Workshop on Economic and Environmental Activities as Confidence-building Measures

Dear Colleagues,

Please find attached the Discussion Papers prepared by independent international experts for the Chairmanship's Workshop on Economic and Environmental Activities as Confidence-building Measures.

The Lithuanian Chairmanship has invited recognized international experts to draft Discussion Papers on selected topics in order to enrich debate at the workshop.

These Discussion Papers are also available to the participating States and public on the workshop web page www.osce.org/event/eea_cbms_2011.

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Discussion Paper on
Economic and Environmental Confidence- and Peace-building Measures and the Role of the OSCE

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I. Introduction

The UNEP publication *From Conflict to Peacebuilding: The Role of Natural Resources and the Environment* [1] reminds us that "Since the end of the Cold War, two fundamental changes have shaped the way the international community understands peace and security. First, the range of potential actors of conflict has expanded significantly to include a number of non-state entities. Indeed, security is no longer narrowly conceived in terms of military threats from aggressor nations. In today's world, state failure and civil war in developing countries represent some of the greatest risks to global peace. War-torn countries have become havens and recruiting grounds for international terrorist networks, organized crime, and drug traffickers, and tens of millions of refugees have spilled across borders, creating new tensions in host communities. Instability has also rippled outward as a consequence of cross-border incursions by rebel groups, causing disruptions in trade, tourism and international investment.

"Second, the potential causes of insecurity have also increased and diversified considerably. While political and military issues remain critical, conceptions of conflict and security have broadened: economic and social threats including poverty, infectious diseases and environmental degradation are now also seen as significant contributing factors. This new understanding of the contemporary challenges to peace is now being reflected in high-level policy debates and statements.

"The 2004 report of the UN Secretary-General's High-Level Panel on Threats, Challenges and Change highlighted the fundamental relationship between the environment, security, and social and economic development in the pursuit of global peace in the 21st century,[2] while a historic debate at the UN Security Council in June 2007 concluded that poor management of "high-value" resources constituted a threat to peace.[3] More recently, UN Secretary-General Ban Ki-moon confirmed that "the basic building blocks of peace and security for all peoples are economic and social security, anchored in sustainable development, [because they] allow us to address all the great issues – poverty, climate, environment and political stability – as parts of a whole." [4]

In Europe the impacts of environmental degradation (and of climate change in particular) have also been increasingly highlighted in the context of international security. The OSCE Madrid Declaration on Environment and Security (2007) included the point that "Environmental degradation, including both natural and man-made disasters, and their possible impact on migratory pressures, could be a potential additional contributor to conflict. Climate change may magnify these environmental challenges." [5]

And in 2008 a high-level brief by the European Union said that "Climate Change is a threat multiplier which exacerbates existing trends, tensions and instability in developing countries."[6] These tensions include conflict over resources such as land, water, food and energy. The expected increase in the frequency and severity of natural disasters plus the slow-onset of environmental degradation threaten the human security of local populations.

The above mentioned UNEP report refers to several uses of the term "security". "State or national security" refers to the requirement to maintain the survival of the nation-state

through the use of economic, military and political power and the exercise of diplomacy. "Human security" is a paradigm for understanding global vulnerabilities, which argues that the proper referent for security should be the individual rather than the state. Human security holds that a people-centred view of security is necessary for national, regional and global stability. "Environmental security" refers to the area of research and practice that addresses the linkages among the environment, natural resources, conflict and peacebuilding.[7]

With this background in mind (and extensively citing many who far more expert than me) this paper has three aims:

a) To provide an overview of the interrelationship between environmental, economic / development and security issues;

b) To provide an introduction on – and practical examples of - the use of especially environmental cooperation for peacebuilding and peacemaking; and

c) To help set up the discussion on new / improved environmental activities related to confidence building measures in the OSCE region.

II. Overview of the Interrelationship between Environment, Development and Security

Any discussion on the value of economic and environmental confidence / peace building measures is based on the assumption that economic / development, environment and peace / security problems are interdependent and that therefore the solutions to them are also interlinked.
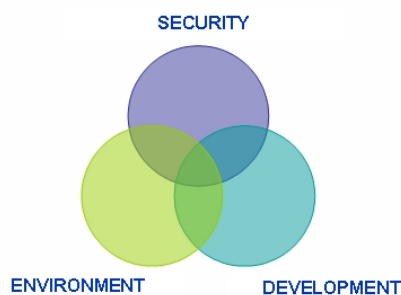
While not excluding economic confidence building measures, the focus of this paper is primarily on the environment and security nexus.

Twenty years ago Lothar Brock of the Peace Research Institute in Frankfurt noted that "The environment has now become firmly established as an item on the agenda of peace research. However, perceptions of the interrelationship between peace and environmental issues differ widely." In his systematic analysis of this interrelationship he identified four linkages: causal, instrumental, definitional and normative.

Brock wrote that "Since environmental issues are not only to be treated as non-military threats to the security of societies, but can also work to promote cooperation and peace-building, the causal, instrumental and definitional linkages are sub-categorized as having positive and negative aspects."

"Environmental security is identified as a normative linkage designed to cope with the negative aspects of the other linkages. Whether this will lead to a militarization of environmental politics, or rather help to demilitarize security thinking remains an open question. The answer will depend very much on the positive aspects of the causal and instrumental linkages. Up to now, ecological cooperation has to be seen as a dependent variable reflecting the state of overall international relations. However, there are some indications that environmental cooperation may develop an Eigendynamik of its own and become an independent variable with influence of its own on world politics."[8]

More recently Ken Conca wrote in the landmark book *Environmental Peacemaking* that "Most scholars remain sceptical of the idea that environmental change has been, or is soon to be, an important cause of war between nations. But several have argued that there is a dangerous and growing connection between environmental change and violent outcomes on a local or regional scale; these outcomes include episodes that can spill across borders.

Environmental problems are most combustible when they exacerbate existing social tensions based on class, religion, or ethnicity. When such tensions are triggered in the absence or weakness of social institutions that otherwise could mediate disputes or in the context of 'failing' states, it is said, violent conflict may be triggered or worsened." [9]

Noting that "controversies continue to surround claims about environmentally induced conflict" Conca adds that "Our interest in environmental peacemaking goes far beyond simply forestalling environmentally induced conflict, to ask whether environmental cooperation can be an effective general catalyst for reducing tensions, broadening cooperation, fostering demilitarization, and promoting peace." [10]

While recognising the qualifications regarding the significance of environmental change as a cause of (violent) conflict it is never-the-less useful to restate some of the commonly noted linkages between environment, development and security (and in particular the negative linkages) as a basis for discussion on confidence building measures. This can be best done by organising the overview according to the following topics:

Environment and Development
- The impact of environmental change / degradation on development
- The impact of economic factors (poverty, underdevelopment) on the environment

Development and Security
- The impact of economic (development) factors on security
- The impact of (violent) conflict on development

Environment and Security
- The impact of environmental change / degradation on security
- The impact of (violent) conflict on the environment

To which we should also add the following more specific issue:
- The relationship between climate change and international security

Environment and Development

At least since the late 1980s and early 1990s the relationship between environment and development has been enshrined in governmental domestic and foreign policies and international relations. Following the appearance of the Brundtland Report in 1987 and the convening of the Earth Summit in 1992, it would be hard to find a government or international / intergovernmental organisation that does not recognise that environmental protection and sustainable human development go hand and hand and which does not incorporate the linkages between these two objectives at least to some degree in its legislation, initiatives, programmes and projects.

There can be little disagreement among scholars or policy makers in developed and developing countries that the degradation of the environment and life supporting eco-systems can have a negative impact on development and the prospects for poverty alleviation. Similarly, it is well accepted that poverty, underdevelopment and unequal access to land, water, energy, etc. can increase the stresses on the environment sometimes leading to severe overuse and degradation.

Development and Security

The relationship between development and security is not always as obvious but there is increasing concern that under-development can contribute to insecurity. For example, "while the causes of conflict in Darfur are many and complex, UNEP's environment and conflict analysis found that regional climate variability, water scarcity and the steady loss of fertile land are important underlying factors. [11] …. [P]overty, marginalization and migration … create the conditions that make violence an attractive option for disempowered young men. Marginalized pastoralist groups, for example, have been recruited as militias to fight proxy wars where they were able to raid cattle. Nomads, whose camel-herding livelihoods have

been hard-hit by drought and desertification, have also been easy prey for armed groups in the region." [12]

Economists, political scientists and politicians are seeking to better understand roots of insecurity in underdevelopment as well as the positive reinforcing relationship between security and development leading development agencies to promote conflict sensitive development cooperation policies and practices.

Recent headlines like "Spike in global food prices contributes to Tunisian violence" [13] or "Rising Food Prices Can Topple Governments, Too" [14] reinforce the widely held view that "high food prices are historically a major driver of political unrest" and "Economists at the University of Adelaide ... recently examined the impact that food prices have on civil conflict in 120 countries in the past 40 years. 'Our main finding is that in low-income countries increases in the international food prices lead to a significant deterioration of democratic institutions and a significant increase in the incidence of anti-government demonstrations, riots, and civil conflict," the researchers note. The same finding does not hold true in high-income countries, where citizens can better afford food'."[15]

The impact of development problems on security is not limited to domestic unrest. Jonathan Goodhand, points out that "Broadly, it is argued that uneven development processes lead to inequality, exclusion and poverty. This contributes to growing grievances particularly when poverty coincides with ethnic, religious, language or regional boundaries." He adds that, "These underlying grievances may explode into open conflict when triggered by external shocks (such as a sudden change in terms of trade) or mobilised by conflict entrepreneurs. Although few argue that poverty per se, causes conflict, research points to the importance of extreme horizontal inequalities, as a source of grievance which is used by leaders to mobilise followers and to legitimate violent actions." [16]

Goodhand also deals with the issue of resource wealth (rather than poverty) causing conflict noting that "Recent research by Paul Collier of the World Bank questions the view that conflicts are driven by grievance. He argues that popular perceptions are shaped by the discourse which conflicts themselves generate. Social scientists however, should be distrustful of the loud public discourse on conflict and question the language of protest often used by the conflicting parties themselves. War 'cannot be fought just on hopes and hatreds'.[17] According to Collier, civil wars occur when rebel organisations are financially viable. Therefore it is the feasiblity of predation which determines the risk of conflict. '..rebellion is motivated by greed, so that it occurs when rebels can do well out of war'." [18]

Still referring to Collier, Goodhand adds that "A comparative analysis of risk factors is used to demonstrate the connection between 'greed' and conflict. The most powerful risk factor is that countries which have a 27 substantial share of their income (GDP) coming from the export of primary commodities are radically more at risk of conflict. According to Collier, a country with more than 25% dependence on primary commodity exports is more than 5 times more likely to engage in conflict. Therefore the curse of resource wealth rather than poverty induced grievance is more likely to cause violent conflict." [19]

Let us also look at the opposite relationship, namely the impact of (violent) conflict on development.

Reporting on the 2011 World Development Report, "Conflict, Security, and Development" a recent article in The Economist pointed out that "Many think that development is mainly hampered by what is known as a "poverty trap". Farmers do not buy fertiliser even though they know it will produce a better harvest. If there is no road, they reason, their bumper crop will just rot in the field. The way out of such a trap is to build a road. And if poor countries cannot build it themselves, rich donors should step in.

"Yet the World Development Report suggests that the main constraint on development these days may not be a poverty trap but a violence trap. Peaceful countries are managing to escape poverty—which is becoming concentrated in countries riven by civil war, ethnic conflict and organised crime. Violence and bad government prevent them from escaping the trap.

"To see the impact, compare two small African states. Until 1990 Burundi and Burkina Faso had similar rates of growth and levels of income (see chart). But in late 1993 civil war erupted in Burundi after the assassination of the president; 300,000 people died in the next dozen years, most of them civilians. Placid Burkina Faso is now two-and-a-half times richer.

"That may sound like a special case. Civil wars are obviously damaging, and not many countries suffer them. True, but a lot of others are trapped in persistent, pervasive lawlessness. The report reckons that 1.5 billion people live in countries affected by political violence, organised crime, exceptionally high murder rates or low-intensity conflicts. All this falls short of civil war, but the effects can be as bad." 20

Environment and Security

Finally, we can turn our attention to the impact of environmental change / degradation on security and the impact of (violent) conflict on the environment.

In the Worldwatch Institute's *State of the World 2005: Redefining Global Security* the chapter on "Building Peace Through Environmental Cooperation" the authors report that "Over the past 15 years, many scholars have considered whether environmental problems cause or exacerbate violent conflict. Although scarce nonrenewable resources such as oil have long been viewed as a potential source of conflict, this new research shifted the focus to renewable resources such as forests, fisheries, fresh water, and arable land. Most of this work, including projects by Canadian and Swiss researchers in the mid-1990s, found little evidence that environmental degradation contributed significantly to war between countries. Yet the studies found some evidence that environmental problems can trigger or exacerbate local conflicts that emerge from existing social cleavages such as ethnicity, class, or religion." [21]

This view is reinforced by the earlier mentioned 2009 UNEP report which states that "Environmental factors are rarely, if ever, the sole cause of violent conflict. However, the exploitation of natural resources and related environmental stresses can be implicated in all phases of the conflict cycle, from contributing to the outbreak and perpetuation of violence to undermining prospects for peace." [22] The authors add that, "Since 1990 at least eighteen violent conflicts have been fuelled by the exploitation of natural resources. In fact, recent research suggests that over the last sixty years at least forty per cent of all intrastate conflicts have a link to natural resources. Civil wars such as those in Liberia, Angola and the Democratic Republic of Congo have centred on "high-value" resources like timber, diamonds, gold, minerals and oil. Other conflicts, including those in Darfur and the Middle East, have involved control of scarce resources such as fertile land and water." [23]

United Nations Secretary-General Ban Ki-moon summed it up when he stressed that, "when resources are scarce - whether energy, water or arable land - our fragile ecosystems become strained, as do the coping mechanisms of groups and individuals. This can lead to a breakdown of established codes of conduct, and even outright conflict."[24]

Regarding the opposite relationship, "the environment can itself fall victim to conflict, as direct and indirect environmental damage, coupled with the collapse of institutions, can lead to environmental risks that threaten people's health, livelihoods and security." [25]

Matthew, Brown and Jensen wrote that "The environment has always been a silent casualty of conflict. To secure a strategic advantage, demoralize local populations or subdue resistance,

water wells have been polluted, crops torched, forests cut down, soils poisoned, and animals killed. … Recent examples of intentional environmental damage include the 1991 Gulf War, during which Kuwait's oil wells were set on fire and millions of tonnes of crude oil were discharged into waterways. In this instance, the environment itself was used as a weapon of mass destruction.

"While numerous other examples of natural resources being used as a weapon of war exist, the majority of the environmental damage that occurs in times of conflict is collateral, or related to the preparation and execution phases of wars and to the coping strategies of local populations. In this regard, impacts of conflict on the environment can be divided into three main pathways:

a) Direct impacts: are caused by the physical destruction of ecosystems and wildlife or the release of polluting and hazardous substances into the natural environment during conflict.

b) Indirect impacts: result from the coping strategies used by local and displaced populations to survive the socio-economic disruption and loss of basic services caused by conflict. This often entails the liquidation of natural assets for immediate survival income, or the overuse of marginal areas, which can lead to long-term environmental damage.

c) Institutional impacts: Conflict causes a disruption of state institutions, initiatives, and mechanisms of policy coordination, which in turn creates space for poor management, lack of investment, illegality, and the collapse of positive environmental practices. At the same time, financial resources are diverted away from investments in public infrastructure and essential services towards military objectives." [26]

Climate Change and International Security

The increasing number and intensity of climate related natural disasters such as draughts, floods, and storms not only cause widespread destruction and tax the capacities of especially vulnerable countries with fragile public response mechanisms, they also make already existing human security problems worse.

