The Kimberley Process Certification Scheme:** In the ten years since the entry into force of the Kimberly Process Certification Scheme as a system of Government certification of rough diamonds, huge progress has been made in curtailing the flow of diamond revenues to rebel groups. Conflict diamonds are now estimated to represent a fraction of 1 per cent of the international trade in diamonds, compared to 15 per cent in the 1990s. The scheme is now being implemented in 80 countries;

(c) **Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas:** This initiative — backed by a number of international bodies, including the International Conference on the Great Lakes Region, helps companies to respect human rights, avoid contributing to conflict through their mineral sourcing practices and cultivate transparent supply chains. Over 100 companies and trade associations are using the guidance in Central Africa, and it is referenced in paragraph 25 of Security Council resolution 2101 (2013) on Côte d'Ivoire;

(d) **The United Nations Guiding Principles on Business and Human Rights:** Endorsed by the United Nations Human Rights Council in July 2011, the Guiding Principles set out a clear framework for businesses to ensure that human rights are respected in all situations where businesses, including extractive industries, may be contributing to, or risk contributing to, conflict.

IV. The role of the Security Council

7. The Security Council engages on this issue, in both its country-specific and thematic work. In its April 2013 Presidential statement on conflict prevention in Africa, the Council expressed its "concerns at the role played by the illegal exploitation of natural resources in fuelling some past and current conflicts".

(S/PRST/2013/4). A significant number of missions mandated by the Council operate in countries in which extractive industries play, or will play, a major role in the host Government's economy (for example Liberia and the Democratic Republic of the Congo, Côte d'Ivoire and Afghanistan). Recent mandate renewals for Liberia, the Democratic Republic of the Congo and Côte d'Ivoire made reference to the importance of the effective management of extractive industries, the role of initiatives such as the Kimberley Process and the Extractive Industries Transparency Initiative, and the role of United Nations missions and panels of experts in supporting national Governments in this sector. A brief summary of recent Council language on these issues can be found in the enclosure to the present note.

8. It is therefore essential that the Security Council consider the link between conflict and natural resources, and reflect on how national Governments can access the support they need to manage their extractive industries effectively and transparently and to mitigate any potential risks of conflict.

9. Specifically, the Security Council should consider the instruments at its disposal for engaging with these issues, and their comparative advantages. These include good offices, the role of sanctions committees and panels of experts, and how the approach of the United Nations to peacebuilding and institution-building can ensure that extractive industries in conflict-affected countries contribute to stability and socioeconomic development. The United Nations, which has no financial interest at stake, can provide neutral, impartial advice to national Governments. In addition, through Council-mandated missions, the United Nations can provide high-level political advice and support to national Governments on these issues and can help to build the capacity of national Governments, strengthen the rule of law and help tackle corruption. In order to do this effectively, the United Nations must ensure a well-coordinated, integrated approach on the ground between Council-mandated missions, the United Nations country team, the international financial institutions and regional and international actors.

V. Objectives of the open debate

10. The debate aims to tackle the following themes:

(a) The link between the transparent and effective management of extractive industries and conflict prevention and how the international community can support national Governments to develop their institutional and legal capacity to better manage extractive industries;

(b) The role of the United Nations, including Council-mandated missions, the United Nations country team and the international financial institutions, in supporting countries affected by conflict to develop effective and transparent institutions to manage extractive industries, and how the United Nations works with other key regional and international actors on these issues. The role of cross-border, regional and inter-mission cooperation will also be a critical issue;

(c) The role of the Peacebuilding Commission in ensuring a coherent international approach to support national government strategies and priorities in this sector;

(d) The importance of improving the work of and strengthening the contributions made by existing sanctions committees and various experts' groups

and panels of experts to deal with the impact of the illegal exploitation of extractive industries on conflicts in countries under the Council's consideration;

(e) The role of domestic and multinational private sector firms in extractive industries, including financial institutions, in countries affected by conflict, and how conflict-sensitive and transparent business practices, including the implementation of the Voluntary Principles on Security and Human Rights, can contribute to peace and stability, using the United Nations Guiding Principles on Business and Human Rights as an overarching framework;

(f) The role of voluntary initiatives such as the Extractive Industries Transparency Initiative, the Kimberley Process Certification Scheme and the Due Diligence Guidance for the Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas;

(g) The role of civil society in promoting transparency in the extractive industries.

11. The expected outcome of the thematic debate will be a Presidential statement, focused on the above themes.

Enclosure

References to extractive industries in recent Security Council documentation

Resolution 2098 (2013): Democratic Republic of the Congo

14. *Calls on* the Special Representative for the Democratic Republic of the Congo [DRC] to perform, through his good offices, the following tasks:

...

