

Oil and State Capture:
The Subnational Links Between Oil
Revenues and Armed Conflict in Colombia



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Thesis submitted in partial fulfilment of the requirements for the degree of DPhil in Public Policy in the Blavatnik School of Government at the University of Oxford.

25 December 2018

95,725 words

Abstract

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While there is strong evidence of the association between oil wealth and internal armed conflicts, the literature is less conclusive about the processes linking the two. Despite myriad mechanisms hypothesised by the literature, much uncertainty still exists about the causal pathways between oil and armed conflicts. How does oil revenues affect the occurrence and course of internal armed conflicts in contexts of political decentralisation? The main argument of the thesis is that the control of abundant oil revenues by subnational governments contributes to shape the strategies undertaken by armed groups at the local level. Subnational governments become a prize for armed groups, which pursue oil revenues through the political capture of local democracy. The armed groups interfere with democracy through a mix of violent and non-violent strategies. The thesis identifies political connections between oil revenues and armed conflicts and traces mechanism which I term the *subnational-government-as-target*. The pathway contributes to explain how oil revenues can undermine the workings of the subnational government through the dynamics of the armed conflict.

A comparative case study approach was implemented to examine how oil revenues affected conflict and public management at the subnational level in Colombia. Drawing on data collected over five months of fieldwork in oil-royalty-abundant municipalities, the thesis also constitutes one of the first studies to examine the effects of oil revenues accrued by non-oil-producing municipalities in Colombia. The qualitative and quantitative data was triangulated to carry out a process-tracing analysis covering the period from the early 1960s to 2017.

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Acknowledgements

This thesis was only possible with the support of numerous individuals and organisations. I was able to complete the project due to their support.

I start by thanking my supervisors, Diego Sánchez-Ancochea and Paul Collier, who guided me through this process. I will always remain indebted for their patience and genuine interest in my academic progress. It is an honour to have been tutored by them.

From the outset of the project, Ana Carolina González offered key insights into the study of the governance of natural resources in Colombia. Moreover, she provided helpful contacts in Bogotá, Arauca and Sincelejo that opened doors with local communities. Several current and former officials at the National Planning Unit (DNP) shared important early contacts, guidance on data availability, and insights into the management of royalties in Colombia.

The thesis would have been impossible to develop without the encouragement of a rich and growing community of scholars and practitioners working on the governance of natural resources in Latin America. The academics that I met at the annual congresses of the Latin American Studies Association (LASA) offered essential support for this effort. Furthermore, several members from the Natural Resource Governance Institute (NRGI) also provided aid, comments and encouragement.

This project benefited from discussion and commentary that emerged from presentations at the Latin American Centre, Oxford University; the Blavatnik School of Government (BSG), Oxford University; the Oxford Centre for the Analysis of Resource Rich

Economies (Oxcarre), Oxford University; the Escuela de Gobierno Alberto Lleras Camargo, Andes University; the Escuela Javeriana de Gobierno y Ética Pública, Javeriana University; the Centro de Investigaciones y Proyectos Especiales (CIPE), Externado University; the Universidad del Magdalena; the panels on the natural resource curse at LASA's 2016, 2017 and 2018 annual congresses; the 3rd International Conference on Public Policy (ICPP); the Development Studies Association's 2016 annual conference; the 24th IPSA World Congress of Political Science; the Fourth Annual Conference of the Red para el Estudio de la Economía Política de América Latina (REPAL); the Energy Justice Project's seminar, Lund University; the Violence Studies Oxford seminar, Oxford University; and, the Conflict Research Society's 2018 Annual Conference.

At Oxford I found a network of brilliant colleagues. My fellow DPhil students engaged with my ruminations, challenged my assumptions, and helped shaping new ideas. I am especially grateful with Rebecca Engebretsen and Ivaylo Iaydjiev, who were always available for listening and providing written feedback on my work. Vijay Kumar, Ben Abraham, Jakob Engel, Jieun Baek, Helen Baxendale and Anna Petherick also provided useful advice and encouragement. I also wish to thank Anouk Rigterink, a bright researcher affiliated to Oxcarre and BSG, who provided written feedback and advice that was critical for the last stage of the DPhil.

The Newton-Caldas Fund and Colfuturo funded my doctorate. Additionally, I also received financial support for fieldwork from the Santander Travel Award, BSG, and St. Catherine's College, Oxford University. I am grateful for their support. I would also like to extend a big thank you to the BSG staff for their invaluable support and motivation from the beginning to the end of this process.

Part of the fieldwork was carried in difficult contexts where people live under threat of non-state armed groups. Perhaps some may have felt that they were taking personal risks in talking to me about their experiences. Their views, thoughts and insights were a key guide for this doctoral thesis. I am indebted with all the people who had the patience of answering my questions and sharing their – often arduous – experiences. I cannot claim that this thesis voices their untold stories, but I hope that it contributes to further explain the violence suffered by thousands of civilians in the Colombian armed civil conflict.

Finally, none of this would have been possible without the encouragement of my family. My parents, Luis Eduardo and Clemencia, have provided unconditional support since the day I was born and were especially caring during my DPhil years. My siblings, Catalina and Eduardo José, offered their counsel during the course of the research. Finishing the thesis would not have been possible without the extended support and advice of my wife Diana, with whom I planned, enjoyed and survived the DPhil experience.

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Selected acronyms, abbreviations, and units

ACODECO	Communal Assembly of Coveñas (<i>Asamblea Comunitaria de Coveñas</i>)
ACP	National Association of Petroleum (<i>Asociación Colombiana del Petróleo</i>)
ACCU	Peasant Self-Defences from Córdoba and Urabá (<i>Autodefensas Campesinas de Córdoba y Urabá</i>)
ANC	National Constitutional Assembly (<i>Asamblea Nacional Constituyente</i>)
ANH	National Hydrocarbons Agency (<i>Agencia Nacional de Hidrocarburos</i>)
AUC	United Self-Defences of Colombia (<i>Autodefensas Unidas de Colombia</i>)
BACRIM	Emerging Criminal Bands (<i>Bandas Criminales Emergentes</i>)
bb1	barrels (unit of volume commonly used for crude oil)
b/d	barrels per calendar day (unit of volume commonly used for crude oil)
BHMM	Block Heroes of the Maria Mountains (<i>Bloque Héroes de los Montes de María</i>)
BVA	Block Victors of Arauca (<i>Bloque Vencedores de Arauca</i>)
CE	State Council (<i>Consejo de Estado</i>)
CGR	Office of the General Comptroller of the Republic (<i>Contraloría General de la República</i>)
CITpax	Toledo International Centre for Peace (<i>Centro Internacional de Toledo para la Paz</i>)
CNMH	National Centre of Historical Memory (<i>Centro Nacional de Memoria Histórica</i>)
CNR	National Royalties Commission (<i>Comisión Nacional de Regalías</i>)

CSIR	Steering Committee for the Investment of Royalties (<i>Comité de Seguimiento a la Inversión de Regalías</i>)
CSJ	Supreme Court of Justice (<i>Corte Suprema de Justicia</i>)
DNP	National Planning Unit (<i>Departamento de Planeación Nacional</i>)
Ecopetrol	Colombian Petroleum Company (<i>Empresa Colombiana de Petróleos</i>)
FGN	Office of the General Attorney of the Nation (<i>Fiscalía General de la Nación</i>)
ELN	National Liberation Army (<i>Ejército Nacional de Liberación</i>)
EPL	People's Liberation Army (<i>Ejército Popular de Liberación</i>)
ERP	Revolutionary Army of the People (<i>Ejército Revolucionario del Pueblo</i>)
FARC	Revolutionary Armed Forces of Colombia (<i>Fuerzas Armadas Revolucionarias de Colombia</i>)
GMH	Group of Historical Memory (<i>Grupo de Memoria Histórica</i>)
SGR	General Royalties System (<i>Sistema General de Regalías</i>)
ha	hectares
INCORA	Colombian Institute for Agrarian Reform (<i>Instituto Colombiano para la Reforma Agraria</i>)
IEPRI	Institute of Studies on Politics and International Relations (<i>Instituto de Estudios Políticos y Relaciones Internacionales</i>)
JAC	Community Action Boards (<i>Juntas de Acción Comunal</i>)
km	kilometres
KBPD	Thousand barrels per calendar day (unit of volume commonly used for crude oil)
M19	April 19 Movement (<i>Movimiento 19 de Abril</i>)
NGO	Non-governmental Organisation

FNR	National Royalties Fund (<i>Fondo Nacional de Regalías</i>)
PGN	Office of the General Procurator of the Nation (<i>Procuraduría General de la Nación</i>)
OCAD	Collegiate Body of Administration and Decision (<i>Órgano Colegiado de Administración y Decisión</i>)
OXY	Occidental Petroleum Corporation
RNEC	National Office for the Registry of the Civil Status (<i>Registraduría Nacional del Estado Civil</i>)
RUV	Unique Record of Victims (<i>Registro Único de Víctimas</i>)
SAGOC	South American Gulf Oil Company
SECOP	Electronic System for Public Procurement (<i>Sistema Electrónico para la Contratación Pública</i>)
SGR	General Royalties System (<i>Sistema General de Regalías</i>)
TROCO	<i>The Tropical Oil Company</i>
UNODC	United Nations Office on Drugs and Crime
UP	Patriotic Union Party (<i>Partido Unión Patriótica</i>)
UPME	Mining and Energy Planning Unit (<i>Unidad de Planeación Minero Energética</i>)
US	United States of America
VPR	Vice-presidency of the Republic (<i>Vicepresidencia de la República</i>)

Figure 1 - Map of Colombia



Base 803337AI (R00820) 1-08

Source: United States. Central Intelligence Agency (2008)

“Nothing in progression can rest on its original plan.
We may as well think of rocking a grown man in the cradle of an infant.”
Albert O. Hirschman¹

¹ Cited by Adelman (2013, 339).

Chapter 1 - Introduction

“Once, a mayor from a resource-rich municipality in the north of Colombia arrived at my office and told me: 'I prefer to be prosecuted by the Office of the National Comptroller than to be killed by the paramilitaries who are waiting for the project. So please, unfreeze the transfer of royalties.'”² This anecdote was described to me by a former senior official of the national government, who was in charge of suspending the transfers of oil³ and mineral royalties when gross irregularities were detected in subnational public investment projects.⁴

According to the interviewee’s experience as the head of the unit that monitored the investment of royalties at the National Planning Department (DNP), this case was not isolated nor exceptional. The DNP’s former senior official mentioned additional cases in other oil and mineral producing regions and concluded:

“In some areas, the armed actors have incidence in the implementation of the projects [funded with royalties]. In these regions the reality is different from the one in the centre of the country and the rules drafted in Bogotá do not consider the difference”.⁵

My doctoral research started with questions about public management in resource-rich regions of Colombia. I wanted to understand why, according to numerous econometric-based studies, the subnational governments of oil and mineral-rich municipalities that

² Interview 59.

³ The thesis uses “oil” as a shorthand that includes both crude oil and natural gas.

⁴ Oil and mineral royalties are “the price that the owner of a natural resource charges for the right to develop the resource. ... The royalty rate applied depends on the kind of product, and on the volume of the production” (OECD 2014: 95).

⁵ Interview 59.

received significant revenues from the extractive sector underperformed (in terms of outcomes) with respect to their resource-poor peers.⁶ I planned to identify proxies of subnational state capacity and of the quality of their public investment processes. I contemplated collecting data on the municipalities' bureaucracies (e.g. size of the staff) and on the implementation of investment projects (e.g. time over-runs). My plans changed when an unexpected and dominant theme appeared during my preliminary fieldwork in Colombia: The role played by armed groups at the subnational level and, specifically, their incidence on public management.⁷

After interviewing current and former national government officials who had first-hand experience on the management of resource revenues at the subnational level, officers from national watchdog agencies, members of civil society organisations specialised on the extractive sector, social leaders from resource-rich regions, representatives from oil and mining companies, and journalists, I became aware that armed groups were centrally involved in this story.⁸ The main guerrilla and paramilitary groups appeared to have influenced the administration of oil and mineral revenues in certain regions. While the mainstream literature on the links between oil and armed conflict in Colombia depicted the strategy of these armed groups as one of looting and extortion, the evidence that I collected while conducting preliminary fieldwork pointed at a less explored direction: the capture of subnational democracies and governments of oil-rich regions by armed groups.⁹

⁶ Table 10, located in chapter 3 of the thesis, lists ten large-N studies on the impact of royalties in Colombia.

⁷ Whenever the thesis uses the terms "armed groups" or "armed actors", it is referring exclusively to non-state organisations. I follow Arjona (2016b, 26) who uses "the term armed group to refer to all non-state armed organisations that are fighting the war. These include rebels who challenge the government and paramilitaries who aim to defend the status quo."

⁸ Interviews 2, 3, 6, 9, 15, 17, 39, 47, 48, 53, 58, 59, 68, 69, 70, 73, 74 and 75.

⁹ Section 1.2 of this chapter of the thesis reviews the previous studies that focused on the plundering of the oil sector.

The relationship between oil and internal armed conflict is an issue that transcends the Colombian case.¹⁰ According to Le Billon (2013, 65): “An estimated 166 armed conflicts took place between 1945 and 2006 in countries where oil had been discovered, 60 percent of these overlapping with oil-producing areas.” This association does not imply that all of these conflicts were directly linked with oil wealth. In fact, Le Billon (2013, 65) contended that only a quarter of them were “plausibly related to oil”.

Investigating the incidence of oil and other natural resources over armed conflict is a continuing concern for scholars and policy-makers. This thesis seeks to explore the pathways that link oil wealth, particularly in the form of oil revenues, with the current internal armed conflict in Colombia.¹¹ The central questions of the thesis aim at identifying how oil revenues contributes to explain the outbreak, duration and intensity of internal armed conflict at the subnational level.

The main argument of the thesis is that subnational governments in Colombia became a prize for armed groups after the former commenced to manage abundant oil royalties in a context of political decentralisation. The pursuit of these oil revenues contributed to shape the strategies undertaken by armed groups at the local level. These groups used

¹⁰ Following Blattman and Miguel (2010) and Sambanis (2004), this thesis uses the terms “internal armed conflict”, “intra-state armed conflict”, “internal war”, and “civil war” as synonymous categories. In this thesis, these concepts refer to a violent conflict that takes place primarily within a country between the government of a sovereign state and one or several organised groups who use armed force to pursue their political objectives (Arjona, Kasfir, and Mampilly 2015; Sambanis 2004). However, the definition of “civil war” and its coding is contended (Blattman and Miguel 2010; Ramírez 2002). For example, to identify the countries that experience civil war, the datasets on armed conflicts and the large-N works that exploit this data adopt different thresholds of the number of deaths (e.g. 25 or 1,000 battle-related deaths per year).

¹¹ By “oil revenues” I refer to the income accrued by the governments (national or subnational) that is linked with the exploitation of oil and that is extracted through different fiscal (e.g. income tax) and non-fiscal instruments (e.g. royalties, dividends of state-owned companies). Oil revenues are understood in narrow sense; that is, as “revenues that flow to the government, after costs have been paid, and which are available for government spending” (Segal 2012, 341).

coercive and non-coercive strategies to sequester local democracy and extract oil revenues.

The capture of subnational governments in oil areas offered the armed groups access to a vast source of income. To implement their strategy, armed groups partnered with politicians to interfere with the local electoral processes through a strategy that mixed violent and non-violent means. While the armed groups facilitated the electoral win of their political associates, the latter enabled the former to divert public funds to their coffers. The thesis identifies political connections between oil revenues and armed conflicts and traces mechanism which I term the *subnational-government-as-target*. The political capture contributes to explain how oil revenues undermined the workings of the subnational government through the dynamics of the armed conflict.¹²

The processes of capture, its preservation (and contestation), and the extraction of the oil royalties had an incidence on the onset, duration and intensity of conflict at the subnational level in Colombia. Regarding conflict outbreak, while oil wealth was not the main driver of the armed groups' presence, their pursuit of oil royalties was associated with the initial use of violence against the population. Armed groups started targeting civilians who were directly or indirectly related with the management or monitoring of these revenues.

The thesis confirms the weaker association between oil and conflict's duration and intensity found in other studies. Oil revenues seemed to have mixed effects with respect to conflict persistence. On one hand, the extraction of oil royalties from subnational

¹² When this thesis refers to "political capture", it alludes to the intervention of armed groups in the processes of political distribution of goods at the subnational level. For discussion on this definition, please refer to chapter 6 of the thesis.

governments sustained the operation and expansion of armed groups. Also, these funds appeared to incentivise the emergence of dissidences within armed groups, during or after peace-making processes. On the other hand, oil wealth financed the strengthening of the state's military forces, who focused their efforts in oil areas. With regards to conflict severity, the pursuit of oil revenues was linked with the diversification of the types of armed groups' victims. However, factors unrelated to oil revenues had a greater prevalence over the intensity of conflict, particularly in terms of the number of civilian victims, and oil wealth was not directly associated with the level of indiscriminateness of violence.

To extract policy implications on how to prevent that the abundance of oil revenues sparks new armed conflicts or fuels existing ones, it is vital to understand the localised political processes linked with oil wealth. I share with Arjona (2016b), Keen (1998), and Weinstein (2007) the conviction that understanding the mechanics of violence is necessary if one aspires to contribute with advice on how to build and sustain peace in the future. In this vein, as Rettberg, Leiteriz, Nasi and Prieto (2018b, 5) recently argued for the Colombian case: "if natural resources have played a role in the onset or continuation of the conflict, the construction of peace must necessarily address its impacts and legacies." This thesis also contends that addressing the problems generated by the abundance of oil revenues also requires to focus on the basic pillars of the rule of law and democracy, such as the effective operation of the judiciary and electoral integrity.

The remaining part of the introductory chapter proceeds with five sections. The first one presents a short synopsis of the relevant literature and its main gaps. Additionally, the section discusses the advantages of examining the topic through a subnational approach. The second section provides an overview of the Colombian internal armed conflict and

the decentralised management of oil revenues. The section explains the emergence of the main armed groups, as well as the conflict's duration, intensity and subnational variation. This section also briefly describes the Colombian oil sector and the regulation on the allocation and investment of oil royalties to subnational governments. Describing this context from the outset of the thesis is important because the research design was driven by the specific features of the Colombian case. The third section of the chapter states the research questions and defines the outcome variables. The fourth section delves into the main arguments of the thesis in greater depth. The fifth section explains the research design, the data sources used to address the research questions, and the strategies for data analysis. The chapter finalises with a description of the thesis' plan.

1. The links of the oil – conflict relationship

The literature on the association between oil wealth and armed conflict is part of a broader scholarship that studies the so-called “resource curse”.¹³ Most large-N studies have found an association between oil wealth and conflict (Bell and Wolford 2015; de Soysa 2002; de Soysa and Neumayer 2007; Fearon 2005; Fearon and Laitin 2003; Macartan Humphreys 2005; Lei and Michaels 2014; Lujala 2009, 2010; Ross 2004b, 2006, 2015). Additionally, the majority of the published works have identified a negative effect that appears to be conditional. Nevertheless, the evidence for the relationship between oil and conflict outbreak appears to be more conclusive than the one for conflict duration and conflict intensity.

¹³ This thesis will use the definition of “resource curse” suggested by Ross (2015, 240) who saw it “as the adverse effects of a country’s natural resource wealth on its economic, social, or political well-being.”

