The Lisbon Club aims to increase knowledge, promote critical thinking and new perspectives to address geopolitics and geo-economic challenges that impact on sustainable development and on the living standards of future generations.

The g7+ is an intergovernmental organisation to collectively advocate for country-led pathways towards resilience and development, as well as to share experiences regarding peacebuilding and statebuilding processes in conflict-affected and fragile countries.

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More than 1.5 billion people live in conflict-affected countries. Most of these countries are rich in valuable natural resources, which, if well managed, can drive economic growth and prosperity.

After the end of conflicts, the governments in these countries need a sustainable flow of income in order to sustain peace, reinforce statebuilding, increase resilience and provide for basic services. However, weak institutional capacity to appropriate natural resources often fuels tensions between growth, conflict and sustainability, in parallel with undue interference from foreign interests or corruption practices.

Countries that are rich in natural resources often fail to secure a fair share of the revenues generated by the extractive sector and other resources, suffering also from lack of investment and/or harmful practices. In some cases, including in richer countries, the “resource curse” has aggravated social and political conflicts, as well as indebtedness and increased social and regional inequalities. Countries are often trapped within a vicious circle in which they are simultaneously rich and poor.

A sustainable, transparent, inclusive and effective governance of natural resources such as water/oceans, land and commodities (minerals, oil) is crucial for countries with fragilities. The 2030 Agenda for Sustainable Development recognizes in several ways, including under Sustainable Development Goal (SDG) 12 on responsible consumption and production, the importance of achieving sustainable management and efficient use of natural resources. However, achieving these goals is a complex endeavour as it depends upon political, economic and security factors, local, regional and global.
The United Nations Environment Programme (UNEP) estimated that at least 80% of the fragile states listed by the OECD contain high-value natural resources of strategic relevance to the global economy. The most pressing question is why are the majority of these countries among the poorest in the world and heavily dependent on development aid? One example is the Democratic Republic of Congo, whose natural wealth is worth more than 26 trillion USD and is still struggling to maximize its resources for development.

The example of East Timor as a country that made great progress to achieve stability since its independence and create the necessary conditions for successful development, namely by reinforcing public spending and by building consumer and business confidence was highlighted. Development has been regarded as a process to bring prosperity to all the Timorese, which requires national commitment. This process necessarily includes the administration of the nation’s natural wealth, in ways that create local employment opportunities, boost the national economy, attract foreign investments and improve the well-being of the population and the next generations for the sustainability of the whole country. This must be understood within the context of the country’s political landscape, considering the specific historical background and the paradox of dependency that threatens state sovereignty.

In East Timor, political stability means economic development, as it is easily demonstrated by recent events: after years of robust economic growth, the country experienced an economic downturn since 2016, had two parliamentary elections and changes of government in the last two years, experienced the limitations of a minority government as well as several events of political instability. Political stability and development are intertwined and they mutually reinforce or weaken each other in fragile states. There are several examples on how conflicts or crisis further weaken institutional
capacity, and this lack of capacity is also a limitation after achieving peace, namely to the effective management of natural resources. Frequently the need to generate revenues leads to ineffective and unsustainable ways of managing these resources, and most states are also overwhelmed by imposed solutions of the development partners, which are not tailored to the local contexts and end up threatening the self-reliance of the countries.

This is not to say that these countries don’t need the support of development partners to build their capacities and strengthen institutions, on the contrary. This is why the New Deal for Engaging on Fragile States is so important to guide international engagement in fragile and conflict-affected countries, calling for a collective effort to do things differently, and it is also the reason why the G7+ promotes fragile-to-fragile cooperation to share experiences and promote leadership and ownership by recipient countries.

The relevance of natural resources not only for peace and stability but also to build democratic societies and strong democratic systems was stressed. The relevance of Lisbon as a platform for international dialogue and for discussing global dynamics and trends was also stressed, in an increasingly globalised and interconnected world, in times of political uncertainty and technological acceleration, where insecure and chaotic zones coexist and clash with peace and order, creating complex challenges to individuals, states and the world as well. The partnership between the Lisbon Club and the G7+ is a step towards increasing knowledge, promoting critical thinking as well as promoting new perspectives to address global challenges.
The main question for debate was how to break the vicious cycle of fragility and to build resilience in fragile states, including the analysis of both the role of the international community and of national public authorities and leaderships.