Long existing economic (development) and environmental problems such as those related to access to - and sustainable use of - land, water, food, and energy are problems being exasperated by climate change. As these problems become worse they weaken the prospects for poverty alleviation and for the achievement of the MDGs.

In short, climate related and other environmental threats (man made disasters, unsustainable exploitation of natural resources, etc.) can undermine security.

Some would argue that today climate change is the single greatest threat to human security. Certainly for some countries there is no question that this is true. Liotta and Shearer (2005), point out that "If the temperatures were to rise, by some estimates, as high as 3.8° Celsius over the course of twenty-first century, there could be a concomitant rise in sea levels of ninety seven centimeters. Such a rise in sea level, although not of immediate concern to most nations, would be the single greatest national security issue for a nation such as the Maldives; in essence, such a sea level rise would mean the end of the Maldives (because the entire landmass would be under water)." Liotta and Shearer also say that "In Asia, mass migration leads to internal pressures and to skirmishes along the borders of Bangladesh, India, and China." [27]

The IPCC (2001) has pointed to a direct causal connection between climate change and an increase in number and intensity of hydro-meteorological hazards (storms, floods, and drought) and disasters. Climate change may increase the probability and intensity of extreme weather events and thus increase internal displacements, transboundary, and even intercontinental migration.

Again both factors (hazards, migration) interact and may contribute, trigger or cause domestic crises that may escalate to different forms of low-level violence.

The nature- and human induced factors of Global Environmental Change (GEC) may contribute, trigger or intensify ethnic, religious or political conflicts and may lead to violence or raise the need for peacemaking. Four different socio-economic scenarios of the complex interplay of the above structural causes have occurred:

- Domestic societal conflicts;
- Resource and border conflicts;
- Regional violence with implications for different security perceptions in the South and of the North; and
- Militarisation of non-military causes of conflicts.

In many developing countries, internal displacement has often been a first step towards transboundary migration, e.g. from Bangladesh to India or from Sahel countries to countries in North or West Africa, and in a few cases also overseas to Europe and North America.

The rural poor of the developing world are the people most vulnerable to climate change not least because their "economy" is dependent on the natural environment for food, fuel, fresh water, building material and traditional medicine.

According to the Stern Review, the impacts of climate change are not evenly distributed; the poorest countries and people will suffer earliest and most. "First, developing regions are at a geographic disadvantage since they are already warmer and already suffer high rainfall variability. Second, developing countries especially the poorest are heavily dependent on agriculture, the most climate sensitive sector of all economic sectors and they suffer from inadequate health and low quality public services.

Third, their low natural resource dependent incomes and vulnerabilities make adaptation to climate change particularly difficult. Climatic shocks cause setbacks to economic and social development in developing countries today even with temperature increases of less than 1 degree C. The impacts of unabated climate change, i.e. increases of 3 to 4 degrees C and upwards will increase the risks and costs of these events substantially." [28]

The ability of the poor to adapt to climate change is inextricably linked to the level of environmental degradation that they cause out of necessity as they have no other way to earn a living. Unless their natural environment is stabilized and their livelihoods made sustainable, they will inevitably first exhaust the land and then become environmental migrants putting further stress on urban areas and presenting increasingly difficult security problems for neighbouring countries and countries of destination. [29]

The 2007 OSCE Madrid Declaration acknowledges that the "United Nations climate process is the appropriate forum for negotiating future global action on climate change" but also that "the OSCE, as a regional security organization under Chapter VIII of the UN Charter, has a complementary role to play within its mandate in addressing this challenge in its specific region." The Declaration concluded that: *"Environmental degradation, including both natural and man-made disasters, and their possible impact on migratory pressures, could be a potential additional contributor to conflict. Climate change may magnify these environmental challenges."* [30]

In 2010 the Office of the OSCE Co-ordinator of Economic and Environmental Activities (OCEEA) - in the context of a project focused on the security implications of climate change – commissioned a scoping study on potential implications of climate change. The report "Shifting Bases, Shifting Perils", had four main aims:

• Reviewing the state of the debate in current research on climate change and security. In addition, assessing the role of scenarios in policy planning and identifying the characteristics of scenarios related to climate change and security.

• Identifying potential security implications of climate change in several regions within or

adjacent to the OSCE – in particular the Arctic, the Southern Mediterranean, South East and Eastern Europe, the South Caucasus and Central Asia.

• Assessing the activities conducted by countries and international organisations – particularly the UN and OSCE member states – with regard to climate change and security.

• Outlining initial recommendations to the OSCE on addressing the potential security implications of climate change.

The report concluded that "Identifying early signs is vital for timely action. With conflict prevention and stability as core functions of the OSCE, it will be a key task for the organisation to identify the challenges of climate change and prevent them from turning into security risks. If managed adequately, climate change may serve as a catalyst for cooperation among countries. With its comprehensive approach to security, including the Maastricht Strategy as well as the Madrid Declaration, the ground has been laid to address the security implications of climate change within the OSCE." [31]

III. The Potential of Environmental Co-operation Efforts

If environmental (climate) change and environmental degradation can be key elements in undermining peace and security, then it follows that there is role to be played by environmental confidence- and peace-building measures.

In their 2002 book, *Environmental Peacemaking*, Conca and Dabelko stated that "Environmental cooperation opens several effective channels for peacemaking: enhancing trust, establishing habits of cooperation, encouraging longer-term thinking by decisionmakers, forging cooperative linkages across societies, and creating shared norms and identifies throughout regions. Nonetheless, environmental cooperation has gone almost unexplored as a means of peacemaking, even though environmental degradation is widely recognized as a catalyst for violent conflict." [32]

A few years later Conca, Carius and Dabelko noted that there is a growing array of initiatives – "including peace parks, shared river basin management plans, regional seas agreements, and joint environmental monitoring programs— that seek to promote environmental peacemaking. This involves using cooperative efforts to manage environmental resources as a way to transform insecurities and create more peaceful relations between parties in dispute. As such initiatives become more frequent and gain momentum, they may provide a way to transform both how people approach conflict and how they view the environment." [33]

Never-the-less, the authors maintained that "Surprisingly… relatively little is known about the best designs for these initiatives or the conditions under which they are likely to succeed. While a large body of research examines the contribution of environmental degradation to violent conflict, little in the way of systematic scholarship evaluates an equally important possibility: that environmental cooperation may bring peace." [34] They added that "If properly designed, environmental initiatives can also reduce tensions and the likelihood of violent conflict between countries and communities. Environmental peacemaking strategies offer the chance to craft a positive, practical policy framework for cooperation that can engage a broad community of stakeholders by combining environment, development, and peace related concerns." [35]

Adapting a categorisation of environmental peacemaking by Conca, Carius and Dabelko [36] one can examine such efforts with respect to the following stages of the conflict cycle:

- Conflict Prediction (early warning)
- Conflict Prevention
- Conflict Management
- Post Conflict Recovery and Transition

Another specific area of work relates to the impact of manmade and natural hazards and disasters on environment, development and peace. Confidence building measures can be taken for example to reduce the possibility of manmade hazards (e.g. pollution, weapons waste, etc.) contributing to tensions between communities or the possibilities for natural disasters to exacerbate a (potential) conflict situation.

Conflict prediction (early warning) can be distinguished from the broader term of conflict prevention in the sense that the former involves using indicators of economic and environmental stress and identifying signs of potential tension and conflict at the earliest possible stages where the later implies some form of intervention such as confidence building measures.

Given the broad spectrum of new threats and challenges, especially as they relate to environmental conflict, it is clear that an important role of the OSCE is to identify, analyse and take coordinated action in response to the evolving threat scenarios.

The OSCE's core business is conflict prevention and that is specifically why OSCE field presences have been established in conflict-prone areas. In fact, the 2005 Panel of Eminent Persons recommended that the OSCE consider developing a new type of thematic mission that could examine a specific issue in one country. In this regard, independent environmental expert missions could be deployed to assist the Secretariat in exercising its early warning functions and conflict prevention activities.

In September 2006, the UN tasked the OSCE to assess the short-term and long-term impact of the fires on the environment of the territories situated close to the line of contact in and around the Nagorno-Karabakh region. In record time, the OSCE and UNEP put together an expert mission with representatives from the Council of Europe, the Council of the European Union and the European Commission, among others.

Regarding **conflict prevention**, Conca, Carius, and Dabelko state that: "If the minimum requirement for peace is the absence of violent conflict, then environmental cooperation may have a role to play in forestalling the sort of violence that can be triggered by resource overexploitation, ecosystem degradation, or the destruction of people's resource-based livelihoods. Not surprisingly, most of the scholarship linking environmental degradation with violent outcomes has pointed to the need to relieve pressures on people's livelihood resources and to enhance the ability of institutions to respond to environmental challenges. In other words, the most direct form of environmental peacemaking may be action to forestall environmentally induced conflict". [37]

An example of environmental peacebuilding **during conflict** is in the case of Afghanistan as the following information from UNEP reports:

"UNEP's 2003 post-conflict environmental assessment found that after two decades of war, Afghanistan's natural resource base had largely been destroyed. The degradation of the natural resources upon which some 80 percent of Afghans depended for their livelihoods was a critical problem across the country. [38] Together with high population growth rates, poverty was deepening and rural livelihoods were becoming increasingly vulnerable. The report contended that as part of the peacebuilding process, the creation of employment and the injection of cash were essential to support the recovery of the local economy and re-establish livelihoods.

"With funding from the United States Agency for International Development, the Afghanistan Conservation Corps (ACC) was founded to generate long-term improvements in the livelihoods of the Afghan people by providing labour-intensive work opportunities that could meet the income generation needs of the poorest, while at the same time renewing and conserving the country's natural resource base.

"Since the beginning of the programme, the ACC has implemented over 300 projects with local communities in 22 provinces. More than five million trees have been planted and over 700,000 labour days generated (100,000 for women). When implementing its activities, the ACC works through local community development councils and traditional leaders, using a

participatory approach to identify potential problems and opportunities to facilitate the projects' long-term sustainability. [39] In addition, as a complement to these efforts, UNEP has been working hand in hand with the Afghan National Environmental Protection Agency to establish and implement policies and laws for the recovery and sustainable management of natural resources, with a focus on sustainable livelihoods." [40]

Environmental confidence building measures can be particularly important in cases of **post conflict recovery and transition.** Matthew, Brown and Jensen reported that "Preliminary findings from a retrospective analysis of intrastate conflicts over the past sixty years indicate that conflicts associated with natural resources are twice as likely to relapse into conflict in the first five years. Nevertheless, fewer than a quarter of peace negotiations aiming to resolve conflicts linked to natural resources have addressed resource management mechanisms." [41]

In her paper on "Harnessing the Environment in Post-Conflict Peace Building" Erika Weinthal wrote that "The environmental peacemaking literature, to date, has largely focused on the ways in which the environment can help mitigate hostilities among states and bring about peace at the interstate level. Yet, this literature's emphasis on the conflict resolution phase has overlooked what happens after states have embarked upon a peace process and/or are engaged in implementing a negotiated peace agreement. While the conventional post-conflict peace building literature has focused on the role of peacekeepers, economic development, and institution building in the post-conflict resolution phase, it has overlooked the role of the environment in maintaining the peace even where the environment is explicitly part of a negotiated peace agreement. ... [In] only a few cases (e.g., the Israel-Jordan Peace Treaty) is the environment a core component of a peace agreement. Rather, in a larger number of cases (e.g., internal wars such as in Rwanda), the environment has not only contributed to fueling the conflict, but also might abet implementation of a negotiated peace agreement." [42]

Pekka Haavisto, then with the UNEP Post-Conflict Assessment Unit, wrote in 2005 that "a key lesson is the need to minimize the risks for human health and environment during conflict through preparedness and civil protection. And as soon as the conflict is over, proper assessment and cleanup should take place. Support and capacity building of the existing or newly established environmental administration is crucial for long-term sustainability. When considering how to revive the environment after the guns fall silent, a region's entire environmental history must be addressed.

"In addition, after conflict ends efforts must be made to reengage the country in regional and international environmental cooperation - especially when dealing with shared resources like water. In spring 2004, for the first time in 29 years Iraqi and Iranian water and environmental authorities together discussed the issue of the shared Mesopotamian Marshes. Old enemies are once again negotiating on environmental matters. Along with improving the state of these resources, the management of shared resources can serve as an important way to build confidence between formerly hostile countries." [43]

Other Forms of Environmental Peacemaking

Conca, Carius and Debelko make a strong case for environmental peacemaking even when the environment is not specifically a component in different stages of conflict saying that this broader approach seeks "to build peace through cooperative responses to shared environmental challenges. Initiatives that target shared environmental problems may be used to establish a direct line of dialogue when other attempts at diplomacy have failed. In many instances, governments locked into relationships marked by suspicion and hostility — if not outright violence — have found environmental issues to be one of the few topics around which ongoing dialogue can be maintained." [44]

Examples of such uses of environmental peacemaking might include cases involving **manmade hazards** (e.g. pollution) or other transboundary environmental issues (e.g. river basin management).

Regarding **natural disasters** a 2007 report *Beyond Disasters: Creating Opportunities for Peace* from the Worldwatch Institute stated that "When disasters occur in conflict zones, the devastation is compounded. If aid is not distributed fairly among disaster and conflict survivors, new rifts can emerge. Relief groups must be prepared to tread a fine line as they work alongside armed militaries and rebel factions. But there can be an unexpected silver lining: although disasters harm people and communities in conflict areeas, the cooperation and goodwill following these events may jolt the political landscape, bringing renewed opportunities for peace. Relief and reconstruction efforts can build trust among combatants, ultimately even bringing conflicts to an end." The 2007 report examines three unique situations in conflict-affected areas following disasters, focusing on Indonesia's Aceh province and Sri Lanka, both affected by the 2004 tsunami, and on the long-contested region of Kashmir, devastated by the 2005 earthquake. The experiences of these regions yield important lessons that clarify the connections between disasters, conflict, development, and peacemaking. [45]

IV. The Role of Regional and International Organisations

The important role that regional and international organisations play in environmental peacemaking cannot be understated. This section highlights a few key examples.

UN Peacebuilding Commission [46]

The UN Peacebuilding Commission brings together all relevant actors to marshal resources and to advise on proposed integrated strategies for <u>post conflict</u> peacebuilding and recovery; helps ensure predictable financing for early recovery activities and sustained financial investment over the medium to long-term; and develops best practices on issues in collaboration with political, security, humanitarian and development actors.

The resolutions mandating the Commission also identify the need for the Commission to extend the period of international attention on post-conflict countries and where necessary, highlight any gaps which threaten to undermine peacebuilding. For example attention is paid to helping to prevent natural resources and environmental stress from undermining the peacebuilding process, while at the same time serving as a platform for dialogue, cooperation and confidence-building.

With a view to offering independent expertise and advice to the Commission and the wider peacebuilding community, the United Nations Environment Programme (UNEP) established an **Expert Advisory Group on Environment, Conflict and Peacebuilding** in February 2008. Consisting of leading academics, think tanks and non-governmental organizations with combined experience from over 30 conflict-affected countries, the Group provides policy inputs, develops tools, and identifies best practice in using natural resources and the environment in ways that contribute to peacebuilding and prevent relapse into conflict. [47]

World Bank – on *Conflict, Security, and Development*

Following the *World Development Report 2010: Development and Climate Change* the Bank's 2011 report is devoted to *Conflict, Security, and Development*. It examines the changing nature of violence in the 21st century, and underlines the negative impact of repeated cycles of violence on a country or region's development prospects. Preventing violence and building peaceful states that respond to the aspirations of their citizens requires strong leadership and concerted national and international efforts.

