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UNDP Asia-Pacific Regional Programme 2014-2017

Proposal on Strengthening Governance of Extractive Industries for Sustainable Human Development

Project Title	Strengthening Governance of Extractive Industries for Sustainable Human Development
Expected APRC RPD Outcomes(s) and output(s) Outcome 1, 2 and 3	Output 1.3. Legal and regulatory frameworks, policies and institutions enabled to ensure sustainable management of natural resources, biodiversity and ecosystems to promote inclusive growth Output 2.3. Supporting participatory approaches for developing legislation, policy and planning frameworks and the transparent and accountable governance of extractive industries Output 3.3. Mechanisms are enabled for consensus building around contested priorities, and address specific tensions, through inclusive and peaceful process
Expected Project outputs	Output 1 Countries are supporting informed policy and programming on EI in line with the UNDP strategy Output 2 Regional data, knowledge and tools are generated and disseminated
Executing Entity	UNDP in partnership with regional Institutions and relevant international organizations
Implementing Agencies:	UNDP in partnership with regional Institutions and relevant international organizations

Brief Description

There is a growing demand for support services related to extractives and natural resource management in the Asia-Pacific region. Responding to the demand, the Regional Programme Document for Asia and the Pacific (2014-2017) proposes a more systematic approach to supporting legal and regulatory frameworks, policies and institutions in order to maximize the benefits of resource extraction for inclusive growth and sustainable development, and for UNDP to strengthen regional collaboration and exchange of experience on governance and management of extractive industries. This approach is in line with both the UNDP Global Strategy (2012) and Global Initiative on Extractive Industries for Sustainable Development (2013). UNDP APRC is formulating a regional initiative to strengthen regional governance and address the multi-dimensional challenges of Extractive Industry Sector. This project will be the preparatory phase for the larger 3-years initiative and will focus on all preparatory requirements including the technical expertise for the formulation of the Regional Project for EI, namely, supporting regional research, mapping and assessments (both impact and integrated risk assessments), consultations and prioritization of activities with Country Offices, government partners, civil society actors, donors, and other stakeholders.

Programme Period: July 2014 – July 2015	Total resources required: USD 500,000
Programme Title:	Total allocated resources:
Project ID:	• Regular
Atlas Award ID:	• BCPR USD 500,000
Start Date:	Unfunded Budget:
End Date:	In-kind Contributions:
PAC Meeting:	
Management Arrangements:	

Agreed by (UNDP):

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Date:

27 JUN 2014

1. Background

UNDP has a long track record of support to **natural resource management** in the Asia-Pacific region, primarily through the ecosystems, biodiversity, forestry, land and water management programmes that are part of UNDP's environment and energy portfolio. More recently, there has been a growing focus on strengthening the management of **non-renewable extractive resources**, such as minerals, oil and gas, which are now being extracted with increasing intensity for domestic consumption or sale on the international market. Managing extractive industries has become a key development challenge in countries ranging from Indonesia, Mongolia to Cambodia, and from Papua New Guinea to Iran.

With a strong technical team in the Asia-Pacific Regional Centre, UNDP will continue to assist countries to access global environmental funds and to mobilize domestic resources for **sustainable natural resource management** in areas like land and forest management, water and oceans governance, ecosystems and biodiversity conservation.

Forest management and biodiversity is intrinsically linked to extractives and UNDP has been cross fertilizing on work and lessons to find innovative ways of responding to the increasing demand to strengthen the governance of **extractive industries to contribute to sustainable human development and mitigate the social, economic and environmental impact of extractives**. Several recent events that have taken place in the region and globally point the way:

- An international conference on “Avoiding the Resource Curse: Managing Extractive Industries for Human Development” in October 2011¹ and a subsequent international conference on mining and human rights, both held in Mongolia, which produced a number of recommendations to UNDP to follow up in the region.
- A regional e-discussion on “Advancing Sustainable Development: The Case of Extractive Industries”² hosted by the Asia-Pacific Regional Centre in 2012, which showed that many countries in the region are seeking advice and greater regional cooperation.
- The “South-East Asia Sub-Regional Conference on Extractive Industries and Indigenous Peoples” hosted by APRC in Bangkok in 2013, where governments, civil society, and indigenous groups asked for further support to strengthen human rights, environmental protection, and accountability in the management of natural resources.
- The deployment of two Extractive Industries Strategic Assessment (EISA) missions in Indonesia and Mongolia to support COs with a risk assessment strategy and entry points for programmatic strategic interventions on extractives.
- The launch by UNDP of a “Global Initiative on Extractive Industries for Sustainable Development (2013-2017)” and a “Strategy for Supporting Sustainable and Equitable Management of the Extractive Sector for Human Development (2012).”

