



## Emerging standards for the extractive sector: relevance for conflict prevention

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# Agenda

- Context
- Issues
- Frameworks
- Achievements, limitations and challenges
- Next step priorities
- Conclusions

## The context

- From 1990s:
  - Global expansion of oil, gas and mining activities
  - Resource curse
  - Risks to companies
  - Strategic NGOs
  - Leading to innovative frameworks and local partnerships to reduce negative impacts - including conflict
- Last few years:
  - Surging demand
  - Multiple new entrants
  - Shift in balance of power towards governments

## Key issues associated with resource extraction

- Macro issues:
  - Dutch disease
  - Governance
  - Conflict
  
- Local issues
  - Negative social and environmental impacts
  - Benefit sharing
  - Security
  
- Widespread absence of effective regulation and control in host countries

## The formal frameworks

<b>EITI</b>	Revenue management	Governments Companies NGOs	Standards for disclosure
<b>Kimberley</b>	Conflict diamonds	Governments Companies NGOs	Certification of diamonds supply chain
<b>Voluntary Principles on Security and Human Rights</b>	Security for extractive industry operations	Companies NGOs Governments	Management principles
<b>Environmental and social standards</b>	Local impacts of major projects	Banks/IFIs (Companies, NGOs)	Impact identification and mitigation standards
<b>Global Compact</b>	Environment Human Rights Labor Corruption	UN Companies Public sector Cities	Principles and participation requirements

## Specific connections to conflict prevention

- Voluntary Principles on Security and Human Rights (VPs) require Risk Assessment including:
  - conflict analysis
  - identification of security risks
  - assessment of potential for violence and rule of law capacity
- Environmental and Social Performance Standards (MIGA/IFC/Equator Banks etc) require:
  - security risk assessments including patterns and causes of violence
  - analysis of whether the project could exacerbate or cause conflict.

## Applying the frameworks - example

- Any extractive industry project securing MIGA/IFC support must:
  - Implement the Environmental and Social Standards
  - Operate consistently with the Voluntary Principles on Security and Human Rights
  - Disclose the taxes etc paid to the government

# Achievements, limitations and challenges

- Achievements:
  - Standard setting for risk avoidance
  - Models for tri-sector collaboration
  - On-the-ground successes
- Limitations
  - Narrow participation
  - Mostly voluntary
  - Western-driven
- Challenges
  - Delivering
  - Embedding
  - Maintaining momentum
  - Involving new players
  - Moving beyond risk avoidance



## Next step priorities

- Expand reach of existing frameworks:
  - Guidance and capacity building
  - Involve emerging extractive industry super-powers
  - Promote in host countries
- Develop approaches beyond risk avoidance:
  - Access to energy
  - Local economic benefits
  - Community programs
  - A vision of resource extraction for development

## Conclusions – role of extractive industries in conflict prevention and mitigation

- Industry can, and should, contribute to conflict prevention:
  - by applying best practices to local impact mitigation
  - participating in EITI, VPs etc
  - there is a strong business case for this
- Next generation innovative partnerships are needed to make resource extraction actively work for development and combat conflict risks:
  - Local share in ownership?
  - Access to energy?
  - Integrated resource, infrastructure and poverty reduction plans?
  - Should resource industries be the lead players in this?

Thank you!

For more information visit  
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