Much uncertainty still exists about the causal pathways linking oil and conflict. The channels of transmission that have been hypothesised by the literature are so numerous that Humphreys (2005) referred to the result as an “embarrassment of mechanisms”. Additional evidence on the validity of these mechanisms and how they operate is critical to the passage from causal hypotheses of problems to the search for viable policy solutions (P. Collier, Hoeffler, and Sambanis 2005; Macartan Humphreys 2005; Ross 2004a, 2006, 2015; Sambanis 2004).

1.1 Scaling down to the subnational

The mainstream literature on the influence of natural resources on internal armed conflicts has addressed the research questions through cross-country econometric studies and country-level comparative case studies (Rettberg et al. 2018b; Ross 2004a; Rustad et al. 2011). However, a new branch of the literature studies the subnational impact of natural resources over armed conflict. This strand uses subnational units to explore this association and to trace the mechanisms that may explain it. This thesis aims to contribute to the nascent “subnational resource curse” literature, which studies the economic, political and institutional dimension of natural resources using research designs that exploit within-country subnational variations (Aragón, Chuhan-Pole, and Land 2015; Cust and Poelhekke 2015; L. Paler 2011; Ross 2015).

Incorporating the subnational dimension is particularly relevant to open new avenues of research that contribute to fill in the gaps of the literature on the oil-conflict relationship. A subnational approach offers at least three advantages for empirical investigation. First, civil wars and intra-state armed conflicts, like the current one in Colombia, often present major regional variations that are not attributable to national factors. In this vein, Kalyvas

(2006, 43) contended that “[b]ecause they fragment space, civil wars are processes that entail important local dynamics.” Furthermore, the differences between the national and subnational effects may not be detected if the available evidence is limited to country-level data. In other words, one of the problems associated with an approach that relies on country-level data is that it may fail to account for subnational spatial variance: the effects of internal armed conflicts are often not distributed homogeneously in the territory (Rettberg et al. 2018b; Rustad et al. 2011).¹⁴

For example, a cross-national econometric-based study may not detect the effect of oil on conflict, but a cross-regional comparison may identify it. In this vein, Cotet and Tsui (2013, 73) argued that this “‘micro-macro paradox’ in the oil-conflict relationship may suggest that the determinants of regional violence (measured by the intensity of an ongoing conflict) and large-scale violent challenge to the states (measured by the onset of insurgency or violent regime change) are different.” Hilgers and Macdonald (2017a) and Daudelin (2017) argued that the dynamics of violence in contexts of economic and political decentralisation are driven by sub-state actors and power structures that aim to impose themselves in their respective subnational spheres.

A second advantage of using a subnational approach is that it allows to take a closer look at the micro-level dynamics of armed conflicts. Using localised units of study offers the opportunity to collect and analyse more high quality data to reconstruct the evolution of armed conflicts (Kalyvas 2006). In this vein, Rettberg et al. (2018b) argued that a focus on sub-state units of analysis allow to obtain and analyse thick data that offers a more fine-grained and complex understanding of the national conflict. For example, Weinstein

¹⁴ A similar argument is made by Hilgers and Macdonald (2017a, 7) and Daudelin (2017, 50) with regards to the statistics of violence in Latin America.

(2007, 304–5) contended that “Assessments of the *character* of rebel violence are more accurately measured at the micro level ... because judgement depends on accurate information about violent incidents that occur within the conflict.”

A third benefit from the subnational study of internal armed conflicts, particularly through small-N research designs, is that it may facilitate the identification of the mechanisms that contribute to explain the oil-conflict relationship. Two established scholars in the study of civil wars, Blattman and Miguel (2010, 8), argued that “the most promising avenue for new empirical research is on the subnational scale”, especially the one that is able to integrate quantitative and qualitative works.¹⁵ In their review of the literature on the causes, conduct and consequences of internal civil conflicts, Blattman and Miguel (2010, 29) also contended that more case studies would be useful to “illustrate possible causal mechanisms, generate new hypotheses for testing, and stimulate innovative data collection”. These small-N research studies, they argued, would be particularly valuable to understand the impact of commodity prices shocks and the role of markets for extracted resources that sustain insurgencies.

Rettberg et al. (2018b) and Sorens (2011), also highlighted that studying sub-state variation was a promising approach to examine the processes that linked natural resources and war. Rettberg et al. (2018b, 12) contended that “the subnational variations of the countries in war ... are a fertile field for the academic exploration and the formulation on public policies”. Similarly, Sorens (2011, 583) concluded that “examining conflict dynamics at the sub-state, regional level is critical to a complete understanding of the sources of conflict.” More specifically, he claimed that “country-level research on the

¹⁵ Although this thesis does not use econometric methods, it follows recent research work, such as Collier and Sambanis (2005, 2005) and Rettberg et al. (2018a), which aimed at establishing a dialogue between the large-N and small-N literatures to study the relationship between natural resources and conflict.

'resource curse' cannot differentiate between all the possible causal mechanisms by which natural resources might generate conflict” (Sorens 2011, 583).

1.2 Oil and political economy of the Colombian armed conflict

Three pivotal econometric-based studies offer evidence on the sub-national links between oil and armed conflict in Colombia. The works of Sánchez and Palau (2006), Dube and Vargas (2013) and Carreri and Dube (2017) exploited subnational variation and reported differential levels of conflict intensity in oil producing municipalities and/or oil-royalty recipient municipalities. A common finding of these large-N studies is that organised violence in these municipalities specifically targeted politicians.¹⁶

However, since these studies relied mostly on quantitative data, they had a limited capacity to explain the processes that explained the outcome. While they offered an interpretation on the mechanisms that could explain their results, their evidence on the processes was indirect. Thus, for example, Dube and Vargas (2013, 1413) concluded: “How a commodity’s production characteristics interact with local political institutions in promoting armed conflict should be an avenue for future study.” This thesis aims to extend the research on this topic by tracing the mechanisms that may explain the link between oil revenues with organised violence against civilians at a municipal level in Colombia.

¹⁶ Following Croicu and Sundberg (2017), Schultze-Kraft (2017), and UCDP (2017a), in this thesis “organised violence” means the non-random use of armed force by organised actors (state and non-state organisations). Furthermore, the “use of armed force” entails the use of weapons with the objective of promoting the actors’ position in the armed conflict.

Aside from these quantitative-based studies, the majority of the works that tackled the question about the influence of oil wealth over Colombia's internal armed conflict depict the case as one in which armed groups plundered the oil industry and were strengthened by this source of income. Moreover, most of these studies addressed the topic from a country-level approach, rather than a subnational one. For example, Collier et al. (2003) and Keen (1998) portrayed the Colombian armed conflict as one in which kidnappings and sabotages to the oil infrastructure committed by guerrillas were followed by ransom payment demands to transnational oil companies and their sub-contractors.

Richani (1997), described the evolution of the Colombian armed conflict as one in which its genesis was located in the conflicts that surrounded land distribution and that consolidated, during the 1980s and 1990s, through the expansion of an "economic base" that financed the guerrillas' activities. The "economic structure" that sustained guerrillas, according to Richani (1997), included kidnapping, extortions, drug trade, taxes on coca and poppy paste, and investment in legal businesses (including mining), among others. With regards to oil-based income, he also mentioned that guerrillas sabotaged oil pipelines and that oil companies contributed directly or indirectly to these organisations.

Dunning and Wirpsa (2004) published a within-country case study of Colombia that aimed at exploring the oil-conflict linkages by identifying the interaction among actors and interests in the local, national and transnational-national spaces. As the previously cited researchers, they also focused on oil multinationals: the attacks of the guerrillas against oil sector's assets, the hiring of "extra-legal mercenaries" (paramilitaries) to protect oil pipelines, and the intervention of the US government to protect the oil infrastructure in Colombia. Dunning and Wirpsa (2004), unlike their predecessors,

mentioned that the guerrillas extorted contractors of public works, thereby diverting indirectly the oil royalties.¹⁷

Similarly, Chernick (2005) and Le Billon (2005a, 2013) framed the Colombian case as one of extortion against oil companies and related construction companies, and also mentioned that paramilitary groups engaged in large-scale theft of crude oil and refined products. According to their account, the paramilitaries received income from contraband sales of hydrocarbons.¹⁸ Ross (2012, 174) added an additional means of income profited by the paramilitaries: “Extortion by the insurgents only tells part of the story: paramilitary organisations linked to the government also raise money through oil-based extortion.”

While the qualitative works reviewed above focused on the direct connection between the oil sector and the armed conflict in Colombia, another strand of the literature has studied the linkages with oil royalties (Peñate 1991, 1998; Pearce 2007; Rettberg and Prieto 2018). This branch has two common traits: a subnational approach (focused on departments) and greater sensitivity to the local political connections of the oil-conflict relationship. This thesis aims at contributing to this specific literature, but it scales down the subnational approach from departments to municipalities.

The seminal work of Peñate (1991) examined how the oil boom in the *intendencia* of Arauca changed the dynamics of local politics.¹⁹ He reported that the resources seized by

¹⁷ Richani (1997) cited a national official document, which stated that guerrillas were able to divert public funds. However, the author did not provide further evidence on how these revenues were extracted or whether royalties were involved.

¹⁸ Dunning and Wirpsa (2004) also explained that paramilitaries financed from stealing gasoline. More recently, Rettberg and Prieto (2018, 164–65) report that the FARC and neo-paramilitary groups also participated in these illegal markets.

¹⁹ Peñate’s (1991) text was his MPhil thesis, presented in partial fulfilment of the requirements for the degree of *MPhil in Latin American Studies* in the Latin American Centre at the University of Oxford. The *intendencias* were second level governments with less autonomy than departments.

the guerrillas from the oil companies were partially distributed to the local communities. But the novelty of Peñate's (1991) work was that he provided preliminary evidence on the association between factions of local politicians and guerrilla groups to control oil-rich municipalities. He argued that the guerrillas coupled "clientelist" strategies with violence for contesting the region. However, he did not offer evidence on the diversion of oil royalties to the guerrillas and his research focused on documenting the extraction of other sources of income from oil (e.g. extortions of oil companies and their sub-contractors).

Later, Peñate (1998) re-visited his case study and provided more arguments about a practice that he labelled "armed clientelism". By "armed clientelism" he referred to the strategy used by guerrillas to seize local power in oil regions, which consisted on partnering with politicians, using armed force selectively against civilians, and brokering public works to favour communities.²⁰ His paper had three limitations. First, he only studied one guerrilla group, The National Liberation Army (ELN), and did not provide evidence of "armed clientelism" in other areas of Colombia.²¹ Second, his period of study covered few years after the decentralisation reforms of the late 1980s and early 1990s. In other words, he researched the beginning of the phenomenon. Third, Peñate's (1998) analysis was more suggestive than conclusive. The judicial rulings of the second half of the 2000s and early 2010s, which are accounted for in this thesis, offer additional evidence on the processes that linked oil royalties, armed conflict, politics and public management in Arauca. This thesis provides empirical evidence on the mechanics of these processes, which were not circumscribed to a specific guerrilla group nor an

²⁰ Gutiérrez Sanín (2008a, 230) also noted that "the control of economic resources [by armed groups] can be transformed into clientelistic politics, both with and without alliances with traditional parties". An example provided by Gutiérrez Sanín (2008a, 231) was that armed groups of "milked" oil-rich municipal and departmental governments through a "large-scale operation of embezzlements", carried out in conspiracy with webs of politicians and "rent-seeking" public officials.

²¹ The acronym ELN stands for Ejército de Liberación Nacional.

individual region of the country. Moreover, although the concept of “armed clientelism” was picked up by many researchers of the Colombian conflict, it is still an underdeveloped category. This thesis also attempts to contribute to the literature with an analytical development of this concept.

Pearce (2007) echoed Peñate’s claims on the alliances of the guerrillas and local politicians in the *intendencia* of Arauca with the objective of capturing oil revenues. Additionally, she reported similar findings with regards to paramilitaries that operated in the oil-rich department of Casanare. However, Pearce (2007) was more interested in examining the role of the multinational oil company that operated the oil fields, than on the links between oil revenues, local politics and the armed conflict.

More recently, Rettberg and Prieto (2018) examined the complex linkages between oil and armed conflict through a comparative case study of three departments in *Los Llanos* (Arauca, Casanare and Meta)²² and the oil-rich municipality of Barrancabermeja (in Santander department). Rettberg and Prieto (2018) concluded that the processes that linked oil and armed conflict varied, across time and spatially, due to the mediation of local institutional contexts. They argued that the spatial location, geographical characteristics, and historical processes of population and migration (linked with previous violent conflicts) shaped diverse local formal and informal institutional arrangements. Moreover, the historical processes of formation and change of local institutions “determined the penetration capacity and the relative power of the different armed actors in diverse oil producing zones” (Rettberg and Prieto 2018, 181). Additionally, as Pearce (2007) argued before them, they contended that the characteristics of the oil companies

²² Pérez Salazar (2011), González et al. (2012), and Duque Daza (2015) also published comparative studies that focus on these three departments of *Los Llanos*. Their work is mostly based on press and judicial documents that account for the capture of oil revenues by armed groups through coercion and partnerships with local politicians (particularly from governorates, rather than municipalities).

that exploited the resources were an additional factor that mediated the type of links generated with armed conflict.

Rettberg and Prieto (2018) reported that in municipalities of three departments (Arauca, Casanare and Meta), the guerrilla and paramilitary groups captured the subnational governments, in partnership with local politicians, and pillaged oil royalties. They also informed that the frequency, reach and duration of the subnational capture in Meta department appeared to be lower than in the other two departments. Rettberg and Prieto (2018) interpreted that the variation was the result of at least three factors: relatively less oil royalties available to capture, higher costs of seizing oil royalties (e.g. proximity to Bogotá city), and the availability of less costly means of finance (e.g. illegal drug markets).

How does this thesis differentiate from the small-N works overviewed? Overall, these studies drew most of their conclusions from studying a specific oil producing region of Colombia: *Los Llanos* (The Plains), located in the north-east of the country. Was the seizure of oil royalties by armed groups limited to this region of Colombia? This thesis argues that the capture of subnational governments to extract oil revenues was not limited to *Los Llanos*. As chapter 5 of the thesis explains, the plundering also occurred in municipalities that did not produce oil but that received oil royalties due to their oil port facilities. In other words, the thesis provides new evidence linking “oil money” (rather than oil production in itself) to the Colombian armed conflict.

In sum, this section provided a brief account of the literature on the oil-conflict relationship. While most of the econometric-based studies have reported an association between the variables of interest, the literature about the pathways that underlie the said

relationship is inconclusive. Most of the scholarship relied on country-level data and/or used national-level cases. To better understand the mechanisms that may link oil wealth and intra-state armed conflict this thesis aims at using a subnational approach that allows to trace the micro-dynamics of the armed conflict. Additionally, the thesis contributes to an emerging strand of the literature on the political economy of the Colombian armed conflict that aims at exploring the linkages between oil royalties, local politics and the armed conflict at the sub-state level. Before delving into the design of the comparative subnational study used to examine the research questions of the thesis, the next section of this chapter provides an overview of the Colombian internal conflict, the exploitation of oil, and the rules of allocation, destination and investment of oil revenues.

2. Armed conflict and management of oil royalties in Colombia: An Overview

This section offers a brief introduction to the armed conflict and the management of oil royalties in Colombia. A more comprehensive analysis of the main armed groups that operated during the period of study, the decentralisation process and subnational governments, and the special features of oil revenues in Colombia, is included in chapter 3 of the thesis.

2.1 Main features of the conflict

2.1.1 *Onset and duration*

The current internal armed conflict in Colombia has taken place since the mid 1960s, hence over a period of five decades.²³ It is the longest internal conflict in the western

²³ For a discussion about the date in which the current conflict started, refer to chapter 3 of the thesis. There are opposing views on whether the current conflict should be labelled as a type of “civil war” (Arjona

hemisphere and one of three longest ongoing conflicts in the World (Pizarro Leongómez 2006; Rettberg et al. 2018b). The Colombian conflict is quite protracted: it has lasted almost nine times more than the World's mean duration of internal armed conflicts.²⁴

Since its onset, the Colombian conflict has been multi-party. The number of parties that have participated in the armed conflict is considerable: Arjona (2016b) identified more than 13 different armed groups, both guerrilla and paramilitary groups, in the Colombian communities she researched. To appreciate this figure in perspective, consider that only 11 civil wars, between 1945 and 2003, had more than six parties (Cunningham 2011, 13).

The armed conflict has been fought along the left-right cleavage; it is not an ethnic or religious-based conflict. The ultimate goal of the left-wing guerrillas that emerged in the 1960s was to control the national state. Hence, the rebels sought a centre-seeking agenda and did not wage a secessionist conflict (Arjona 2016b; Gleditsch et al. 2002; Pizarro Leongómez 2004; Therése Pettersson and Peter Wallensteen 2015). There have been several generations and factions of guerrillas, but this thesis focuses on the two most powerful and lasting groups: ELN and the Revolutionary Armed Forces of Colombia (FARC).²⁵

Since the mid 1960s, these two Marxist-Leninist guerrilla groups operated in different regions of Colombia with the objective of opposing the bipartisan political system and

2016b; Dube and Vargas 2013; Ramírez 2002), an “armed conflict” (Pearce 2007; Rettberg et al. 2018b; Fabio Sánchez, Solimano, and Formisano 2005), a “civil armed conflict” (Posada Carbó 2001), a “war against society” (Pécaut 2011), a “war-system” (Richani 1997) or a “war against terrorism” (Pizarro Leongómez 2002). For a discussion on the difficulties of classifying the Colombian conflict, see the prologue of the book *Nuestra Guerra Sin Nombre* (In English, *Our War Without Name*) edited by Gutiérrez Sanín and Sánchez (2006).

²⁴ Since the 1940s, the mean duration of armed conflicts in the world was less than six years (Arjona 2016b; Cunningham 2011).

²⁵ The acronym FARC stands for Fuerzas Armadas Revolucionarias de Colombia.

overthrowing the national government. In the early 1990s, the ELN reached its peak in terms of the number of rebels and geographical reach, but did not become the hegemonic guerrilla group in Colombia (Aguilera 2006). Since the 1990s, the FARC became the strongest of all the guerrilla groups and then, in the early 2000s, it reached its armed zenith (Arjona 2016b; Pécaut 2008; Pizarro Leongómez 2006).

The third main non-state actor studied in this thesis is the *United Self-Defences of Colombia* (AUC), an umbrella paramilitary organisation that was setup in the late-1990s.²⁶ The AUC was the result of the fusion of armed structures that previously operated in different regions of the country. Since the 1980s, right-wing armed groups mushroomed in Colombia, both as a result of local self-defence groups against guerrillas and as paramilitary projects promoted by alliances of local political leaders, owners of large estates, cattle ranchers, and drug lords (Gutiérrez Sanín and Barón 2006; Pardo Rueda 1996; Pécaut 2008).

The emergence of the first paramilitary groups was favoured by public policy: in the 1980s the national government allowed the privatisation of security and in some cases actively promoted the creation of self-defence groups (Gutiérrez Sanín and Barón 2006; Gutiérrez Sanín 2016; Pardo Rueda 1996). However, the relationship between the state and the paramilitaries was ambiguous, oscillating between cooperation and conflict. Gutiérrez Sanín and Barón (2006) argued that the tension between the state's forces and the paramilitaries was linked with the participation of the former in drug-trafficking. Additionally, they contend that the national government remained passive with regards to the paramilitaries at least until 1995, when the state's forces started to combat them more actively due to the pressure of the United States (US) government.

²⁶ The acronym AUC stands for Autodefensas Unidas de Colombia.