In 2013, UNDP launched a Global Initiative (2013-2017) on Extractive Industries for Sustainable Development, which is a realisation of UNDP's Strategy for Supporting Sustainable and Equitable Management of the Extractive Sector for Human Development (2012). The number of countries that rely on oil, gas and minerals for their economic and social development has increased significantly. Since 2004,

¹ <http://www.undp.mn/mining/>

² http://www.undp.org/content/rbap/en/home/library/poverty/e-discussion_extractive_industries.html

many countries benefited from higher prices of commodities, mainly fuelled by increased demand, rapid economic and population growth, particularly from emerging economies³. As demand for natural resources increases, competition over scarcer resources is also expected to rise, placing enormous strains on the environment, governance systems and capacity to manage large revenue flows. Resource extraction is welcome news as long as the affected communities' (local and indigenous) human rights are respected, protected and fulfilled, and that the proceeds are used to invest in development. These investments need to be made in people, infrastructure and economic diversification, while protecting the environment, people's health, personal security and promoting gender equality.

The Regional Programme Document for Asia and the Pacific, 2014-2017 acknowledges the increasing demand for support services related to extractives and natural resources management and the need for adopting a multidimensional and interdisciplinary approach to the issue. Extractives is addressed in several of the RPD Outcomes, in particular outcome 1 (IGPR) and 2 (Governance). Both outcomes indicate the need for a more systematic approach to supporting legal and regulatory frameworks, policies and institutions to ensure sustainable management of natural resources, biodiversity and ecosystems to promote inclusive growth and for UNDP to strengthen regional collaboration and exchange of experience on governance and management of extractive industries, especially with regard to impact assessments; inclusive decision-making and transparency; and revenue management.

Naturally the linkages between poverty, inequality and exclusion are found not only in middle-income countries, but mostly in fragile and conflict-prone or post-conflict countries such as Nepal, Myanmar, Timor-Leste, Pakistan, Afghanistan, Indonesia and Philippines. Horizontal inequalities and marginalization of specific groups is increasingly visible, particularly with the growing economic reliance on natural resource extraction, which generally occurs in remote, indigenous and tribal areas. In most countries of the region indigenous peoples make up a disproportionately high percentage of the poor. Globally they represent 5% of the population but 33% of the extreme poor. Hence, UNDP country offices are increasingly demanding that risk assessment, conflict prevention and due diligence are an integral part of the multi-dimensional approach to natural resources management and extractives.

For this reason, EI is being address in APRC against the new RPD as a cross-cutting issue that is common to all UNDP work in the region, with reflection on the "how" of UNDP work: Extractives is one of the 4 emerging areas that is being addressed through an Issues-based approach. A Development Solution Team (EI Task Team) was established in 2013 comprised of Conflict Prevention, Governance, Environment and Inclusive Growth and Poverty Reduction has been tasked to deliver cross-practice integrated support to CO. In 2014, two integrated missions from the Task Team have taken place to Indonesia and Mongolia following requests of the COs to undertake an Extractive Industries Strategic Assessment (EISA) and entry points for UNDP strategic positioning and programming in these countries.

Against this backdrop, the current proposal intends to provide further detail to the APRC RPD areas of work on extractives and provide a pathway to operationalize how the RPD will deliver policy, advisory and programmatic support on extractive industries. In line with the Global Initiative, this regional proposal places emphasis on promoting good governance and equitable management of the sector in a way that contributes to prevention of resources based disputes and escalation of tensions in particular in already conflict affected countries.

³ UNCTAD, 2012

2. Situation Analysis

The Asia-Pacific region is blessed with a wealth of natural resources⁴ in its forests, landscapes, coasts and seas, not to mention the mineral and petrochemical wealth beneath its soil. With global demand for these resources growing rapidly, countries across the region are banking on this natural wealth to power their economic development and finance the investments needed to accelerate progress towards the Millennium Development Goals. Due to the increasing demand for fossil fuels and minerals, Asia-Pacific countries have also been developing their extractive industries (EI) at a rapid pace. Some countries have already exhausted their finite resources and are looking to develop renewables (or harvestable). Others have recently discovered their natural resource wealth and are now looking at options to explore and extract.