Fragility of state institutions was mentioned as a crucial issue for exacerbating social tensions and contributing to conflict and instability. As the case of East Timor illustrates, independence and elections are not enough to solve internal problems, and the most recent crisis in the country has somehow forged the basis for a renewed national consciousness. In the same way, peace is a necessary but insufficient requirement to achieve development. It is necessary to break the predominance of corporatist concerns, personal ambitions, religious or ethnic divisions, and group or partisan interests, and to engage in a comprehensive and inclusive effort towards the creation of stronger and democratic state institutions, as well as more resilient societies.

International approaches frequently use one-size-fits-all responses and push for the compliance with international standards that even the most developed and advanced economies have difficulties to cope with, without having a deep understanding of local realities or considering the specificities of each context. On the one hand, international development policies should move from a donor-recipient relationship that imposes conditions while restricting the options of fragile countries, to a more balanced and joint approach that includes political dialogue at the highest level. On the other hand, that is why it is of the utmost importance that fragile states also share experiences, engage in peer learning and impose themselves as a strong interlocutor to the international actors.

The concept “state fragility” can be used as a lens to better understand the profound causes of problems in a more comprehensive and multidimensional way, therefore allowing for the formulation...
Evidence shows that not acting is not an option, as fragility and instability could lead to an untenable situation. 80% of the world poor will leave in fragile countries in 2030 and the linkages between fragility and poverty are increasingly relevant for global stability and balance. We are therefore not speaking of theoretical approaches or academic narratives, but rather of concrete threats and dynamics that affect both developed and developing countries, as fragility have multiple impacts and consequences (e.g. migration). In this context, natural resources are key to development of fragile countries, as 2/3 of global poverty is concentrated in countries rich in natural resources and this points to a paradox in the development models.

Official Development Assistance (ODA) currently represents 150 billion USD to developing countries – which is clearly insufficient if we take into account the need for 2.5 to 3 trillion USD to achieve the SDGs – but it should also be allocated in a smarter and effective way. Although approximately 50% of ODA targets fragile countries, a significant part of aid is humanitarian and short-term aid, focused on alleviating symptoms of crises or reversing existing damages, while only 2% of aid focuses on conflict prevention and 10% is allocated to peacebuilding. The lack of investment in development will have consequences, sooner or later, namely in the rising needs of humanitarian aid (which already represents around 25% of aid). Donors should change their focus to prevention, as development policies could be key in addressing the root causes of crises and fragility.

In addition, coordination continues to be a persistent problem in external action. The stakeholders from the 3Ds - Defence, Diplomacy, Development – tend to act in silos, with different logics, timeframes and approaches (even from the same country). A more coherent and comprehensive approach in the nexus humanitarian-development-peace is very difficult to attain and fragile states feel this lack of coordination from donors and international actors. When capacity is weak, particularly at the state level, managing all the external actors can be challenging.

Fighting illicit financial flows (IFF) is an important issue for development which is also linked to natural resources management.
(1/5 of global corruption is linked to extractive industries). These flows flourish because there is supply and demand, and therefore the debate should not be focused only on fragile countries but also on what developed countries can and are doing. In Africa, the amount of IFF outflows surpasses the ODA inflows, pointing out to the relevance of pushing forward more structured responses to this issue. The dialogue between developed and developing countries should be reinforced on issues such as capacity building, financial inclusiveness, transparency in international trade and judicial cooperation in order to address this global challenge.

Fragile countries are also the most affected by climate change and the least responsible for it. In addition, the natural resources in which we are focusing – like fossil fuels - will not be the most relevant in the future. Transition to green economy and decarbonisation requires inclusive dialogue and stronger cooperation in order to jointly find innovative, profitable and sustainable options for climate-friendly economic growth.

It is worth mentioning that recent geopolitics changes and the reconfiguration of the international system in the current century also led to an increased fragilization of states in general. After an era in which the West (Europe and the US) determined the development of the international system, a transition is currently taking place with the geo-economic transfer of power from West to the East, and also leading to a more multipolar and post-Westphalian world in the sense that the State is unable to respond to increasingly complex, interdependent and global challenges, some of which representing a threat to the planet and to the human species.