The correlation of forces between the Colombian army and the armed groups started to shift in favour of the former between the late 1990s and early 2000s due to the state's increased military spending and the support of the US government (Gutiérrez Sanín 2016; Pizarro Leongómez 2006; Rettberg et al. 2018b; Rojas 2006). The AUC lasted until the mid-2000s, after settling with the national government its demobilisation.

While the FARC guerrilla demobilised (early 2017) and became a legal political party (2017), the ELN is still an active armed group that fights the state. Additionally, since 2007, different criminal bands (the so-called BACRIM)²⁷ have attempted to fill-in the vacuum of power left by the AUC and primarily seek control of illegal drugs-related businesses (CNMH 2016a; Á. V. Sarmiento 2014). Furthermore, FARC dissidences have recently appeared in diverse regions of the country and have recruited hundreds of FARC's former fighters (McDermott 2018).

2.1.2 Intensity

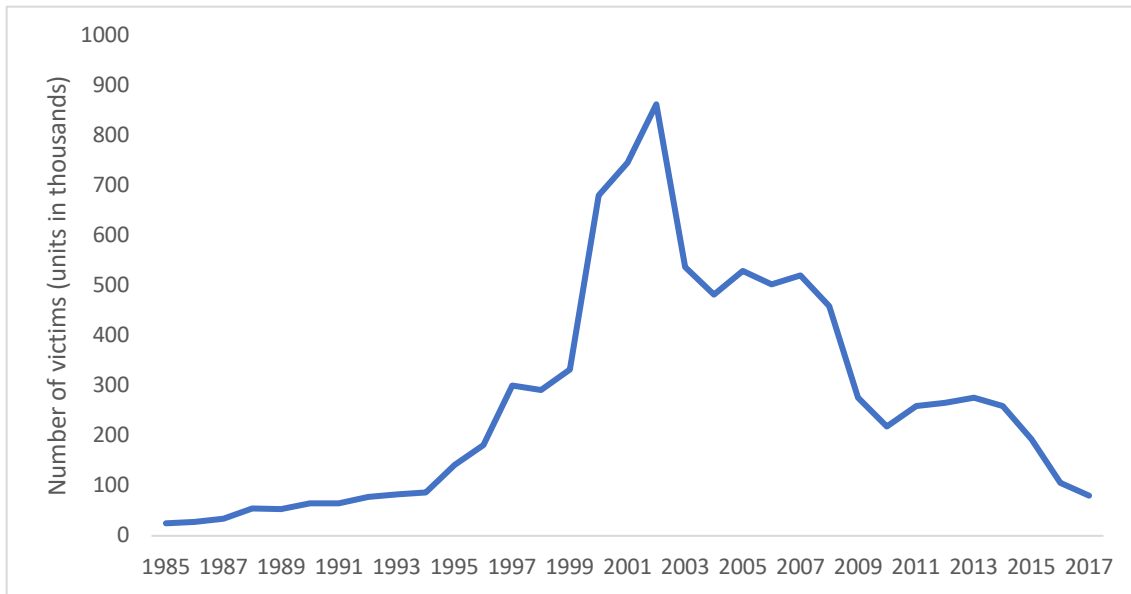
Over a period of 50 years, at least 220,000 people were killed in the Colombian armed conflict; 81.5 per cent of them were civilians (GMH 2013b, 31–32). Furthermore, the government's Unique Record of Victims (RUV) registered a total of 8,679,002 civilian victims, which represent almost 17 per cent of the country's inhabitants (RNI 2018).²⁸ The intensity of the conflict has not been constant. **Figure 2** shows how, in terms of the number of victims, the conflict's severity increased significantly since the mid-1990s,

²⁷ The acronym BACRIM stands for *Bandas Criminales*.

²⁸ According to the RUV's records the armed conflict generated 10.128.894 "victimization deeds": 80% were forced displacements and 11% homicides (RNI 2018). The remaining deeds correspond to forced disappearance, kidnapping, threats, terrorist acts, torture, recruitment of children, anti-personnel mines, physical injuries, destruction of assets, and sexual abuse.

reached its peak in the early in the 2000s, and then reduced its intensity since 2003 onwards.

Figure 2 – Total victims of the armed conflict registered at the RUV, 1985 - 2017



Source: Elaborated by the author based on RNI (2018)²⁹

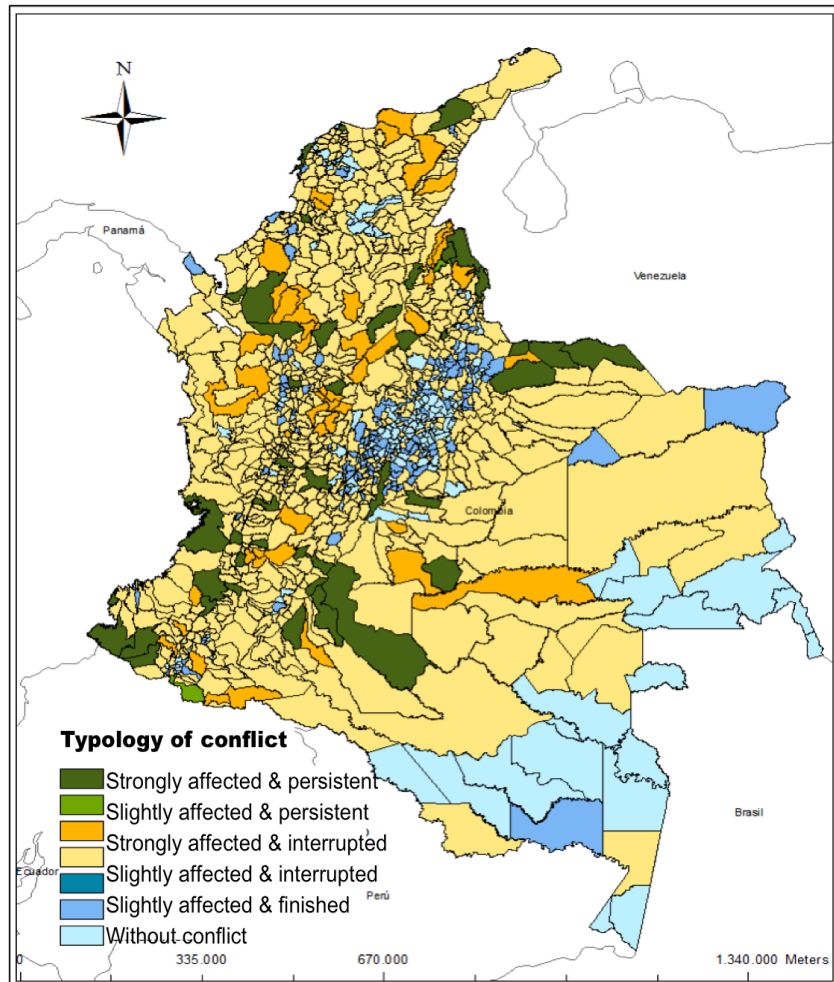
2.1.3 Subnational variation

The impact of the conflict at the subnational level is uneven (**Figure 3**). There is variation with regards to the period in which the armed groups emerged or settled in the area, the date of first use of armed force by the armed groups, the number of groups present in the territories, the duration of their presence, their sources of income, and the intensity of violence (Arjona 2016b; GMH 2013b; Millán 2011; Rettberg et al. 2018a). Although the effects of the armed conflict were not exclusive to oil producing areas, in the last one and

²⁹ According to the information in the RUV, before 1985 there were 229,537 registered victims. However, the data that is publicly available does not disaggregate the number of victims on a yearly basis.

half decades the level of victimisation in these areas was above the national mean (Rettberg and Prieto 2018, 162).

Figure 3 – Municipal variation of the conflict's intensity, 2000 - 2012



Source: Restrepo et al. (2014)³⁰

The relationship among armed groups was not consistent across the territory. For example, in specific areas and periods of time the guerrillas co-existed, cooperated or

³⁰ The categorisation of the municipalities implemented by Restrepo et al. (2014) corresponds to the following criteria: 1) Strongly affected: number of conflict events exceeds the national mean; 2) Slightly affected: number of conflict events is below the national mean; 3) Persistent: presence of armed groups during the entire period; 4) Interrupted: during the period there are years in which armed groups were not present; and, 5) Finished: no evidence of presence of armed groups during the entire period.

fought among each other.³¹ Additionally, there was subnational variation with regards to the civilian-combatant relationships, not only across armed groups, but also within armed groups (Arjona 2016b). In some regions, the armed groups limited their actions to “taxing” and controlling public order, while in other areas the armed groups intervened broadly in civilian affairs and established a social order with local populations (Arjona 2015, 2016a, 2016b).

Most of the literature on the relationship between natural resources and Colombia’s armed conflict has focused on how coca crops and drug trafficking “fuelled” the conflict (Rettberg et al. 2018b). This should not be surprising since, according to Arjona (2016b, 14), “All armed groups in Colombia have been impacted, directly or indirectly, by the market of illicit drugs.”³² However, in the last decade, a new strand of the literature has started to explore the links with other natural resources (M. Carreri and Dube 2016; Dube and Vargas 2013; Thad Dunning and Wirpsa 2004; Franco 2013; O. Gutiérrez Lemus and Celis 2014; Massé and Camargo 2012, 2013; Rettberg et al. 2018a). This thesis is close to this branch of the literature, but it focuses on the links between oil revenues and the armed conflict.

In sum, on the one hand, the Colombian internal armed conflict is protracted and affected a significant share of the population. It is a multi-party conflict in which different armed groups have aimed at capturing the territory and/or government control. The effects of the conflict have varied across time and space. Most importantly for this thesis, the onset

³¹ The shifting relationships between the ELN and the FARC in Arauca, for example, are described in chapter 4 of this thesis.

³² On the differentiated participation of Colombian armed groups in the illegal drug markets, see Pizarro Leongómez (2004). For an account on the involvement of the US government in the Colombian conflict and how this intervention has been driven by the “war on drugs”, see Rojas (2006).

of the armed conflict at the national level was not the result of a struggle for oil, nor it is confined to oil producing regions.

2.2 Oil production and oil royalties

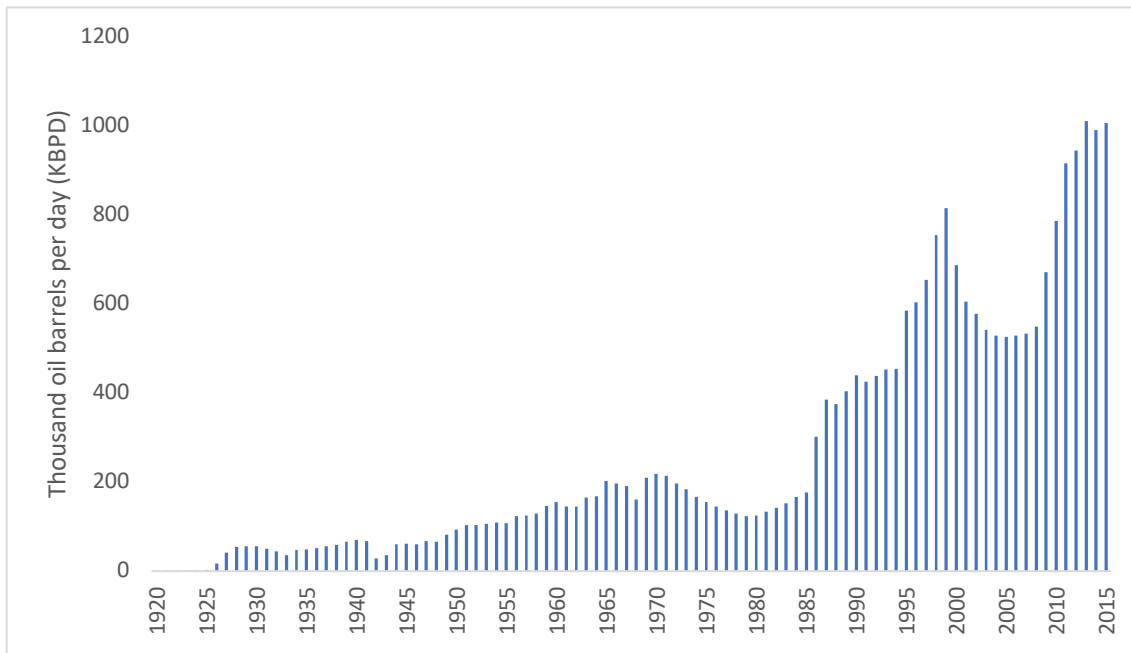
The first oil concessions were granted in 1905 by the Colombian state to private entrepreneurs, but the production and export of hydrocarbons only started in the early 1920s, when *The Tropical Oil Company* (TROCO), owned by US investors, began exploiting oil in the Magdalena river basin (Caballero Argáez and Amaya Parra 2017; Durán 2017; Ordóñez 2013; Puyana 2010; Tapias Cote 2012; Vásquez C. 2012). Hence, the production and export of oil in Colombia precedes the outbreak of the current armed conflict.

Until 1951, the production of oil remained in private hands, carried out mostly by oil companies owned by foreign investors. In this year, the TROCO's oil concessions were taken over by Ecopetrol, a state-owned oil company that was established nine months before the reversion of the concessions (Caballero Argáez and Amaya Parra 2017).³³ Between 1951 and 2015, approximately 45% of Colombia's oil production was extracted by Ecopetrol (on its own or with partners) and the rest was extracted by multinational oil companies.³⁴ Colombia's oil production was modest until the *Caño Limón* (1983) and *Cusiana - Cupiagua* (1987-1991) oil fields were discovered in Arauca and Casanare departments, respectively (**Figure 4**).

³³ There was a legal dispute between TROCO's owners and the Colombian national government about the duration of the main oil concession, the *De Mares* concession. The Supreme Court of Justice of Colombia ruled in favour of the national government's interpretation and, in August 1951, the TROCO's activities finalised when the concession and its infrastructure reversed to the state. For a detailed account of the process of nationalisation of the Colombian oil sector, see Caballero Argáez and Amaya Parra (2017).

³⁴ Author's calculations based on UPME (2016). On the market, labour and corporate structure of Colombia's oil sector, see Rettberg and Prieto (2018, 152–55).

Figure 4 - Crude oil production in Colombia, 1920-2015

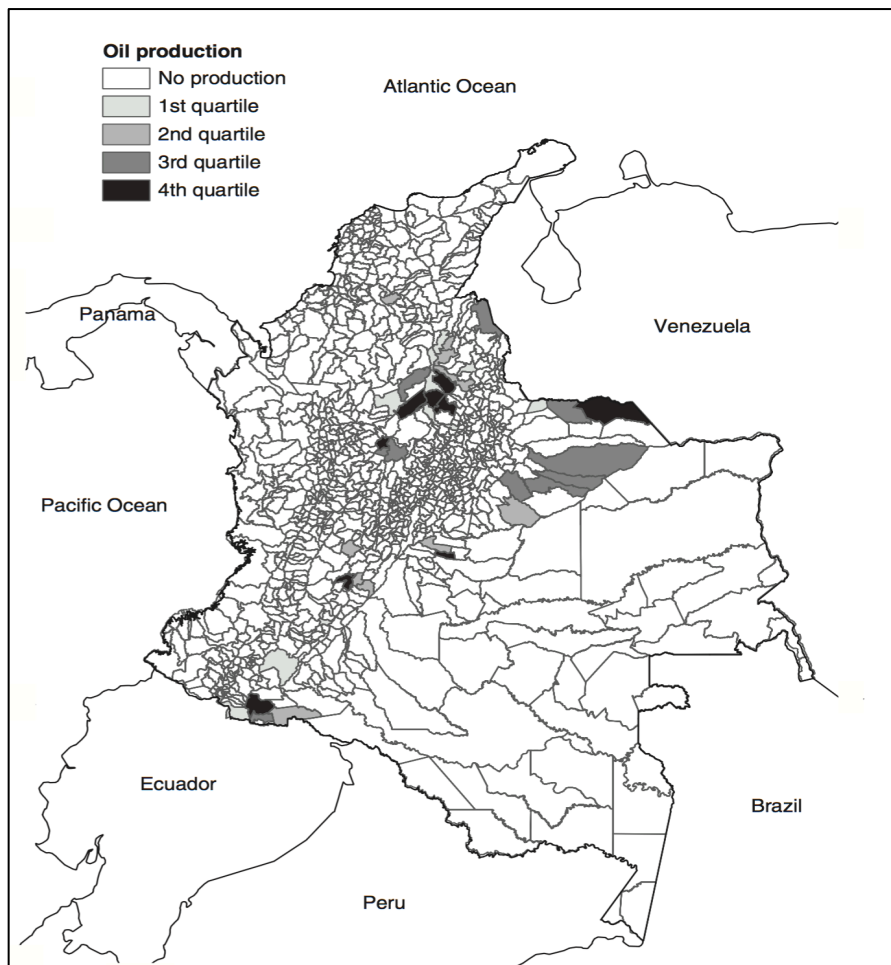


Source: Elaborated by the author based on UPME (2016)

The production of oil was concentrated in only six percent of its 1,102 municipalities (CEDE 2017). The major oil fields are located in four different areas of the country: *Los Llanos* region (north-east), the Magdalena river basin (north-centre), La Guajira department (north, off-shore), and Putumayo and Huila departments (south-west) (**Figure 5**).³⁵

³⁵ Rettberg and Prieto (2018, 148–49) claim that the two main oil producing areas are *Los Llanos* and the Magdalena river basin.

Figure 5 – Municipal variation in the production of oil, 1988



Source: Dube and Vargas (2013)³⁶

The three levels of government in Colombia (national, departmental and municipal) receive oil revenues from the production of oil.³⁷ The national government extracts oil revenues through fiscal (e.g. income tax) and non-fiscal instruments (e.g. dividends from Ecopetrol, economic rights from concessions). The departmental (governorates)³⁸ and municipal (mayoralties) governments receive oil royalties.³⁹ These royalties, paid by oil

³⁶ In the map, oil production is measured in terms of hundreds of thousands of barrels per day in 1988.

³⁷ In Colombia, the municipalities (third government tier) and the departments (second government tier) have an executive and a legislative body.

³⁸ The governorates of the departments are the second tier of government in Colombia, between the municipal and national government level.

³⁹ Although the literature on subnational governments uses the terms “state government” and “regional government” as synonyms that refer to the intermediate layer of government between the national and the

companies, are collected by the national government and then transferred to the subnational governments.⁴⁰ Since the 1930s, the regulation limits the destination of oil royalties by subnational governments: the resources can only be used to fund public investments, not current expenditures.⁴¹

Over the last century, the rules for allocating royalties to the three levels of government have changed significantly. The extraction of oil did not generate significant oil revenues for municipal governments in the first five decades of production. Until 1973, oil producing municipalities in Colombia only received 5% of the total royalties paid by the oil companies and accrued by the state (**Table 1**). The rest of the royalties were transferred to the central and departmental governments. Between 1974 and 2010, successive legal amendments significantly raised the royalty fee paid by oil companies and the percentage of the revenues transferred to municipalities.

After the decentralisation reforms of the late 1980s and early 1990s, the mayoral governments have been in charge of managing the municipal oil revenues. Hence, within the limits established by the regulations, the mayors have had the last word with respect to the prioritisation of investment projects and the procurement processes carried out to select the contractors that executed the projects.

local level (Bolleyer 2014), this thesis will not use these terms as equivalent to Colombian departmental governments (governorates). The thesis will use the term “local government” as equivalent to Colombian municipal governments.