However, countries are also increasingly more aware that poorly managed natural resources, commodity chains and extractive industries have undermine hard-won human development gains and contribute to poverty, inequality, exclusion and conflict.

The Asian Development Bank's 2011 report *Asia 2050: Realizing the Asian Century* identifies key risks which could derail the hitherto-successful Asian development model⁵, including rising inequities within countries and disparities amongst them, competition for scarce and depleting natural resources, global warming and climate change and the risk of major regional economies falling into the middle-income trap. The region is home to 871 million people living on less than \$1.25 per day. Even within growth 'success stories' such as the new MICs, overall growth rates obscure a range of inequalities: significant proportions of their population remain poor.

Several countries in Asia Pacific are resource-rich developing countries that have experienced significant economic growth and at the same time growing inequality. Resource rich countries most often struggle to harness the full potential of the resource boom to effectively manage long term sustainable and equitable development due to high levels of poverty, increasing inequality gaps and low tax revenue/GDP ratios. Therefore while extractive growth may progress at a fast pace, its impact on development remains limited or lagging. Inclusive growth, poverty reduction, and domestic stability are possible only if natural resources are managed and the resulting revenue spent in ways that ensure the current and future prosperity of the people and protect the health and sustainability of the natural environment. Strategic management of natural resources must therefore be governed by good policy, legal frameworks and institutions capable of managing the long term development path aligned with national development goals at national and local levels.

Tensions over resources tend to be particularly acute in low-income states characterized by substantial inequality between groups with distinct identities, as has been the case in Indonesia (Aceh), PNG (Bougainville), Myanmar and the Philippines. These can negatively impact human development (the so called "resource curse") and even cause a reversal of development gains. As the region contains many of the post-conflict countries and more than a dozen countries that are affected by sub-national conflicts, where grievances and conflicts have historically been linked to valuable resources for extraction, it is all the more important to ensure that extractive industries become a source of prosperity rather than a trigger for grievance and violence.⁶

⁴ "Natural resources" in this document refers to both renewable and non-renewable resources.

⁵ Since 2004 Asia has played an increasing role in the world economy as a result of the rapid growth achieved here. In 2011 35.7% of global GDP came from Asia. Growth rates of up to 8% have been common in the region over the last 5-10 years. Economic growth in the Asia-Pacific region over the last decade has created a number of new Middle Income Countries (MICs) including China, India, Indonesia and Vietnam.

⁶ This is particularly the case for Myanmar, where the recent laws on land and foreign-investment for hydro-dams and resource extraction has been increasing the grievances and public protests in ethnic minority areas, as examined by the forthcoming APRC publication on indigenous peoples; In the Philippines peace negotiations a key point of difference continues to be the manner in

The adverse impacts of extractive industries have been felt in many places in the Asia-Pacific region in sectors such as oil, gas and minerals, but also including timber, fisheries, and agricultural commodities. Negative impacts have included the eviction of indigenous peoples from customary lands and forests, the breakdown of socio-cultural structures, environmental degradation, and a decline in food security and traditional livelihoods.

This in turn has led in some places to increased poverty and income inequality, intra-community divisions and horizontal inequalities, militarization, and in some cases violent conflict. The positive correlation between resource-dependence and conflict is becoming more evident and also a large share of internal conflicts has a link to natural resources. The relationship between resource-dependence and conflict is strong in particular in sub national conflicts in Asia Pacific but conflict is not inevitable and there are different policy measures that can help reduce the risk of instability and violent conflict.

Extraction can give rise to grievances in resource-rich countries when the distribution of revenues is perceived to bypass the local population, or when countries cut back the distribution of benefits or social services in response to volatility. Other transmission channels include internal migration, such as when contests over jobs, land, and water arise after migrants are lured to extraction areas. The nature of extraction itself can also lead to public dissatisfaction, given its capital-intensive nature that offers few employment and income opportunities for the majority of the population. Countries need to put in place policies to manage these risks, including the progressive distribution of revenues to address horizontal inequalities, systematic consultation and negotiation with affected communities (including indigenous peoples), creation of direct linkages with the local economy, and adoption of locally-grounded dispute resolution mechanisms. On the other hand, resource-rich countries are more likely to relapse into conflict, partly because peace agreements rarely deal with the underlying natural resource grievances and issues. For example, recent evidence found that only 25% of peace agreements include natural resource provisions. The latest Peace Agreement signed by the Government of the Philippines and the Moro Islamic Liberation Front is an exception and a good practice in terms of addressing NRM.