The report begins with a reference to the situation in the Middle East and North Africa, saying that we are now seeing again that "violence in the 21st century differs from 20th-century patterns of interstate conflict and methods of addressing them. Stove-piped government agencies have been ill-suited to cope, even when national interests or values prompt political leaders to act. Low incomes, poverty, unemployment, income shocks such as those sparked by volatility in food prices, rapid urbanization, and inequality between groups all increase the

risks of violence. External stresses, such as trafficking and illicit financial flows, can add to these risks." [48]

This year's report looks across disciplines and experiences drawn from around the world to offer some ideas and practical recommendations on how to move beyond conflict and fragility and secure development. The key messages are important for all countries—low, middle, and high income—as well as for regional and global institutions.

UN-EU Partnership on Natural Resources, Conflict and Peacebuilding [49]

UN-EU Partnership project on Natural Resources, Conflict and Peacebuilding and the **United Nations Interagency Framework Team for Preventive Action** aim to strengthen the ability of national stakeholders and their UN and other international counterparts to analyse, prevent and resolve disputes over land and water, and to minimise tensions over natural resources.

Together with the European Union and five other UN partners – UNDP, DPA, UNEP, PBSO, HABITAT and DESA – UNEP is working to support countries improve natural resource management for conflict prevention and peacebuilding. Through a joint programme coordinated by the UN Framework Team for Preventive Action and financed by the EU's Instrument for Stability, technical assistance will be provided to help national stakeholders, as well as UN and EU staff in conflict-affected countries, to better understand and prevent tensions over environmental issues and the management of natural resources. The partnership is also designed to enhance policy development and programme coordination between key actors at the field level.

Phase I: Guidance and training material

This project aims to equip national stakeholders, UN Country Teams and EU Delegations with the skills and tools needed to understand, anticipate, prevent, and mitigate potential conflicts over natural resources. As such, the first outcome of the project is a series of Guidance Notes, training manuals, and an online self-paced learning tool covering the following themes:

- Land and conflict,
- Extractive industries and conflict,
- Environmental scarcity and conflict, and
- Capacity development for managing land and natural resources.

The four Guidance Notes are working documents that will be validated during the second phase of the project and updated accordingly. UNEP has invited stakeholders and practitioners to review and comment on these documents, from October 2010 to June 2011.

Phase II: Pilot-testing and field training

The second outcome of the project will be to deliver a series of training modules for UN and EU field staff, as well as local partners, in four pilot countries: Timor Leste, Liberia, Peru and Guinea-Conakry. Participants will acquire the skills to formulate and operationalize preventive measures in relation to natural resource management and conflict. In countries where specific natural resource management and conflict challenges are identified, the project will aim to provide focused technical assistance in the development of conflict prevention strategies. This could include the deployment of staff and other experts to assist the UN Country Team, including the Resident Coordinator or Peace and Development Advisor, in analysing options and designing programmes. Where needed, dedicated follow-up measures will also be undertaken on an inter-agency basis, in partnership with the EU.

The Environment and Security (ENVSEC) Initiative [50]

ENVSEC works to assess and address environmental problems, which threaten or are perceived to threaten security, societal stability and peace, human health and/or sustainable

livelihoods, within and across national borders in conflict prone regions. The Initiative collaborates closely with governments, particularly foreign, defense and environment ministries, national experts and NGOs. Together with the stakeholders ENVSEC has carried out assessments and published reports illustrated by maps, for understanding the linkages between environment and security in the political and socio-economic reality of South Eastern Europe, the Southern Caucasus and Central Asia. Based on the assessments, the Initiative develops and implements work programmes aimed at reducing tensions and solving the problems identified. Key partners in ENVSEC include UNDP, UNEP, OSCE, NATO, UNECE and REC.

Under OSCE's Chairmanship, the ENVSEC Initiative is currently working to strengthen the security component of its work in order to expand its capacity to better respond to emerging environmental challenges to security within the pan-European region for the next decade. A technical study will be commissioned to that effect and results will be presented at the 7th Environment for Europe Ministerial Conference in Astana in September, as well as to the OSCE Implementation Meeting for the second dimension in Vienna in the fall. It is expected that through a redefined security focus of the work programme and more articulated environment and security interventions, not only the effectiveness, but also the impact of the Initiative as a confidence building tool will be increased.

Organization for Security and Co-operation in Europe (OSCE) [51]

The Organization for Security and Co-operation in Europe (OSCE) is the world's largest regional security organisation, fostering comprehensive and co-operative security among 56 States from Vancouver to Vladivostok.

As part of its comprehensive approach to security, the OSCE is concerned with economic and environmental matters, recognizing that co-operation in these areas can contribute to peace, prosperity and stability.

The OSCE promotes a continuous dialogue through regular meetings of its permanent bodies in Vienna such as the Permanent Council, the Economic and Environmental SubCommittee. Economic and Environmental Officers operate on the ground in the OSCE Field Presences in South-Eastern Europe, Eastern Europe, the South Caucasus and Central Asia.

Through its work, OSCE offers a forum for political negotiations and decision-making in the fields of early warning, conflict prevention, crisis management and post-conflict rehabilitation.

Africa-EU Strategic Partnership [52]

The Africa-EU Strategic Partnership enshrined into the 2007 Joint Africa-EU Strategy (JAES) defines the long-term policy orientations between the two continents, based on a shared vision and common principles. The 2nd Action Plan 2011-2012 [53] adopted in November 2010 sets out the following as areas for strategic partnership:

- Peace and security
- Democratic governance and human rights
- Trade, regional integration and infrastructure
- Millennium Development Goals
- Energy
- Climate change
- Migration, mobility and employment
- Science, information society and space
- Financing the Africa-EU Partnership

The **Partnership on Peace and Security** [54] aims at building the African Peace and Security Architecture (APSA) and agenda and at strengthening the dialogue between the EU and the AU on peace and security issues, such as counter-terrorism disarmament, post conflict reconstruction and weapons of mass destruction. The partnership also addresses the financing of African-led Peace Support Operations and aims at improving the coherence and capacity of peace and security efforts of the African Union and sub-regional organizations.

Actors involved in this partnership include the African Union Commission, the Regional Economic Communities and Mechanisms, African experts in different areas, such as disarmament, counter-terrorism, border controls specialists, mediation experts and actors, military and police experts of the regional stand-by forces, experts of early warning systems and information analysis, and Troop Contributing Countries (TCCs).

The **Partnership on Climate Change** [55] aims at reducing the impact of climate change on African populations and on their environment. In particular, enhanced sustainable land management should help to increase economic growth and improve livelihoods of African rural populations. Farmers and the most vulnerable populations, with limited access to water and victims of food price volatility, will especially benefit from the partnership work.

Actors involved in this partnership include the African Union and European Union Member States, the African Union Commission and the European Commission, the African Development Bank, the United Nations Economic Commission for Africa, the African Regional Economic Communities that are responsible for climate and environment management issues and non-state actors in both continents.

Africa, Climate Change, Environment and Security (ACCES) Dialogue Process [56]

The ACCES Dialogue Process was launched at the first "Dialogue Forum on Climate Change and Security in Africa" [57] on 11 October 2010 in Addis Ababa, Ethiopia as a pre-event to the 7th African Development Forum, arranged by the UN Economic Commission for Africa, the African Union Commission and the African Development Bank.

When the necessary resources are mobilised to finance the ACCES 2011-2014 Programme the mulit-stakeholder process will work to address the security threats related to climate change initially in five African states / eco-regions in five different regions of the continent. In each case the research and dialogue process will be led by Working Groups dealing with water security, food security, energy security, energy security, migration, natural hazards and peace & security.

The ultimate goal of the Dialogue Process is to build up local resilience capacities and establish collaborative platforms for African and international partners to jointly address the security risks of climate change in Africa from a development and human security perspective. The main purpose of the ACCES initiative is to design, jointly with regional and local communities, security sensitive climate change adaptation options, programmes and fundable project concepts which include elements of early warning, response measures, and on-going research, cooperation and dialogue.

Key partners in ACCES already include the African Union Commission, the European External Action Service (EEAS) / EU Mission to the AU, United Nations Environment Programme (UNEP), United National Food and Agriculture Organisation (FAO), United Nations Industrial Development Organization (UNIDO), International Organization for Migration (IOM), Global Water Institute (GWI), Institute for Environmental Security (IES), the University for Peace Africa Programme and a number of other African, European and international organisations, research organisations and NGOs.

Greater Mekong Subregion (GMS)

Natural resources and the environment can contribute to peacebuilding through economic development and the generation of employment, while cooperation over the management of shared natural resources provides new opportunities for peacebuilding.[58]

A key example in Asia is the Greater Mekong Subregion (GMS) where the countries (Cambodia, China, Lao People's Democratic Republic, Myanmar, Thailand, and Vietnam) have implemented a wide-ranging series of regional projects covering transport, power, telecommunications, environmental management, human resource development, tourism, trade, private sector investment, and agriculture. The GMS is recognized as having enhanced

cross-border trade while reducing poverty levels and creating shared interests in economic stability and peace. [59]

The South Asia Network for Security and Climate Change (SANSaC) [60]

SANSaC was established by International Alert to promote peacebuilding in climate-affected contexts in the South Asia region, following a consultation on climate change and regional security in March 2010 in Dhaka. The Dhaka Roundtable identified the following major regional conflict issues: water access, river management, large scale movements of climate refugees, including cross border migration, loss of livelihood and food security, growing urban slums, and increased urban-rural tensions over resource utilisation.

Since its inception, SANSaC has been working to explore the complexities of responding to climate change through in-depth local research in target countries, regional analysis of transboundary issues and cross-border sharing of knowledge through regional dialogues. Through research, dialogue and training, network partners aim to build up the resilience of institutions, civil society and affected communities to climate change and insecurity by (i) facilitating stronger regional and national understanding of the social, political and economic impacts of climate change; and (ii) promoting regional cooperation.

The initiative involves experts from International Alert, India's The Energy Resources Institute (TERI), Bangladesh Institute of Peace and Security Studies (BIPSS), Regional Centre for Strategic Studies (RCSS), Pakistan's Institute of Environmental Studies, University of Karachi, International Peace Research Institute, Oslo (PRIO), the Peacebuilding and Development Institute in Sri Lanka, Maldives' Envoy for Science & Technology, Sri Lanka's Department of Zoology, University of Colombo, Nepal's National Centre of Competence in Research (NCCR), North-South China Dialogue and the International Centre for Integrated Mountain Development (ICIMOD).

V. Examples of Effective Environmental Confidence- and Peace-Building in the OSCE Region

In the workshop for which this background document has been prepared, the following three highly relevant OSCE experiences in economic and environmental confidence building will be discussed.

Regional Capacity Building for Fire Management in the South Caucasus

The project aims at reducing wildfire risks in the South Caucasus through improving capacity of fire management agencies of Armenia, Azerbaijan and Georgia, enabling them to respond effectively to wildfires and formulate national forest fire management policies and implementation strategies.

Building peace and confidence through co-operation on water in Central Asia

Scarcity of water resources has been increasingly coupled with international security and stability. But rather than water scarcity itself, it is the uneven distribution of water resources and the way these resources are governed which have repeatedly caused tensions. The presentation will review the approach the Organization has been taking on water issues in recent years, highlight achievements and identify areas with a need for stronger consolidation. This should lead towards a revised strategy focusing on the added value of the OSCE as a non-technical and non-donor organization, thereby strengthening the role of the Organization in promoting transboundary water management in Central Asia and beyond.

Economic and Environmental Confidence-building in Moldova

Representatives from the Moldovan Expert Working Group on Ecology, on the one hand, and the Transdniestrian Expert Working Group on Ecology, on the other hand, will share their experiences.

VI. Recommendations for new / improved environmental activities related to CBM in the OSCE region

In session 3 of the workshop discussion will focus on recommendations for OSCE Action in the future. Three main topics are on the agenda:

- Lessons from the experience of the OSCE Conflict Prevention Centre in conflict prevention and confidence-building
- Options for Economic and Environmental Early Warning in the OSCE
- A Role for the Second Dimension in Confidence-building and Early Warning

Some specific questions we may want to ask include:

In what specific areas has the OSCE made the most significant contribution and how can the results be consolidated and applied in other cases?

What difficulties were encountered and how were they overcome?

How can the OSCE and the participating States enhance the work of the organisation in this field?

The role of the OSCE in its approach to environmental security was examined in depth in the background paper prepared by my colleague and me for the OSCE Workshop "Towards an OSCE Environmental Security Strategy (ESS)" held in March 2007. [61] A large number of specific options and recommendations were mentioned, several of which were included in the Spanish Chairmanship's proposal for an action plan on the threats and opportunities in the area of environmental and security, which was noted in the Madrid Declaration of November 2007.

In the lead up to the May 2011 workshop – and in follow-up to it – it will be useful to review the key suggestions which emerged from the work four years ago to ascertain the progress made to date in many areas (such as environmental / climate change, energy security, water security, migration, transport, environment and health, social dimensions, conflict prevention, confidence building, environmental governance, etc.) and focus new attention on challenges and opportunities which remain to be addressed effectively.

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Civil Society and Confidence Building
A Discussion Paper

**Chairmanship Workshop on Economic and Environmental Activities of the
OSCE as Confidence Building Measures**

Vienna Austria, 30 May 2011

By Marc Behrendt

Introduction

An astounding proportion of peace agreements fail within the first six months. Of a myriad of factors leading to this depressing verdict on official negotiation processes, one seems to be particularly evident: that societies enmeshed in protracted conflict were excluded from the processes leading to an agreement. Often political leaders of societies in conflict have built their legitimacy on hard line positions towards the other side, raising expectations within their societies and limiting willingness to address the other side's legitimate needs. Isolated from peace processes and presented with a peace package including unexpected compromises, societies often reject agreements reached over many months or years of painstaking negotiations. And while involvement of civil society in peacebuilding is necessary for agreements to succeed, experience shows that its role is equally important in reaching an agreement, by facilitating the public debate needed to stimulate the new ideas needed for meaningful compromise.

The OSCE was founded on the principle that security is more than a balance of power, calculated by the numbers of tanks and warheads available to states in a never-ending struggle to achieve security through military superiority. The OSCE's holistic approach to security, often now referred to as human security in other contexts, is based on the belief that by broadening the framework of security to include factors such as democratic governance, livelihoods, the environment and human rights, the zero-sum calculations fall aside. Unfortunately, the thinking dominant in societies impacted by conflict, among elites, society as a whole and governments, remains stuck in a hard security paradigm, preventing these societies from considering compromises that are perceived to undermining their basic security requirements. It is the role of civil society to address the need for this change of paradigm through a range of initiatives broadly labelled as Confidence Building Measures (CBMs).

Confidence Building Measures

CBMs are usually broken up into two categories – those undertaken by governments and their militaries and civil society initiatives. Governmental CBMs usually take place at specific points during the conflict cycle – to support ceasefires and to underpin peace agreements. There is a hug gap between the actual cessation of hostilities and a peace agreement where there is insufficient progress on the

governmental level for new CBMs to be implemented when civil society has an important role to play.

Building Confidence
The basic purpose of a CBM is to give the other side reason to believe that you will do what you say you will do. This is a basic prerequisite for compromise. But many CBMs fail to deliver on this basic function, undermining trust in their effectiveness and depriving the sides of an important tool for them to address their conflicts. This is for two reasons, first, many civil society initiatives intending to build confidence avoid difficult political issues in order to strengthen the personal relationships of those involved between the different sides. For many years, CBMs intended to build trust between Armenians and Azerbaijanis over their conflict around Nagorno-Karabakh were built around meetings in Tbilisi, usually involving Georgians, undertaking initiatives of relevance to all three societies and therefore ignoring the issues specific to the conflict around Nagorno-Karabakh. These CBMs seldom went beyond the individual meeting because the initiatives agreed on focused on safe issues that did not challenge participants to demonstrate their willingness to deliver when it counted to the other side.