⁴⁰ The calculation of the payments by companies to the Colombian government is based on the following formula: *Royalties = Volume x Price (pithead value) x Royalty Rate*. Chapter 3 of the thesis presents a detailed description of the different national government organisations that have collected and transferred oil royalties to subnational governments between the 1950s and 2010s.

⁴¹ It is likely that the origin of these limitations is linked to the first oil contracts negotiated between the national government and multinational oil companies. According to Armando Martínez, a local historian of Santander department, since 1927 the TROCO agreed with the national government a contract clause that granted part of the royalties paid by the oil company to the governorate of Santander and that restricted the use of these funds for investments in education and health (interview 133).

Table 1 - Royalty rates and percentage of the total royalties destined to municipalities where oil is extracted

Period	Royalty rate	Percentage transferred to municipalities	Regulation
1919 - 1952	2 – 10% of oil's gross value ⁴²	5% of royalties	Laws 120 of 1919, 37 of 1931, 28 of 1945
1953 - 1960	3 – 13% of oil's gross value ⁴³	5% of royalties	Decree 1056 of 1953
1961 - 1973	11.5 % or 14.5% of oil's gross value ⁴⁴	5% of royalties	Law 10 of 1961
1974 - 1994	20 % of oil's gross value	12.5% of royalties ⁴⁵	Decrees 1246 & 2310 of 1974, law 75 of 1986
1995 - 1999	Ibid.	12.5% or 25% of royalties ⁴⁶	1991 Constitution, law 141 of 1994
2000 - 2002	8 – 25% of oil's gross value ⁴⁷	Ibid.	Law 619 of 2000
2003 - 2011	Ibid.	12.5%, 25% or 32% of royalties ⁴⁸	Law 756 of 2002
2012 - 2017	Ibid.	Direct allocation to oil producing municipalities: 3.7%, 6.2% or 7.4% of royalties ⁴⁹	Legislative Act 5 of 2011 (constitutional reform) and law 1530 of 2012

Source: Elaborated by the author based on the cited regulations

During most of the 20th century, the allocation of oil royalties was proportional to the level of oil production at the subnational level. However, the 1991 Constitution and the

⁴² The percentage varied according to the distance between the centre of production and the point of shipping: the greater the distance, the lower the percentage charged.

⁴³ The percentage varied according to the distance between the centre of production and the point of shipping, as in the previous years.

⁴⁴ The variation depended on the location of the oil field: 11.5% for production in areas located to the east and south of the Eastern Andean range and 14.5% for production in the rest of the country.

⁴⁵ Equivalent to 2.5% of the production's gross value.

⁴⁶ The scale of transfers depended on the level of production: 12.5% of royalties for >20,000 b/d producers, and 25% of royalties for <20,000 b/d producers.

⁴⁷ The percentage varied according to the volume of production, the scale of the percentage charged increased proportionally with the amount produced.

⁴⁸ The scale of transfers depended on the level of production: 12.5% of royalties for >20,000 b/d producers, 25% of royalties for <20,000 b/d producers and, 32% of royalties for <10,000 b/d producers.

⁴⁹ The scale of transfers depended on the level of production: 3.7% of royalties for >20,000 b/d producers, 6.2% of royalties for <20,000 b/d producers, and 7.4 % of royalties for <10,000 b/d producers.

legal framework that developed it, partially de-coupled the distribution of royalties from the production of oil. Since 1994, royalties are also transferred to non-producing subnational governments through a National Royalties Fund⁵⁰ (FNR) that received 32% of the revenues. All municipalities and departments were eligible to access resources from the FNR when they presented public investment projects that were approved by the fund's managers. Moreover, due to the 1990's reforms, the subnational governments where oil ports operated also started receiving royalties.

In recent years, the rules for allocating royalties were adjusted and more funds are shared with non-producing subnational governments. Due to the constitutional reform of 2011 and the laws that developed it, 20% of the total royalties are directly allocated to the oil producers. The remaining is allocated through a new system of funds that benefits all subnational governments which replaced the FNR. The new General Royalties System⁵¹ (SGR), in force since 2012, established two new funds that are destined for savings and stabilisation (up to 40%), and three funds that channel resources for public investment projects (40%) (Bonet and García 2014).⁵² Municipalities and departments are assigned a fixed amount of royalties through a biennial budget. The formulas used to allocate the royalties in the funds consider, among others, the population and indicators of poverty level.

In summary, Colombia commenced producing and exporting oil several decades before the current armed conflict started. The production of oil was highly concentrated in – at least – four separate regions of the country. The extraction of oil was modest until the 1980s, when the oil field discovered in *Los Llanos* region boosted Colombian oil

⁵⁰ In Spanish, Fondo Nacional de Regalías.

⁵¹ In Spanish, Sistema General de Regalías.

⁵² The rest of the resources are used to finance current expenses related to management and monitoring of the royalties' system.

production. All three levels of government accrued oil revenues, but municipalities only started receiving a significant share since the mid-1970s. The oil royalties were collected and transferred by central government organisations to the subnational governments. The oil royalties' regulation restricts the use of these revenues, primarily for investment projects, but the subnational governments are in charge of leading the public investment processes implemented to deploy the resources.

3. Research questions and defining the outcome variables

The discussion so far highlights a gap in our knowledge concerning the processes that link oil and armed conflicts. The main objective of this thesis is to provide localised evidence about the operation of the mechanisms by which oil revenues (*independent variable*) have incidence on the violence⁵³ (*outcome variable*) produced as a result of the internal armed conflict in Colombia.

The independent variable is measured both in terms of oil royalties per capita (abundance) and oil royalties as a percentage of total municipal revenues (dependence).⁵⁴ The outcome variable is studied in all three of the standard dimensions: onset, duration and intensity. Additionally, the thesis explores whether the links between oil revenues and armed conflict also affect the public management of resource revenues in Colombia.

⁵³ The term “violence” is a contested category and it is often used differently by scholars and practitioners (Hilgers and Macdonald 2017b, 5). Furthermore, Kalyvas (2006) makes an analytical distinction between “civil war” and “civil war violence”. He decouples the concepts with the objective of distinguishing between violence as an outcome (specific instances of violence) and as a process (the mechanisms that precede and follow them). This thesis follows a narrow definition of “violence”, understood as “the deliberate infliction of harm” on civilians (Kalyvas 2006, 19).

⁵⁴ Chapter 2 (section 2.3) of the thesis discusses the differences between resource abundance and resource dependence and how previous measured these proxies.

Hence, this thesis addresses three research questions:

- (1) How does oil revenues affect conflict onset at the subnational level?
- (2) How does oil revenues affect conflict duration at the subnational level?
- (3) How does oil revenues affect conflict intensity at the subnational level?

The generation of large scale organised violence is one of the main effects of internal armed conflicts (Collier, Hoeffler, and Rohner 2009). In this type of conflicts, the emergence of armed groups constitutes an effective “breakdown of the monopoly of violence by way of armed internal challenge” (Kalyvas 2006, 18). Although one of the distinctive features of internal armed conflicts is that this type of violence is produced by rebel organisations (Collier, Hoeffler, and Rohner 2009), both governmental and non-governmental armies are capable of organised violence (Allansson, Melander, and Themnér 2017).⁵⁵

While organised violence may be targeted against combatants and non-combatants, I follow Kalyvas (2006) who intentionally focused on the violence committed against the latter. While Kalyvas (2006) justified his decision in terms of the research gaps related to this type of violence, I add two other reasons. First, as it was mentioned in the previous section, most of the victims of the Colombian armed conflict (over $\frac{3}{4}$ of all the victims) were civilians.⁵⁶ More importantly, based on the datasets of GMH (2013a), the type of organised violence that appeared to be linked with oil revenues was usually targeted against civilians rather than combatants. This thesis reports that armed groups often used

⁵⁵ The thesis follows Kasfir (2015, 24), who defines “rebel organisations” as “consciously coordinated groups whose members engage in protracted violence with the intention of gaining undisputed political control over all or a portion of a pre-existing state's territory. They are rebels because they violently oppose the existing state government and/or any other rebel group.”

⁵⁶ However, according to Weinstein (2007, 5), this is not an unusual outcome of armed conflicts: “the primary victims of violence in civil war are non-combatants caught in the midst of the fighting.”

their armed force against non-combatants with the direct or indirect objective of seizing oil revenues.

When does “conflict onset” occur at the subnational level? Most cross-country and country level studies on armed conflicts define the date of conflict outbreak as the calendar year in which certain number of battle-related deaths (e.g. 25 or 1,000, depending on the dataset) were reached for the first time (Therése Pettersson and Peter Wallensteen 2015). This thesis adopts a more nuanced approach to identify the conflict onset at the subnational level. First, because it is unclear whether the arbitrary thresholds used to measure country level conflicts are appropriate to study subnational units. Second, because this research focuses in exploring the processes that precede and follow organised violence, rather than studying specific instances of violence (Kalyvas 2006).

In this thesis, the process of *conflict onset* at the municipal level is divided in two different stages. First, the presence of an armed group in a municipality, either because it is locally assembled or because the organisation entered into the territory from another region. Second, the first act of violence carried out by an armed group against the state and/or civilians.⁵⁷ Armed groups may not necessarily use their armed force immediately after their organisation or arrival. The first use of force may occur, for example, only after the rebels perceive that they have reached the sufficient military capability to defend and control the area (Kasfir 2015, 28).

The cross-country datasets on armed conflicts register the length of a conflict in terms of the number of consecutive calendar years in which it is active (above the dataset’s

⁵⁷ Kasfir (2015, 30) argues that “The first act of violence by the rebel group against a state government or another rebel group provides an appropriate starting date for a rebellion because it signals the rebels' intent to its opponent. Before that date it is not a rebel group.”

threshold of deaths); consequently, according to this definition, the termination of the use of armed force occurs when there is – at least – one calendar year in which the conflict is inactive (below the dataset’s threshold of deaths) (Croicu and Sundberg 2017; Therése Pettersson and Peter Wallensteen 2015; UCDP 2017a).

In this thesis, the *duration of conflict* at the subnational is also approached through a more nuanced view than the one used in most large-N works. First, more than one armed group may be present in a single municipality. In such cases, the thesis will trace the duration of each of the armed groups, identifying when a group ceases to exist (due to an agreement with the national government or because of a military victory of the state forces).⁵⁸

Second, regardless of the total number of groups that operate in the municipality, the termination of the conflict at the municipal level will correspond to the “complete disappearance of the threat of violence” from armed groups (Kasfir 2015, 31). Hence, the conflict will be finished at the municipal level when armed groups no longer operate in the territory during at least one calendar year. Third, the thesis also explores the peace processes that may precede conflict termination. The thesis follows Le Billon (2009, 20), who identified three different stages of conflict termination: peace-making (initiatives to settle the conflict), peacekeeping (prevention of relapsing) and peacebuilding (reconciliation).

The literature has used diverse criteria to define and measure the severity of armed conflicts. Most of the econometric-based studies and some small-N studies (for example, Ross (2004a)) rely on datasets that classify the intensity of armed conflicts in terms of the

⁵⁸ The reduction of the number of warring sides in a multi-party conflict, especially when the parties have separate preferences over its outcome, may facilitate the armed conflict’s termination (Cunningham 2011).

number of combat-related deaths (Bazzi and Blattman 2014; Croicu and Sundberg 2017; Cunningham 2011; Therése Pettersson and Peter Wallensteen 2015; Weinstein 2007). This measure includes both soldiers and civilians and conflates killings committed by state and rebels (Weinstein 2007). Moreover, Lujala (2009) considers two different aspects of conflict severity: the total number of deaths and the average combat death rate of an armed civil conflict. Furthermore, Dube and Vargas (2013) and Carreri and Dube (2017) offer a more ample approach, they also use the number of attacks against politicians as a measure of the conflict's intensity.

This thesis measures the *intensity of conflict* at the subnational level in terms of the number of deaths or attacks against civilians in municipalities. Additionally, this thesis follows Weinstein (2007, 18), who distinguishes “the intensity of violence as being reflected in both the character and the level of violence committed against civilians.” Hence, the thesis considers both the level of victimisation (number of civilian victims) and the nature of violence (selective or indiscriminate).⁵⁹

Table 2 summarises the criteria used in this thesis to assess the outcome variables at the subnational level.

⁵⁹ This thesis follows the definitions of selective and indiscriminate violence proposed by Weinstein (2007, 18): “Violence is selective if it targets individuals or groups that threaten to undermine a rebel organization; selective violence has a tactical purpose for the group. ... Indiscriminate violence makes no distinction among potential victims, neither protecting supporters nor punishing defectors”

Table 2 – Assessment criteria for outcome variables

Variables	Assessment criteria	
Conflict Onset	1. Initial presence of each armed group.	2. First use of force by an armed group (against civilians).
Conflict Duration	1. Duration of each armed group. 2. Absolute disappearance of all armed groups.	3. Initiation of peace-making, peacekeeping or peacebuilding.
Conflict Intensity	1. Level of victimisation.	2. Nature of violence (selectivity or indiscriminateness).

Source: Elaborated by the author

4. The main arguments

This study contributes to the literature by offering evidence on why and how oil revenues had an incidence on conflict onset, intensity and duration at the subnational level in Colombia. Drawing from the evidence of cases, this thesis describes the processes triggered by the abundance of oil royalties in a decentralised context. The thesis identified a new channel, not previously developed by the existing scholarship, linking oil wealth and armed conflict.⁶⁰ The new pathway, which I term the *sub-national-government-as-target* mechanism, was driven by the strategies implemented by armed groups with the objective of seizing oil revenues through the political capture of the local democracies.

How did the *sub-national-government-as-target* work? The thesis contends that the capture of the subnational governments was carried out by armed groups through partnerships with politicians. These coalitions aimed at sequestering local democracies by interfering with subnational elections. The strategy often combined both violent and

⁶⁰ Chapter 2 of the thesis identifies almost thirty mechanisms, discussed by previous studies, that aim at explaining the oil-conflict relationship with regards to onset, duration and intensity of civil wars.

non-violent actions to interfere with local electoral processes and subnational public management. The partnership was based on a *quid pro quo* logic: politicians were supported by armed groups and, once in office, the elected officials facilitated and/or tolerated the syphoning of public funds towards the armed groups' coffers.

The opportunity to seize oil rents at the subnational level appeared to shape organised violence in all three of its standard dimensions: onset, duration and intensity. However, this statement must be qualified. Oil wealth did not appear to explain the initial presence of the armed groups, nor did it contribute to fund the initial setup of these organisations. Some of the armed groups were already present before the oil windfall and the ones that arrived later were also attracted by other source of economic rents. However, the evidence discussed in this thesis suggests that the windfall of oil royalties was associated with the first use of violence against civilians who were directly or indirectly linked with the management or oversight of these funds.

The effects of oil revenues on the endurance of the armed conflict at the subnational level appeared to be mixed. The extraction of oil royalties from subnational governments sustained the operation, strengthening and expansion of guerrillas and paramilitaries. Additionally, oil revenues appeared to increase the feasibility of dissidences within the armed groups, during or after peace-making processes. But oil wealth also increased significantly the funding of the Colombian national government. The strengthening of the state's military forces was possible due to the vast revenues directly or indirectly contributed by the oil sector. Better equipped and with a larger force, the national government focused its military efforts in oil areas.

The oil windfalls contributed to increase the severity of conflict, especially regarding the expansion of the types of victims targeted by armed groups. The pursuit of oil revenues was associated with the diversification of the type of civilians who were targeted by armed groups: politicians, public officials, civil society leaders and journalists. However, other factors unrelated to oil revenues (e.g. economic rents from drugs) had a greater prevalence over the intensity of conflict, particularly in terms of the number of civilian victims.

The *sub-national-government-as-target* is different from the mechanism referred by the literature *state-as-target*.⁶¹ The main distinction between the mechanisms is that the *state-as-target* hypothesises that armed groups aim at overthrowing national governments to seize future oil revenues after they grab power, while the *sub-national-government-as-target* theorises that in contexts in which subnational governments accrue abundant oil revenues the armed groups may fund and strengthen their military capacity by capturing these governments. In other words, armed groups may seize oil revenues without the need of overthrowing the national government or seceding part of the territory. Furthermore, the strategy implemented by the armed groups to achieve the political capture of the local democracies involves the use of armed force against specific types of civilians, rather than military actions to defeat the public forces and throw out the state from the territory.

More generally, the channel identified in this thesis is different from other mechanisms described by the literature because it had direct incidence on government policies and democratic institutions at the subnational level. In this vein, the thesis offers a plausible

⁶¹ For a detailed discussion of the main mechanisms identified by the literature, refer to chapter 2 of the thesis.

explanation of how oil revenues affect public policy and public management at the subnational level through the armed conflict.

Additionally, to the best of my knowledge, this is the first study that reports evidence on the subnational mechanisms that link oil revenues and the armed conflict in Colombian non-producing areas. The existing scholarship on the political economy of oil and conflict in Colombia focuses its work in a specific oil-producing region of Colombia (*Los Llanos*), while this thesis also examined two non-oil producing but oil-royalty rich municipalities.

The thesis suggests a cautionary tale about decentralisation in the presence of internal armed conflicts. The local democracy and rule of law in the oil-royalty abundant municipalities were vulnerable to armed groups. Three aspects of subnational governance appeared to be particularly weak: sub-state strength (autonomy and capacity), local accountability, and integrity of elections. The thesis argues that the national state should invest on strengthening these building blocks of democracy and rule of law instead of shifting towards recentralisation.

While the main conclusions drawn from this research are based exclusively on the Colombian case, the lessons are pertinent for countries with ongoing armed conflicts, either because they already have resource-rich regions or because oil may be discovered in conflict zones.⁶² Similarly, the thesis may also be pertinent for countries that recently initiated post-conflict processes and that face the risk of relapsing.

⁶² In the last decade, the Uppsala Conflict Data Program has registered an upward trend in the global number of armed conflicts. In 2014, there were 39 active within country armed conflicts (Therése Pettersson and Peter Wallensteen 2015, 537). Some of these conflicts took place in oil producing countries such as Russia, Iraq, India, Thailand, Algeria, Libya, Nigeria, South Sudan, and Uganda.

5. Research design and data

A comparative case study approach was implemented to examine how oil revenues affected conflict at the subnational level in Colombia.⁶³ This strategy is adequate to address the research questions since it facilitates exploring “how” and “why” a “social phenomenon works” (Yin 2013). More specifically, case studies are particularly useful to gain in-depth insights on the causal pathway between two or more variables of interest (Gerring 2017; Yin 2013). In this vein, Sambanis (2004, 273) contended that using case studies to examine civil wars may facilitate the identification of “plausible mechanisms”, by mapping “the processes that link individual motives and actions to broader outcomes.” Thus, the advantage of using this approach in this research was to gain richer understanding of the causal mechanisms that underlie the relation between oil wealth and the internal armed conflict.

The unit of analysis of this case study research is the municipality, Colombia’s lowest tier of government, and the temporal analysis spans from the early 1960s until 2017.⁶⁴ Snyder (2001) argues that moving down the scale to the subnational level when conducting a comparative case study research offers at least three advantages. First, it increases the number of observations within cases and offers opportunities to make subnational comparisons (e.g. facilitates matching units of analysis and holding constant key factors). Second, it increases the sensitivity to variation within a country, thus mitigating the so-called “whole-nation bias” that leads researchers to miss-code cases when they rely solely in country-level data. As it was discussed above, focusing on the subnational level allows

⁶³ I follow Gerring (2017, 28) who defines “case study” as the “intensive study of a single case or a small number of cases which draws on observational data and promises to shed light on a larger population of cases.”