Furthermore, the enormous monetary gains⁷ associated with natural resources, extractive industries and commodities such palm oil, coffee and rice also make these sectors ripe for corruption and other rent-seeking behaviors, which in turn undermine the rule of law, human rights, and efforts to promote good governance at national and local levels. Although extractive industries in many small island nations in the region are a major source of revenue, mismanagement and poor governance in this sector directly and negatively affects development.

These factors disproportionately affect women, children and indigenous communities and can lead to their further impoverishment. In many countries, UNDP's role in extractive industries has centred on working with partners on designing strategies for inclusive growth and economic diversification and strengthening legal and policy governance as well as grievances and dispute resolution mechanisms for the sector, to mitigate the rise of tensions and conflict. There are numerous cases in Asia that show the rise of social accountability movements in which citizens confront the State regarding impacts of the commodity boom on their social and ecological well-being. Natural resources could translate into wealth for developing countries to be utilized towards peace building efforts, but are also major risk factors for conflict.

Finally, it should be noted that most natural resources, whether renewable or non-renewable, are attached to a wide range of transboundary issues such as the management of shared water resources, marine fisheries, wildlife trade, watersheds, logging and plantations, and forest/peat fires. These problems must

which wealth will be shared, with the current initial agreement in this regard between the GPH and the MILF having been questioned by the national revenue authorities. A valid national concern is that a fixed revenue-sharing formula may not allow Philippines to fully benefit from the mineral wealth mined on its own territory especially should there be a windfall from oil or other natural wealth; in Indonesia NRM related tensions and the rising of separatist movements has made the extractives sector the driving engine for the decentralisation and special autonomies.

⁷ According to estimates by ASEAN, 22% of cumulative exports from the region in 2011 were petroleum and petroleum products, coal and gold.

be addressed at a regional level, which in turn provides an opportunity for countries to work together under a common framework and learn from each other, avoid a duplication of efforts, and invest scarce resource more efficiently.

3. Outputs and Implementation Strategy

To address the multidimensional challenges of the governance of the extractive sector, interventions must go beyond the establishment of legislation and monitoring efforts in compartmentalized sectors. The social, human and environmental dimensions are too great and linking development goals with natural resource management must involve integrated, cross-sectoral approaches. The measures to ensure good natural resource management to mitigate negative impacts that surfaced above involve: the inclusive participation and representation of affected people, notably the most marginalized, vulnerable and impoverished, in decision-making processes; measures of accountability and resource based dispute resolution redress; and strengthened institutional capacity to ensure empowerment, engagement and adaptability of different stakeholders. These components could help governments, communities, as well as private sector to minimize risks, such as deteriorating peace and stability that can arise.

In line with the Global Initiative, APRC's regional programme objective on extractives is to support the formulation and development of legal frameworks, policies, institutions and capacities that help in avoiding the risks and maximise the benefits of resource extraction for human development. To achieve the objectives UNDP APRC will support countries to reform its resource governance towards sustainable human development through cross-practice advisory and programming services and technical assistance, knowledge exchange, capacity development, partnerships and advocacy. APRC support to programme countries under the Global Initiative will be demand-based and adapted to the country-context following rigorous needs, capacity assessments and risk management strategies.

APRC proposal for EI is fully aligned with the UNDP's framework for supporting Sustainable and Equitable Management of the Extractive Sector for Human Development that introduced a four-component framework to systematize the organization's support to programme countries. These components guide UNDP to target its services when countries engage in the process of turning natural resource extraction into concrete development outcomes. This organizing framework therefore also serves as a diagnostic tool to identify at which stage programme countries are and what type of support they need. Below the 4 key areas of the framework:

- Participatory legislation, policies and planning;
- People centered exploration and extraction;
- Prudent revenue collection and management; and
- Investment in human, physical and financial capital

APRC Regional Programme will serve as the Asia Pacific flagship of the UNDP Global Initiative on Extractives with regional particularities, drawing on APRC's past experiences and comparative advantages in spearheading the corporate initiative in Asia. APRC is developing a longer term approach (3 years) to EI linked with the duration of the new RPD given the high demand for services in this sector. In the meantime, the current proposal (1 year) will serve to launch preliminary actions catalytic to support the immediate launching and scaling up of critical services to COs. It will also enable current additional expertise to be recruited for a more systematic engagement and a responsible scale-up of activities based upon effective regional research and assessment, consultations and setting of sequencing and prioritization with COs and partner governments, the private sector and relevant communities and civil society stakeholders.