An orthodox view of the nation state, expressed by protectionism and nationalism, is also incompatible with technological developments, the speed of interconnectedness between people and circulation of information around the world. The urgency of these challenges and global concerns is recent in political agendas and requires instruments of dialogue and political action that go well beyond the national contexts. Political-diplomatic consultation, cooperation and multilateralism are therefore more relevant than ever.

It is also important to rebalance globalisation dynamics that in several ways have also disregarded local forms of social, economic and political organisation, particularly since the Washington consensus. We have now an increased awareness of the requirements and challenges faced by the state and the international community, and state fragility is a common and shared concern by both the so-called “more fragile” and “less fragile” states.
THE DEBATE

What is needed to break the fragility cycle? How to translate all existing principles, doctrines and theoretical approaches into practical realities in addressing such critical issues is still a major challenge.

Statebuilding is a fundamental cornerstone to reinforce resilience, and implies capacity development of human resources, as education is a key factor for peace consolidation and for changing mentalities.

On the other hand, fragile countries should put national interests above all the particular considerations and think strategically on a long-term basis. A realistic assessment of their national contexts, the definition of their needs, and the establishment of their priorities regarding peacebuilding, statebuilding and development should be the basis for policies. The reinforcement of responses to root causes of poverty and conflict must be primarily a national priority, rather than just hoping for external intervention to alleviate the symptoms.

The need for external financial support frequently places fragile countries in a situation of dependency that reinforces the difficulty of establishing and implementing national development priorities. These countries should therefore be more selective, take a leading role in their development processes and have clearly defined strategies, based on strong evidence and technical knowledge.

Countries that are overcoming fragility are also the ones implementing capacity-building processes and structural reforms that allow both for a better use of internal and external public resources, as well as for attracting private investment.

There are more than enough financial resources to achieve the 2030 Agenda; the question is how these resources are used, where are they disbursed and if they are reaching the most vulnerable people. Most private investments currently target loss-risky geographies and most profitable sectors such as infrastructure in middle-income countries, while only 10% of foreign direct investment reaches countries in fragile situations. This means that there are countries and populations that are being left behind and that are simultaneously the ones most in need.

Public resources, including ODA, should act more as an instrument to de-risk private investment and to leverage additional development funds, safeguarding the necessary respect of transparency and fair competition. However, funds from developed countries are not enough; fragile countries must also be able to implement structural reforms that ensure greater predictability for investors and have a regulatory system that decreases risks.

In this context, capacity building of the local private sector is key for development processes in fragile states, as they are the basis for creating employment and for building resilience. There is a huge need for external support to local businesses, as this has spillover effects in families and in the society, also contributing to changing mentalities and overcoming dependence. In addition, all evidence shows that empowering women and gender equality is the most powerful factor for development. This means that education and capacity development of women, as well as reinforcing the role of women in societies can overcome the poverty trap.

The correction of imbalances and inequalities in redistributing wealth is crucial for fragile countries in the management of natural resources. First, the natural resources revenues must have concrete impacts in the living conditions and well-being of the population. The reinforcement of public investment in social sectors and infrastructure is a good example. Secondly, transparency and reinforcement of checks and balances are key (e.g. in East Timor, the allocation of funds from the Petroleum Fund requires parliamentary approval). Thirdly, there should be no prejudice in learning from others, as several countries have already gone through these processes and there are many lessons from which fragile countries can profit (e.g. East Timor dialogue with Norway regarding the management of oil). Finally, an increased awareness, participation and engagement of citizens is also very important to more transparent, ambitious and accountable policies.

At the international level, there is a need for creating new regulatory mechanisms at a global scale for innovative and recently growing financial flows, such as blended finance, social impact investment, climate investment. National governments and international organisations are instrumental in this regard, and the reinforcement of multilateralism will be crucial for a fairer and more sustainable world.
Paul Collier stated the need for poorer countries to find a stronger voice and implement their own national agendas, as foreign opinions and actors have only a modest contribution in finding responses.

Fragile countries must have a stronger voice on the international agendas. For example, environmental, social and governance (ESG) rules are increasingly present in investment funds, but most international companies don’t know what it means, so they are potentially positive but also worrying. Notwithstanding the G7+ countries have very small carbon emissions, there is the possibility that most high polluters in the world (as the US, Germany, Australia or China) use ESG to block investments in fragile countries. In fact, the richer countries which are responsible for climate change are requiring the poorer countries to comply with standards that they don’t comply themselves. The poorer societies should have the possibility to make their own decisions (on energy, on investments, etc.), rather than being bullied by a “moral imperialism”. For most fragile countries, ESG can be important mostly on other aspects: companies should pay proper taxes (and provide transparent information on tax paying), and they should be generating decent jobs.