⁶⁴ In Colombia, a municipality comprises both the town or city and its rural areas.

to study the within-country variation of oil revenues (*independent variable*) and organised violence (*outcome variable*), both in terms of time and location.

Third, the analysis of subnational units allows to identify the uneven nature of complex political, economic and social processes within a country; therefore, taking a closer look to such variation facilitates to make more accurate descriptions of the processes of change. Additionally, a key value added offered by the case study approach is that it may shed light “about the process that leads to war” and, as Collier, Hoeffler, and Sambanis (2005, 19) highlighted, understanding such process “matters if different policy interventions can be designed to reduce the risk of war at various stages of conflict”. For all these reasons, the subnational comparison may render additional possibilities of tracing the causal pathway of the oil-conflict relationship.

The main objective of the research design was to explore a relationship between variables of interest with the aim of building mid-range theories, rather than testing existing hypotheses. A case study approach has a limited capacity to definitely confirm a hypothesis (or to definitely reject it). Instead, this methodology has an exploratory advantage (e.g. generating hypotheses) and allows understanding how the independent, mediating and dependent variables interact when it is supplemented with process tracing analysis (P. Collier, Hoeffler, and Sambanis 2005; Gerring 2017; Sambanis 2004). Hence, this doctoral project is more about theory building than theory testing.

The main limitations of the research design implemented in this project are discussed at the end of this section. Before commenting these limitations, the following sub-sections, describe how the case selection strategy was implemented, the data sources that were used, the weaknesses of the data, and how the information was analysed.

5.1 Case selection strategy

The case selection strategy followed a step-wise procedure. First, I defined the universe as those municipalities in Colombia that received oil royalties due to the extraction of oil or the operation of oil-ports in their territory. According to the data in CEDE's (2017) *Municipal Panel*, between 1986 and 2011⁶⁵ over seventy Colombian municipalities (out of 1,102) accrued oil royalties. Second, from that universe of municipalities I identified those that both had abundant oil revenues (royalties per capita), and that were fiscally dependent on oil revenues (royalties as a percentage of total revenues).⁶⁶

Hence, the first two steps allowed me to identify “extreme cases” of municipalities that became abundant and dependent on oil royalties, thus maximising the variation on the independent variable through time.⁶⁷ The advantage of the “extreme case design” is that a large variation on the value of the variables of interest “makes a relationship more transparent, and thus helps to identify hypotheses of further research” (Gerring 2017, 68).

Third, I aimed at selecting municipalities from different geographical clusters, separated by hundreds of kilometres from each other, to limit the probability of conflict and oil-boom-related spill over effects between the cases.⁶⁸ At least four different geographical

⁶⁵ Systematic data on oil royalties transferred to subnational governments before 1986 is not available. Furthermore, from 2012 onwards, most Colombian municipalities received royalties due to a constitutional amendment that partially de-linked the allocation of oil and mineral royalties from the extractive activities and which granted a share of royalties to all municipalities.

⁶⁶ I follow the standard used by the IMF (2007), which considered that a country is oil-rich when the value of hydrocarbon revenues represents at least 25 percent of the total fiscal revenue.

⁶⁷ An “extreme” case-selection technique aims at identifying extreme values of X_1 or Y or X_1/Y (Flyvbjerg 2006; Gerring 2017; Yin 2013). In this case, I identified extreme values of the explanatory variable: royalty-abundance and royalty-dependence in municipalities.

⁶⁸ On the “contagion” effects and “diffusion” of violence and civil war within countries and the spill-over of war to neighbouring countries, see Sambanis (2004, 270) and Sambanis (2005, 321–23). Furthermore, Berman et al. (2017) provide substate evidence on the spill-over effects of mineral-driven conflicts in Africa. Based on evidence of Colombian municipalities, analysed with spatial econometrics methods, Sánchez, Solimano and Formisano (2005, 129–33) reported a positive and significant correlation between

clusters of oil-royalty-rich municipalities may be identified in the Colombian territory: 1) municipalities in Arauca, Casanare and Meta departments (north east); 2) municipalities in La Guajira (gas) and Sucre departments (oil port) (north and north-west); 3) municipalities in Antioquia, Boyacá and Santander departments (north-centre); and, 4) municipalities in Huila and Putumayo departments (south-west).

Fourth, I aimed at choosing municipalities with comparable developmental levels at the start of the period of study (and prior to oil booms). This allows controlling for alternative explanations on the initial conditions that may influence the behaviour of the dependent variable (e.g. opportunity cost of rebellion, local rule of law). The data from 1964's national census provides information on education level (literacy) and access to basic public goods (water, electricity). Finally, due to the fact some municipalities are located in active conflict zones, I discarded those in which carrying out fieldwork would entail very high security risks.⁶⁹

With these criteria in mind, I selected two municipalities: *Arauca* and *Tolú – Coveñas*. The selected cases met three conditions: (1) the municipal governments were oil-royalty abundant and dependent (**Table 3**); (2) the municipalities had comparable development levels at the beginning of the period of study (**Table 4**); and, (3) the municipalities are located in different geographical regions of Colombia, one in the east and the other in the north-west of the country (separated by a distance of over 1,000 km by road) (**Figure 6**).

the presence of armed groups in neighbouring municipalities and local homicide rates. They concluded that “regional presence of illegal armed groups is associated with local violence, even if there are no factors that generate violence in the local municipality” (Fabio Sánchez, Solimano, and Formisano 2005, 133).

⁶⁹ Nonetheless, while conducting fieldwork in Arauca, one of the selected cases, a guerrilla attack against a military base (located in the centre of the town) occurred close to my accommodation. The urban area of the municipality had been relatively free from guerrilla attacks for several years; hence the bombing of the base was a surprise not just for me but also for locals as well. Consequently, I had to leave Arauca earlier than planned as my security risks elevated. I wrote a brief account of this experience once I returned to Oxford (Gutiérrez R. 2016).

Table 3 – Oil-royalty abundance and dependence of the cases and national average, 1986-2015 (constant pesos 2015)

Case (period after oil windfall)	Average annual royalties per capita (million pesos)	Average % of royalties over total municipal revenues	Source of royalties
Arauca (1986 – 2015)	\$ 0.61	61.2 %	Production of an giant-oil field
Tolú – Coveñas (1995 – 2015)	\$ 0.76	39.1 % ⁷⁰	Law granting royalties to oil ports
National municipal average (1986 – 2015)	\$ 0.02	2.6 %	Oil & mineral production and/or oil & mineral ports

Source: Author's calculations based on CEDE (2017)

Table 4 – Socio-economic data at the start of the period of study (1964 census)

Case / Indicator	Population	Illiteracy rate	Households without potable water	Households without electricity
Arauca	7,965 (46% rural)	45%	67%	80%
Tolú – Coveñas	12,578 (40% rural)	38%	78%	63%
National municipal average	20,307 (48% rural)	31%	61%	66%

Source: Author's calculations based on DANE (1967, 1968a, 1968b)

⁷⁰ Between 1994 and 2001 the data on total municipal revenues of Tolú is only available for 2 years (1996 and 2001), hence the fiscal dependence on oil royalties should be higher than the one reported in the table.

Figure 6 – Map: Location of the cases in the Colombian territory



Source: Adapted by the author based on CEDE's (2018)

Arauca is a municipality located in the north-east of Colombia, bordering with Venezuela. In 1983, a giant oil field⁷¹ was discovered in Arauca by the multinational *Occidental Petroleum Corporation* (OXY)⁷². The production of the *Caño-Limón* oil field started in late 1985 and it is still exploited by OXY and Ecopetrol. The municipal government of Arauca has received a windfall of oil royalties since 1986 until present time.

The story of the coastal municipalities of Tolú and Coveñas is a bit more convoluted. The municipalities are located in the north-west of the country, on the shore of the Caribbean Sea. Between 1939 and 2001, Coveñas was part of Tolú municipality. Hence, during that

⁷¹ A giant oil-field contains “ultimate recoverable reserves” of at least 500 million barrels (bbl) (Lei and Michaels 2014, 139). In September 1984, OXY announced that *Caño Limón* oil field had over one billion barrels (Peñate 1991).

⁷² OXY was associated with the Colombian oil state-owned company, Ecopetrol. However, by that time, 50/50 association contracts were mandatory for private companies that explored and extracted oil in Colombia. The role of Ecopetrol in the discovery and development of Caño Limón was passive.

period of time, the area of Coveñas was under the jurisdiction of Tolú's municipal government. Coveñas became an independent municipality only until 2002, after a complex process of legal secession from Tolú. Additionally, oil is not produced in these municipalities: since the 1940s, oil is exported from a port located in Coveñas. A legal amendment, in force since June 30, 1994, granted royalties to the municipalities where oil was exported. Consequently, since 1994, Tolú's municipal government received oil royalties. In 2002, after Coveñas became independent, its new municipal government also started receiving royalties.

In sum, the selected municipalities are similar with respect to their abundance and dependency on oil royalties (independent variable) and their initial socio-economic conditions. However, there is a key variation with regards to the independent variable that offers opportunities for making comparisons. Oil wealth in Arauca was composed by oil assets⁷³ and oil revenues accrued by the subnational government. In contrast, in Tolú – Coveñas oil wealth was exclusively associated with oil revenues received by the subnational government because oil was not produced in its territory. Hence, the case selection allows to explore whether the type of oil-conflict relationship that takes place in an oil-producing municipality is analogous to the one that occurs in municipality where there are oil revenues but no oil production.

A more detailed justification of how the case selection strategy facilitated tracing the processes that underlie the oil-conflict relationship is presented in section 5.3 of this chapter. Additionally, a historical account of Arauca, Tolú and Coveñas and further

⁷³ Additionally, the extraction of oil also involved oil-related assets and vertical linkages between the oil companies and the local economy.

information of their socio-economic background is provided in the chapters of the respective cases.

5.2 Data sources

This section discusses the pertinence of the data that was sought, how the data was collected, and the limitations of the data. During the research I collected and analysed quantitative and qualitative data. The quantitative data was first used to measure the *explanatory variable* and select the thesis' cases. Additional quantitative data was assessed to examine the socio-economic background of the cases. Furthermore, diverse statistics on violence linked to the armed conflict at the municipal level were explored to measure the *outcome variable*.

The *Municipal Panel* of the *Centro de Estudios sobre Desarrollo Económico* (CEDE 2017), built by *Andes University*, was the main dataset I used to retrieve information about municipal public finances for the period 1984 and 2015. The dataset compiles information from different governmental sources. With regards to the data on public finances (including royalties), the dataset includes information about municipal revenues assembled by the DNP, which collects self-reported data from municipal governments.

The CEDE's (2017) dataset also contains information on the transfers of oil royalties to municipalities reported by Ecopetrol (1986-2004), the *National Hydrocarbons Agency* (ANH) (2004-2015) and DNP (2012-2015). However, I found two important shortcomings in the available data on oil royalties: missing data and discrepancies between the information of royalties self-reported by municipal governments and the data reported by the national government organisations in charge of transferring the royalties. A detailed example of these shortcomings with regards to the data on oil royalties in Tolú

and Coveñas is discussed in chapter 3 of the thesis, in the section about the transparency in the management of royalties in Colombia.

During my preliminary fieldwork, seven different national government officials, from DNP -both royalties and territorial divisions- and the national civil service department, cautioned me about the quality of information registered in subnational datasets.⁷⁴ The shortcomings appear to be particularly acute with regards to the self-reported data by subnational governments. First, there is little control on the quality of the data reported by subnational governments. Second, since 2005, some municipalities may have misreported financial or public management data to improve their scores in the municipal annual performance indexes curated by the national government. According to an advisor of the DNP's royalties division, “it is well known that some municipalities hired people to cook the reported data”.⁷⁵

I attempted to mitigate the short-comings of the data on oil royalties by searching for information on the production of oil at the municipal level. Unfortunately, systematic and country-wide information on oil production of Colombian municipalities is not publicly available. However, the main business association of the oil sector, the *National Association of Petroleum* (ACP), published data of oil production at the departmental level, company level and oilfield level for the period 2004 – 2017 (ACP 2017). Based on the information retrieved from ACP's dataset, I requested Ecopetrol information about the production of the oil-fields located in the cases of study. The state-owned oil company sent me detailed data in two separate communications (Ecopetrol 2017a, 2018).

⁷⁴ Interviews 8, 10, 28, 31, 40, 50, and 56.

⁷⁵ Interview 8. Another national government official (interview 10) and a worker from a multilateral organisation that offers capacity building training to municipal governments (interview 21) made similar remarks.

Furthermore, I complemented and cross-checked the data with press reports on the yearly production of oil in the respective oil-fields.

Two main sources were consulted to collect and examine data on the socio-economic conditions of the cases. First, the information contained in the last thirteen national censuses that were carried out by the Colombian government between 1851 and 2005.⁷⁶ Except for the last two censuses, most of the data is only available in printed or PDF reports. Hence, retrieving the pertinent information about the cases required skimming literally thousands of pages until the needle in the haystack was found. Furthermore, the fact that the last census dates back to 2005 negatively affects the quality of Colombia's subnational data that is available for the last decade. For example, the data on the population of the municipalities after 2005 corresponds to projections calculated by the national government statistics office (DANE 2011). The other key source of data used to explore the socio-economic background of the cases was the *Municipal Panel* of CEDE (2017), which compiles information published by diverse national government bodies.

With respect to the outcome variables, I consulted two main data sources to measure violence at the municipal level. The key source of information were the datasets published by the *Group of Historical Memory* (GMH 2013a). The GMH was composed by 21 principal researchers and 25 research assistants, who were supported and funded by the national government and 25 international cooperation agencies. Their work aimed at fulfilling one of the mandates of the *Law of Justice and Peace* (law 975 of 2005): to produce a report on the origin and evolution of the illegal armed groups in Colombia (GMH 2013b, 16).⁷⁷ These datasets compiled governmental information, but the GMH

⁷⁶ The national government carried out a census in 2018 but the full disclosure of the data is projected for 2019.

⁷⁷ The report of the GMH (2013b) is titled "Enough! Colombia: memories of war and dignity".

also updated and complemented the existing data bases with sources that did not rely on governmental sources. This is the case of the dataset on political violence that had been previously assembled by the *Institute of Studies on Politics and International Relations* (IEPRI) of the National University of Colombia (GMH 2013b, 32).⁷⁸ Additionally, the GMH also published a new database built by a private firm, *Cifras & Conceptos* (2013), which compiled information on kidnappings from six different sources (including data from government agencies, press reports, judicial rulings, and secondary publications). One of the main shortcomings of the datasets mentioned above is that information only records violence after 1970, a few years after the current armed conflict started in Colombia.

The second source of quantitative data on the armed conflict that I used was the national government's Unique Record of Victims (RUV). The RUV is a database created to implement the *Victims' and Land Restitution Law* (law 1448 of 2011). Due to the mandate of the law, the RUV only registers data from 1984 onwards. Hence, the dataset that is publicly available only records information about people who claimed to be victims of the armed conflict after January 1, 1985 (GMH 2013b, 32). The sources of the RUV include several information systems created by national agencies which registered the armed conflict's victims and data collected by the national government Victims' Unit, to register the people who requested indemnification in the legal processes established by the Victims' and Land Restitution Law (RNI 2017). One of the main shortcomings of the RUV is that the information is mostly based on registries of people who claimed to be victims of the armed conflict.⁷⁹

⁷⁸ The GMH updated and complemented IEPRI's data base on political violence with information contained in seven national and local newspapers (GMH 2013b, 32).

⁷⁹ For a discussion on the main problems with data on armed conflicts and violence, refer to Chapter 2 of this thesis.

Although this research benefitted from the quantitative data described above, the main findings and conclusions were drawn from the qualitative data that was collected during two stages of fieldwork in Colombia. Paraphrasing Weinstein (2007), while the study of the association between oil and conflict lent itself to analyses conducted from afar, my interest in the processes and strategies of governments, oil companies, communities and armed groups drove me to the field.

The main original data analysed in this thesis was obtained through in-depth and semi-structured interviews that were conducted in four municipalities: Bogotá, Arauca, Sincelejo, and Coveñas.⁸⁰ The duration of the interviews ranged from 45 minutes to two hours, but on average they lasted between one and one and a half hours.

There is no exclusive metric or strategy to identify the “right” respondent. However, I was aware that if a random sampling was not feasible, I still required a careful and justified strategy to sample potential interviewees. To prevent a biased selection of interviewees (which could exclude key perspectives or narratives), I previously stratified the types of interviewees and attempted to conduct a balanced number of interviews for each type. The categories were based on characteristics of the respondents that were pertinent for the topics of interest (Kapiszewski, MacLean, and Read 2015). The following types of respondents were interviewed: national and subnational government officials, politicians from different parties, social and community leaders, members of civil society organisations, representatives from the private sector, journalists, and

⁸⁰ I follow Robson and McCartan (2016, 285), who described a “semi-structured” interview as one in which “The interviewer has an interview guide that serves as a checklist of topics to be covered and a default wording and order of questions, but the wording and order are often substantially modified based on the flow of the interview, and additional unplanned questions are asked to follow up on what the interviewee says.”

experts. The number of interviews was not pre-defined, I carried out the qualitative data gathering until I concluded that theoretical saturation was reached (Punch 2014).

The majority of the interviews took place in a one-to-one and face-to-face setting. In very few cases there were two interview subjects, or the interviews were carried out remotely through voice-over-internet technologies such as *Skype*. For reasons of confidentiality and for the protection of my interviewees (and perhaps for my own security), I agreed with most of them to keep their anonymity and confidentiality. For the same reason, very few interviews were taped, and I relied on my own hand notes taken during the interview. Later, the hand notes were transcribed and coded using *NVivo 11*.

Given that the armed conflict is still ongoing, I avoided citing their names unless it was strictly necessary and only when the interviewee gave me explicit permission to do so. With each interviewee I settled how to cite them in an abstract way (e.g. “a former DNP official”) that would not expose their identity.

The first stage of the preliminary fieldwork was carried mostly between July and September 2015 in Bogotá city. In this stage, I conducted 75 semi-structured interviews (numbered from 1 to 75). The interviewees included current and former members of the national government, mainly DNP officials who had worked on the management of royalties; national politicians, such as members of the Congress and former ministers of mines and energy; officials from national audit agencies who overviewed the management of royalties; members of civil society organisations specialised in the extractive sector or transparency and corruption; representatives from business associations of the extractive sector; journalists from national media; and, experts on the

Colombian extractive sector. The Appendix 1a of the thesis contains basic data of each interview conducted during this preliminary fieldwork.

The preliminary fieldwork was key to obtain insights about the management of oil and mineral royalties in Colombia, as I highlighted in the first lines of this thesis. But most of the interviewees of this preliminary stage were based in Bogotá city, hence their view was a centre-oriented one. These were pertinent to have a general country-level view of the issues, but not necessarily a fine-grained knowledge of the processes that occurred in the oil-rich territories that are mostly peripheral.

After selecting the cases of the thesis, I carried a second stage of the fieldwork in the regions of interest. During this stage, mostly between February and March 2016, I conducted 47 semi-structured interviews. The interviews that correspond to Arauca's case are numbered from 101 to 126 and the ones that correspond to Tolú and Coveñas cases are numbered from 161 to 181.

The interviewees comprised regional and local politicians, including former mayors and governors; municipal and departmental public officials who worked on the management of oil royalties; social and community leaders; members of civil society organisations who monitored how royalties were spent; members of other civil society representatives such as trade unions, business sector and the Catholic Church; regional and local press and radio journalists; and, academics based in the regions of interest. The Appendix 1b of the thesis contains basic data of each interview conducted during the second stage of the fieldwork.

