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SWEDISH ENVIRONMENTAL
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Environmental Governance Programme (EGP)

***The Role of Government in Preventing
or Enabling Conflict in Mining, Oil and Gas***



Summary from webinar and Goxi forum Discussions

1. Emerging Critical Issues

A global expansion of extraction in mining and hydrocarbons took place between 2002 and 2013, with the potential to drive economic growth in developing countries. Over the same period, this intensified activity in extractives contributed to social and environmental conflicts. Given that conflict presents a fundamental barrier to sustainable development, governments in Latin America, Africa and beyond began developing approaches to how they can better navigate, manage and transform mining, oil and gas conflict, enabling opportunities for sustainable development from natural resource wealth.

The goal of this webinar was for participants to acquire a better understanding of the root causes, systems and pathways of extractive conflicts, the role and responsibility of governments, and how governments can mitigate, prevent and transform conflict associated with mining, oil and gas. Findings from a new study on this topic were shared, and also two cases in Latin America were examined where governments took specific approaches to build stronger institutional capacity for conflict prevention and to address systemic causes. These cases were used as a basis for discussion and sharing of experiences.

2. Public authorities and other actors sharing experiences

1) UNDP CIRDI Case Study

A recent study by UNDP and the Canadian International Resources and Development Institute (CIRDI) based on a literature review, quantitative analysis of 300 cases, and an in-depth case study, identifies and discusses ways in which governments play a role in preventing or enabling conflict.

The study was developed as a response to an unprecedented increase in conflict incidents associated with mining operations, which proliferated alongside an unprecedented rise in the price of metals and industry activity between 2002 and 2013. Given that conflict presents a fundamental barrier to sustainable development, the objective of the study was to improve policies and practices for prevention of the negative consequences of conflict, including violence.

The study discussed during the webinar, used an analytical framework to help in systematically examining conflict pathways, revealing that conflict is in most cases predictable and therefore preventable. The framework demonstrated that conflict can be viewed as not just the result of a chaotic, haphazard sequence of events, that are difficult or impossible to unravel, but as a process that has a history, a trajectory and a pathway.

Observations from the UNDP CIRDI study, informed by field case studies from Peru, Bolivia, Tanzania, Madagascar and Ghana are summarized as follows:

- Conflict does not always have negative outcomes. If properly managed it can be transformed into opportunities for sustainable development. Therefore we distinguish between **destructive** and **constructive** conflict

- Conflict is not an event. It is a process, with a history and a pathway prior to conflict outbreak.
- Conflict is the result of the interplay among multiple actors, primarily government, companies and communities. However, host governments play a critical role.
- Conflict is a process that is seemingly chaotic, but in reality is quite systematic and follows a logical, somewhat predictable pathways. It can be understood using an analytical framework.

The role of government in conflict

- While all players have a role in creating sustainable development, the role of the government is critical, given that they set the enabling environment in which mineral development occurs.
- The expected role of host governments is to achieve responsible, sustainable mineral development through the establishment and implementation of appropriate Governance Regimes.
- The ability of governments to effectively perform this role is a critical determinant in enabling either the creation or prevention of destructive conflict associated with mining operations.
- In some cases, governments appear to have contributed to the creation of conflict rather than its prevention.

Key observations

1. **Weak central government and local government institutions:** Centralized approach to government and lack of capacity and institutions at the local level, give rise to important conflict drivers in rural areas in the form of:
 - Lack of government presence.
 - Lack of government sponsored social development programs.
 - Lack of regulatory monitoring and enforcement.
2. **Lack of planning and preparation of rural communities for the arrival of the large-scale manufacturing (LSM) sector,** combined with deep mistrust by rural people in government and companies, give rise to concerns over contamination of land and water, which is an important driver of conflict between communities and

mining companies. This also contributes to ever-increasing socio-economic dependency of local communities on mining companies, increasing conflict risk.

3. Lack of accommodation between the Small Scale Mining (ASM) and Large Scale preparation of the pre-existing ASM sector, for the arrival of the LSM sector and plan for how the two can co-exist. Forceful removal of illegal miners by government armed forces can act as a powerful trigger that leads to conflict outbreak.

Therefore, a strategic approach to mineral development could include:

- Building capacity of the central and local governments to govern mineral development.
- Early planning, preparation and support of rural communities prior to the arrival of LSM.
- Developing an approach to reconcile the LSM and ASM sectors.

Policy implications

One effective government policy response to the contextual level challenges (weak local level institutions, lack of preparation of rural communities, conflicts between ASM and LSM sectors) is capacity building. Governance decentralization is also critical.

Decentralization of governance (devolving autonomy, authority and administrative powers to municipal governments) is best accomplished through a collaborative approach involving central government, local government, developmental NGOs and local mining companies.

2) The Territorial Hydrocarbons Strategy in Colombia

Several factors lead to designing and implementing the National Government Strategy. First, was a rise in the number of social conflicts in the oil and gas sector. Industry blockades grew five-fold, increasing from 91 in 2010 to 503 in 2013. At the same time, government agencies were already implementing policies and initiatives to ensure greater harmony among different stakeholders. These initiatives included the Partnerships for Prosperity Programs in 2012; the Regionalization Program; and the Development of Programs to Benefit Communities and meet SDGs. Finally, in 2014 UNDP launched its Extractive Industries for Sustainable Development Strategy, which aims to improve the management of the extractive industry to contribute to sustainable human development. Together, the National Government and ANH decided to create the Territorial Strategy for Equitable and Sustainable Management of the Hydrocarbons Sector (ETH).