Often CBMs will be designed to provide mutual benefit. It is paradoxical that mutual interest, the cornerstone of any long-term solution to conflict can undermine the impact of a CBM. In the context of extreme mistrust between the sides, a CBM based on (mutual) interests will be evaluated by the sides by the degree to which their side won or lost in the trade. Without conscious buy-in to the need to build the other side's confidence, the basic goal of a given CBM can be lost. It is this understanding that needs to be nurtured by third parties in a process of increasingly impactful CBMs. As Jonathan Cohen at Conciliation Resources has rephrased John Kennedy "Think not of what your opponent can do for you, but what you can do for your opponent".

When it is the gesture to the other side that motivates a CBM, the way the intensions of the action are perceived by the actors involved and by their societies becomes most important. The greatest gesture done in secret or covered up by bellicose rhetoric intended to pacify hawks at home will not have its desired effect.

Intentionality
The impact of a given CBM is ultimately reflected in how it is seen and understood by the societies, governments or other target audiences whose confidence in the other side is necessary for meaningful compromises to be made. In all cases, dialogue is an essential element of CBMs, as it provides a mechanism for initiatives to be conceived, planned and implemented intentionally and presented publicly to the greatest effect. One example of failed confidence building is in Georgia in 2004. Just after coming to power, President Saakashvili made a number of moves that could have fundamentally changed the context of Georgian-Abkhaz relations. He reorganised the Government of Abkhazia in Exile from being an instrument to demonstrate the illegitimacy of the Abkhaz *de facto* authorities to an institution aiming to address the needs of communities displaced from Abkhazia by the conflict. He cut support from partisan groups engaged in the Gali District of Abkhazia, where the Georgian returnees were often victimised by both Georgian and Abkhaz bandits and characterised as either enemies or traitors by the Abkhaz and Georgian authorities respectively. And perhaps most importantly, he avoided interfering during the politically divisive Abkhaz *de*

facto presidential elections in late 2004. All of these gestures were appreciated in Abkhazia, but did not result in increased trust from the Abkhaz authorities and society. This was because these gestures were not accompanied by back-channel or public instruments that could have communicated the intentions behind them to the other side and because they were accompanied by a number of symbolic but bellicose statements likely intended for an internal audience, but perceived threateningly in Abkhazia. The failure of these initiatives may have led to a loss of faith in engagement with the Abkhaz side and a rejection of CBMs by the Georgian Government that became evident in the summer of 2006. One wonders how 2008 might have looked differently if these gestures had had more impact.

Strategic Interventions
One challenge for any CBM to be effective is that it needs to be appropriate to two changing vectors that require specific attention simultaneously. The first vector is the place where individuals from the different sides involved in the CBM fit in a process of personal and collective transformation: the process. The second is where the specific CBM fits with the changing political context around the conflict. We know that peacebuilding is a long process, often interrupted by the breakdown of agreements and the recurrence of violence. Progress made on the individual or community level needs to withstand the strains of changing events. For a specific CBM to be effective it needs to fit strategically within these changing vectors. For example, in the South Caucasus, in 2000-2002, simply bringing individuals together across the conflict divide had a strategic impact not only on the individuals concerned but also on the context of the different conflicts themselves. It demonstrated to societies and governments that such contacts were possible. At that stage, it was not necessarily important what they talked about. However, bringing these same individuals together in 2007 would have had limited impact alone. In this case, the CBM would not be the meeting, but rather the initiatives agreed on at the meeting and implemented together or in parallel in the conflicting societies. Success navigating these vectors was demonstrated in the autumn of 2008, when civil society networks from across the South Caucasus reacted to the August war constructively, changing their focus to address the vastly changed situation on the ground, but withstanding the pressures on their mutual relationships.

Civil Society's Role
Civil society is uniquely placed to address some key problems that are usually ignored by governments.   Civil society has the ability to **include the conflict's key stakeholders**, those communities most affected by it including displaced people, those who lost loved ones, who actively participated in the violence and those living among the ruins of war. Often governments use the plight of the most affected communities to justify demands at the negotiation table or to reject compromises because of affected communities' supposed intransigence. It is my experience in the South Caucasus that this is an inaccurate stereotype. While they may have lost more and have greater grievances than others in their societies, affected groups also have the most to gain by resolving outstanding issues. They often understand the nuances of the conflict, while others in their societies may see it in more ideological terms or in historical frameworks. In any case, they have the moral authority in their societies to veto an agreement they disagree with, or to demand one from governments more satisfied with the *status quo* than committed to achieving peace.

Civil society is also well placed to **address stereotypes and enemy imagery**, an essential step that any conflict affected society must take to reframe their relationship with the other side from one based on fear to one with the potential to understand the complexities of their relationship that led to the conflict. Isolated communities make assumptions about each other that prevent creative problem solving.

Perhaps most importantly, civil society has the **ability and willingness to take risks** that government lacks. Often governments become dependent on the *status quo* to stay in power. Civil society can move head of governments in engaging with the other side, advocate for internal policy change and bring new ideas to both the negotiating table and to contribute to social transformation needed for peace.

Key Components for Civil Society CBMs
In order to be effective, civil society CBMs must address a number of challenges.

CBMs must have legitimacy within their own communities: Civil society initiatives are often criticised internally because they are not perceive by their communities as having any right to engage on their behalf with the other side of conflict. This is a basic weakness of civil society initiatives. Governments have a mandate to act on behalf of constituents that elected them for this purpose. Civil society initiatives must build this legitimacy themselves. In the context of the former Soviet Union, NGOs are often mistrusted as either fronts for political interests or simply as grant eaters feeding off of donors that do not necessarily share the interests of the community. In the context of those working on conflict, the situation is even worse, as governments and donors generally steer away from politically divisive issues and discourage funding of civil society groups if they are involved in anything to do with the other side in conflict. Often participants in CBMs are denounced as engaging in "conflict tourism", travelling to exotic places to meet with the enemy in nice hotels, eating good food and returning home with no results. For this reason, it is essential that any CBM include mechanisms to build linkages with the community. Activities can include holding public round tables soliciting input and ideas in planning an initiative, getting community buy-in for the participants selected to engage in a CBM and reporting back to the community on the results of the initiative.

Work in coalition: For CBMs to be effective they also need strong horizontal linkages within the different conflict affected societies. Too often NGOs working on conflict are isolated from the rest of the NGO sector, often due to bilateral agreements by donors with their host countries to either avoid conflict issues altogether, or to strictly segregate them from the rest of their assistance portfolios. In addition, the NGO sector in conflict affected societies and clearly in the former Soviet Union is divided by political, personal and professional rivalries hindering the sector's ability to work collectively. When working on conflict issues, this becomes even more difficult and NGOs involved in this area of work often find themselves isolated both from their societies for collaborating with the enemy and from their potential allies in civil society. Often individuals would take real risks in engaging with counterparts on the other side only to face criticism at home. *Peacebuilding needs mutual support networks.* For this reason, it is essential that CBMs include mechanisms to involve civil society leaders reflecting the diversity of the sector as much as possible in the planning and implementation of an initiative.

Working in coalition is important for another equally important reason. It is essential that initiatives not be undertaken in isolation from one another. Only if they are understood together as a whole, can they hope to achieve the critical mass needed to make a real impact. It is the role of these coalitions to strengthen connections within their respective societies and of cross conflict networks, international third parties, INGOs and donors, to ensure that they are understood holistically as a part of the wider conflict context. ***CBMs need to be understood as a part of a larger process.***

What civil society cannot do

It is important to have appropriate expectations of civil society CBMs. First, it is essential not to underestimate the fragility of civil society in places affected by conflict. Civil society cannot be expected to deliver peace, nor can civil society participants be expected to stray much farther than their respective governments and societies in reaching out to the other side. Change is incremental, success gradual.

Civil society cannot make the basic social changes needed for conflict transformation. As mentioned above, societies in conflict must move from the zero-sum thinking of hard security to an understanding of the mutual benefit of addressing broader human security if they are going to make lasting compromises needed for peace. Civil society is likely to be at the forefront of this paradigm change. However, as they increasingly advocate cross border trade or environmental security, better governance and human rights protections through CBMs, governments must take these issues up for social change to happen. Interventions by outsiders in this arena, therefore, must not target as a change goal the human security indicator itself. Instead, donors need to measure the understanding of the need for these changes within the public or in government. Later, there will be a time for large-scale rehabilitation projects to take place as governmental CBMs to underpin a political settlement. ***Civil society CBMs need to be about understanding, perception and ideas about social change, not the social change itself.***

The Risk of Politicisation

As civil society CBMs become increasingly effective, greater numbers of people become involved with more to share with government and the negotiation processes. They often identify the peace process and their governments' policies to the conflict as key advocacy targets. However, the closer they get to the political processes, the harder it will be for them to avoid falling into the same traps that have blocked official negotiations for years. One example illustrating this problem involves an Armenian-Azerbaijani dialogue and confidence building initiative I was involved with at International Alert. Over a number of years a network of Armenian and Azerbaijani civil society leaders developed a Forum bringing together representatives of affected communities, political analysts and human rights activists from across the conflict divide to discuss increasingly sensitive issues impacting on the conflict around Nagorno-Karabakh. They set for themselves the goal of informing their respective authorities and the Minsk Group Co-Chairs about the issues coming out of their discussions. When the political climate seemed right from the perspective of the Minsk Group Co-Chairs to engage with civil society, they agreed to meet with the Forum at a number of events. And while the stated objectives were met, increased information given to and provided from the Minsk Group to a strong network of civil society from across the region, the engagement also had an undesirable outcome. Suddenly the engagement with one another that had been controversial but acceptable

for their societies in differing and nuanced ways over the previous years appeared to have greater significance. The slightest association with the political process politicised this civil society network in challenging ways. Format negotiations for their engagement, meticulously worked out over years, suddenly became unacceptable in the new context, and the participants retreated to the positions of their different governments (*de facto* and *de jure*), challenging the confidence built between the networks over years.

The Role of Intergovernmental Organizations
The OSCE and other Intergovernmental Organizations (IOs) have an important linking role to play to promote confidence building. In the Caucasus, CBMs are almost never implemented bilaterally, without some involvement of third parties trusted by both sides. Where International Nongovernmental Organizations (INGOs) can most affectively play this role in support of civil society CBMs, because they can disassociate themselves from the positions of any government and maintain an impartiality that diplomats and IOs cannot, INGOs rarely have the access to governments to enable them to play this role effectively for governmental CBMs (or more specifically CSBMs). This task necessarily falls to either bilateral diplomats or perhaps more effectively IOs. One challenge for IOs is the need to stay within their mandates negotiated with host governments, and in the case of the OSCE, to maintain the support of all participating States, while simultaneously attempting to support both sides' confidence building initiatives on a governmental level. In the case of Abkhazia and South Ossetia, this has proven impossible in recent years, while remaining viable in the Nagorno-Karabakh context. This is an essential function, as without the support and facilitated dialogue needed to for governmental CBMs to be mutually understood there is a greater likelihood for their impact to be lost, as was the case in Georgia illustrated above.

Intergovernmental Organizations' Role in Civil Society CBMs
IOs have an additional role facilitating local civil society confidence building initiatives within societies, especially as they become strong enough to reach out to government. This can either be focused on inter-communal issues such as initiatives facilitated by the HCNM between ethnic Kyrgyz and Uzbeks in Kyrgyzstan or the "Water conflict management" implemented by the OSCE Office in Bishkek launched in 2008. In both cases, the OSCE lends its political support to civil society to enable them to implement activities challenging to the community or government.

The political access and understanding that IOs are able to develop with host governments becomes particularly useful for internal dialogue. With the support of IOs, the policy recommendations resulting from internal dialogue can receive a more receptive response from governments unused to taking lessons from civil society. The OSCE has had mixed success promoting CBMs in the conflict zones. On the positive side, the OSCE Mission to Georgia was able to implement initiatives in Abkhazia and South Ossetia, especially in the Human and Economic and Environmental Dimensions without demanding political concessions. As the political context changed, it became increasingly difficult, until all activities had to stop in 2008. One lesson can be drawn from the OSCE Economic Rehabilitation Project in South Ossetia. The project was innovative in setting up a parallel decision-making board for the different projects, involving the different sides. For a while, it was hailed as a success, as this board was able to meet, even when the official Joint

Control Commission meetings would not take place. Ultimately, however, the individual rehabilitation projects became hostage to the political process. In retrospect, it might have been more effective to undertake a less high profile initiative, perhaps through civil society mechanisms.

Because Intergovernmental Organizations rarely have the capacity to stay intimately involved in the processes that surround effective CBMs, they tend to focus on one-off initiatives aimed at achieving a specific goal, often linked with an immediate need arising out of the official negotiations. If these activities were linked to and coordinated with existing processes, facilitated by INGOs or local civil society networks themselves their impact could be magnified tremendously. One example was the 2007 intellectuals' visits that took place with mixed Armenian and Azerbaijani cultural figures to Yerevan, Baku and Stepanakert/Khankendi arranged by the Armenian and Azerbaijani Ambassadors in Moscow and facilitated by the OSCE Minsk Group. Civil society networks across the conflict divide could have supported the event by facilitating discussions in their societies, sharing their experience with the participants and through follow-up activities. Instead, it raised a great deal of attention at the time, drawing significant media criticism. There was no mechanism available to enhance the impact and mitigate the fallout afterwards.

Beating the Mandate Trap
Currently, one of the biggest problems in both the Georgian/Abkhaz and Georgian/South Ossetian contexts is the increasing isolation of both territories following the closure of the OSCE Mission to Georgia, along with its office in Tskhinvali, followed soon thereafter by the closure of UNOMIG in Abkhazia. The basic problem is the inability of the sides to agree on some status-neutral approach that would allow a renewed international presence in the two regions. Simply solving this dilemma would have a significant impact on this isolation and would open up a range of possibilities to negotiate both civil society and governmental CBMs. The OSCE still has a range of instruments potentially available to it to address this problem:

- The Office of the High Commissioner on National Minorities has a mandate throughout the OSCE area. No new mandate would be necessary to engage with the two territories, limiting political constraints to negotiations with the Georgian and *de facto* authorities.
- Similarly, the ODIHR's mandate could enable status-neutral engagement in the entities.
- The OCEEA could explore the possibility of opening Aarhus Centres Abkhazia, where there is a significant cultural investment in environmental issues. Because there are Aarhus Centres in Georgia managed directly from Vienna, a similar arrangement with Abkhazia could remain neutral.

Conclusion

The potential for civil society to play a meaningful role in resolving conflict has been established in principle, but often forgotten in practice. Security has long been the arena of diplomats focused on the governments they represent. The Helsinki Final Act stimulated a new generation of thinking on security, broadening debates to include human rights, the environment, governance and poverty as legitimate security concerns, opening the door for civil society to play a greater role. With these

changing attitudes, new opportunities for confidence building have emerged. CBMs, be they civil society-based or military CSBMs, all work to build the confidence needed to trust the other side's intensions to fulfil their part of a peace agreement and to be effective they need to be accompanied by dialogue and other tools to ensure that their intensions are well understood by both sides. CBMs need to be a part of larger processes, targeting accurately the needs of a given point in time and the attitudes of those involved in them. They need to be strategic.

Civil society can play an important role in reaching out to the most affected communities, in challenging stereotypes and enemy images and in stimulating creative new thinking needed for compromise. Civil society has more freedom than government, such an important commodity in societies affected by conflict and stuck in narratives that demand conformity to zero-sum positions. Civil society also has its vulnerabilities, especially in conflict affected societies where civil society institutions are weak and funding limited. Civil society actors involved in confidence building need to be integrated in the community and to work in coalition. Both tasks are difficult and require time, funding and outside assistance.