Regarding national agendas and the domestic management of natural resources, fragile countries need to resolve the issue of ownership as fast as possible. Botswana is an example of placing national interest above group interests, by defining with all the clans clear and ethical rules for the ownership of diamonds before prospection. If the resources are already discovered in a specific region or territory, the existence of a sufficiently strong sense of national identity is key for ensuring the shared ownership of these resources (e.g. Norway versus Nigeria). Every country needs to work out a sensible compromise that keeps everybody broadly on board, and that takes into account the particular realities of each country.

The starting point is to recognise that discovering natural resources creates a new security problem, because private organised violent gangs or militias will - if they are able - grab hold of these
Fragile countries must have a stronger voice on the international agendas. Political choices and strategies are more important than the existence of natural resources, particularly if they are in remote areas where governance is weak. The best time to stop this kind of private organised violence is before it gets big, and therefore it is necessary to have on-the-ground intelligence/gendarmerie – and the challenge is to provide a disciplined gendarmerie that understands its true mission and knows how to interact with citizens.

Considering the environmental aspects is also important. In the Gulf of Mexico, BP invested millions in independent assessments to find out what damages the oil spills have caused and who have suffered (and billions in compensations). In the Gulf of Guinea, nobody worried about that. It is necessary to build a proper trustworthy system of compensation that ordinary people understand.

Trust is also a crucial issue in managing the revenues of natural resources. Fragile countries need to have a competent small, and specialised team for raising taxes from natural resources companies, with strong expertise and technical knowledge (as illustrated by Norway). The remaining vulnerability is economic shocks, as natural resources revenues are highly volatile. The role model is Botswana, which pioneered in building up assets (through a pool fund that acts like a financial cushion) even before Norway.

In sum, what do fragile countries with natural resources need to do?

Firstly, they need to establish effective rules (e.g. about savings, auctions, transparency) and to implement effective checks and balances that counter the increased pressure for corruption. Only with transparency will citizens trust their government; governments have a vital role to play in using the existing natural resources to transform their country and they cannot do it unless they are trusted by citizens.
Secondly, it is necessary to reinforce institutions and to have specialised human resources with motivation and capabilities (e.g. a tax team, a team getting public information about the geology, a team at the central bank managing the macroeconomic shocks).

Thirdly, and the most difficult to achieve, is to build a critical mass of informed citizens – and only leaders can do that. In this context, leaders have two very relevant roles: as commanders-in-chief, they are responsible for leading the definition of policies and reforms, but as communicators-in-chief they are also the primary responsible for explaining and implementing a purposeful forward-looking strategy that includes everyone in building a better future together. Conveying the appropriate messages is crucial, and messages like “let’s use our natural resources well, so our children can have a better life” are easily understandable by citizens and families.

Building a shared narrative and a common forward-looking agenda is also a possible way of surpassing the trap of group grievances. In every country there is some degree of tension between individual, regional and national interests, but the danger is that a society gets trapped in oppositional tensions between groups where there are mutual accusations and mistrust.

The different trajectories of Botswana versus Sierra Leone – which discovered the same natural resource at about the same time – show us that it’s not the existence of diamonds that matter; it’s what you do with those diamonds, the political choices and strategies. Natural resources can crush societies, but they can also be an opportunity to lift a country out of poverty.
GOVERNANCE AND SUSTAINABILITY OF NATURAL RESOURCES

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How to effectively manage natural resources and simultaneously build peace and resilience in that context? This was the main question on discussion in the panel.

It was pointed out that fragility is not an unique feature of specific contexts but rather a common reality to all states, and it is a question of when and how over time the points of fragility in any given society or political formation expose themselves – therefore, fragility should not be used as a label of stigmatisation (one of the many labels applied to developing countries). In the same way, misleading labels as “resource curse”, “blood diamonds” or “conflict diamonds” may lead us to assume this as a fatalistic condition, which is totally unhelpful. We should look beyond the symptoms and unpack the root causes of poor governance and frequent lack of capacity, both in terms of policy and politics, in managing their natural resources. Many international initiatives for improving natural resources’ governance – such as the Extractive Industry Transparency Initiative (EITI), the Kimberley Process, Publish What You Pay campaign, etc. - albeit useful, are unable to tackle the root of the problems. In addition, there is no integrated approach to explore the linkages between these different initiatives.

