EXTRACTIVE INDUSTRIES AND CONFLICT PREVENTION IN LATIN AMERICA

United Nations Development Programme, Regional Centre Panama
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THE LAC CONTEXT
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Economic growth and mineral exports in LAC

Growth rates correlated with mineral exports between 2002-2012
Between 2002 and 2012, poverty declined by 60 million people in LAC.

As Per Capita GDP increased, poverty and extreme poverty decreased.
1. In 2014, about **20% of global mineral exports** originated in the LAC region

2. The Latin American **economic model is** based on exporting primary goods, hydrocarbons and minerals

3. **Mineral exports represent about 13% of total LAC merchandise exports** (about twice the global average)
Mineral and hydrocarbon exports boomed in LAC between 2003-2008 and 2010-2012, following high price cycles

- 10 LAC countries are among the 15 major producers of metals in the world
- By 2013, the region produced 33% of the world’s ethanol fuel, 25% of biofuels and 13% of oil

2. Five of the top 10 destinations for mining investments are located in Latin America (Chile, Mexico, Brazil, Peru, Colombia)

Estimated mineral reserves:
- 65% of world’s Lithium; 49% Silver; 44% Copper; 33% Tin; 26% Bauxite; 23% Nickel; 22% Iron
Extractive revenues
Fiscal revenue from mining and hydrocarbons allowed governments implement stronger social protection policies in the past decade AND counter-cyclical economic policy during the global recession.

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CONFLICT TRENDS IN LATIN AMERICA
Conflict map (2009-2010)

X axis: number of conflicts
Y axis: escalation and radicalization of conflicts
Increasing social conflicts and protest

Paradoxical?
1. Consolidated democracies
2. Substantial social and economic advances in the past decade

A common regional platform
1. Fragmentation of actors
2. Multiple agendas and demands
3. State as the most frequent subject of demands
4. Polarisation

Three “ideal types”

Socio-economic (47.3%)
- Work, economic conditions, land tenure

Institutional conflicts (37.7%)
- Management, public services, legal measures, authority

Cultural conflicts (14.9%)
- Public goods, ideology, politics, natural resources and the environment
The State remains the main recipient of demands (69%)
Mapping EI conflicts in LAC

- The extraction of metal ores are the most common cause of environmental conflicts in the region (212)
Regional trends on EI conflicts

- Conflicts arise during all phases of the extractive chain
- EI conflicts are multi-causal
- People mobilize against EI for both potential and observed impacts
- International / Local Non-Governmental organizations play a major role
- Environmental activists play a major role
- Peasants, indigenous groups are present in a majority of cases

Conflict dynamics and outcomes

- Application of existing regulations (47.3%)
- Increased contestation and participation (34%)
- Corruption/bribing (32%)
- Compensation (30%)
- Judicialization/criminalization of activists (29%)
- Repression (27%)
- Migration/displacement (26%)
- Violence (23%)
3 Unpacking extractive conflicts in LAC
1. Weak participatory mechanisms

Sporadic, fragile and deficient engagement with affected rural and indigenous communities

- Absent/weak institutions
- Limited regulatory frameworks
- Lack of information
- A tendency to judicialize conflicts

Weak consultation mechanisms

- Free, prior, and informed consent rights are well established in the public sphere, but mostly unregulated
- ILO Covenant 169 endorsed by most countries but challenges remain for its effective implementation to reduce the incidence of conflicts
2. Potential and observed impacts of extractive activities

Environmental
- Water pollution / depletion
- Soil contamination / erosion
- Deforestation or loss of biodiversity
- Air pollution
- Waste overflow

Socio-economic
- Environmental-related diseases
- Occupational hazards and diseases
- Human rights violations
- Land / resource dispossession / population displacement
- Loss of livelihood / food insecurity
- Loss of traditional knowledge / practices
3. Inequitable distribution of benefits

- Weak job creation at the local level
- Failure in planning and implementation of social and compensation funds
- Labor “precarization”
- Lack of transparency

4. Limited state capacity / lack of credibility of state institutions

- Weak capacities to enforce regulations and norms
- Weak capacities to implement programmes to improve living conditions of affected populations or mitigate negative impacts
- Weak environmental governance tools
- Limited territorial oversight capacities
- Insufficient financial – human resources
- Corruption / Collusion with private companies
6. Globalization of social responsibility and transparency standards
- Greater access to new technologies of information and communications
- Global and regional activism, increased pressure
- Global corporate standards for transparency (EITI) and accountability

7. Private sector actions
- Short-term solutions
- Minimalist concept of corporate social responsibility
- Poor workplace policies
- Non-compliance of relevant regulatory tools
- Co-optation of leaders and division of communities
- Clashing world views and development models

8. Clashing views on development models
- Private sector prioritize economic interests
- Governments adopt short-term development approaches
- Indigenous communities have different cultural values and interests
UNDP WORK IN LAC
UNDP work on Extractive Industries

At least twelve countries have projects related to EI in the region with strong governance components:

- Promoting conflict prevention and multi-stakeholder dialogue
- Strengthening institutional capacities to monitor and manage conflicts (Peace Infrastructures, Early Warning-Early Response systems)
- Strengthening institutions in charge of environmental and mining regulation
- Designing policies, reforming normative frameworks, establishing protocols, improving procedures
- Improving governance at the sub-national/local level
- Projects designed with a strong territorial base
UNDP work on Extractive Industries

Initiatives and tools developed

• More agile and user-friendly conflict analysis tools
• Professional facilitation services for dialogue processes
• Early Warning / Early Response systems templates
• Strategies and programmatic tools to promote a shared visión of societies and a culture of peace
• Intervention protocols for conflict management
• Software and new technological tools that can contribute to conflict prevention
• Gender-sensitive methodologies for consensus-building and multi-stakeholder dialogue
• Guidelines for democratic dialogue and conflict prevention
• Systematization of dialogue processes and lessons learned
LESSONS LEARNT

• No “one size fits all” solutions: context specific interventions
• Two main lines of work in conflict prevention and management:
  • Operational conflict prevention: building state infrastructures for peace and supporting multi-stakeholder dialogue. Involve the private sector and CSO’s in dialogue and conflict prevention platforms
  • Structural conflict prevention: Strengthening environmental governance (regulatory frameworks; technical capacities to manage EI). Focused socio-economic development on excluded and poor communities with or without EI

• UNDP’s convening power is one of its major assets
• UNDP should adopt a DST approach to address conflict in EI
• Interventions must aim at promoting a positive change in state-society relations
EXAMPLES OF PUBLICATIONS