Intergovernmental organizations have an equally important role to play. IO's main role is in working with governments in support of their confidence building initiatives, in conjunction with the official peace processes. They have an additional role to play in advocating with governments in support of civil society confidence building initiatives, and working within societies where they have field presences to implement internal confidence building measures. International organizations can often straddle the conflict divide, providing opportunities for societies divided by conflict to engage with one another. However, IOs cannot hope to always play a mediator role, as their member states all have clearly defined positions *vis à vis* the conflict. Often this can be mitigated through partnerships with INGOs. International organizations link conflict affected societies with the outside world, a fundamental need because these societies are often isolated from the world as a result of their conflicts.

OSCE-CHAIRMANSHIP WORKSHOP ON ECONOMIC AND ENVIRONMENTAL
ACTIVITIES AS CONFIDENCE BUILDING MEASURES, VIENNA, 30 MAY, 2011

Economic and Environmental Early Warning for Confidence Building and Conflict Prevention

DISCUSSION PAPER

(Heinz Krummenacher, swisspeace)

Scope of this paper

In the past decades, environmental factors and natural resources have attracted considerable attention as a source of conflict. Depending on the respective theoretical premises, some scholars have argued that scarcity of natural resources inevitably leads to increased competition for economic assets and thus gives rise to conflict escalation and violence. Others have tried to show that it is not scarcity but on the contrary abundance of natural resources which creates problems.[1] Both approaches have in common that the authors suggest a direct link between environmental factors and conflict. The flip-side to this hypothesis is that if there is such a direct link, environmental and economic policies can also be used to ease societal tensions and enhance stability and peace. Confidence building via appropriate environmental and / or economic action becomes possible.

In this article I try (a) to describe the nexus between environmental factors and conflict, and (b) to outline the basic needs for a viable early warning or monitoring system that could be used as a tool to build confidence between conflict actors. While the emphasis is on the environmental aspect of the problem, the arguments can easily be applied to the economic dimension as well.

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1 For an overview regarding the competing concepts see Hans Günter Brauch, in: Hans Günter Brauch, Ursula Oswald Spring, Czeslaw Mesjasz, John Grin, Pal Dunay, Navnita Chadha Behera, Béchir Chourou, Patricia Kameri-Mbote, P.H. Liotta (Eds.): *Globalization and Environmental Challenges: Reconceptualizing Security in the 21 st Century.* Hexagon Series on Human and Environmental Security and Peace, vol. 3 (Berlin – Heidelberg – New York: Springer-Verlag, 2008).

Theoretical premises

In general, an early warning system can be defined as a process which entails the following three distinct steps:

1. The systematic and continuous collection of information that is relevant for early warning purposes,
2. The analysis of this information, and
3. The formulation of policy options at the address of decision makers which consequently lead to concrete early action[2]

When one looks at existing so called early warning systems, one instantly becomes aware of the fact that many of them actually do not fulfil these criteria. The Crisis Group (ICG), to name just one example among many, regularly produces "early warning" reports in which political, social, and economic developments in the target countries are assessed with regard to their impact on peace and conflict. They also contain recommendations at the address of relevant national and international actors which, if implemented, would help to transform conflict peacefully. What is lacking, however, is the systematic and continuous focus on a set of theory based pre-defined indicators. At one time ICG authors are looking at economic, social or other factors believed to potentially trigger violence, at other times they might be aiming at important national or international policies by major regional or global powers or the threat posed by radical Islam that embraces terrorism as its main strategy to achieve political goals. While these reports are generally very informative with regard to the situation in the country, these qualitative expert based risk assessments lack the systematic and continuous character which is essential for early warning systems.

It goes without saying that the continued observation of core indicators can be done qualitatively by knowledgeable experts who, based on theoretical assumptions, systematically monitor a certain country or region. Far more promising than such qualitative approaches, however, are quantitative methods. In the latter case it is

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[2] As Adelman put it, "Early warning is not simply the sharing of information about an impending crisis, let alone the wail of a siren announcing the immanence of such a crisis. Early warning goes beyond collecting and sharing of information to include both analysis of the information and the formulation of appropriate strategic choices given the analysis (Adelman, 1997, 7).

easier to claim objectivity, since quantitative methods largely eliminate the expert bias problem.

The presently most promising quantitative early warning systems in place are those which rely on event data analysis (CEWARN, ECOWARN, and previously FAST). In the following paragraph I will briefly outline the FAST early warning approach, which has been developed at swisspeace for a number of development agencies between 1998 and 2008. While it represents a combined qualitative and quantitative method for monitoring conflict relevant political, economic, social, environmental, etc. trends, I will limit my description to the quantitative part as this aspect seems to be the most relevant in the context of today's workshop.

The FAST Approach

Event data based early warning departs from the assumption that political developments do not unfold in a random manner but are the outcome of specific conflictive and cooperative events within a given society. Thus, each event perceived to be relevant in the local peace and conflict context is being coded. In the case of FAST, the Local Information Network reported the events, which subsequently were coded according to the standards of the Kansas Event Data System (KEDS) that assigns each event to one of the event categories defined in the Integrated Data for Event Analysis (IDEA) framework (Bond *et al.*, 2003).[3] Over the years, the FAST database which contained information on 24 countries at risk of political violence became the largest contemporary collection of hand coded political event data with more than 160'000 reported events and 19 attributes associated with each of them.[4]

Table 1 shows a template of the information collected and stored in the FAST data base. Among the variables are not only the "initiator" and "recipient" and the "event type" but also the "event issue" which allows us for example to run analyses of events which are related to environmental or economic issues.

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[3] Bond D, Bond J, Oh C, Jenkins JC, Taylor CL (2003), Integrated data for events analysis (IDEA): An event typology for automated events data development. Journal of Peace Research 40, 733 - 745.
[4] For further information on the FAST Early Warning System see the FAST Coding Handbook, version 4, 2006, swisspeace.

Table 1: Content of the FAST data base

FAST Database	
Event attributes	**Description** *(in parentheses the number of possible parameter values)*
Reporter	Name of the person who reports an event
Event date	Date when the event took place
Reporting date	Date when the event was reported
Event location	State, province and district level; *(ca 11'000)*
Event type	Type of event that took place. The coding is based on the IDEA event form typology *(208)*
Initiator	The agent who did something. 1) Location: Describes where an agent comes from; *(ca 11'000)* 2) Sector: Defines from which sector of society an agent comes from; *(46)* 3) Level: Refers to the organizational or geographic structure of an agent; *(14)* 4) Literal Name: Exact name of an agent
Recipient	The agent to whom something was done 1) Location: Describes where an agent comes from; *(ca 11'000)* 2) Sector: Defines from which sector of society an agent comes from; *(46)* 3) Level: Refers to the organizational or geographic structure of an agent; *(14)* 4) Literal Name: Exact name of an agent
Information Source	Source of information; *(4)*
Information Credibility	Refers to the credibility of an information; *(3)*
Geographic Scope	Geographic area in which an event took place; *(3)*
Event Salience	Political significance of an event; *(3)*
Injuries	Number of injured people
Death	Number of dead people
Damage	Material damage
Issues	Issue or topic of an event; *(30)*
Description	Literal description of an event

Each event is then given a numeric value according to the Goldstein scale[5] that weighs event types from -10 for the most conflictual to 8.3 for the most cooperative interaction. Thus, by aggregating the data we are not only able to graphically display patterns of conflict and cooperation for given time intervals or specific territorial entities but also make predictions about the future course of action.

The following two graphs are examples of how such "Tension Barometers" look like. Graph 1 depicts co-operative and conflictive events in Uzbekistan (April, 2006) by domestic, governmental and non-governmental actors. Graph 2 illustrates how event

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[5] See Goldstein, Josuah S. (1992) A Conflict-Cooperation Scale for WEIS Events Data, in: *Journal of Conflict Resolution*, 36, 2.

data can be used to forecast future developments. The case here is Nepal in between 2003 and 2005 where one can observe that our prediction (red line) was slightly more optimistic than the actually observed development (blue line).[6]

Graph 1: Cooperative and Conflictive Domestic, Government and Non-government Conflictive Events in Uzbekistan, April, 2006
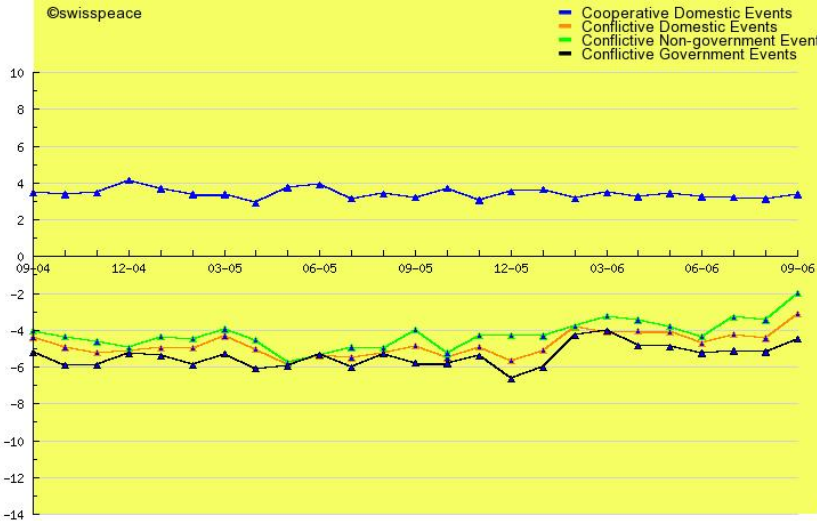
Graph 2: Forecasting Conflict level in Nepal in between 2003 and 2005

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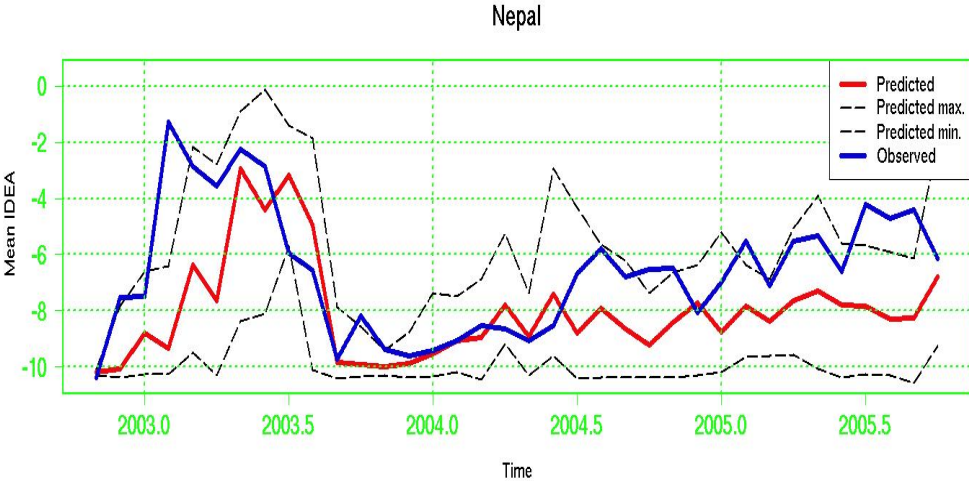
[6] For more details see: Hämmerli, August and Dominic Senn (2009), Detecting conflict patterns with sequence alignment from computational genomics, swisspeace.

The nexus between Environment and Conflict

If we look at the percentage of events in the FAST data base which are related to environmental issues (environmental damage and / or natural resources as "event issue"), we see at first glance a huge difference between the different countries. For example, in oil-rich countries such as Angola or Kazakhstan more than eleven percent of all events, which from a conflict / cooperation viewpoint are considered to be relevant, are linked in one way or the other to environment. On the contrary, in countries such as Afghanistan, India / Kashmir, or Kosovo this percentage tends to be much less, indeed it is almost non-existent (see table 2).. Overall, the percentage of events with an environmental background is 4.5, with around 3.5 per cent falling in the category of "natural resources" and only around one percent of all events tied to environmental damage.

Table 2: Percentage of environmentally induced events to all events
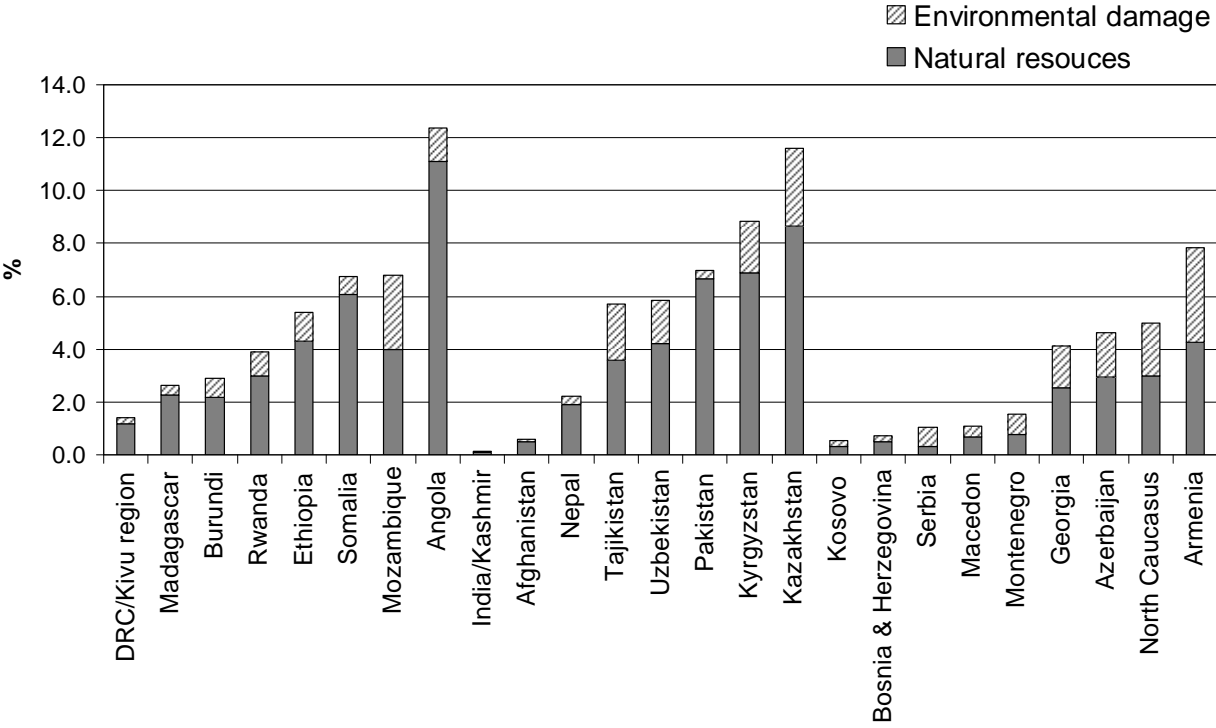
These results coincide with an earlier study we did within the ENVSEC[7] program on the Ferghana valley. There we found that out of the approximately 2000 events eight percent were related to "Natural Resources" and three percent to "Environmental Damage". Thus, the Ferghana valley shows a slightly higher incidence of environmentally caused conflictive / cooperative events than the average of the 24 countries, which were monitored within the FAST program.

Frequency of Environment-Related Events per Event Type

Assessing these results, it is important to keep in mind that the FAST data base contains not only events which comprise the use of force or violence but also events that contribute to an easing of tension. Thus both conflictive as well as cooperative events can have an environmental dimension. Table 3 shows that half of the events that have an environmental / resource aspect are of cooperative nature (cooperative vs. Conflictive). Violence as such (i.e. events that entail force) amounts to only 2.5 percent of all events, while cooperative events account for 4.5. percent of all events.