In addition to the interviews' data, during the fieldwork I also collected other types of qualitative data that allowed me to triangulate the evidence. The main sources of documentary evidence that were analysed included: local, regional and national press reports; civil society organisations' data bases⁸¹; subnational and national government official reports; decisions from the *Office of the General Comptroller of the Republic* (CGR) and the *Office of the General Procurator of the Nation* (PGN) on the fiscal and disciplinary responsibility of subnational public officers; and, judicial rulings from the Supreme Court of Justice (CSJ), the State Council (CE), and transitional justice tribunals. The judicial rulings were a rich source of evidence on the links between politicians and armed groups and how the pursuit of oil royalties influenced these relationships.

I also collected qualitative data from direct observation of public investment projects financed with oil royalties. Moreover, I observed public events organised by the municipal governments with communities. In these events the participants discussed about topics related to oil royalties.

Finally, I also used diverse secondary sources, published in English and Spanish, including reports from civil society organisations and academic literature.

5.3 Data analysis

The method of data analysis used in this research was “process tracing”.⁸² The main research goal pursued with this technique was understanding sequential processes of

⁸¹ The main data base that was consulted is *Night and Fog* (In Spanish, *Noche y Niebla*), built by a Catholic civil society organisation which compiled information on human rights and political violence at the municipal level Colombia between 2001 and 2017 (CINEP 2017). The main sources of this database are primary, for example the communities that denounce human rights violations by state and non-state armed actors. The advantage of the database is that it contains detailed information about each reported case, but its main shortcoming is that it is mainly based on self-reporting.

⁸² I follow Bennett (2008, 705) who described process-tracing as “the technique of looking for the observable implications of hypothesized causal processes within a single case” and D. Collier (2011, 824),

change and identifying trajectories of causation that lead to a specific result (Blatter and Haverland 2012; D. Collier 2011; Gerring 2017; Mahoney 2010). While a *quantitative analysis* approach tends to be variable-oriented and focuses on the differences of values and correlations among variables, the *qualitative analysis* approach tends to be process-oriented and focused on the analysis of events and processes on specific contexts (Gerring 2017; Maxwell 2010).⁸³ Even in case-oriented studies that are framed in terms of variables, such as this one, the attention of the researcher is placed on attaining an in-depth understanding of certain context and on how variables interact in such context (Maxwell 2010).

In this research, the process tracing method aimed at understanding the political processes linked with oil revenues that influenced the onset, duration and intensity of violence generated by the armed civil conflict. Following Karl (1997), the case study approach attempted to clarify the incentives and power relations that underlie the management of oil revenues at the subnational level and the interaction between different interested actors (politicians, bureaucrats, armed groups, communities etc.). At the subnational level, these incentives and power relations ultimately shaped the processes that were unfolded by oil wealth in the context of an internal armed conflict.

Researching causation through a case study approach coupled with process-tracing requires thinking in terms of counterfactuals (e.g. what would have happened in the absence of oil wealth?) and weighing alternative explanations that may rival with the hypothesised causal process (Bennett 2008; Levy 2008). To pursue such type of reasoning, the cases studied in this doctoral research offer at least three opportunities for

who defined it as “an analytical tool for drawing descriptive and causal inferences from diagnostic pieces of evidence - often understood as part of a temporal sequence of events or phenomena.”

⁸³ For a detailed distinction between quantitative and qualitative analysis, see Gerring’s (2017) chapter 8.

exploiting variation of the variables of interest: longitudinal, within-case, and cross-case (Gerring 2017). I justify the three types of analysis of variation in the remainder of this section.

First, the over-time variation of the variables of interest allows conducting a before and after analysis in each of the cases. If onset of organised violence is observed in terms of the first use of armed force and the latter is measured in terms of kidnappings and selective homicides carried out by armed groups, then in the two cases organised violence was triggered after the oil shock.⁸⁴

In the case of Arauca, violence coincided with the start of oil exploration activities and spiked shortly after the *Caño Limón* discovery was announced in 1983 (**Figure 7**). In the case of Tolú–Coveñas, the onset of organised violence occurred right after oil royalties started flowing into the municipal coffers in 1994 (**Figure 8**). Furthermore, in each case there is variation with regards to the intensity of conflict's violence in their respective post-oil wealth period. Each municipality presents more than one high peak of violence and also periods of significant reduction of conflict severity.

⁸⁴ There are at least three reasons that justify the combination of these two types of outcomes as a proxy for organised violence in the specific context of the Colombian armed conflict: 1) both actions were carried out by armed groups to raise money through violent means; 2) while guerrilla groups tended to kidnap more frequently than right-wing paramilitaries, the opposite occurred with regards to selective homicides (GMH, 2013); and, 3) the available datasets for both outcomes record observations prior to the oil shocks in Arauca and Tolú–Coveñas (since 1970 in the case of kidnappings and 1981 for selective homicides).

Figure 7 – Arauca: Oil royalties per capita (1970-2014), Kidnappings (1970-2014), and Selective Homicides (1981-2012)

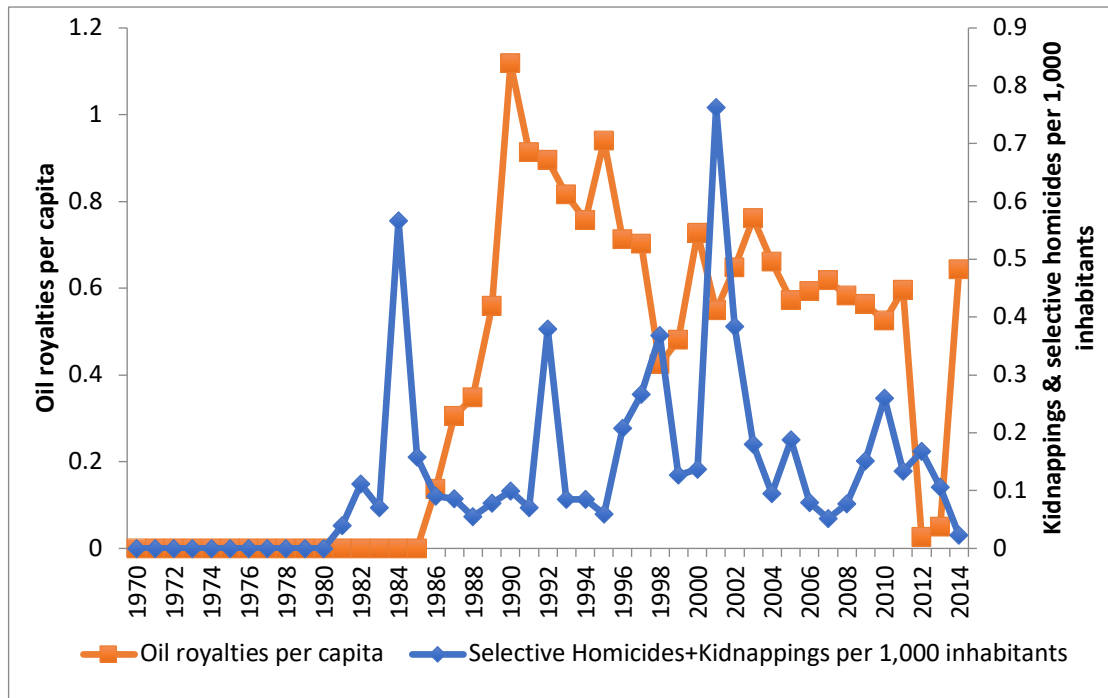
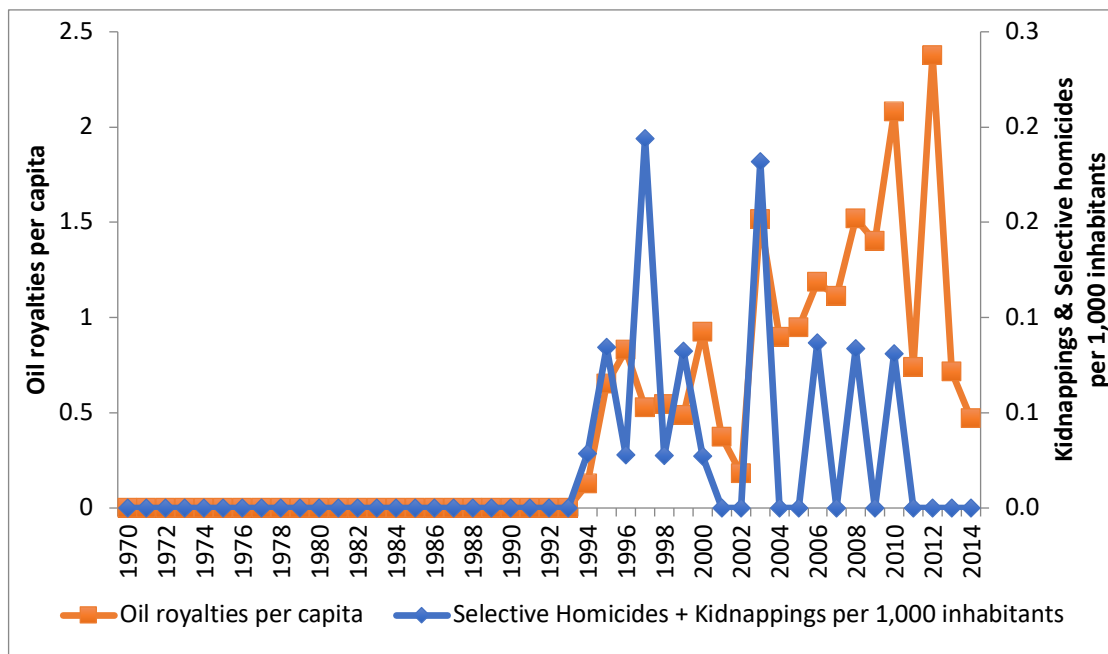


Figure 8 – Tolú-Coveñas: Oil royalties per capita (1970-2014), Kidnappings (1970-2014), and Selective Homicides (1981-2012)



Source: Elaborated by the author based on Cifras & Conceptos (2013), CEDE (2017), DANE (2011), and GMH (2013a)

A second opportunity consists of exploiting variation within the cases. Exploiting variation “inside” the cases requires decomposing them into sub-units and drawing evidence from these sub-units (Gerring 2017). In each of the thesis’ cases, different armed groups were present in the territory and their use of armed force varied. Tracing the change of their armed actions, before and after the oil booms, offers additional information that may shed light for each “primary case”.

Third, comparing the changes in the variables of interest between cases also offers opportunities for examining cross-case variation. The outbreak of localised organised violence occurred in different times: early 1980s in Arauca and mid-1990s in Tolú – Coveñas. The cross-case comparison allows excluding that other time-specific variables related to the conflict caused the outcome. In other words, the comparison rules out that a time-specific variable (e.g. a factor driving the nation-wide conflict) caused the onset of conflict in both cases and would leave us with the unlikely possibility that two separate omitted variables caused the onset in each case.

The duration of localised violence also varies between the cases: in the case of Arauca the conflict has been continuous for over three decades (and it has not terminated), while in Tolú – Coveñas the first decade of the conflict was continuous while in the second decade the conflict had periods of suspension. Moreover, in both municipalities there is variation with regards to the intensity of conflict in the post-oil wealth period. The severity of localised violence, on average, was more intense in Arauca than in Tolú – Coveñas. Additionally, the fact that one type of oil shock (variation in international prices of oil in the 2000s) occurred simultaneously for all cases offers further opportunities for making comparisons across cases.

A final opportunity for cross-case comparison is the distinct origin of their oil wealth. While Arauca has both oil production and oil revenues, Tolú – Coveñas does not have oil production (it only has an oil port) but its municipal government receives oil revenues. This difference allows disentangling the effects of the rents generated by the process of extracting oil from effects of oil revenues accrued by the government.

Within-country case studies have at least five major shortcomings. First, they are better at generating and exploring new theories than in testing hypothesis (Gerring 2017; Yin 2013). Nevertheless, the aim of the proposed qualitative approach is not to confirm or reject the resource curse theory or its variants, but to pursue new insights on factors and causal inquiries related to the relation between oil revenues and armed conflict. Second, due to the research design, this thesis does not propose a general theory on the relationship between oil and armed conflict (Rettberg et al. 2018b). Instead, the thesis offers new analytical insights on the factors and processes that provide a more nuanced account of such links in a specific subnational context.

Third, due to the nature of case studies, the findings do not allow to make statistical generalisations to the entire population (Gerring 2017; Punch 2014; Snyder 2001; Yin 2013). However, as explained by Yin (2013), the goal of case studies is not to generate statistical generalisations, but rather to make analytical generalisations. Fourth, the subnational units within a country may be heterogenous (Daudelin 2017). To address within-country heterogeneity, the case selection implemented in this study attempted to control for certain variables of interest among the cases (at the outset of the period of study). A final limitation that specifically affects subnational comparative case studies, is that sub-state units may not be independent from each other, but rather interdependent

(Snyder 2001). To mitigate the possibility of diffusion and spill-over effects between the units of analysis, I selected cases located in regions that were geographically far from each other.

In summary, this section explained how the thesis' research questions were explored through a comparative case study research that was supplemented with process tracing analysis. The data collected and analysed comprised both quantitative data (from governmental sources as well as non-governmental sources) and diverse sources of qualitative data (interviews, documentary evidence, direct observation, and secondary source). The evidence obtained from different sources was triangulated with the objective of piecing together a more complete picture of a studied phenomenon, thus adding analytical value to the research (Gerring 2017; Kapiszewski, MacLean, and Read 2015). Finally, the case study approach aimed at facilitating the causal analysis by observing and drawing insights from longitudinal, within-case, and cross-case variation (Gerring 2017).

Plan of the thesis

This thesis is divided into seven chapters. The second chapter reviews the literature on the association between oil and armed conflict and explores the main mechanisms that are pertinent for the Colombian armed conflict. This chapter includes three separate sections that examine the scholarship on the pathways that may link oil wealth with the onset, duration and intensity of armed conflicts.

The third chapter is a gateway between the theory and the case studies. This chapter delves into the Colombian context, in which an internal armed conflict coexists with the decentralised management of natural resource revenues. It describes the main features of

the armed actors that operate in the cases (guerrillas, paramilitaries and state forces), explains the decentralisation process and the organisation of Colombian municipal governments, and discusses why oil royalties are different from other sources of public revenues. The chapter also examines how national level changes, related with the dynamics of the armed conflict and the management of oil revenues, had incidence at the subnational level.

The fourth and the fifth chapters, present the cases of Arauca, Tolú and Coveñas. These are the middle chapters of the thesis and offer a detailed account of the cases and the main findings drawn from the empirical evidence. Each chapter first offers a background of the cases and describes the local context before the occurrence of the respective oil shock. Then, the chapters describe the characteristics of the oil-driven windfalls and discuss the contests for local power that were triggered at the municipal level. Additionally, each chapter examines how the oil revenues influenced the conduct of the armed groups, thereby affecting the onset, duration and intensity of the conflict.

The sixth chapter discusses the main lessons and conclusions derived from the cases and the analytical contributions of the thesis to the existing corpus. This chapter draws comparisons across the empirical chapters of the thesis with two objectives: i) “pulling together their themes and connecting up their key messages” and ii) establishing clearly” what is claimed by my research and “how it is relevant” to my research questions (Dunleavy 2003, 207).

The last chapter of explains the main policy implications of the thesis. The chapter finalises with a reflection on the limitations of my research and proposes future avenues of research.

Chapter 2 - Fuelling armed conflict: Exploring a dark side of the oil curse

Introduction

Curses and blessings, take-offs and busts... the literature on the impact of natural resource abundance on countries' development is rich in metaphors. Perhaps these analogies aim to portray the divergence between the high expectations of resource-based progress and the disillusionment with subsequent outcomes. More recently, the literature also employed allegories such as “blood diamonds” and “blood oil” to illustrate the association of resource wealth with autocracies and armed conflicts.⁸⁵

Several researchers, journalists, and NGOs have also claimed that certain natural resources – especially gems, coca, and oil – have “fuelled” violence in several countries and regions. Over the last two decades, the issue gained notoriety and was included in national and international policy agendas. Furthermore, there is a generous harvest of academic research on the topic, particularly on the oil-conflict relationship, that has informed policy-making and implementation. Despite all this large body of work, this chapter shows that there are research opportunities to further unveil the mechanisms that explain the incidence of oil wealth over internal armed conflicts.

Does oil “fuel” the onset, intensity and duration of internal armed conflicts? If so, how does it “lubricate” these three dimensions of armed conflicts? The main objective of this

⁸⁵ For example, Michael Watts' (2008a) article titled “*Blood oil: the anatomy of a petro-insurgency in the Niger delta*” and Leif Wenar's (2016) book titled “*Blood oil : tyrants, violence, and the rules that run the world*”.

chapter is to assess the literature that has answered these questions, by studying the oil-conflict relationship through quantitative and qualitative approaches. The chapter examines what the scholarship already researched and highlights what remains to be explored, with the objective of identifying the main gaps of the literature. Furthermore, the chapter links the discussion of the literature with the main arguments of this thesis.

In the pages that follow, it will be argued that most of the large-N studies have found that oil wealth is associated with the outbreak of conflict, but that the evidence on the association with the conflict duration and intensity is less conclusive. Furthermore, econometric and qualitative works have generated myriad hypotheses about the pathways that could link oil wealth with these three dimensions of violence in armed conflicts. However, to date, there has been little agreement on which mechanisms actually operate, under which conditions, and how they link oil and conflict.

Most of the evidence presented by the literature has been drawn from cross-country or country level studies. The emerging strand of the literature that studies the topic at the subnational level may offer more fined-grained evidence to trace the mechanisms that operate in the oil-conflict relationship. Examining the sub-state level allows to understand how oil wealth affects the dynamics of an internal conflict and its incidence on how armed groups, sub-national governments, local politicians and oil companies interact.

This chapter offers a systematic review of the literature that is pertinent to the thesis' topic of study. By "systematic" I do not mean an exhaustive review of the available scholarship. The "systematic approach" aims at presenting a clear evaluation of the ideas and methods developed by other researchers, based on an unbiased selection of relevant and rigorous documents, that makes connections between theories and empirical evidence, and is

written with a critical stance (Booth, Papaioannou, and Sutton 2012; Hart 1998). For that purpose, this chapter identifies key ideas and methodologies, detects the issues that remain to be explored in the subject, and places the thesis's research questions within the existing corpus (Booth, Papaioannou, and Sutton 2012; Hart 1998).

This literature review is organised in six sections. The first section overviews the origins of the literature on the “natural resource curse”. The second section introduces the works that studied the association between oil wealth and the initiation, intensity and duration of intra-state armed conflicts. Furthermore, the section discusses the difficulties encountered by scholars that have measured the variables of interest and the common data problems of studies that research violence and conflict. The third section overviews the literature on the mechanisms that underlie the association between oil and intra-state armed conflicts. The following three sections delve into the scholarship that explored these channels; each section approaches one of the standard dimensions of armed civil conflicts: onset, duration and intensity. There are numerous channels of transmission proposed by the literature, but these sections focus on those that are particularly pertinent for the Colombian armed conflict. The chapter finalises with a summary of the literature review's main conclusions.