How the government's early warning system (SIGETH) helped prevent the escalation of oil and gas conflicts in Colombia

The geographical information system for the Territorial Hydrocarbons Strategy (SIGETH) is a third-generation early warning and response system (SART) that enables collection of qualitative and quantitative information. The system also, enables follow-up in line with the strategy dialogue processes and the guidelines of the government institutions. This is a very useful interactive system which systematizes, consolidates and monitors information produced as part of the ETH strategy.

This system allows companies, national authorities and ETH officers to timely report social conflicts carried out through the SIGETH, and its immediate and appropriate response, thus helping to reduce social conflict. When facing a conflict situation, the timely response can reduce the length and impact of the situation.

How companies have used SIGETH to manage conflict with communities and to follow up on their environmental commitments

Currently, 27 Oil & Gas companies have access to and are using SIGETH. When a company reports an early warning or *de facto* event in the system, the Ministry of the Interior team immediately analyzes this information, and then develops and implements a strategy to manage the situation. If, during this process an agreement between the different stakeholders is reached, the system allows commitments to be registered and followed up on.

Involvement of civil society in the government's early warning system to prevent oil and gas conflicts?

The system has been designed and developed by the National Government, with the technical assistance of the United Nations Development Program. Civil society has access to the public website, where they can find information about what SIGETH does, and the portfolio and programs. Civil Society also has access to an interactive map with useful information about the dialogue processes, social investments, workshops, etc.

3) Peru: Partnerships for Dialogue: Prevention of Social Conflicts over the Use of Natural Resources

UNDP has been collaborating with the Peruvian government since 2009 on strengthening the country's conflict prevention and management institutions. The Peruvian government made an important shift on how to address conflict in 2012. This shift focused on having multi-stakeholder dialogues. In 2012, UNDP launched the project Partnerships for Dialogue: Prevention of Social Conflicts over the Use of Natural Resources in coordination with PCM and with the financial support of the Government of Canada. Eight national government bodies and the regional governments of 15 departments are included as counterparts of Partnerships for Dialogue.

This project supports the governance of the country, and helps the sustainability of investment leading to more development. The purpose of Partnerships for Dialogue is to contribute to the strengthening of democratic governance and sustainable development by reducing social conflicts associated with natural resource use. To accomplish this, the project aims to transform conflicts into opportunities for development by implementing public policies and reforms geared towards the institutionalization of dialogue and consensus building for conflict prevention, and by proactively contributing to sustainable development.

This new approach focuses on conflict prevention, management (dialogue as a main tool for the transformation of social tension), the building of new public policy (Implementation of strategies and protocols for conflict prevention and management in public policy), capacity development (promotion of a culture of peace), research and analysis (analysis of information for the promotion of dialogue), and the revamping of local development processes (public-private commitments to increase social investments).

The approach led to these key results

- The National Office for Dialogue and Sustainability was created to coordinate efforts to address conflicts.
- Dialogue Groups and dialogue efforts are being advanced by various initiatives to strengthen relations between the state, companies, and civil society, and to generate multi-stakeholder dialogue forums.
- Installation of early warning systems.
- Creation of new institutions and instruments for environmental management including regional environmental monitoring committees.
- Implementation of the Law of Prior Consultation of Indigenous or Native Peoples in Peru is currently being promoted by the Ministry of Culture's Office of the Vice Minister for Inter-cultural affairs, created in July 2010, which is the governing authority on matters of inter-cultural and the inclusion of indigenous or native peoples.
- New mechanisms for the planning and managing of territory including a decentralization process.
- Promoting of civil society initiatives with universities, etc.
- Participation in global initiatives transparency IE.

4) Colombia: Prevention, Dialogue and Conflict Resolution Working Group, Ministry of Interior

Through the creation of a working group for prevention, dialogue and territorial conflict resolution preventive action is being taken, and through Convive short-term warning system, industry blockades were reduced from 503 in 2013 to 82 in 2017.

3. Questions from Webinars and GOXI Audience

- What is the role and responsibility of governments in preventing the escalation of extractive conflict?
- What are the root causes, drivers and pathways for conflict in the extractive sector?
- What are some concrete approaches government agencies have taken that were effective in preventing conflict from escalating in the extractive sector? What factors contributed to the success of these initiatives? What areas are still challenging?
- How do the oil and gas sector, and the governments improved ability to address conflicts at an early stage contribute to Colombia's wider peace process and implementation of peace agreements?
- The Peruvian presentation highlighted a number of approaches the Peruvian government has used to build a state system for redress of social conflicts. One area mentioned is Peru's work implementing the Extractive Industries Transparency Initiative. Can you explain what this is and how it contributes to mitigating social conflict?
- How could a government use the conflict pathway analytical framework in a practical way? Does it help to predict social conflict? How does it help governments navigate conflicts linked to extractives?
- When government is working to convene longer-term social dialogue in the territories, what efforts have been taken to ensure women are included? What has been done to support women in being effective parties in a dialogue process on extractive issues?
- How can trust be generated within the communities when the process is led by the state?
- Decentralization and bottom-up approaches are important, how do you recommend advancing this topic?
- Are projects sustainable when there are changes at the executive level?
- Prior consultation process in Peru binding to the state? Can indigenous groups ban extractive projects from their territories? What type of indigenous groups should be consulted in this process?

- What is the right solution for illegal mining?
- How can the financial sector play a greater role in ensuring social responsibility standards?
- How might you apply the lessons and examples discussed on the webinar in circumstances where the mining sector in itself is a driver of conflict, e.g. Afghanistan or DRC?
- There was interest expressed from the manager of the national mining agency in Colombia in further exchange with the SIGETH (oil and gas early warning system for conflict) to inform the development of such a system for mining, for which a need has been identified by ANM. They wonder how they can learn from the SIGETH experience to develop a similar system.