Table 3: Event type and environment
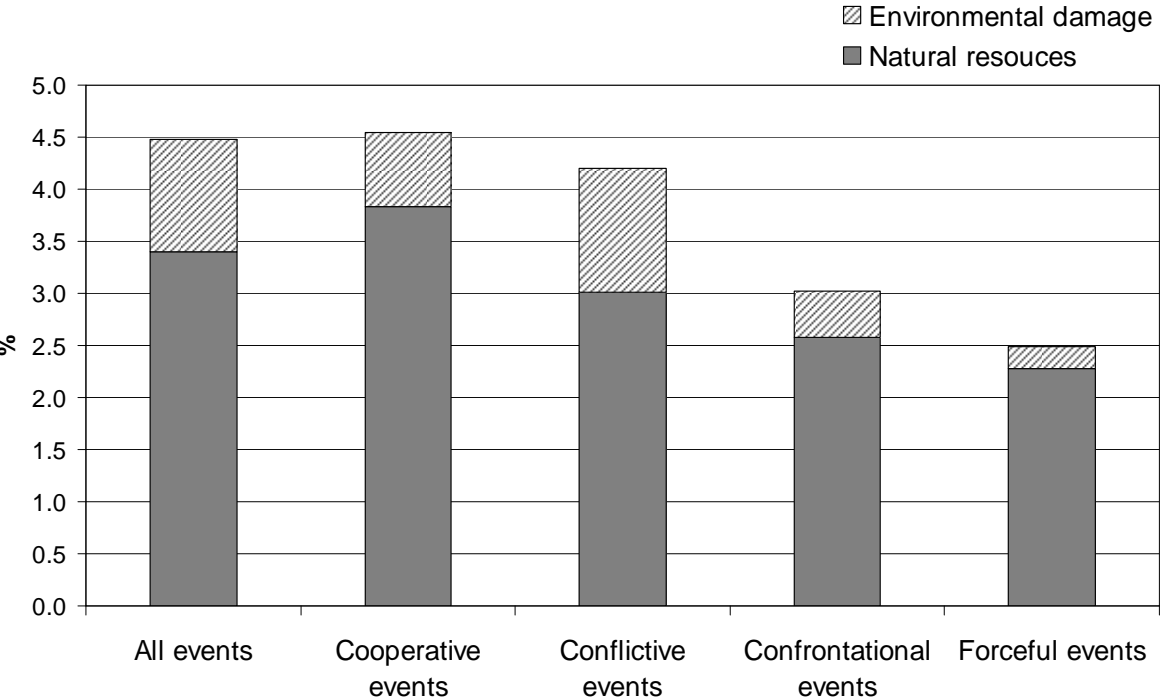
[7] The ENVSEC-initiative is a joint program by UNEP, UNDP, OSCE, UNECE, REC, and Nato that has three key objectives: (1) assessment of environment and security risks, (2) capacity building and institutional development to strengthen environmental cooperation, and (3) the integration of environmental and security concerns and priorities in international and national policy-making (For further information see: www.envsec.org).

The Ferghana valley example reveals some other interesting facts. While in the Tajik and Uzbek parts of the Ferghana Valley we observe a pattern that resembles the global trend, i.e. salient environmental events are mostly linked to conflict, this does not hold true for the Kyrgyz part. Here the reported environmental events are slightly stronger linked to cooperation. Hence, Kyrgyzstan would be interesting testing ground to examine under which conditions environmental factors promote peace.

Conclusions and Recommendations to the OSCE

What are the main results of our very cursory descriptive analysis of the FAST conflict and cooperation data from an environmental perspective? And what are the conclusions to be drawn? First, given that only 4.5. of all relevant events are linked to environmental issues ("natural resources" or "environmental damage"), empirical evidence suggests that there is actually no direct link between environmental parameters and political violence. Environmental factors undoubtedly play a crucial role in explaining political escalation and de-escalation processes. The causal relationship, however, is not linear. Neither the scarcity of land or water nor the abundance of oil or gas drives a society straight down the road to violent conflict. Resources like minerals, water and land or environmental degradation can be important ingredients in a complex blend of political, cultural and economic factors that eventually breed violence.

Second, just as the historical, institutional, cultural and political context play an important role in explaining violent conflict, the same variables also determine to which extent environmental activities – and I would argue economic as well - can be used as confidence building measures. This ultimately calls for the creation of a reliable monitoring or early warning system that allows decision makers to analyse the situation in the countries under scrutiny very carefully. The main questions to be asked in each particular conflict setting are: (1) Are environmental factors linked to conflict escalation or de-escalation, and in which way? (2) Who are the main potential or actual actors who drive or mitigate a conflict and under which circumstances are they susceptible to environmental or economic incentives to opt for peaceful solutions? These questions, however, can only be answered if there is a reliable monitoring system in place – I would argue that such a system cogently needs to be quantitative in nature.

Sustainable Development, Peace and Confidence-building[1]

Background Paper prepared for the Organisation for Security and Co-operation in Europe Chairmanship Workshop on Economic and Environmental Activities as Confidence Building Measures, Vienna, 30. May 2011

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1. Introduction

This brief paper highlights the intrinsically re-enforcing mechanisms of sustainable development, peace and confidence-building. To this aim, it first describes the global political framework of sustainable development, including regional preparatory processes. Second, it lays out how the management of sustainable development processes are linked to peace and security, including highlighting regional and transboundary environmental cooperation towards sustainable development and peace. Third, it focuses on the OSCE, giving examples on how the OSCE's Economic and Environmental Activities contribute to global sustainable development and giving recommendations to this aim.

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[1] The author would like to thank her colleagues Lukas Rüttinger and Achim Maas for their inputs on section 3 of this paper and Stefanie Schäfter for her general input.

2. Global political framework on sustainable development and the road to Rio+20

The progress toward the establishment of a global political framework on sustainable development has been characterised by various phases (Quental et. al. 2011). The Brundtland report from 1983 „Our Common Future" was an important milestone, offering the very basic and most accepted definition of the principle of sustainable development (cf. Box 1)

Box 1: **Sustainable development** is based on the principle of meeting the needs of the present without compromising the ability of future generations to meet their own needs. Conceptually, sustainable development can be broken down in three core dimensions:

- Economy: Economic sustainability means maximising society's well-being, economic equity, and eradicating poverty through the creation of wealth and livelihoods, equal access to resources, and the optimal and efficient use of natural resources.

- Society: Socio-political sustainability means promoting social equity and uplifting the welfare and quality of life by improving access to basic health and education services, fulfilling minimum standards of security and respect for human rights, including the development of diversity, pluralism, and grassroots participation.

- Environment: Environmental sustainability means the enhancement and conservation of the environment and natural resources for present and future generations.

For confidence and peacebuilding, the key is to balance these three dimensions. For sustainable development to support peacebuilding, negative impacts and risks arising from trade-offs among the dimensions must be minimised and the positive potentials or synergies among the different dimensions maximised.

The United Nations Conference on Environment and Development (UNCED), which took place in Rio in 1992, can be characterised as another milestone which has been followed by series of fundamental political achievements, e.g. the Convention on Biological Diversity (CBD), the UN Framework Convention on Climate Change (UNFCCC), and the Global Environmental Facility (GEF). Regarding sustainable development, the Rio Conference brought about some crucial agreements: the Rio Declaration or Agenda 21, which amongst others resulted in the creation of the Commission for Sustainable Development (CSD) to follow up UNCED. Since 1996, international efforts rarely led to such fundamental agreements, institutional arrangements or financial mechanisms. However, the World Summit on Sustainable Development (WSSD) in 2002 in Johannesburg can be seen as a starting point for the development of a model for International Sustainable Development Governance - a process that has not yet come to an end. In chapter 10 of the Johannesburg Plan of Implementation, basic principles of an Institutional Frameworks for Sustainable Development have been defined (Strandenaes 2011: 6):

- Institutional strengthening and capacity building
- Integrated management and ecosystem approach
- Legal and regulatory frameworks
- Partnerships
- Coordination and cooperation
- Good Governance.

Conferences after WSSD failed to establish a concrete governance framework, which is still fragmented (UNEP, CSD, etc.). As a result, the (re)development of an institutional and global political framework for sustainable development is one of the core objectives of the Rio+20 conference in 2012, though there is no consensus on the different models to date.

More progress has been made on the other major Rio+20 theme 'a green economy in the context of sustainable development and poverty eradication'. For a start, the initial hesitation or resistance from some developing countries - who wanted the developing world to deliver on Rio outcomes on sustainable development (e.g. NSDS) rather than introducing a new concept that might hold trade barriers and green protectionism - has largely been overcome. Meanwhile there is a large consensus that 'green economy' offers sustainable development solutions for all countries (ENB 2011). Indeed, countries benefiting from green growth are not only in the Northern and Western hemisphere, but also include China, Uganda and Rwanda. The latest report by a panel of experts on the theme places the concept in a larger context, summarising that "the green economy has gained currency to a large extent because it provides a response to the multiple crises that the world has been facing in recent years – the climate, food and economic crises" (Ocampo 2011: 2).

While there is no universal definition of 'green economy' the UNEP's (2011) Green Economy Report is a widely-recognised reference document. It includes core principles and concepts of a green economy, relating to a more sustainable use of natural, human and economic capital, focusing on 7 sectors (agriculture, buildings, cities, fisheries, forests, industry, renewable energy, tourism, transport, waste management, water). All definitions have in common the conception of a low-carbon, resource and energy efficient as well as socially equitable economy. For the private sector the 'triple bottom' line concept equally aims at achieving value in social and environmental besides economic terms.

The regional preparatory process for Rio+20 (UNECE and Astana)

The Rio+20 Summit has a formal preparatory process outlined in resolution 64/236 of the UN General Assembly. Relevant stakeholders, such as UN organisations and bodies, Major Groups[2] and international financial institutions are invited to actively participate in the preparatory process. Five regional groups ensure that regional voices are heard: The Latin America and Caribbean Region; the Asia Pacific Region; the Arab Region; the Africa Region and the ECE Region.[3] The ECE preparatory meeting is scheduled for 11 December 2011. Some of the topics mentioned for the meeting under the green economy theme are (Hlaváček 2011):

- the need for modified indicators beyond GDP,

- the RCM Thematic Working Group on Climate Change's action plan on climate change mitigation and adaptation in the ECE region,

- a review of how transport contributes to sustainable development in the UNECE countries.

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[2] "Major Groups" are the themes that allow citizens to participate in the UN activities to achieve sustainable development: Business and Industry, Children and Youth, Farmers, Indigenous Peoples, Local Authorities, Non-Governmental Organizations, Scientific and Technological Community, Women, Workers and Trade Unions (cf. http://www.uncsd2012.org/rio20/index.php?menu=54).
[3] These regional groups also presented candidates for a ten-member Bureau of the Preparatory Committee (Prep Com). Three Prep Coms are held, the final and only outstanding one on 28 - 30. May 2012.

The conference will be the culmination of the ongoing ECE Rio+20 process. The regional commissions all appointed Rio+20 focal points who share information with the UNCSD secretariat concerning the ongoing activities on a monthly basis. They also conduct special studies and organise intersessional regional meetings. Additionally, "sub-regional inter-agency collaborations" have been launched. Some of these intersessional meetings are, for instance, regional Science and Technology Workshops.[4] These workshops aim at fostering the multi-stakeholder policy-science dialogue in order to identify region-specific needs, requirements and options for successfully contributing to the preparation of the Rio+20 summit.

Among many noteworthy events, the 6th Ministerial Conference on Environment and Development (MCED6) holds particular relevance, where the Astana "Green Bridge" Initiative and the Regional Implementation Plan for Sustainable Development in Asia and the Pacific 2011-2015 have been signed (September/October 2010). The Initiative aims to stimulate trans-regional cooperation, especially in the area of green economy, ensuring access to green technologies and developing framework mechanisms to stimulate their implementation. The key areas of the Initiative include, among others, eco-efficient use of natural resources, investment in ecosystem services and promotion of green business and technology. A wide range of approaches are proposed to achieve the main goals of the Initiative, including policy dialogues, capacity-building for policymakers and developing and strengthening mechanisms for technology transfer across the European, Asian and Pacific region to preserve ecosystems and attract green investments. The Initiative will also be presented at the "Environment for Europe" (EfE) Ministerial Conference in Astana (see below). Another important milestone on the road to Rio+20 was the meeting of Executive Secretaries of the Regional Commissions (January 2011), which was attended amongst other by Ján Kubiš, UNECE Executive Secretary, and included preparations for the Rio+20 Summit as well as highlighting the rising importance of regions in global governance for development (UNECE 2011).

Additionally, 'greening the economy' is one of the two main conference themes for the 7th "Environment for Europe" (EfE) Ministerial Conference on 21. – 23. September in Astana, Kazakhstan. Environment ministers and other high-level participants from the ECE region will, inter alia, explicitly address the question how the "Environment for Europe" process can contribute to outcomes on green economy in the context of UNCSD 2012 (Rio+20), besides the 'Green Bridge Initiative' (see above).[5] The discussion will focus on a green, inclusive, and competitive economy, including resource efficiency, innovation and green investments as well as policies in sectors, such as transport, housing, energy, agriculture and education. The agenda will target the potential contributions and links of the "Environment for Europe" process and Rio+20 in the area of green economy. While to formally integrate the EfE outcomes into the Rio+20 process, Member States would need to raise them individually or

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[4] Latin America and the Caribbean as well as the African Region will hold Science and Technology Workshops in the following months. The Asia Pacific Regional Science and Technology Workshop already took place in Kuala Lumpur, Malaysia, 16 Apr 2011 - 18 Apr 2011. Besides government representatives, several natural scientists, social scientists, engineers and representatives of Major Groups were invited. See also See http://www.uncsd2012.org/rio20/index.php?menu=26

[5] Another important topic of the EfE conference is the 'Assessment of Assessments' (AoA) report. Its objective is to provide a critical review and analysis of existing national and international environmental assessments that are of relevance to the region and the two topics of the Astana Conference.

channel them into the UN ECE process, [6] already the commitment of the EfE to the theme of 'greening the economy' clearly promotes the global green economy agenda and give impulses for concrete action in the region.

3. <u>Management of sustainable development processes and their links to peace and security</u>

Security and peace are not on the Rio+20 agenda, though there are strong links between the management of sustainable development, including green economy considerations, and peace at global, regional and national level.

Concerning regional cooperation, there has been much research and ample evidence how environmental and economic cooperation support confidence building, crisis management and peacebuilding (Conca et al. 2005), while also showing that such outcomes are not automatic but rather dependent on a variety of factors, including symmetry among participants in regard to power relations, benefits, communication and information (Feil et al. 2009, Wittich and Maas 2009).

At national level, the tri-partite approach of sustainable development also offers evident links to confidence and peace. (National) sustainable development strategies, a major outcome of the original Earth Summit in Rio 1992, have become a widely recognised and effective instrument working towards both sustainable development and peace. Yet there is no single approach or formula for achieving sustainable development. Balancing the different dimensions and negotiating trade-offs among them is highly context-specific, every country has to determine for itself what approach is best. Yet the key management principles that are decisive for sustainable development processes are not only common to all National Sustainability Action Plans but also principles that support peace: participation, long-term thinking, iteration and improvement.

- First and foremost, sustainable development processes are based on **participation** and inclusion, which in turn can support peacebuilding by (re)building the social contract between a divided citizenry and its government. While at a global level, the CSD process is "still recognised as the most interactive and inclusive processes within the UN system, allowing for active civil society engagement" (Strandenaes 2011: 9f; UN General Assembly 2010: 24)[7], national sustainable development strategy process have the same ambition. This participation can help increase the effectiveness of sustainable development strategies through decentralised planning and management, and by capitalising on traditional knowledge and institutions. Participation is a vehicle to foster confidence building, though it also holds the risk exacerbating tensions and divisions, if it is not moderated properly or raises expectations by stakeholders that are not met. Thus, the process has to be based on a thorough understanding of the different stakeholders and their expectations and it has to be designed in a way that minimises these risks.