Governance is a key issue in this regard, and it should be understood as a broad concept that encompasses the process and dynamics associated with nation and state building. The idea of good public sector governance (with a robust and coherent civil service at its heart) is the key to long-term solutions, because if there is no coherent institution of policy making that is able to act not only on the short-term but also to think strategically about the future, there is a risk of living from experiment to experiment, as illustrated by many African examples. In the absence of a systemic and cohesive framework represented by a functioning state, all the attempts to build capacity here and there will not achieve the expected outcomes.
Several factors that would prevent negative impacts in natural resources rich countries around the world were highlighted. One of the key issues is early decisions: where are governments getting the expertise and advice to put in place the tax structure, the licensing system and all the things needed for the country to get the best deal possible from its natural resources? Conflicts of interest are frequent, as the corporations who are looking for access to the natural resources are sometimes the ones providing advice to governments on how to manage their resources. We should therefore reflect on the role of these international actors, which may implicate bad deals that end up being an obstacle for many years to come. In addition, a country that discovers a significant amount of natural resources may be pressed to accept financing and loans that frequently end up generating indebtedness.

Governments have frequently a temptation to overpromise and this may create a gap with expectations, because the population starts to question where the money is and when will they experience better living conditions, when in reality the timeframes over which the rents and revenues come in can be significant longer. Mismatched expectations can therefore lead to dissatisfaction, to civil unrest and tensions. Moreover, the impact on extraction-affected communities is often considered after the extraction as started or when difficulties appear. However, communities should be on board early in the process.

There is also a gap between existing law and implemented policies on natural resources governance. Some laws are put in place for political reasons but there is no commitment to implementation; other are drawn from other countries or situations and don’t necessarily apply to that specific context; some are defined to achieve certain donor thresholds; other are well-intentioned and perfect laws in paper, but detached from how they can be implemented in practice. One of the lessons learned is the need to bring the implementers on board as soon as possible, when the laws are being developed. Furthermore, cooperation across government actors that are involved and influential in the management of natural resources is frequently difficult: there’s a lack of communication and gaps of information that could easily be filled by increased cooperation and dialogue.

One of the issues facing countries that are producers of hydrocarbons (and particularly new producers) is what are the trends for world demand and how will markets for these products behave in the future, in a context of responding to climate change. The decisions and policy choices they make now can affect the country’s economic future. Furthermore, we should be thinking on how to ensure that developing countries rich in hydrocarbons are not left behind in the necessary energy transition.
For the countries that are already facing entrenched problems in managing natural resources for decades, international cooperation could be fundamental for law enforcement. Many of these entrenched problems are not only domestic but facilitated and prompted by external actors who enable money to outflow in massive amounts, hidden in tax havens and laundered through various systems. Smuggling is acknowledged as a serious problem by relevant actors in the sector of resource governance and law enforcement, but these actors have no way of cooperating and bringing into account those people who facilitate the pilfering of billions of dollars.

The need for a holistic approach was also stressed, as the Earth possesses a network of mechanisms, complex relations and linkages that ensure its stability and equilibrium. However, we live in times of uncertainty, where there are bigger risks and collective threats impacting in all countries – climate change, demographic trends, etc. – and the natural resources equation is part of these dynamics. Most political thinking and options on these issues still start from a premise of stability that is no longer true. However, fragmented and isolated approaches are no longer possible, and there is therefore an opportunity to think collectively on ways to build resilience, through partnerships and cooperation.

At the international level, we are lacking an institution or structure with a legitimised responsibility to tackle the global common goods and, in particular, natural resources, to promote shared responses and guiding public policies. The creation of a global entity and the definition of international legal instruments and mechanisms in this sector would be positive steps and would help achieving the 2030 Agenda for Sustainable Development.

While providing clear and transparent information on natural resources is a sensitive issue, we also need to make available the data and promote literacy/capacity in this regard. Moreover, we could put the Sustainable Development Goals to better use, by integrating them in an effective way in development aid and policies, as they provide comprehensive programming guidelines for the medium/long term for key issues as energy transition, responsible production and consumption, or food security.