(c) Encourage the prompt establishment and the consolidation of an effective national civilian structure to control key mining activities and to manage in an equitable manner the extraction and trade of natural resources in eastern DRC;

Resolution 2101 (2013): Côte d'Ivoire

14th preambular paragraph. *Further expressing concern* at the large-scale contraband of natural resources, in particular cocoa, cashew nuts, cotton, timber, gold and diamonds which are illegally exported from or imported into Côte d'Ivoire,

23. *Requests* also the Kimberley Process and other appropriate national and international agencies to work in close cooperation with the Group of Experts and its enquiries concerning the individuals and networks involved in the production, trading and illicit export of diamonds from Côte d'Ivoire, to exchange information on a regular basis, and to communicate as appropriate to the Security Council, through the Committee, on such matters, and further decides to renew the exemptions set out by paragraphs 16 and 17 of resolution 1893 (2009) with regard to the securing of samples of rough diamonds for scientific research purposes coordinated by the Kimberley Process;

24. *Urges* the Ivorian authorities to implement its action plan to enforce the Kimberley Process minimum requirements in Côte d'Ivoire, and further encourages them to continue to work closely with the Kimberley Process Certification Scheme to conduct a review and assessment of Côte d'Ivoire's internal controls system for trade in rough diamonds and a comprehensive geologic study of Côte d'Ivoire's potential diamond resources and production capacity, with a view to possibly modifying or lifting, as appropriate, the measures imposed by paragraph 6 of resolution 1643 (2005) in accordance with paragraph 6 above;

25. *Encourages* the Ivorian authorities to participate in the OECD [Organization for Economic Cooperation and Development]-hosted implementation programme with regard to the due diligence guidelines for responsible supply chains of minerals from conflict-affected and high-risk areas and to reach out to international organizations with a view to taking advantage of lessons learned from other initiatives and countries that have and are confronting similar issues on artisanal mining;

Resolution 2079 (2012): Liberia

3rd preambular paragraph. *Stressing* that Liberia's progress in the timber sector must continue with the effective implementation and enforcement of the National Forestry Reform Law signed into law on 5 October 2006, and other new legislation

related to revenue transparency (the Liberia Extractive Industries Transparency Initiative Act) and resolution of land and tenure rights (Community Rights Law with respect to Forest Lands and Lands Commission Act),

4th preambular paragraph. *Encouraging* the Government of Liberia to reaffirm its commitment and redouble its efforts to ensure the effective implementation of the Kimberley Process Certification Scheme in Liberia and to take all possible measures to prevent rough diamond smuggling,

5th preambular paragraph. *Encouraging* the Government of Liberia to improve its control over the gold sector and adopt the necessary legislation in this regard, particularly in the regional offices, and focus its efforts on establishing effective governance of the gold production sector,

5. *Decides* to extend the mandate of the Panel of Experts appointed pursuant to paragraph 9 of resolution 1903 (2009) for a period of 12 months from the date of adoption of this resolution to undertake the following tasks in close collaboration with the Government of Liberia and the Côte d'Ivoire Group of Experts:

...

(d) Within the context of Liberia's evolving legal framework, assess the extent to which forests and other natural resources are contributing to peace, security and development rather than to instability and to what extent relevant legislation (National Forestry Reform Law, Lands Commission Act, Community Rights Law with respect to Forest Land, and Liberia Extractive Industries Transparency Initiative Act) and other reform efforts are contributing to this transition, and to provide recommendations on how such natural resources could better contribute to the country's progress towards sustainable peace and stability;

(e) To cooperate actively with the Kimberley Process Certification Scheme, including during a planned KP mission in 2013, and to assess the Government of Liberia's compliance with the Kimberley Process Certification Scheme;

11. *Calls on* the Government of Liberia to complete implementation of the recommendations of the 2009 Kimberley Process review team to strengthen internal controls over diamond mining and exports, particularly in the regional offices, and focus its efforts on improving responsible and transparent governance of natural resources;

12. *Encourages* the Kimberley Process to continue to cooperate with the Panel of Experts and to report on developments regarding Liberia's implementation of the Kimberley Process Certification Scheme;

Presidential statement 2013/4: Peace and security in Africa

The Security Council expresses its concerns at the role played by the illegal exploitation of natural resources in fuelling some past and current conflicts. In this regard, it recognizes that the United Nations can play a role in helping the States concerned, as appropriate, upon their request and with full respect for their sovereignty over natural resources and under national ownership, to prevent illegal access to those resources and to lay the basis for their legal exploitation with a view to promoting development, in particular through building the capacity of governments in post-conflict situations to manage their resources lawfully,

transparently and sustainably. In this regard, the Security Council encourages the continued efforts of United Nations organizations, in relevant country contexts and in accordance with their mandates, and acting in close cooperation with the United Nations country team, as a way of contributing to conflict prevention in Africa. The Security Council further recognizes the importance of commodity monitoring and certification schemes, such as the Kimberley Process, and the role of voluntary initiatives aimed at improving revenue transparency, such as the Extractive Industries Transparency Initiative, in preventing conflict in Africa.