The **key results** that the project aims to achieve in this first phase (2014-2015) are the following:

- Countries have undertaken responsible risk governance assessments to ensure that interventions incorporate conflict sensitive policies and planning mechanisms that will support effective and transparent management and governance extractive revenues to advance sustainable development and inclusive growth at all levels
- Countries have developed institutional frameworks and capacities to manage people centered exploration and extraction to reduce the risks of marginalization, environmental degradation and conflict
- A Regional Programme on Extractive Industries for Sustainable Human Development in Asia Pacific is adopted and adequately resourced in support of 4 to 6 countries in the region, including innovative models that contribute to inclusive growth and conflict sensitive sustainable human development
- Countries and the region have developed capacities, tools and partnerships with a myriad stakeholders including private sector, international NGOs, foundations and others at the global, regional and national levels for more integrated approaches and coordination in the sector and to support and scale-up country-level efforts

This first phase will last for one year (mid-2014 to mid-2015) to allow the formulation of a full-fledged Asia Pacific Regional Project for Extractive Industries with the duration of 3 years (aligned with APRC Regional Programme Document). The first phase is expected to plant the seeds for the longer term (3 years) engagement in which, specifically in Asia Pacific UNDP will work to address these challenges by assisting countries within the following key outputs:

Output 1: Asia Pacific countries' legal, policy and institutional frameworks to effectively govern extractive sectors is strengthened

Working with governments, the private sector, civil society and communities (including women and marginalized group), key activities may include supporting:

- transparent environmental, human rights and social impact assessments and conflict analysis to better inform policy frameworks and decision making processes;
- revising and developing legislative and policy frameworks governing the extractive sector, including environmental, land and property, human rights, public financial management and social safeguards.
- strengthening the capacity for implementation, monitoring and enforcement of legal and regulatory (including environmental) frameworks;
- Supporting the institutionalization of systematic risk analyses prior, during and after exploration and extraction activities;
- Promoting conflict sensitive in national policy making and strategic planning for the sector
- strengthening the capacity for implementation, monitoring and enforcement of conflict sensitive legal and regulatory frameworks;
- development of gender sensitive macro-economic policies and national development plans to ensure the longer-term sustainability of the extractives sector and to ensure that the extractive sector contributes to equitable and inclusive development;
- support capacities for developing and implementing well-targeted Corporate Social Responsibilities (CSR) activities and enhance private sector accountability.

Output 2: The voice and participation of civil society, women's organizations and communities in dialogues and decisions related to extractives is strengthened and institutionalized

Working with governments, the private sector, civil society and communities (including women and marginalized groups), key activities may include supporting:

- promotion of greater transparency and community participation in decision making around licensing and other contractual arrangements;
- strengthening local community consultation and engagement at all stages of the extraction project;
- supporting capacities for resource based dispute resolution mechanisms, dialogue and peace to consensually manage disputes around extractives sector
- strengthening community empowerment, with a focus on vulnerable and marginalized groups, in and around mining communities;
- access to justice, including access to legal advice and strengthening/developing grievance/recourse mechanisms, and legal empowerment of communities;

Output 3: Transparency and accountability in the management of revenue from minerals and oil is improved

Working with governments, the private sector, civil society and communities (including women and marginalized groups), key activities may include supporting:

- Supporting initiatives to enhance public access to knowledge and information on financial transactions related to extractive industries
- strengthening the ability of communities, media and other stakeholders to use the results of transparency initiatives such as EITI to demand effective accountability, equitable benefit-sharing and inclusive participation;

Output 4: Improved capacities for investments in human, physical and social capital to offset depletion of non-renewable resources including systems for the management of revenues⁸