1. Origins and evolution of the literature on the resource curse

Over the last four decades, social science researchers have studied the influence of natural resources, especially minerals and hydrocarbons, on the economies and politics of resource-rich countries and regions. The scholarship that studies the effects of natural resources over economic, political and social variables is bountiful. Searching for the term “resource curse” results in more than 32,000 publications in *Google Scholar* and

over a third of these texts were published after 2014.⁸⁶ The same search in *JSTOR* renders over 2,000 published journal articles, books and research reports; over a quarter of these texts were published after 2014, the year in which this doctoral research started.

The first studies were predominantly economic, based on comparative country-level cases, and aimed at studying the macroeconomic effects of oil and mineral bonanzas.⁸⁷ In the late 1970s and 1980s, economists found paradoxically that oil-rich countries ended up worse, in terms of development, after being exposed to fiscal windfalls generated by oil (Gelb 1988; Nankani 1979).⁸⁸ Auty (1993), reported similar results with respect to mineral-exporting countries and referred to his interpretation of the phenomena as the “resource curse thesis”.⁸⁹ The economic explanation of the resource curse was later formalised in the works of Sachs and Warner (1995, 1997, 2001). In their large-N cross-country studies, Sachs and Warner (1997; 2001) found that between 1970-1990, on average, resource-rich countries tended to grow less rapidly than resource-scarce countries.

The ascendancy of the economic explanation of the so-called “resource curse theory” was shot-up after these publications; moreover, in the following years others used similar methodologies and found analogous evidence on the curse. Debate about the Sachs and Warner’s (1995, 1997, 2001) findings and conclusions continues up to date. Sachs and

⁸⁶ The last search was made on March 25, 2018.

⁸⁷ Although some of the studies on the resource curse included all type of “point-source” natural resources, the bulk of the literature has focused on minerals and hydrocarbons. The evidence of the resource curse appears to be stronger with regards to oil producers than mineral producers (de Soysa and Neumayer 2007; Mohtadi, Ross, and Ruediger 2014; Ross 2004b, 2015).

⁸⁸ The first phrase in the seminal paper of Sachs and Warner (1995, 1, 1997, 2), titled “*Natural Resource Abundance and Economic Growth*”, showcases how the economic outcome of a natural resource windfall surprised the economists of that time: “One of the surprising features of economic life is that resource-poor economies often vastly outperform resource-rich economies in economic growth.”

⁸⁹ Gelb (1988) did not use the expression “resource curse theory”, although he used the metaphor of “curses” and “blessings” to refer to the developmental outcome of an oil windfall. However, Auty (1993) did refer to Gelb’s findings as the “resource curse thesis”.

Warner's view has been criticised on theoretical and empirical grounds. Their critics have argued that the statistical evidence on the negative correlation does not hold, either because of omitted-variables bias or due to endogeneity problems (e.g. institutions contribute to explain resource-dependence) (Brunnschweiler 2008; Frankel 2012; Ross 1999, 2015). Furthermore, several studies point out that there are resource-rich countries that have fared well like Chile, Norway or Botswana (Frankel 2012; Thorp et al. 2012).

Parallel to the study of the macro-economic dimension of natural resource wealth, another strand of the literature emerged: the political economy of the resource curse. This strand incorporated qualitative methods to trace the political factors and processes underlying the negative effects of resource wealth.⁹⁰ For example, Karl's (1997) influential book "*The paradox of plenty*", traced the case of Venezuela and compared the trajectory of several oil-rich states after the 1970s bonanza. Her study focused on the interaction between political institutions, incentives and power relations, and economic development. She argued that oil windfalls had the power to shape state institutions and policy decision-making frameworks in a way that was conducive to unsuccessful developmental results.

However, Ross (1999) criticised the political theories about the resource curse because their proponents allegedly failed to test their hypotheses. He argued that political scientists had produced a wealth of case studies but "rarely tried to test their theories with either well-selected comparative case studies or large-N data sets" (Ross 1999, 299). To respond to this criticism, in the last two decades, the political economy approach to the resource curse diversified its research strategies. The scholarship has employed diverse

⁹⁰ Other noteworthy country-level comparative case studies on the political economy of the "resource curse" were published by Soares de Oliveira (2007) and Thorp et al. (2012).

research designs: large-N studies that used an instrumental variable approach (e.g. Ramsay (2011)), experimental studies (e.g. Paler (2013)), carefully designed comparative case studies (e.g. Ross (2004a) and Rettberg et al. (2018a)), and mixed methods approaches (e.g. Dunning (2008)).

Over the last decade, the political economy approach has also addressed the role of institutions, an “elephant in the room” that was previously under-explored by the resource curse literature. Since the mid 2000s, the critique to Sachs and Warner’s “deterministic” view of the resource curse was formalised in models that used datasets to examine the mediating effects of institutions. Economists reported empirical evidence suggesting that institutions may actually reverse the course (Boschini, Pettersson, and Roine 2007; Cabrales and Hauk 2011; Mehlum, Moene, and Torvik 2006). Furthermore, the titles of a couple of books published by leading scholars in 2007, “*Natural Resources: Neither Curse nor Destiny*”⁹¹ and “*Escaping the Resource Curse*”⁹², illustrate the more recent stance on the resource curse: natural resource-richness poses specific economic and political problems, but institutions and policies may counter them.

One of the aspects that remains to be answered by the literature is when, where, how and why institutions can make a difference. In this vein, Orihuela (2018) challenged researchers to go beyond the narrow conclusion that “institutions matter” and to seek a fine grained understanding of the micro-foundations operating behind the “resource-curse” black-box. For that purpose, he proposed to contextualise the governance challenges generated by natural resources through qualitative research that rendered “place-based knowledge on whether and how resource-curse mechanisms unfold in the real world” (Orihuela 2018, 175). This thesis is closely related to this perspective, one

⁹¹ Edited by Lederman and Mahoney (2007).

⁹² Edited by Humphreys, Sachs and Stiglitz (2007).

that aims at using qualitative research to generate more nuanced explanations of the mechanisms that may explain the “resource curse” and that considers historical trajectories and local contexts.

Most of the literature on the resource curse consists on cross-country econometric studies or country-level case studies. This thesis is closely related to a nascent strand of the literature that explores the so-called “subnational resource curse” (Aragón, Chuhan-Pole, and Land 2015; Cust and Harding 2014; Cust and Poelhekke 2015; Cust and Rusli 2014; Libman 2013; Loayza, Mier, and Rigolini 2013; L. Paler 2011).⁹³ As suggested by its name, this branch of the literature examines the sub-state effects of the resource curse and the intra-national variation of resource wealth’s impact. The units of study of this branch of the literature are subnational, either in terms of their geographical extension (e.g. district level, extraction sites) or their political level (e.g. regional government).

The resource curse literature also diversified its object of study. Since the mid-1990s, social science researchers from different disciplines also explored the effects of natural resources on other variables, such as: political institutions and processes (e.g. democracy and quality of government); other dimensions of human welfare (e.g. education and health); inequality and gender-related issues; social and environmental conflicts; and, violence in civil wars. This last strand of scholarship, particularly the works that focus on the oil-conflict relationship, is at the heart of this thesis. The main works of the branch of the literature on the “oil curse” are examined in the following sections of this chapter.

⁹³ Other researchers refer to this strand of the literature as the “local resource curse”. However, in this thesis I will use the term “subnational” since it includes any type of government level below the national level, while “local” often refers only to the lowest layer of government (e.g. municipalities), thereby excluding middle tiers of government (e.g. departments, regions, or states).

2. The association between oil and armed conflict

Over the last two decades, social scientists have focused primarily on studying the incidence of oil wealth on three dimensions of armed conflicts: onset, duration and intensity.⁹⁴ In spite of the accumulation of research on the topic, there are important aspects that remain under-developed, particularly with regards to the conditional effects of oil and the mechanisms that may explain the oil-conflict relationship.

2.1 Incidence of oil in conflict onset

Does oil wealth influence the outbreak of internal armed conflicts? Most large-N studies have found some connection between oil wealth and conflict onset. These published works reported that oil wealth was linked with the start of intra-state armed conflicts (Bell and Wolford 2015; de Soysa 2002; de Soysa and Neumayer 2007; Fearon 2005; Fearon and Laitin 2003; Macartan Humphreys 2005; Lei and Michaels 2014; Lujala 2010; Ross 2004b, 2006, 2012, 2015).⁹⁵ For example, Ross (2012, 145) reported that “since the early 1990s, oil-producing countries have been about 50 percent more likely than other countries to have civil wars.” However, three recently published quantitative-based studies questioned the findings of the mainstream literature. These studies reported that oil discoveries did not appear to have an impact on conflict after controlling for country fixed effects (Cotet and Tsui 2013), that oil production did not have a significant effect on civil war outbreak after controlling for endogeneity (S. M. Mitchell and Thies 2012),

⁹⁴ For detailed reviews of the literature on these three aspects of conflict in oil-rich contexts please refer to Humphreys (2005), Koubi, Spilker, Böhmelt, & Bernauer (2014), and Ross (2004b, 2015, 2006). The literature has also explored the potential links of natural resources with conflict costs, repetition (relapse), and post-conflict recovery (P. Collier and Hoeffler 2005; Le Billon and Nicholls 2007; Le Billon 2009).

⁹⁵ Collier and Hoeffler (1998, 2002a) had previously reported that primary exports (including fuel and non-fuel products) were a strong and significant determinant of the probability of civil war onset and duration.

and that commodity price shocks (including oil and gas) were not linked with the onset of conflicts (Bazzi and Blattman 2014).

Additionally, since the 1970s, half of oil-rich countries are conflict free, thus the effect is not inevitable (Ross 2012, 2015). In other words, the relationship between natural resources and conflict is not deterministic: geological endowments are not destiny (Le Billon 2004, 2005a, 2013). As it occurs with the general resource curse literature, most of the published works acknowledge that the negative effect appears to be conditional. With regards to conflict outbreak, the literature identified different factors that may condition the impact of oil. Some of these variables are directly related to the characteristics of oil, such as location and size. Other features that may matter are related to the extractive sector as such: the mode of exploitation and transportation and the industry's structure (Le Billon 2004, 2005a, 2013).

With regards to location, econometric-based studies report that only on-shore oil production, not offshore, is linked to conflict (Lujala 2009, 2010; Ross 2006, 2012, 2015). Lujala (2010) studied the relationship between the location of natural resources, namely gemstone sites and hydrocarbon fields, and armed civil conflict. Using a country-level data set, she reported that “onshore oil production increases the risk of conflict onset by 50% while offshore production has no effect” (Lujala 2010, 16). Her interpretation of these results was that on-shore production generates greater access to oil rents, thereby creating incentives and opportunities for rebel groups to plunder them. The qualitative literature that Lujala (2010) mentioned to support her inference consisted on a couple of brief examples from places where rebels financed with the seizure of oil rents: oil theft (bunkering) in Nigeria and extortion of oil companies in Colombia.

Ross (2012) also reported a similar result: when oil is extracted from on-shore wells there is a greater likelihood of civil war. Ross (2012) also claimed that one of the reasons why oil companies are prone to extortions by rebels is the fixed location of the companies' oil assets and mentioned the cases of Nigeria and Colombia.⁹⁶ Additionally, Le Billon (2004) argued that off-shore extraction is more insulated from armed groups because credible threats would require additional extortive means: airborne or naval weapons.

The Colombian case, at the national level, appears to confirm this distinction between on-shore and off-shore production of hydrocarbons.⁹⁷ However, this thesis offers a more nuanced account when the phenomenon is observed at the subnational level. The findings of the case of Tolú and Coveñas, presented in chapter 5, suggest that the transfer of vast oil revenues to municipalities where oil is exported, but not produced, may be associated with conflict outbreak. More specifically, armed groups who aim at seizing these funds may shift their use of force towards civilians who are directly or indirectly linked with the management of these revenues. In other words, the economic rents that may incentivise armed groups to use their organised violence are not limited to the ones generated by a specific mode of oil production (on-shore): oil revenues accrued by the subnational governments may also constitute a prize that armed groups will attempt to pursue.

⁹⁶ On the vulnerability of oil production to local instability (including illegal armed actors) due to the immobility of the oil sector's assets, see Rettberg and Prieto (2018, 145).

⁹⁷ Most of the oil produced in Colombia since the 1920s and until present times has been extracted on-shore. The production of off-shore gas started later, since the late 1970s, in Manaure municipality (La Guajira department) (Sánchez Jabba 2011). To the best of my knowledge, armed groups attempted to extract income from oil wealth through coercive means in the majority of the municipalities with on-shore production of oil in Colombia. However, in the case of Manaure and of La Guajira department, the presence of armed groups was associated with the extraction of rents from drug-trafficking and contraband, rather with the exploitation of off-shore gas fields (Daniel Quiroga 2018; Vilorio de la Hoz 2002).

With regards to the conditional effects of the size of oil wealth the results of quantitative-based studies are more mixed. The large-N studies of de Soysa and Neumayer (2007) and Fearon (2005) concluded that the relationship between oil and conflict onset is linear. In contrast, Collier & Hoeffler (1998, 2004) and Collier, Hoeffler, & Rohner (2009) found that the relationship between natural resources (not just oil) and conflict onset was non-monotonic: initially increasing the likelihood of civil war and then larger endowments reduce the risk.

The findings of Basedau and Lay's (2009) econometric-based studies support the previous research by Collier and his associates. Basedau and Lay (2009) reported that the relationship between oil dependence (measured as the share of oil exports in GDP) and conflict onset risk was non-monotonic. Additionally, they also found that high oil wealth (measured as oil production per capita) appeared to make the countries less prone to armed conflict. According to their complementary small-N analysis, this outcome could be attributable to the capacity of very oil-rich governments to strengthen militarily, "buy-off peace" through large-scale political distribution, and obtain protection from external allies.⁹⁸ In contrast, the evidence reported by Lei and Michaels (2014) points in the opposite direction: they found that only giant oil discoveries (>500 million barrels) fuelled conflict.

Other mediating factors that have been identified by the literature are related with the pre-existing institutional context and historical factors, such as: the state strength (Bell and Wolford 2015; Macartan Humphreys 2005), precedents of political violence (Lei and Michaels 2014)⁹⁹ and income level (Ross 2006, 2012, 2015). For example, Ross (2012,

⁹⁸ The increased military capacity of resource-rich countries was the same interpretation that Collier & Hoeffler (1998) had given to their results.

⁹⁹ Lei and Michaels (2014, 140) contend that "the discovery of giant oilfields is especially likely to fuel internal conflicts in countries with recent histories of political violence. ... In contrast, in countries that

145), found that low and middle-income oil-producing countries “are more than twice as likely to have civil wars”. Furthermore, Bell and Wolford (2015) claimed that oil discoveries could ignite conflict even before production starts. However, they argued that this occurred only in poor/weak states where the fiscal windfall could change the balance of power (in favour of the government) and rebels decided to start conflict before the unfavourable shift occurred. Although Humphreys (2005) reported that his econometric-based study supported the conditional effect of natural resources depending on state strength, his finding was more nuanced: oil affected all polities, but had a bigger effect on weak states.

Finally, the effects on conflict onset may also be conditioned by the timing of the oil shock. For example, Ross (2006) reported that the likelihood of war in oil producing countries increased significantly after the 1970s. Later, in his pivotal book titled “*The Oil Curse: How Petroleum Wealth Shapes the Development of Nations*”, Ross (2012) also concluded that oil only had anti-democratic effects after the 1970s because the global wave of nationalisations of oil companies changed the scale of oil revenues, generating unprecedented fiscal windfalls. These findings imply that institutional factors, such as the prevalence of state-owned oil companies and its consequences on the size and management of oil rents, may contribute to explain the effects of oil wealth (Ross 2012). In sum, the literature has reported convincing evidence about several factors that could mediate the effect of oil wealth on conflict initiation, but a consensus on its conditional effects has not emerged.

experienced no internal conflicts or coups in the decade before a discovery, there is no significant effect of giant oilfield discoveries on the incidence of internal armed conflicts.”

2.2 Incidence of oil in conflict duration and intensity

With regards to the other two mentioned features of conflict, duration and intensity, the evidence appears to be contradictory. Some studies find that the evidence on the association between oil wealth and conflict duration is weak. Ross (2006), for example, reported that his evidence on the correlation between “contraband goods”¹⁰⁰ and the duration of war was robust, while the evidence on the impact of oil was weak.¹⁰¹ Furthermore, Le Billon (2004, 2005a, 2005b) offered examples in which resource wealth had contributed to prolong internal armed conflicts by providing accessibility of resource revenues to rebels (e.g. guerrilla’s extortions to oil companies in Colombia), but also cases in which the conflicts were shortened due to the increased military power gained by the state (e.g. oil in Angola).

Subsequent large-N studies claimed that, under certain conditions, oil wealth tended to sustain conflict. Lujala, Rød and Thieme (2007) built a dataset called PETRODATA and used it to test the effect of hydrocarbon reserves in conflict areas. They reported that the presence of oil reserves in conflict zones tended to lengthen the duration of governmental conflicts, but the effects were not found in conflicts classified as “territorial” in the Uppsala/PRIO Armed Conflict dataset.

Lujala (2010) also used PETRODATA to assess how the location of hydrocarbons affected armed civil conflict. Based on her results, she claimed the existence of a new link between natural resources and conflict duration that had not been previously reported

¹⁰⁰ A concept used by Fearon (2004) to refer to certain commodities such as gemstones, coca and opium that could generate valuable “contraband” funds.

¹⁰¹ Ross (2004b) mentions in a footnote that there is little evidence in support of the claim that oil consistently influences the duration of conflict, but he concedes that Colombia seems a counter example.

by the literature.¹⁰² According to Lujala's (2010) findings, the sole presence of hydrocarbons in the conflict area prolonged the duration of conflicts: the location of oil reserves in conflict zones more than doubled the length of conflicts with respect to conflicts in zones without oil reserves. Additionally, she reported that the production of oil was positively correlated with conflict endurance (but the effect appeared to be weaker). A few years later, Ross (2012, 2015) revised his conclusions from prior works and reported that oil wealth is likely to lengthen conflicts in low and middle-income countries and/or in areas with previous conflicts.

In contrast with the studies mentioned previously, Humphreys (2005) and Bazzi and Blattman (2014) contended that their quantitative-based evidence suggested the opposite: they found that oil wealth and rising prices of commodities tend to reduce conflict duration.¹⁰³ Furthermore, Humphreys (2005) claimed that natural resources were associated with shorter wars, making military victory of one side more likely. Hence, the literature on the association between oil wealth and the endurance of armed conflicts appears to be less conclusive than the scholarship on the effect of oil on the onset of armed conflicts.

The literature on the association between oil wealth and the intensity of conflict is less prolific and more recent than the one studying conflict outbreak and duration.¹⁰⁴ Lujala (2009) published one of the first large-N studies that examined the oil-conflict intensity

¹⁰² However, Collier, Hoeffler, & Söderbom (2004) and Collier & Hoeffler (2005) had previously found that lower prices of commodities (including oil) and the resource rents shortened the duration of conflict. Additionally, Collier & Hoeffler (2005) reported evidence that suggested that the effect of resource rents is conditional, but they did not identify under which circumstances resource rents prolong conflicts.

¹⁰³ However, Bazzi and Blattman (2014, 3) reported that this statistical association "is not robust to using less episodic or low-intensity measures of conflict."

¹⁰⁴ According to Weinstein (2007), in general, there is little research on the variation of violence intensity in civil wars.

relationship.¹⁰⁵ She reported that there was no association when country-level measures of resource production were used, but that a different result appeared when the site of production and location were controlled for. Lujala (2009) found that when hydrocarbons were produced inside conflict zones the severity of conflict was higher, while the opposite occurred when production was located outside conflict areas. More specifically, Lujala (2009, 51) reported that the production of hydrocarbons “inside the conflict zone more than doubles the battle-related deaths”, even after controlling for conflict duration.