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[6] At the time of writing it was still unclear how most other stakeholders than Member States could contribute to the Rio+20 agenda and outcomes. One approach suggested enabling comprehensive participation between the final Prep (end of May) and the Rio+20 Summit (beginning of June), which however would only allow few days.
[7] Cited from § 70, Chapter V of the Secretary General's Report on the upcoming UNCSD conference 'Building a multi-stakeholder movement towards Earth Summit 2012- Institutional Framework for Sustainable Development'.

- The second management principle is to include more **long-term thinking** into planning processes for mid-term goals and short-term actions. This is especially challenging in situations of instability and change, which are marked by uncertainty, humanitarian crisis, and the need to produce quick peace dividends. However, it is innate to structural planning and confidence building processes. It also helps to avoid unintended future impacts or laying certain negative developmental paths, which are hard to change. Besides avoiding these negative consequences, long-term goals and visions also provide a useful frame of reference for policy making. A long-term development vision can help ensure policy coherence and unify different actors to strive for a common goal.

- The third principle is **iteration and improvement**. Ideally, every sustainable development process is an iterative and cyclical process. The emphasis is on managing progress toward sustainability goals rather than producing a fixed 'plan'. This means that sustainable development processes encompass analysis, formulation of policies and action plans, implementation, and regular review--in other words, they include feedback loops. This not only allows for adaptation to in case of instability, but also affords the opportunity to learn from the past and build confidence.

While the themes and objectives of Rio+20 agenda may not state security concerns explicitly, the processes of sustainable development and the focus on a green economy rely on the same mechanisms as the approach of building confidence and peace through environment and economy.

4. OSCE's Economic and Environmental Activities and sustainable development

OSCE participating States have expressed their commitments to sustainable development against the background of the broader aspirations embodied by the Rio Declaration and Agenda 21 (1992) and the World Summit on Sustainable Development Plan of Implementation (2002), some of which were made tangible by being formulated in clear-cut and measurable Millennium Development Goals (MDGs). Similarly, in the activities of its Second Dimension (Economic and Environmental Activities, EEA) and in cooperation with its partners of the ENVSEC Initiative, the OSCE implements a variety of activities that connect to both the green economy and linkages of sustainable development and peace. The following presents only few select examples, full information is available from the OSCE.

One central example are the Aarhus Centres, which promote and support the implementation of the core principles of the UNECE Aarhus Convention – the right to information, the right to participate and the right to access to justice – in environmental matters. They offer environmental information and contribute to establishing and strengthening participation of civil societies in the South Caucasus (Armenia, Azerbaijan, Georgia), Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan), Eastern Europe (Belarus), South Eastern Europe (Albania, and Aarhus Convention-related activities in Bosnia and Herzegovina, Montenegro and Serbia). The Aarhus Centres are instrumental in providing a forum for dialogue and cooperation on reduction of environment and security risks. In the South Caucasus, where 17 centres are active (Armenia (14), Azerbaijan (3), and Georgia (1),) Aarhus Centres focus on boosting public participation in environmental decision-making and environmental access to justice. In Armenia, in particular, they also support NGO-led environment and security projects under the CASE Initiative (see below). In South Eastern Europe, an Aarhus Centre network is emerging with Centres active in Albania and Serbia and opening in Montenegro,

The Aarhus Centre project for this region focuses on activities to strengthen regional, national and local capacities for participatory and informed planning, decision-making, implementation and monitoring processes in the countries of South-Eastern Europe. Central Asian Aarhus Centre activities are being further intensified by organizing targeted trainings and other capacity building activities for stakeholders on priority environmental and security issues and facilitating active involvement and participation of Aarhus Centres and their constituencies in local and national environmental projects and programmes, particularly those under the ENVSEC Initiative. Notable in the sustainable development context among these activities are participatory environmental monitoring efforts and support for the participatory local environmental action plans.

Another initiative addressing sustainable development and peacebuilding is the Civic Action for Security and Environment (CASE) Programme, aimed at strengthening pivotal technical and administrative capacities of civil society organizations through supporting civil society projects with small grants. From January 2010, civil society projects are being supported in Armenia, Azerbaijan and Tajikistan. These include public awareness raising projects on the linkages between environment and security, capacity building and demonstration projects for environmental cooperation as a means for conflict prevention.,. For each country, a National Screening Board has been created in order to guarantee transparency and accountability.

An example combining environmental knowledge development and the promotion of a green economy by educating the next generation is offered by the OSCE Centre in Bishkek (CiB). According to its 2009/2010 report, CiB continued to work in close cooperation with the Ministry of Education and State Agency on Environment protection and Forestry, which are government bodies responsible for promoting education for sustainable development (ESD) in Kyrgyzstan. CiB is working to support the younger generation to learn more about sustainable nature resource management, how to achieve a "green" life-cycle economy, and how to improve environmental safety and sustainability.

The OSCE's 'Regional Cities: Environmental Assessment and Capacity Building in Tbilisi, Georgia' project is connected to the green economy topic of sustainable urban planning. It is being carried out by OSCE in cooperation with UNEP under ENVSEC and focuses on improving environmental decision-making and promoting Integrated Environmental Assessment (IEA) as a key instrument for informed decision making on municipal level. The project activities include capacity development workshops, preparation of IEA guidelines for urban areas, assessment of the state of environment in Tbilisi and fostering a multi-stakeholder forum.

Recommendations

These example are only highlights from a broad portfolio of the OSCE's Second Dimension activities aiming to foster region-wide improvement on environment and security, which at the same time target the substance of larger international policy frameworks, in particular the green economy theme of the Astana Environment for Europe and the Rio+20 conferences. As the OSCE (2003) Strategy Document for the Economic and Environmental Dimension states in section 2.3., the "OSCE is committed to the achievement of sustainable development" and promotes "co-ordinated approaches to institutional frameworks for sustainable development". Against this background and the discussion under section 2 and 3 above, the following recommendations are made:

Promote the OSCE Second Dimension's activities, experiences and impacts at the regional preparatory process of Rio+20

The OSCE has a variety of relevant experiences from its activities, particularly those carried out in cooperation with the ENVSEC Initiative, which are of particular relevance to the sustainable development agenda. For example, the Aarhus Centres provide excellent opportunities to offer participation in sustainable development and environmental decision making, important aspects for promoting a green economy and peace. Both the December 2011 UNECE preparatory meeting and the Astana Environment for Europe Conference provide unique opportunities to integrate these OSCE experiences in current global environmental policy frameworks. They are also platforms for OSCE participating States to present their own sustainable development mandates and action plans as a regional and OSCE contribution to global sustainable development. Therefore, participating States should focus on the added value that the OSCE can offer in contributing to sustainable development in its specific region, bringing to bear the OSCE's comprehensive approach to security, and avoiding duplications of existing efforts.

Develop explicit green economy objectives for OSCE's Second Dimension work

The OSCE's array of environmental activities in the Second Dimension, also in collaboration with ENVSEC, address many topics central to the green economy, including climate change, urban planning, sustainable resource management, and public participation in environmental governance. However, the green economy value of these contributions currently largely remains implicit. By more clearly highlighting how OSCE contributes to the green economy and national as well as regional sustainable development, its Second Dimension will be more clearly associated to current global policy debates on sustainable development and green growth. The framing of the OSCE's activities in this area offers the additional benefit of pointing to synergies between the environmental and economic spheres of the Second Dimension, recognised by the green economy concept.

Further develop approaches to sustainable development management and confidence building

Section 3 above highlighted clear communalities of sustainable development management and confidence building. OSCE and the ENVSEC Initiative have recognised these links and are capitalising on these synergies through targeted activities. In areas where environment and security links are being addressed, a more comprehensive sustainable development approach, including social and economic considerations besides environmental ones, may be feasible. For example, the Aarhus Centres could include special information services on sustainable development, in particular the Rio+20 agenda and national approaches to the green economy. To this aim, OSCE and ENVSEC could mobilise civil society organizations and build their capacities through workshop and knowledge platforms.

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Chairmanship Workshop on Economic and Environmental Activities of the OSCE as Confidence Building Measures

Peacebuilding through economic cooperation: a case for the OSCE involvement

Discussion Paper

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The conventional narrative concerning the involvement of business in conflict is the one of 'war economies' where predatory business benefits from the chaos and lawlessness of violent conflicts and even perpetuates conflicts as a means to maximize profits. A more benign stand of business amidst violent conflict is that of by-stander and victim: risks are high, investment climate is bad and access to markets is limited hence profits are low. Within this view business is not an *actor*, but rather an object in the situation of conflict. Following this logic business can not be an actor in peacebuilding either.

An important collection of writings that comprised a pallet of roles of business in peacebuilding in a broad range of conflicts saw light in 2006 in the "Local Business, Local Peace: the Peacebuilding Potential of the Domestic Private Sector"[1] by International Alert. It was demonstrated that domestic private sector can be an actor at the level of official peace process both through direct participation and by means of pressuring the governments to pursue a negotiated solution[2], of the dialogue and the transformation of the conflict context at the levels of peace process that is often referred to as Track II[3] and at the grassroots level serving their communities affected by conflict and reaching out to community on the other side of the divide by means of economic links. Domestic private sector is often the sole income generation opportunity and a source of charity for communities in the situation of conflict hence its role in the alleviation of hardship and reconstruction.

The question on whether economic interest could be a driver in peace process does not have a definite answer. This is partly due to the lack of cases where economy would dictate

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[1] Banfield, J., Gündüz, C., and Killick N., eds. (2006) Local Business, Local Peace: the Peacebuilding potential of the Domestic Private Sector, International Alert, London

[2] The example of the "Group of Seven" in the Northern Ireland, for example, is telling of the private sector's capacity to pursue its collective interest through direct involvement in peacemaking. Business associations and trade unions that formed the "Group of Seven" presented a clear case of 'peace dividend' and were pressuring the governments to keep the cease fire agreement in place and move forward to dialogue and peace accord. A year after the Good Friday Agreement substantial increase in tourism and investment as well as the unemployment rate decline demonstrated how sensitive business is to the promise of 'peace dividend'. In Colombia in 1990s business spearheaded public movement for peace because the private sector was a target for extortions, harassment and violence. In a way the private sector had no choice but head the peace movement (Salil Tripathi and Canan Gündüz (2008) A role for the private sector in peace processes? Examples, and implications for third-party mediation. Centre for Humanitarina Dialogue, The OSLO forum Network of Mediators)

[3] Diamond and MacDonald, Multi-track Diplomacy

political rapprochement of the conflict parties. The impact of the recent China-Taiwan Economic Cooperation Framework Agreement (ECFA) signed in June 2010 is yet to be seen, but this is a rare case of a peacemaking move that was grounded in business incentives[4]. The political standoff is not resolved, but the agreement signed between two economic entities signifies an opportunity to move forward with a political settlement. This move received a controversial reception in Taiwan. Some, including the acting government see the opening up to China's business as a rescue for Taiwanese business at the time of crisis, while the opposition regards this agreement as a political sell-out and a sure economic defeat in the long-run. China regards its acknowledgement of Taiwan as an economic partner as a milestone towards the political integration, but also has economic needs that could be met better through this agreement. Despite the differences in the assessment of the agreement, business as a factor is a part of it.

The present paper focuses on the role of domestic private sector as a *subject of economic cooperation* between conflict parties.

Economic cooperation across the conflict divide is negatively impacted by the conflict context: if the sides are separated from each other, private sectors of the two or more sides may be operating within different and often incompatible legal contexts, societal pressure is being applied to those who cooperate with the 'enemy', access to external markets may be limited or non-existent if international embargo is applied to one or the other side, collective identity may be prevailing over business incentives at certain point - hence reliability of cross-conflict business deals is minimal, which may further feed into the mistrust and animosity.

It is important to note from the onset that not any economic interaction between conflict parties across conflict divide or outside the conflict serves peacebuilding.

In order to strategically incorporate peacebuilding into economic cooperation between conflict sides one needs to analyze conditions in which economic interaction between businesses on the opposite sides of conflict divide have neither a positive nor a negative impact on peacebuilding. Cross-conflict business alliances that directly profit from violence, such as drug and weapons trade should be distinguished from business that adjusts to the reality of conflict and would have been perfectly legal. Entry points for creating conditions for the domestic private sector to strengthen peacebuilding may be elicited this way.

1. *Personal contact* of the dealers and expansion of the number of people involved in the cross-conflict exchange defines whether doing business with the counterpart from the other side contributes to repairing the damaged relationships between the societies and draw a resolution closer. It was demonstrated in the study of the trade and other economic exchanges between private sectors of Serbia and Kosovo that these were happening without the actual Serb entrepreneur communicating with a Kosovo Albanian vis-à-vis. Trade between Serbia and Kosovo is taking place without actual businesspeople and producers, Serbs and Kosovo Albanians, meeting each other. It is camion drivers who act as middleman. A whole institute of middlemen emerged who were ethnic Albanians from Sanjak in the south of Serbia and Kosovo Serbs from Kosovo Mitrovica that are not only goods and cash carriers, but also exclusive cross-conflict communicators[5]. Thus the circle of Serbs and Kosovo Albanians involved in the cross-conflict business was not expanding. Against the background of high animosity and lack of motivation to interact with the 'other' the trade was going on, but with no actual handshakes of the former enemies.

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[4] Daniel H. Rosen and Zhi Wang (2010) Deepening China-Taiwan Relations through the Economic Cooperation Framework Agreement, Peterson Institute for International Economics, Number PB10-16, June 2010; Jain-rong Su (2010) Taiwan's Cross-strait Economic Policy Under Ma Ying-jeou, Taiwan Brain Trust, Special Issue, www.braintrust.tw

[5] A Joint European Vision: Free Movement of Goods and People in Kosovo and Serbia. Freedom House, European Movement in Serbia and KIPRED

2. In many conflict situations traders, farmers and other entrepreneurs especially in the conflict-affected areas develop their own smart schemes of maximizing chances for survival through cooperation and matching resources that are based on sheer trust since no insurance or legal protection may be sought in such instances. Thus confidence-building meaning of these business operations is obvious. Trust-based business operations between individuals and companies may be sustained if there is local peace, but may turn out to be a fragile foundation for violence prevention should hostilities break out in the larger context. Carefully crafted farming machinery lending schemes, cross-conflict beekeeping models and other initiatives at the interface of South Ossetian and Georgian villages prior to the August 2008 war vanished, the entrepreneurs were killed, evicted and demoralized, and the logic of war prevailed.

The examples of the course the conflict in June 2010 took in Osh and Aravan in the South of Kyrgyzstan suggest that there seems to be a critical mass of the appreciation of cross-ethnic businesses by the community and existence of institutions that represent business as a whole that defines whether violence would spread. In Osh Uzbek and Kyrgyz entrepreneurs who may have cooperated prior to the eruption of violence did not withstand as a unified force to stop violence from spreading. In Aravan that has a similar ethnic composition, entrepreneurs, the community, in general, and the authorities prevented violence through managing rumors and keeping the communities together. The latter was possible not least because of the Mehr-Shavakat business association that was connecting SMEs through assistance with selling perishable goods, fruit and vegetable and connecting suppliers with buyers within the town at the time of blocked access to markets.

The *institutionalization of trust* between individual entrepreneurs and companies not only serves businesses from across the divide with coordination, communication and management of risks, but also symbolically anchors cross-community interdependence.

3. *Illicit cross-conflict economic links* put businesses in a vulnerable position vis-à-vis political pressure from the formal and informal authorities and dis-empowers them as peace actors.

Both micro-level and large-scale cross-conflict business enterprises such as borderland wholesale markets lack sustainability because in the context of prohibited cross-boundary economic transactions local business is pushed into the grey economy sector. The example of the Ergneti and Sagakhlo markets that were a reliable source of income for thousands of Georgians and Ossetians demonstrates that even large-scale cross-conflict business activities that involve many people and great financial volume may be ephemeral as a peacemaking mechanism. Arguably these trust-only and cash-only trading platforms had served as a peace mechanism for over five years until Mikheil Saakashvili that was swept into power by the Rose Revolution in Georgia ordered to close both markets. Legal grounds for this decision were in place. Political reasons for rejecting an option of the establishment of a regulated trade with provisional duty collection points on both sides of the conflict were obvious for the Georgian government: anything that even indirectly recognizes separateness of the South Ossetia hurts Georgia's national interest to restore its territorial integrity. Besides, for the rehabilitation of the national economy, a parallel economy would have been a grave obstacle.