- support capacities for revenue management that address vertical and horizontal inequalities, based on the principle of benefit sharing in local communities;
- strengthening public financial management systems and policy processes, including budget formulation and public accounts oversight, and support for developing sovereign wealth mechanisms;
- linkages between SMEs and large scale companies to increase employment opportunities particularly for youth
- investment in capacities and infrastructure that contribute to economic diversification and create alternative long-term employment opportunities;
- policy processes to promote the conversion of minerals into higher value-added products to increase livelihoods and economic returns.
- development of macro-economic policies and national development plans to ensure the longer-term sustainability of the extractives sector and to ensure that the extractive sector contributes to equitable and inclusive development;

Output 5: Capacity of regulatory institutions for ASM and SME is strengthened

- Strengthening capacities of public institutions responsible for regulating and supporting artisanal, small- and medium-scale enterprises in the mining sector

⁸ Covering areas 3 and 4 under the Global Initiative

- Strengthening technical capacities of artisanal, small- and medium-scale mining enterprises and public institutions to improve management, safety and reduce environmental impacts, as well as monitoring and enforcement of related regulations

Output 6: The impact of Asia Pacific countries extractive industry on human development is documented, lessons drawn and disseminated to wider public

- Regional capacity building and content and knowledge management activities
- South south cooperation on extractives

These outputs that will impact direct support in 4 to 6 countries in the region will be complemented by a regional component of the proposal. As such, the current proposal is structured in two essential distinct components: a National Component focusing on seed funding for direct country support and the Regional Component focusing on regional tools, capacities and partnerships (including a South-South cooperation mechanism).

Under the **National Component**, APRC will support country assessments and start off of extractive industries projects covering specific interventions of the above mentioned areas of work according to demand driven contexts. This will support COs in selected countries to strategically position UNDP alongside other partners on EI and find the adequate programmatic and policy entry points and beef up the necessary knowledge base that will be needed to support countries deliver on improved governance of extractives sector.

The **Regional Component** in an initial phase will seek to build regional knowledge and capacities to better provide advisory services and promote south-south exchange so that governments can benefit from good practices on formulating extractives governance frameworks that promote equitable and sustainable human development. Furthermore, sharing lessons from similar contexts is more likely to result in better reform uptake in developing countries, especially in emerging areas of practice such as this. Through this component, UNDP will facilitate increased regional research on EI, sharing of knowledge and experience among Asia-Pacific Countries as well as with countries outside the region and will launch the seed to foster a regional network to promote context relevant solutions in extractives and to further strengthen collective self-reliance.

The regional component will also link to already existing regional platforms such as UN REDD and N-Peace mechanism in order to promote cross fertilization of lessons and good practices already in place in forestry and land management with EI and to broaden partnerships on the conflict prevention dimension on efforts to scale up the local approach, including through the use of Alternative Dispute Resolution (ADR) and deployment of trained mediators where relevant. The national efforts will also take advantage of regional institutions and platforms like the ASEAN Minerals Cooperation Action Plan (AMCAP) looking into possibilities of regional mining policy development and regional harmonization of extractive codes.

Additionally the programme will benefit from the **Global Initiative** to optimize technical backstopping and guidance material, programme networking across regions and catalytic financial support. Integrating both the national projects and regional component under the same programme and relying on the global initiative will produce more coherent and sustainable impacts than it could be achieved through national projects alone.

As mentioned above, APRC is developing a longer term approach to EI linked with the duration of the new RPD given the high demand for services in this sector. The current proposal is catalytic to support the immediate launching and scaling up of critical services to COs based on assessing the multidimensional risks and planning accordingly. Gender will be fully integrated in this first phase and in the future Regional EI

Project.

The risks of extractive activities are disproportionately borne by women, and this is particularly the case in the Asia-Pacific region.⁹ Coupled with the pervasive gender discrimination in the region, the key gender impacts of extractive industries growth are: (i) economic impacts, such as increased poverty and economic dependence on men; (ii) environmental and land-related issues, which increase women's vulnerabilities and may have both economic, health and security related consequences; and (iii) negative social impacts including increased gender-based violence, trafficking, and HIV/AIDS.¹⁰ As such, gender will be carefully mainstreamed during this first phase with in all knowledge products, research and plans produced with dedicated interventions according to context specific needs.