A reflection on what can be expected from international companies in the extractive sector was presented. It is not realistic to expect private sector companies not to prioritise the interests of their shareholders – that’s the nature of the economic system we have – but we should demand that they act on a transparent way, abide by their legal obligations and be held into account, on a long term and realistic way.

Companies should understand what it takes to run a successful long-term business in the resources sector of a developing country. Their presence in a country must be aligned with the interests of the people living in that country, including local communities, local businesses, and the citizens at national level. In this context, companies should be ready to build a relationship of trust and partnership with the local governments and populations. They should increase their role in training and capacity building of the local private sector.

Interestingly, the recent trends and data show that investor-driven businesses are changing, because they are becoming more sensitive to issues that a decade ago were not so important to investors, as environmental and social issues (namely due to the power of citizens and social media), and this should be highly encouraged. In recent years,
this is becoming a necessary part of responsible stewardship of the shareholders resources, because if a company doesn’t behave ethically and sustainably, popular and political opposition to its activities will certainly grow. This is also the expression of the changing nature of modern politics, and a proof that grassroots and minorities working together with civil society and non-governmental organisations can change things significantly.

Two country cases were specifically analysed: Cambodia and Afghanistan. The principles of clean air, clean land and clean water are embedded in the Cambodia Constitution, the Green Growth Strategy establishes the goal of reaching a “green civilisation” by 2030, and there is a Law on Natural Resources Management. However, there are challenges in implementing these approaches and tackling the depletion of natural resources: the government lacks the ability to make the extractive company accountable, there are corruption problems (citizens have exposed these practices on social media and public opinion has been crucial on this regard) and there is a need to raise awareness on law compliance.

In Afghanistan, a country that has experienced war for the last four decades, challenges are daunting. Resources can be both a bliss or a curse, and several driving factors are crucial in the mining, oil and gas sectors: security, standard legal and policy frameworks, transparency and accountability, and investment. In the last eighteen years, efforts were developed to establish a legal framework and attract foreign investment, including the approval of a roadmap for the mining sector and several laws and regulations on natural resources management, which already contributed to increase the revenues collected from mining activities. Nevertheless, security is still a primary challenge in some regions, and it is linked to illegal mining and exports, undertaken by local unemployed people, the warlords still active in some regions and by the insurgents. A significant part of revenues is going to the latter, and therefore there is a clear link between security and economic aspects that should be addressed in post-war countries. Furthermore, while peace is a basic necessity for all countries, a sustainable peace deal takes time and the urgency of reaching a deal cannot be made at the expense of fundamental rights.
The discussions evolved around the roles and relations between public and private actors in improving the governance and management of natural resources.

On the one hand, despite the transfer of resources by the international donor community and the efforts developed by a significant number of experts and very committed people, long-term sustainable and dynamic growth is not possible without a strong private sector and foreign investment. On the other hand, good public sector governance is crucial, and each country has to think strategically about which policies will work and benefit their specific national context - and this requires an open conversation with a much more level playing field, engaging relevant actors and with all the information on the table.

In that context, it is important for a country to get the maximum benefit from the operations of the mining or oil/gas companies, and this should go beyond taxes and maximizing revenues. In Botswana, for instance, measures to maximize revenue from diamonds has already been taken, and the debate is now focused on the need to entering and moving up in the value chain (e.g. transforming diamonds in Gaborone, as it is done in Antwerp). In Afghanistan, the law establishes that a percentage of the revenues from mining and gas projects (8% from small-scale and 5% from large-scale projects) must be channelled directly to communities’ development, besides the general revenues distributed through the state budget to the provinces. Moreover, in the 2018 minerals law, the royalties also vary according to products: the exports of raw materials require the payment of higher royalties than the exports of semi or finished products, in order to encourage the processing in-country (and already with concrete results, e.g. marble). However, legal requirements are generally not enough, as the main difficulty in fragile countries is enforcing and monitoring the implementation of social and labour plans and environmental standards. This gap between law and implementation should be addressed.

When negotiating with investors in the natural resources sector, countries need to take into consideration factors such as employment generation, linkages to other economic sectors, linkages to industrialisation and to transportation/infrastructure, integration in the national development plans, etc, so that there is a positive impact in the economy and a win-win outcome for both the mining companies and the host countries and communities.