In the 2004 analysis of this phenomenon escalation of hostilities was forecast in case Ergneti market was closed[6]. Unfortunately the prognosis came true and hostilities resumed in the summer of 2004. Efforts to design and re-establish a regulated and transparent wholesale market in Ergneti did not bear fruit because political differences could not be bridged.

Thus irrespective of the fact that these markets functioned smoothly and according to certain unwritten rules that were acceptable to the participants and observed, and despite the fact that the 'enemies' were trusting each other with their money and security, after they were shut

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[6] Dzhikaev, V. and Parastaev, A. (2004) Economy and Conflict in South Ossetia,' in *From War Economies to Peace Economies in the South Caucasus*, Eds. Phil Champain, Diana Klein and Natalia Mirimanova, International Alert, London

down no tangible legacy of the trust, confidence and experience of the possibility of economic cooperation remained.

The story of the famous Arizona market in the Brcko district in Bosnia-Herzegovina shows that where there is a will there is a way. The innovative and committed to move forward as a multi-ethnic entity, the district of Brcko supported by the local Office of the High Representative legalized the market and ordered all taxes and duties to be paid into the district budget[7]. Another example of a decision that blended political peacemaking tasks, security considerations and economic rationale was the opening of regulated business activities across the Green Line in Cyprus and of free movement of people. Interestingly, it is the visitors crossing the Green Line and spending money on the other side, to who the biggest economic effect of the opening of the crossings is attributed, not business transactions. These models of temporary regulations of business activities across conflict lines demonstrate that it is a matter of creativity and political will along with a strong economic rationale for such opening made by the private sector that can turn these models into a component of making peace. Active external support that was the case both in Brcko and in Cyprus is also an important factor.

Regulation of cross-divide economic cooperation in the absence of the political solution is a challenging task particularly in the case of state formation conflicts when certificates of origin, license, tax and customs of a breakaway entity that seeks independent statehood are not acceptable for the mother state and other states as legal. As a result economic operations across the divide are pushed into the sphere of the shadow economy.

4. *Lack of vision* of scenarios of post-settlement economic development inhibits the possibility to capitalize on the positive experience of economic cooperation and support it in a strategic way. Trade between Kosovo and Serbia was assessed as a parochial ghettoized private activity that does not lead to peacemaking because "without a clearer picture of economic development potentials, planners have little inspiration for new and innovative ways to think about economic development. This becomes a self-perpetuating cycle where the current policies encourage and contribute to the gray economy"[8]. Within the local private sector coping strategy sustaining peace is a means, while designing peace as the end is beyond interest or power of local businesspeople, even though they could contribute much to the development of blueprints of a peaceful future drawn by the central political authorities of the conflict parties. Thus input from the peripheries, especially from the conflict borderlands ought to be included if a comprehensive peace agreement is to be crafted.

Participatory design of future scenarios that involve business as a factor may open up new possibilities for the private sectors across the divide to model creative ways of building business connections that would gather acceptance by the societies.

5. *The larger context* in which a conflict is embedded may limit or create incentives for the domestic private sector to contribute to peacebuilding through economic cooperation. In the absence of the possibility to cooperate in a bi-lateral format special attention needs to be paid to various regional formats, platforms and institutions that may engage with private enterprises or sectors of the states and entities in conflict with each other. The Europe of Regions concept, for instance, may be an attractive model to learn from. In addition, the positive appeal of regional economic unions, such as ASEAN plus China, presents a real opportunity for countries like Taiwan to reassess the costs of isolation and regard the proposal to make its way into a new market and a new economic club via the liberalization and greater openness to the foreign (in this case Chinese) capital. Thus new openings in the larger economic context lead to a more nuanced

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[7] Boris Divjak (2008) Bosnia and Herzegovina: doing business to cement peace. In: Banfield, J., Gündüz, C., and Killick N., eds. *Local Business, Local Peace: the Peacebuilding potential of the Domestic Private Sector*, international Alert, London

[8] A Joint European Vision: Free Movement of Goods and People in Kosovo and Serbia. Freedom House, European Movement in Serbia and KIPRED

self-understanding of the polity: "the security and political consequences of marginalization for Taiwan under the current, abnormal conditions are at least as deleterious to the island's core interests as normalizing economic relations would be"[9]. Access to diverse markets, including the EU, was an important stimulus for many Transnistrian industrial enterprises to get registered in Chisinau. Relatively novel and successful kiwi growing sectors in Georgia and in Abkhazia may find their way to the markets in close proximity if the private producing companies across the divide market find ways to market and distribute their produce together.

6. A particularly challenging question for the proponents of the view that economic peace may lead to real peace is what if there is *no case for economic cooperation*? What if the sides have nothing to offer each other and are better off doing business with others? A revealing report on the actual volumes of trade between Israel and Palestinian Autonomy indicates that neither entity needs the other for trade and that their markets are elsewhere, but not across the conflict line[10]. Should donors and interveners continue encouraging economic cooperation in this case? The answer is "yes", domestic private sectors that currently do not interact ought to be involved in the professional exchanges, participate in exhibitions together, in short it is important to keep the communication channels between private sectors open. Economic cooperation that is not relevant or politically restrained at present may become a very relevant and profitable exercise a decade from now due to changes in the market or appearance of new products that require new markets, or changes in the geopolitical context, or an environmental change. In the conflict situations it is wise to keep options open and avoid permanently boarding up doors that are not in use. However the private sector in question should be an interlocutor and expert in this longer-term planning, otherwise well meaning peacemakers may end up with another strategy that misses the point.

Caucasus Business and Development Network: domestic private sector imaging and modeling peace

The regional business-for-peace initiative called Caucasus Business and Development Network[11] was launched in 2005 by a group of entrepreneurs, economists, and civil society activists from all the entities in the South Caucasus and Turkey with support from International Alert. This initiative was born out of the research on the economy of war and peace in the South Caucasus that was carried out by the International Alert in 2002-2004. A new set of actors and a new format in the conflict-ridden South Caucasus was introduced and put into action, namely 3+3+1 meaning three states (Georgia, Armenia and Azerbaijan), three non-recognized entities (Abkhazia, South Ossetia and Nagorno-Karabakh) and Turkey. The above mentioned gaps between business incentives and strength/weakness constellations and peacemaking tasks were consciously addressed in the design of this network. It is institutionalized as a network of regional offices in Tbilisi, Kutaisi, Tskhinval/i, Sukhum/i, Yerevan, Gyumri, Baku, in Stepanakert/Khankendi and in Istanbul. All have their individual work plans based on the needs and realities of their regions. The scope of their work ranges from training, consultations for local entrepreneurs, sponsorship of business initiatives, research, to advocacy. The network is an effective information exchange mechanism and ensures coordinated work of the individual

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[9] Daniel H. Rosen and Zhi Wang (2010) Deepening China-Taiwan Relations through the Economic Cooperation Framework Agreement, Peterson Institute for International Economics, Number PB10-16, June 2010, p.2
[10] Raja Khalidi, Trading beyond the Green Line: the real deal for Palestine, guardian.co.uk, Tuesday 26 October 2010
[11] http://www.caucasusbusiness.net

centers, timely assistance and decision making. It aims at supporting domestic private sector, mainly small and medium enterprises[12] as an active pro-peace force.

South Caucasus is plagued by three state-formation conflicts (Georgia-Abkhazia, Georgia-South Ossetia and Azerbaijan-Nagorno-Karabakh), two inter-state conflicts (Armeina-Azerbaijan and Georgia-Russia) and protracted diplomatic stand off between Armenia and Turkey. As a result every entity in the South Caucasus has at least one sealed and at least one open border. On the one hand, this means that business has found ways to either 'ignore' or to profit from the sealed borders. New 'conflict reality' equilibrium of movement of goods and people has come into existence. This new 'conflict reality' has particularly affected business activities in the partially recognized and non-recognized entities since their capacity to attract any substantial legal external investments is limited. In the entities that are heavily dependent on transit, like South Ossetia, this situation is suffocating for the business. In the entities that have relatively problem-free borders that open access to large markets, entrepreneurs re-orientated their economic activities towards these away from the sealed borders (Abkhazia), yet in Nagorno-Karabakh that has only one immediate exit to the external world entrepreneurs concentrated on internal investments and self-sufficient development.

The states seem to be less affected by the sealed borders. However, SMEs especially at the periphery and in the borderlands in Georgia, Armenia and Azerbaijan experience the existing border restrictions and blocks, and do their risk/benefit calculations with regard to the hypothetical opening of the closed borders.

Even though a economy-driven imperative for opening the borders is there, conformism as a survival mechanism dictates to the domestic private sector to either ignore the missed business opportunities or operate in the illicit cross-conflict schemes below the radar. As in any protracted conflict that is about perceptions of existential and non-negotiable needs the collective and political conscience tempers the economic and needs-based drive to endorse border opening. There are variations in the views entrepreneurs take on the appropriate timing for a border opening for trade and movement: Some say that they would rally behind the opening once a just settlement of the conflict will have been reached, while others are willing to start with incremental development of cross-conflict economic relationships, including proposals on the provisional recognition of the sides as economic entities, and believe that the settlement would follow. There is a third category that rejects any cooperation with the enemy side ever or sets an inacceptably high price for the possibility of economic relationships with the other side: acceptance of one's own position[i].

Against this background CBDN and International Alert *images*[ii] the economic future of the post-conflict South Caucasus and its parts through research and inclusive dialogue with business communities across the region and *models* this future through advocacy and concrete activities on the ground that address the populations' needs, empower the private sector and create a precedent of cooperation.

OSCE support for economic cooperation as peacebuilding

Support to this role requires efforts within each conflict side as well as assistance with economic cooperation across conflict divide. Both tasks fit into the OSCE policies.

Given the above listed opportunities and limitations of peacebuilding through economic cooperation, the following areas of support on behalf of OSCE could be identified:

1. *Private sector development*

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[12] Research carried out by Intenational Alert in 2004, unpublished, demonstrated that SMEs have the greatest interest and proclivity to become a peacebuilding actor

Importance of the domestic private sector as an *actor* in peacebuilding goes beyond its economic role. It has a less obvious, but significant political guise: entrepreneurs are or may develop into a class of free citizens that earn their independence, on the one hand, and constitute an indispensible component of public well-being.

Assistance with private sector development is usually not a priority in the peace process assisted by third parties. Growth and diversification of the domestic private sector is an important alternative to the externally-sponsored economic development in the societies that live in the situation of an unresolved conflict. In a certain way the latter undermines the former. External economic assistance overshadows incentives to create conditions for internal investments that domestic private sector should be leading on. Striking a proper balance between external assistance and internal development incentives is a challenging task. It is no surprise then that most of the states coming out of protracted violent conflicts are characterized by a disproportionately big public and security sector. The economic future of Tajikistan and Bosnia-Herzegovina, for instance, were at the margins of attention of the international peace brokers that had been under pressure to put an end to atrocious wars. Fifteen years after the agreements an overgrown public sector mired in corruption and economic dependency on aid and loans may aggravate dormant grievances.

Economically, politically and socially insignificant private sector vis-à-vis the mighty public sector that is the utter supplier of jobs and benefits is the destiny of the aspiring states that are heavily dependent on the external aid and political support. The examples include the unrecognized Turkish Republic of Northern Cyprus (TRNC) and South Ossetia. Patronage politics resists strengthening of the private sector in the client society not least because it may overgrow the patronage system economically and challenge it politically.

Therefore strengthening the weight of the private sector within the societies in conflict is an important political task that if carried out strategically may expand 'peace constituencies' within each side.

Institutionalization of the socio-political component of the domestic private sector through the creation and, most importantly, effective operation of business associations may serve as an important mechanism for the consolidation of business. These institutions will serve as an advocacy platform, including for widening opportunities and creative approach to normative context formation across the conflict divide.

Assistance with the enabling environment for business operation is an integral component of the support for domestic private sector. Micro-credits, affordable loans, cooperative schemes of business operation within each society, professional training and other measures that are within the scope of OCEEA ought to be applied even in the fragile conflict contexts.

2. *Improve context where domestic private sector operates*

OSCE work on good governance and rule of law positively affects the potential of the domestic private sector to grow into a constructive social force. This work creates enabling environment through lower corruption and, especially SMEs into the position to demand their rights and solidarize if individual appeals are not heard. However the issue of how the breakaway entities should be involved in this work remains unresolved. For economic cooperation to serve confidence building and eventually peacebuilding the conditions and the self-understanding of the domestic private sectors across the conflict divide should be compatible even in the situation of incompatible legal frameworks. Asymmetry in the level of economic development and access to economic opportunities hinders equitable cross-conflict business cooperation. OSCE should adopt an approach that opens opportunities for fostering domestic private sector in the unrecognized entities. This is a challenge, but few examples of how the issue of non-recognition was circumvented may be useful for the design of such models of the involvement of OSCE.

3. *Facilitate cross-conflict economic cooperation*

Border management is an important part of the OSCE mandate, including in conflict zones. Incremental success of the border management task in the zone of Transnisrian conflict demonstrates that there are ways to enhance creativity in balancing between security of borders and permeability of frontiers for people, goods and capital, which is a necessary condition fr cross-divide economic cooperation to take place. Synergies with non-governmental peacebuilding organizations need to be fostered in order to overcome certain limitations pertinent to inter-governmental organizations, including OSCE, in dealing with state formation conflicts where access to breakaway entities seeking independent statehood is problematic. OSCE has its strengths that NGOs do not in terms of political access and the capacity to sponsor political talks and discussions on the matter.

Regulated border-crossing also supports the development of the peacebuilding capacity of the private sector through the emergence of legal opportunities to cooperate across the conflict divide. Thus illicit hence vulnerable hence voiceless business can turn into a vocal pro-peace actor. International Alert works on the question of how regulated cross-Inguri economic activities of significant scale, but considered illegal by both sides , could benefit micro-economic and macro-economic cooperation, on the one hand, and peacebuilding, on the other[13]. This is work in progress that requires further testing of the conclusions, but the impetus to contemplate models for the facilitation of trade and other economic transaction by means of a regulatory framework of some sort was created.

4. *Where OSCE participates in peacemaking at the official level (Minsk process, for example) it should encourage the parties to delineate economic aspects of the future peace agreement or of economic strategies to lead to a peace agreement.*

Business designing and testing economic and regulatory frameworks that would enable economic activities to bear fruit and bring conflict parties closer. 'Imaging peace'[14] allows going beyond the negative peace as a minimal desired condition for business towards envisioning a peace dividend. It is also very important for business to engage in the design of the path towards the imagined peace dividend. How to get there and what business itself could propose with regard to the business-friendly frameworks, components of a prospective peace agreement, temporary transitional regulations, consolidation of the solidarity across the conflict line, etc.?

Leading by example is also a vital role the domestic private sector can play in modeling peace. Domestic private sector in a conflict setting can not be apolitical because it is a part of its identity group, its nation, its people and its community. It is people in conflict who also happen to be businesspeople. However they may propose a new way of being political that is not based on confrontation, but rather on mutual interest, and demonstrate how this approach may help cope with conflict consequences.

Consultations with the domestic private sector within the framework of official negotiations may be tried as a way to get a creative input into political talks.

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[13] Regulation of cross-Ingur/i economic relations: views from both banks, 2011, International Alert, in print
[14] Boulding, Elise. "The Challenge of Imaging Peace in Wartime." *Conflict Resolution Notes*. April 1991. V. 8, No. 4, pp. 34-36