

Security Council Open Debate on Maintenance of International Peace and Security, June 19th 2013, Security Council Chamber

Briefing by Ms. Rebeca Grynspan, Under-Secretary-General and Associate Administrator of the United Nations Development Programme.

Let me start by sharing with the Security Council our pain over the lives lost in the vicious attack on our compound today in Mogadishu. We wish to pay our respects to and express our solidarity with our staff and we offer our condolences to the families of those we lost.

The United Nations Development Programme (UNDP) welcomes the opportunity today to examine how effective and transparent management of natural resources in conflict-affected States can contribute to international peace and security. Experience suggests that being a resource-rich country is both an opportunity and risk. It is risky to be a resource-rich yet socially poor country but it is not destiny. We know that the risk is sizeable but not insurmountable. A lot has been learned about how to manage the risk effectively and transparently and how to take advantage of the revenue generated from higher prices and new discoveries of oil, gas and minerals to jump-start economies, create stable societies and improve the lives of people.

Good examples from Chile to Botswana tell us that our hope is well founded, although many resource-rich countries have disappointing results, growing in fact more slowly, experiencing fewer human development gains, including in poverty rates, and greater inequality, than countries without natural resources. Since the 1990s, the number of oil-producing countries with ongoing conflicts has increased, while non-oil-producing countries have become more peaceful. Over half of all countries with Security Council-mandated missions are resource-dependent, that is, with oil, gas or minerals accounting for more than 25 per cent of total exports. That trend leaves little doubt of the importance of the extractive sector as an international peace and stability issue that demands a development response at the national and international levels.

To face the challenges in least developed and conflict-affected countries, our development work needs to support them through an integrated approach in four areas. First, we must get the legal, institutional and policy frameworks right and build national capacities and law enforcement mechanisms to implement them properly. Secondly, we must support action at the international level, calling on countries which are home to multinational corporations or hosting stock markets where international corporations are listed to legislate transparency provisions in their laws and regulations and to fight illicit capital flows, bribery and tax evasion. The more universal these provisions are the better. Thirdly, the voice and participation of affected communities, especially women and indigenous populations, must be boosted. Fourthly, we must deal prudently with large revenue flows, enhance transparency and public information and invest in sustainable human development to balance countries' short-term priorities with ensuring long-term development benefits.

Let me expand. First, we need robust legal and policy frameworks that enable countries to negotiate fair contracts and establish clear and transparent rules of the game to guide both Governments and companies. Such legal and policy frameworks need also to protect communities with social and environmental safeguards, prevent illicit capital flight and tax evasion and build institutions and governance systems with the capacity to enforce laws and negotiated agreements. Too often, good rules go unenforced.

Given the conflicting interests and multifaceted challenges inherent in the process, UNDP has been most valuable as an impartial facilitator, working with the full range of development actors and stakeholders. We help Governments know what to expect, access technical support, lessons learned and best practices, including through South-South and triangular cooperation, identify capacity gaps, establish concrete action plans and secure the support they need to narrow asymmetries.

In Tanzania, Liberia and Sierra Leone, UNDP has supported Governments in monitoring contracts and rectifying information and bargaining asymmetries. In Afghanistan, we supported the Ministry of Mining in building its national capacities and through it to establish basic regulations for the sector. In Tanzania, the Sudan and Zimbabwe, through the Global Environment Fund, we have introduced cleaner gold mining and extraction technology as critical environmental safeguards to protect communities.

The second area demanding more attention is the involvement and active participation of affected communities. Countries working with development partners should take measures to ensure full participation of communities, especially women, indigenous and vulnerable groups. We have learned from experience that the involvement of communities from the start is critical to preventing misunderstandings, defusing tensions and preventing conflict.

Through the European Union-United Nations partnership on natural resources, conflict and peacebuilding, UNDP works with civil society groups in the Democratic Republic of the Congo, Rwanda, Burundi and Uganda to establish conflict resolution mechanisms that can lessen tensions over land and revenues. We have also supported the strengthening of national human rights institutions in the protection of people's rights and in building the capacities of communities and civil society so that they can be better informed as they press for more evidence-based and thoughtful policies. Those efforts should be expanded to help companies fulfil their obligations under the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact.

Thirdly, countries need support in prudently and transparently managing large revenue inflows and in investing them well. In that regard, the work of the Extractive Industries Transparency Initiative, Revenue Watch, Publish What You Pay and the Africa Progress Panel, whose Chair, former Secretary-General Kofi Annan, spoke earlier, are critical, and very important steps forward. The recent Group of Eight meeting also included an important discussion on transparency measures. Clear and transparent processes, an empowered and informed civil society and media can help ensure remedial action against corrupt practices. UNDP has a long-standing record in enhancing the capacity of civil society actors to scrutinize private and public actions and also to close the gap between transparency and accountability.

Finally, countries must be supported in their efforts to effectively invest the revenue generated from natural resources in sustainable human development for the long term, especially in health, education and infrastructure. Benefits must help communities and allow for the diversification of economies, so resources do not go only to the big infrastructure projects that end up concentrating benefits in the same sectors that are already benefitting from resource inflows.

In Azerbaijan and Mongolia, UNDP supported efforts to establish insulated investment funds. Mongolia in particular has established a fiscal stability fund and a human development fund. In Angola and Kazakhstan, UNDP has helped to put together programmes that encourage extractive industries to break out of their enclaves and work with local businesses and entrepreneurs to generate needed skills, provide on-the-job training and involve them in supply chains. It is important that the extractive sector generates jobs at an early stage, especially in affected communities and for ex-combatants and vulnerable groups. Unfortunately, resource extraction itself creates few jobs, which is why successful programmes such as those are so important.

I am confident that conflict-affected countries can harness the great potential of natural resources to deliver such results. The world cannot afford not to deliver the stepped-up support that will require. Population growth, climate change and scarce natural resources threaten to conspire to make conflict

related to natural resources a definite threat to global peace and security in this century. UNDP looks forward to working with all partners to deliver the development response it demands.