The strategy implementation for this phase 1 will start at the country level focusing on three key components in line with output 1 and 6 of the global strategy. During this phase adequate consultation and knowledge will be gathered for the formulation of a 3 year regional project fully aligned with the EI Global Initiative. This first phase will focus on the following components:

1. Assessment of country-specific needs using the organizing framework outlined above. This assessment will include a detailed situational analysis, assessment of risk (conflict sensitivity and environmental and social impacts, including on gender, indigenous peoples and local communities) and forecasting of key trends, and will be undertaken on demand from host governments and in partnership with key stakeholders at national and sub-national levels. Pilot countries will be Indonesia, Mongolia, Fiji, PNG, and possibly Myanmar and Philippines to be added.
2. Comparing the needs identified with existing or readily available capacities to highlight the key capacity and financial gaps that will need to be closed. This will enable the detailing of further entry points for integrated programming on the extractives sector at country level and the informed formulation of the full-fledged EI Regional Project
3. Mobilize regional knowledge and support by aligning United Nations and UNDP programme instruments and through strengthened partnerships around a nationally-owned agenda of 'extractive industries for human development' with donors, the private sector, foundations and other possible contributors.

4. Partnerships

Aligned with UNDP's Global Initiative on Extractive Industries, APRC will support greater transparency and inclusion in the governance of and revenue flows from extractive industries and the capacitation of local government and civil society organisations to ensure that this greater transparency prevents conflicts and results in maximizing the benefits of resource extraction for human development. APRC has received requests for support from country offices including Indonesia, Mongolia, Fiji, PNG and others to identify key entry points for programming on governance, human development and extractives.

⁹ For instance, extractive industry activities lead to local inflation, or higher prices of food and basic goods, which effectively reduces the purchasing power of households. This is often felt more strongly by women, who are generally responsible for ensuring the well-being of children, the elderly and other members of the household. Adverse environmental impacts on agricultural land and water may lead to reduced crops, lower productivity, lower incomes and increased food insecurity. They affect women disproportionately since the majority of subsistence farmers in many countries are women. Further, while women are often among the main users of land and natural resources, compensation for lost land access or involuntary relocations often goes to men, who in most cases have the formal property rights. Lastly, forest degradation or water pollution affects women disproportionately as women and girls in poor and rural areas are typically responsible for household tasks such as the collection of water and firewood. Increase in migration, mostly by men, to work at mining sites causes an increase in divorces, sex trade, human trafficking, gender violence, use of alcohol and other substances, increased crime and violence, as well as the spread of HIV/AIDS and other STDs.

¹⁰ These problems were reported by expert country participants from Lao PDR, Indonesia, and the Philippines, at the UNDP APRC Regional Conference on 24-25 June 2013 on extractive industries and indigenous peoples, in Bangkok, Thailand.

In several of these countries partners like the World Bank are already working closely on EITI so in the course of its implementation, the programme will build on a range of related natural resources management and development opportunities and will establish collaboration with other relevant stakeholders engaged in this area according to the respective areas of competence, namely the World Bank, EITI, Revenue Watch, OECD and other regional organizations such as Asian Development Bank (ADB), SAARC, ASEAN and PIFs as well as with the UN agencies such as ILO, WFP and international NGOs.