Thinking strategically on the backward and forward linkages and on how to diversify their energy sources/matrix and their economy is key for fragile countries in the medium-long term, and
they should use the current revenues from the existing non-renewable resources to achieve their goals (including energy transition) and give the country a best chance in a changing future. Otherwise, fossil fuel rich countries risk getting behind in the near future. These are nevertheless complex policy issues and decision-making that need adequate policy advice and knowledge.

Most companies regard the level of political risk in fragile countries as being too high to invest. Therefore, the need for external investment sometimes leads fragile countries to a “race for the bottom”, in which governments end up subsidising companies and/or do not establish the proper taxes or conditions for natural resources extraction. This is reinforced by the nature of these relationships, which are frequently very unequal, as international companies have huge technical capacities, technological and legal knowledge and financial resources that allow them to protect their interests and pressure local authorities.

Many transnational and multinational corporations operating in the natural resources industry in African countries (e.g. Liberia) are mainly interested in extracting the natural resources without engaging in the process of manufacturing or producing finished goods - and this is also disregarded by governmental elites in negotiating these deals. Frequently, foreign investment in these sectors has contributed to rising per capita income and growth rates without development, with massive capital being generated but not translated into education, health and other social benefits for the people, and ultimately contributing to fragility.

While the responsibility for good public sector governance does not fall upon the private sector, companies are not exempted of responsibilities in this area, as there are examples of the practice of alliances between corporations and public authorities to deplete a country’s resources, and even in violating human rights. Corruption and complicity between public officials and major corporations (e.g. in allowing or masking environmental damaging practices) are not exclusive of fragile countries, as there are also examples in rich economies, including in the United States. But in countries where these mining or oil/gas corporations are major actors in the national economy, as in many African countries, they are necessarily also political actors.

Rich economies also protect the interests of their home-based companies abroad and this translates into a massively unequal playing field, as actions by a company that would never be tolerated in the home state are tolerated or protected when they are carried out in other states. The role of home states and local power dynamics can be illustrated by the comparison of actions taken regarding Shell oil spills in the Niger Delta versus BP in the Gulf of Mexico, for instance. Home states and companies need to be more transparent about corporate lobbying of home states to protect the interests abroad.

On a positive note, many companies are now understanding that they cannot continue to do business as usual and that social responsibility is crucial for their own sustainability. This shift results not only from a different self-perception of their role in the world, but also because many companies are feeling the pressure of citizens and public opinion, that demand the end of harmful practices (e.g. child labour) and increasingly engage in public policies.

Regional and continental cooperation should also be improved, particularly in defining and enforcing legal frameworks. On the ASEAN region, for instance, a multilateral agreement on transboundary issues such as air and water pollution is lacking, despite huge challenges regarding water contamination, drought and forest fires, and other issues with regional implications. There is also no common cooperation or legal harmonisation among ASEAN countries on environmental impact assessments, which would be important to ensure development benefits for local communities and avoid harmful consequences from some business activities.

In Africa, the Africa Mining Vision represents a comprehensive approach that was adopted by the African Union at strategic level, but as any formal intergovernmental framework needs to be implemented by a pro-active effort that can bring together at least a number of key players and leading countries to use it in their domestic contexts and relationships.

International organisations should also have more robust social and environmental criteria and rules for approving loans to companies operating in developing countries, where it is also more difficult for the communities to submit complaints or make their voices heard (some examples of land grabbing in Asian and African countries were mentioned).

In sum, a world that has reached such a high level of scientific knowledge and understanding on global challenges is not compatible with the current context of rising inequalities and with countries or sectors of the population clearly being left behind. We already know better. We need to build new partnerships, with the contribution and participation of science and technology, the private sector, academia, civil society and multilateral/intergovernmental organisations to find new models and solutions that necessarily engage local communities and respect local contexts, in order to jointly build a better future for all.
State fragility has been on the international agenda for most of the last three decades, linking political and security concerns with issues of economic, social, and environmental sustainability.

In order to address the huge challenges faced by these countries, international forms of intervention have been adapted to respond to complex emergencies. The UN peacebuilding concept, for instance, has put forward increasingly integrated approaches to state fragility, requiring the international community to act on different levels, at different speeds, and during longer periods. Furthermore, statebuilding was added to the lexicon of the international community as a solution for the challenges many communities face, legitimizing different forms of international involvement.