5. Results and Resources Framework (2014-2015)

<p>Intended Outcome: The extractive sectors of the selected countries are developed and managed in more participatory, equitable and sustainable ways in Asia Pacific to ensure that they contribute to peace, poverty reduction and human development.</p>
<p>Outcome Indicators:</p> <ol style="list-style-type: none"> 1. Quality of national legal, policy and institutional frameworks (including coordination among government entities) governing the extractive sector 2. Number of countries with established and effective formal mechanisms for dialogue and decision-making which involve communities from areas affected by EI, particularly women, indigenous people and other traditionally marginalized groups; 3. Extent to which conflicts related to extractive industries decrease at local and national levels; 4. Percentage of EI projects that conduct EIAs and SIAs prior to initiation of activities; 5. Percentage increase, over the programme period, of extractive revenue allocated to economic diversification, environmental sustainability, poverty reduction and social development; and 6. Level of increase in policies and standards adopted by the private sector that contribute to employment creation, environmental protection, conflict prevention and social development
<p>Applicable Key Result (UNDP Strategic Plan 2014-17): Outcome 1; Output 1.3. Solutions developed at national and sub-national levels for sustainable management of natural resources, ecosystem services, chemicals and waste Outcome 2; Output 2.5. Legal and regulatory frameworks, policies and institutions enabled to ensure the conservation, sustainable use, and access and benefit sharing of natural resources, biodiversity and ecosystems, in line with international conventions and national legislation Outcome 5; Output 5.5. Policy frameworks and institutional mechanisms enabled at the national and sub-national levels for the peaceful management of emerging and recurring conflicts and tensions Outcome 6; Output 6.4. Recovery processes reinforce social cohesion and trust and enable rapid return to sustainable development</p>
<p>Applicable APRC Regional Programme Outcomes(s) and output(s): Output 1.3. Legal and regulatory frameworks, policies and institutions enabled to ensure sustainable management of natural resources, biodiversity and ecosystems to promote inclusive growth Output 2.3. Supporting participatory approaches for developing legislation, policy and planning frameworks and the transparent and accountable governance of extractive industries Output 3.3. Mechanisms are enabled for consensus building around contested priorities, and address specific tensions, through inclusive and peaceful process</p>
<p>Partnership Strategy: Global, regional, and country-level partnerships established with governments, the private sector, civil society, donors, UN agencies and departments</p>
<p>Project title and ID (ATLAS Award ID): Extractives Industries for Development</p>
<p>Programme Period: 2014-2015</p>

INTENDED OUTPUTS & INDICATORS OF CHANGE	BASELINE & OUTPUT TARGETS	INDICATIVE ACTIVITIES	RESPONSIBLE PARTNERS	INPUTS & Costs
<p>Output 1: Countries are supporting informed policy and programming on EI in line with the UNDP strategy</p> <p>Output Indicators:</p> <ol style="list-style-type: none"> 1. Number of governance risk assessments supported 2. Number of plans supporting EI for sustainable human development developed 3. Harmonized tool for EI risk assessment in place and data and knowledge on regional status of EI increased 4. 	<p>Baseline 2014: A number of countries in the region have direct or indirect ad hoc interventions impacting EI</p> <p>Targets for Year 1 (2014):</p> <ul style="list-style-type: none"> - Risk/governance assessments initiated in at 2 countries - Integrated programming for EI in line with UNDP Strategy initiated in 2 countries <p>Targets for Year 2 (2015):</p> <ul style="list-style-type: none"> - Risk assessments completed in 4 countries - Integrated programming for EI in line with UNDP Strategy initiated in 4 countries 	<ol style="list-style-type: none"> 1. Undertaking integrated country risk assessments focusing on contexts specific risks, including governance and legal framework, social, economic, environment and gender impacts in selected countries, to identify areas for UNDP support. 2. Developing integrated plans/projects for support together with selected countries based on the risk assessments 	<p>UNDP</p>	<p>\$200,000 (50,000 per country to be allocated for country level support)</p> <p>\$50,000 (EI/DST mission travel costs for 4 countries)</p>
<p>Output 2: Regional data, knowledge and tools are generated and disseminated</p> <p>Output Indicators</p> <ol style="list-style-type: none"> 1. Number of tools for extractive industries risk assessment adapted/developed 2. Number of regional learning/exchange initiatives held 	<p>Baseline 2014: Lack of analytical knowledge about the impact of extractive industry on human development in Asia Pacific</p> <p>Targets for Year 1 (2014):</p> <ul style="list-style-type: none"> - standard tool for governance risk assessment adopted for the region (or adapted from the GI) - regional repository of data on EI in place - One meeting held at regional level to document and brainstorm on EI progress <p>Targets for Year 2 (2014):</p>	<ol style="list-style-type: none"> 1. Developing regional research and knowledge sharing strategy and plan 2. Supporting South south exchanges on EI and regional events for knowledge, capacity building and advocacy 3. Defining full scope of intervention at regional level and adequate support and lessons documented for the eligible countries on a demand basis. 		<p>\$200,000 for dedicated technical expertise for regional and country support</p> <p>\$50,000 for regional meetings and knowledge sharing</p>

<p>3. Number of awareness/advocacy products supported</p> <p>4. APRC EI Regional Project adopted and partially funded</p>	<ul style="list-style-type: none"> - Full-fledged regional project for EI developed and resourced targeting 4 to 6 countries - Depending on demand, up to 4 countries have received support and launched country initiatives on EI - Two regional meetings held to document and brainstorm on EI progress 			
TOTAL BUDGET				500,000 USD