However, these achievements have not given sustainable and effective response to the prevailing challenges and in some cases have created new problems. But not doing anything is not an option, as generations of young people grow up in poverty and violence and as the human negative impact on the planet becomes more visible.

The balance between military means and other political, economic and financial instruments continues to make sense, if guided by a view of human security, where individuals and communities have a voice and space to develop locally owned solutions. In this context, it is necessary to have external interventions more in tune with local communities’ aspirations as well as more effective in delivering regional and international peace and stability.

In addition, it is important to understand the limits of the existing approaches to state fragility regarding the issue of natural resources, namely the prevailing view of sustainability that is still very strict, focusing on extractive resources and disregarding other natural resources that are vital for human life, like water and arable land. The commodification of nature is already a trend and is being increasingly integrated in the global marketplaces, but nature is not something we can trade with, if we understand it as being a global common. Nevertheless, in the international system we continue dependent on what sovereign states do with their resources and no doctrine exists for a
Institutions determine how the revenues from natural resources are spread out across society, and over time institutions determine how accountable governments are to the citizens. Peacebuilding and statebuilding are necessary to ensure that citizens emerging from war-torn countries benefit from the natural wealth of their country, and in that context institutional capacity-building is key for the effective management and governance of natural resources.

Country ownership and leadership are also crucial for addressing these challenges and should be reinforced.

In most cases, countries have now an improved understanding of the difficulties and opportunities, assessments are made and there is shared management of these global commons, neither appropriate institutions that can decide and implement specific policies to safeguard the existence of these common goods.

It is well-known that natural resources have historically been at the centre of the fortunes and tragedies of many fragile countries, as in Sierra Leone. In the wrong circumstances, they can contribute to fuel violence, exacerbating conflicts and deepening poverty, but they can also be crucial for establishing the foundations of an economy capable of delivering jobs and ensuring livelihoods. Neither paths are inevitable, and both depend on the political and institutional context. It is a mark of great leadership to adopt good policies and to build good institutions. In the natural resources sector, these include adequate legal and licensing frameworks, a robust fiscal framework, mechanisms to ensure transparency and accountability, and finding ways to address the gap between laws and implementation.

Fragile countries should be asking themselves several questions in this regard. Are they following their own laws? Are they effectively managing large multinationals, who owe more allegiance to their shareholders than to host countries? Are they developing serious efforts in building the capacity needed? What is their capacity to build backward and forward linkages in this sector, and are they thinking strategically on the long term, beyond the short-term of each legislature and beyond group interests? Are they bringing forward the voices of communities and not leaving them behind, as put forward by the 2030 Agenda on Sustainable Development?

The unique trajectories and common challenges faced by fragile states was strongly stated, particularly mentioning the insurmountable challenges faced by East Timor. The establishment and consolidation of a robust social contract requires job creation, the provision of basic services and a functioning administration that is capable of delivering services, security and justice. Some developing countries, including fragile and conflict-affected countries, are blessed with natural resources - minerals, forests, fisheries, water – which if wisely managed can provide for the necessary revenues and financial resources to sustain the foundation of such social contract.

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In most cases, countries have now an improved understanding of the difficulties and opportunities, assessments are made and there is
no need to “reinvent the wheel”: learning from history and from what others are doing is an important part of these processes.

In more general terms, it is also important to debate the ways in which economic activity can provide well-being for societies, and how to balance this with the environmental pressures of the planet. Often, local communities have good answers to these challenges, and strategies for sustainability that reflect these local views should be developed and supported, as there is no one-size-fits-all approach to these challenges. Furthermore, addressing the challenges of economic and natural resources sustainability must be linked to the important discussions on the most relevant models for political and social organisation, for processes of wealth redistribution that ensure equal progress among all.
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GOVERNANCE AND SUSTAINABILITY OF NATURAL RESOURCES

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CLOSING

- ANTONIO PEREIRA NEVES
- JOSÉ RAMOS-HORŢA

09h30-10h00

- OPENING

10h00-11h30

- RESILIENCE, DEVELOPMENT AND FRAGILITY

12h00-13h00

- KEYNOTE SPEECH

15h00-18h00

- GOVERNANCE AND SUSTAINABILITY OF NATURAL RESOURCES

18h00-18h30

- CLOSING