One of the most important conclusions of the article, according to Lujala (2009, 67), is that “it is essential to control for the site of resource production in relation to conflict location” and, consequently, that using country-level measures of production could lead to misleading results. The findings of Lujala (2009) highlight the importance of studying the oil-conflict relationship with a subnational lens that is able to trace the processes that link oil and armed conflict at the local level. In the same vein, this thesis argues that oil wealth generates specific opportunities for armed groups at the subnational level which shape the strategies they deploy in these territories.

The first wave of qualitative works on the oil and conflict intensity also found ambiguous effects. For example, the small-N cross-country study conducted by Ross (2004a) reported that some resource-related mechanisms appeared to increase the number of casualties in conflict, while others seemed to generate the opposite effect.¹⁰⁶ In contrast,

¹⁰⁵ Weintsein (2007) had previously conducted an econometric-based study to test the effect of resource wealth (measured through a proxy of “contraband resources”, as Fearon (2004)) on the intensity of armed conflicts. Weintsein (2007, 308) found that the level of “contraband resources” was associated with the level of violence: “In terms of civilian deaths, the presence of contraband resources is equivalent to nearly ten years of additional fighting.”

¹⁰⁶ However, later on, Ross (2012) reported that his large-N cross-country evidence suggested that in oil-rich but relatively poor countries, casualties tended to be higher.

Weintsein's (2007) comparative case study¹⁰⁷ claimed that armed groups that are initially endowed with natural resources tend to commit higher levels of indiscriminate violence than those groups that emerge in resource-poor areas. He argued that the initial endowments of armed groups shaped their recruitment profile and, subsequently, the behaviour of their members.

This thesis reports that oil wealth had tenuous incidence over conflict intensity at the subnational level in Colombia. On one hand, the strategies implemented by armed groups to capture oil revenues diversified the type of victims that were targeted. In this sense, the intensity was greater because the armed groups' pursuit for oil royalties seemed to extend their array of victims. On the other hand, the cases studied in this thesis suggest that there were other factors, other than oil wealth, that had greater influence on the conflict's severity.

In the last decade, large-N studies have used the variation of conflict intensity at the subnational level to explore the effects oil and mineral windfalls. Three econometric-based studies that examined subnational variation in Colombia, in different periods of time, reached similar conclusions on the impact of oil wealth on conflict intensity. The studies published by Sánchez and Palau (2006), Dube and Vargas (2013) and Carreri and Dube (2017) present evidence that supports the statistical association between oil and conflict intensity. Their results are consistent with those reported by Lujala (2009) in the sense that they reported a differential impact of oil shocks in oil-producing municipalities.

¹⁰⁷ Weinstein's (2007) research is based on empirical data from four rebel groups in three different conflicts in Uganda, Mozambique and Peru.

First, Sánchez and Palau (2006) found a positive and significant relationship between oil extraction and guerrillas' armed action at the municipal level (between 1985 and 2002) and a similar association with paramilitary's armed action was also identified (between 1995 and 2002). Furthermore, they claim that "the presence of local resources such as royalties and taxes triggers violence against politicians being more intense in the municipalities where the actions of the illegal groups are higher" (F. Sánchez and Palau 2006, 29). Dube and Vargas (2013) also analysed municipal data (1988 – 2005) to test the oil-conflict relationship but they used a different identification strategy: they measured the effects of oil price shocks on different conflict related variables. Their results show that oil price shocks increased paramilitary violence differentially in municipalities where more oil was produced.¹⁰⁸ A recent study published by Carreri and Dube (2017), also used data from municipalities to test whether oil shocks influenced electoral results at the municipal level between 1997 and 2007. Their results are consistent with Dube and Vargas (2013): the rise of oil prices induces the increase of paramilitary violence in oil producing municipalities.

While the literature referenced above presents persuasive evidence about the negative impact of oil on conflict intensity, a recently published large-N cross-country study by Bazzi and Blatman (2014) concluded that rising oil and mineral prices were linked with less intense conflicts. However, the direction and strength of the effects of natural resources over nationwide conflict intensity may be different from the ones at the subnational level. In other words, the results reported by Bazzi and Blatman (2014) do not preclude that the effects of oil wealth on the conflict's intensity may be highly localised.

¹⁰⁸ Martínez (2017) did not obtain the same results when he used municipal data of 2005-2011 to replicate the identification strategy used by Dube and Vargas (2013). He did not find a significant association between oil price shocks and conflict variables. However, a key change with respect to the context of Martínez's (2017) period of study was that most paramilitary groups demobilized by 2006.

In sum, the evidence for the incidence of oil wealth over conflict duration and intensity appears to be less conclusive than the one on conflict outbreak. Overall, this thesis shares this conclusion as well. However, the literatures on these three dimensions of violence in armed conflicts share two key insights. First, if there is an effect, it is conditional on context. The Colombian case offers an example of this conditionality: at the subnational level, the incidence of oil revenues in the armed conflict commenced with the political decentralisation reforms of the late 1980s and early 1990s.¹⁰⁹ Second, the results from studies that use country-level data appear to be different from the ones reported by studies that exploit data on sub-state units.

2.3 What reasons may explain the variety of results?

What reasons may explain the variety and, sometimes, contradictory results of the literature that studies the association between oil and armed civil conflicts? This section discusses three explanations: how the variables of interest are measured, problems with the quality of data on oil revenues and violence, and multi-causality.

First, as it occurs with social science research in general, the correlations reported by econometric works may be spurious due to missing variables. For example, a third variable, such as weak rule of law, could cause independently both civil conflict and natural resource dependence (Di John 2006; Ross 2004b, 2006). Another source of spuriousness that may affect both large-N (e.g. endogeneity) and small-N studies (e.g. selection bias) is the measure of the independent variable, in this case the “resource base” or “resource wealth”. The most common measurement of the independent variable used

¹⁰⁹ For an overview of the decentralisation reforms in Colombia, refer to chapter 3 (section 2) of the thesis.

by the first wave of quantitative-based studies on the resource-conflict relationship was a ratio of the value of natural resources or their export value to total GDP or to total exports (Ross 2004b; Macartan Humphreys 2005; Lujala 2010; Sambanis 2004, 2005). Rather than “resource abundance”, this measurement was a proxy for “resource dependence” (Basedau and Lay 2009).¹¹⁰

There are at least two endogeneity problems with the use of “resource dependence” to measure the independent variable. The risk of an armed conflict and its occurrence (the outcome variable) may influence the size of the denominator of the independent variable’s fraction (de Soysa 2002). For example, civil war can negatively affect the economy and/or drive out industrial activities (which are not location specific), thereby reducing the size of GDP and exports. If this is the case, then the direction of the causality would be the opposite: armed conflict increases resource dependence (Di John 2006; Le Billon 2001; Ross 2004b, 2006, 2012).¹¹¹

Another problem with the measurement used by the literature until the mid-2000s, as Lujala (2010) and Ross (2006, 2012) rightly cautioned, is that the value of oil production and oil income partially captures the quality of institutions where it is located. Such value is determined by the region’s and/or country’s geological endowment, the investments deployed to extract oil, and the price of oil. The second factor is affected by the country’s

¹¹⁰ Basedau and Lay (2009) and Le Billon (2004, 2005a, 2013) contended that “resource abundance” does not increase the risk of conflict, but rather “resource dependence”. The former, could actually offset the negative effects because the states may have the funds to strengthen their military capacity or “buy-off” peace.

¹¹¹ Mitchell and Thies (2012) also argued that there is an “endogenous” relationship” between production of oil (among others) and internal armed conflict. They reported that once they controlled “for the two-way relationship between these factors”, they found “that most of the relationship runs from civil war to natural resource production. Civil wars tend to wreak havoc on the production of natural resources, reducing oil production and diamond production” (Mitchell and Thies 2012, 238).

economy and the government; hence, it may be more likely that oil companies find, extract and export oil in countries with better institutions.

To overcome these endogeneity problems, scholars have built datasets with new measurements of resource abundance. For example, de Soysa (2002) utilized data on the total per capita stock of mineral resources; Humphreys (2005) used data on proven oil reserves; Lujala, Rød and Thieme (2007) built PETRODATA – a new global dataset, later used by Lujala (2009) and Lujala (2010) –, that assigned geographic coordinates for hydrocarbon reserves and production in over 1,200 regions; and, Ross (2006, 2012) utilized data on country-specific rents per unit of extraction and normalized the measurement of oil income with the country’s population (hence, measuring resource abundance rather than dependence). Furthermore, Ross and Mahdavi (2015) built a new global dataset with several measurements of country level oil and gas income per capita, covering the period 1932-2014. This thesis followed an analogous approach: measuring the independent variable in terms of oil royalties per capita.

Recently, scholars have sought more exogenous variables, for example, by exploiting the variations in the international prices of commodities to examine their impact on conflict. This is the case of Bazzi and Blatman (2014), Carreri and Dube (2017) and Dube and Vargas (2013), who used oil price shocks to test the oil-conflict relationship and its causal mechanisms.¹¹²

The quality of data is another factor that may explain the mixed results generated by quantitative-based studies that have tested the relationship between oil and conflict. With

¹¹² Berman, Couttenier, Rohner, and Thoenig (2017), examined price shocks of 14 minerals (not including hydrocarbons) in Africa to examine their influence on civil wars at the subnational level over the period 1997-2010. They reported a “strongly significant and quantitatively large impact of mining activities on the likelihood of conflict incidence” (Berman et al. 2017, 1600).

regards to the independent variable, the “resource base”, Ross (2006, 265) claimed that scholars often had to work with “datasets marked by missing data and measurement error.”¹¹³ In the case of the measurement of “oil income”, for example, Ross (2012) argued that information on oil revenues accrued by governments was prone to secrecy or transparency problems, making it difficult to collect complete and accurate data. A similar issue arose in this research: there are significant discrepancies between the data reported by Colombian subnational governments on the royalties they accrue, and the data reported by the central government agencies in charge of transferring such resources. Furthermore, there is preliminary evidence that in some cases the divergence was caused by subnational governments that aimed at concealing the real value of the oil revenues they accrued.

There are also difficulties with the data on conflict. First, there are differences in the coding of civil wars among the main worldwide datasets (e.g. the thresholds of deaths used to define civil war and the characterization of war onsets and ends) (Blattman and Miguel 2010; Gleditsch et al. 2002; Sambanis 2004, 2005; Therése Pettersson and Peter Wallensteen 2015). For example, Collier and Hoeffler (2004), Collier, Hoeffler and Sambanis (2005), Collier, Hoeffler and Rohner (2009), and Ross (2004a) used datasets in which the current Colombian armed conflict was coded as if it had started in 1984, but the two major guerrilla groups (FARC and ELN) were active since the mid-1960s (Arjona 2016; Pizarro Leongómez 2004, 2006).¹¹⁴ Furthermore, the UCDP/PRIO Armed Conflict Dataset (Version 17.2) locates the start of hostilities in 1964 (Allansson, Melander, and Themnér 2017; Gleditsch et al. 2002).¹¹⁵

¹¹³ For further discussion on the weaknesses of global datasets on hydrocarbons, see Lujala, Rød and Thieme (2007).

¹¹⁴ Collier and associates used the same dataset built by Singer and Small.

¹¹⁵ However, the UCDP/PRIO dataset codes the intensity of the Colombian armed conflict between 1965 and 1979 as “minor”.

Additionally, the data on conflict events depend on press accounts, witnesses and the reports of the parties (state / rebels). Counting the number of deaths and diverse expressions of violence and abuse in civil war contexts is a difficult task (Weinstein 2007). In conflict areas with limited liberty of press and/or accessibility there may be problems of under-reporting. Inversely, in these areas it may be difficult to distinguish conflict related violence from other sources of violence, thereby generating over-reporting issues. Furthermore, the warring sides may strategically provide false information and influence the press reports and witness accounts (Di John 2006). For example, Hilgers and Macdonald (2017, 28) contend that in Latin America the official data on violence is “often cooked”. Another issue with information is that most large-N studies on civil war rely on casualties of fighters caused in battles, leaving aside a key measurement of violence in this type of conflicts: civilian victims (Blattman and Miguel 2010; Di John 2006).

A final matter that complicates the study of the association between oil and civil armed conflicts is that the latter are usually multi-causal (Blattman and Miguel 2010; Ross 2004a, 2012). At most, oil is one of several variables that may contribute to explain the onset of war in oil-rich contexts (Ross 2012).¹¹⁶ Hence, oil wealth is neither a sufficient nor a necessary factor of armed conflict (Le Billon 2001; Chernick 2005) .

In sum, this section informed that the literature on the relationship between oil and conflict predominantly reports an association between the two variables, but that such assertion is not unanimous. Additionally, the scholarship on the effect of oil over the intensity and duration conflicts has provided more mixed results than the one on conflict

¹¹⁶ According to the literature review of Blattman and Miguel (2010, 22), the correlates of war have been established by cross-country econometric-based studies: “Civil war is more likely to occur in countries that are poor, are subject to negative income shocks, have weak state institutions, have sparsely populated peripheral regions, and possess mountainous terrain.”

onset. The section also discussed why the contradictory results of econometric-based studies may not be surprising given that the main variables of interest are very difficult to measure and that most intra-state conflicts are multi-causal.

This thesis does not offer new econometric-based approaches to tackle the difficulties discussed above. The main goal of the thesis is to use a small-N comparative case study that contributes to unveil the mechanisms that may explain the oil-conflict relationship. However, this thesis indirectly contributes to the broad literature on the association of oil and armed conflict, by offering evidence about the processes that are triggered by oil booms at the subnational level. If it is true that oil wealth has a strong incidence over internal armed conflicts, as most of the large-N studies argue, then it should be possible to examine the pathways that lead to that result (Ross 2004a). Furthermore, a nuanced understanding on how institutional and historical factors interact with oil bonanzas at the sub-state level may offer further clues for future large-N work that explores the conditional effects of resource wealth.

The next sections of this chapter examine the scholarship that has attempted to uncover these causal mechanisms in the standard dimensions of armed conflict's violence: onset, duration and intensity.

3. The mechanisms that link oil and conflict: An overview

A consensus on the channels that underlie the association between oil and conflict is still elusive. Humphreys (2005), who published the most exhaustive review on the topic up to date, referred to the numerous hypotheses considered by the literature as an “embarrassment of mechanisms”. He identified and reviewed a total of thirteen “families”

of mechanisms (and several variants) that could link natural resources with conflict onset and duration. One decade later, one can safely conclude that we have a bigger “embarrassment”: the review of the literature that is presented in the following sections identifies almost thirty mechanisms.

The reasons that explain the diversity of results in the literature that explores the pathways that link oil and conflict are similar to the ones explained in the previous section of the chapter: measurement of the variables of interest, data difficulties and multi-causality of internal armed conflicts. Furthermore, another challenge faced by the scholarship is that several of the oil-conflict mechanisms may operate simultaneously in a single internal armed conflict (Ross 2004a; Lujala 2010).

While the literature that examined the oil-conflict association is dominated by econometric-based studies, the literature on the mechanisms that explore the relationship is more balanced between quantitative and qualitative works. With regards to the latter, during the last decade ambitious collective research projects have used comparative case studies to expand the theories on the mechanisms that may link natural resources and armed conflict.¹¹⁷ However, most of these case studies had a national-level approach, with the exception of those studying secessionist conflicts. The book titled “*Different Resources, Different Conflicts? The Political Economy of Armed Conflict and Criminality in Colombian Regions*”, that was recently published, is a notable exception.¹¹⁸ The editors

¹¹⁷ This is the case, for example, of a World Bank project that produced two volumes edited by Collier and Sambanis (2005, 2005) titled “*Understanding civil war: evidence and analysis*”. This research project used a comparative case study design to research 30 civil wars, seven of them in oil producing countries or regions. Another pivotal qualitative research project on the oil-conflict relationship is the book titled “*Oil Wars*”, edited by Kaldor, Karl and Said (2007). This publication was also the result of a collaborative research project that used six case studies, both national and subnational, to explore how oil affected the prospects, propensity and types of violence.

¹¹⁸ Another precedent of a study that used a qualitative approach and a subnational lens is the chapter authored by Pearce (2007) in “*Oil Wars*”, that examines the relationship between oil and armed conflict in Casanare, an oil-rich department of Colombia.

of the book, Rettberg, Leiteritz, Nasi and Prieto (2018a), compiled six case studies that examined the pathways (in the authors' terms, the "*vasos comunicantes*") between diverse types of legal natural resources (coffee, banana, flowers, oil, coal, nickel and emeralds) that dominated Colombian regional economies and the armed conflict. This thesis is close to this emerging strand of the literature that uses sub-state cases and a qualitative approach to explore the channels of transmission that link oil with armed conflict.

The following three sections of this chapter discuss multiple avenues through which oil may have an incidence on conflict onset, duration and intensity. Instead of attempting to discuss the merits of all the mechanisms previously identified by the scholarship, the sections focus on those mechanisms that have been considered by the literature on the political economy of the Colombian armed conflict. The chapter explains the limits of these mechanisms and why the identified channels do not fully explain the pathways that link oil wealth and conflict in Colombia at the subnational level. However, each section finalises with a table that lists all the main mechanisms identified by the literature. Each table also briefly describes how the mechanisms operate and indicates which studies provide evidence that support the theory or which offered evidence that question their plausibility.

Before this chapter delves into the details of each mechanism, it is worthwhile to review how the literature classifies them. The four taxonomies overviewed in **Table 5**, facilitate the identification of the mechanisms that are not present in the Colombian armed conflict. For example, one of the classifications distinguishes between separatist (territorial) conflicts from those in which rebels fight to overthrow the incumbent national government. As it was explained in the first chapter of the thesis, the Colombian case is not a secessionist conflict: the rebels have not claimed nor attempted to liberate areas for

secession, but rather aimed at the replacement of the political system and the central government. Not surprisingly, in the examined Colombian municipalities, I did not find evidence of mechanisms in which oil motivated separatist conflicts.

Table 5 – Taxonomies of the oil-conflict mechanisms

Criteria for classification	Taxonomies	Examples of mechanisms
1. Who is affected by oil (Ross 2004b, 2015; Lujala 2010)	a. Direct effects: motivates or enables the armed groups.	Greedy rebels, booty futures and organisational fragmentation.
	b. Indirect effects: affects the state, the economy and/or the citizens.	State-weakness, trade-shocks and grievances.
2. Whether oil influences the rebels' motivations or enhances their capabilities (Basedau and Lay 2009; Ross 2006)	a. Oil rents incentive rebels to initiate conflict.	Greedy rebels and increased value of sovereignty.
	b. Oil rents enhance the capacity to rebel (either because it offers opportunities for rebels to raise funds or because it weakens the state).	Feasibility and state-weakness.
3. Whether oil motivates foreign or domestic intervention (Ross 2004a)	a. International intervention.	International premium.
	b. Domestic intervention.	Greedy rebels and grievances.
4. Type of conflict that is motivated by oil (Ross 2004a, 2004b)	a. Separatist conflict.	Increased value of sovereignty and low government commitment problem.
	b. Non-separatist conflict.	Opportunity cost of rebellion and state-as-target.

4. Onset mechanisms

In their seminal paper *On Economic Causes of War*, Collier and Hoeffler (1998) reported that the amount of natural resources (including oil)¹¹⁹ was a strong and significant

¹¹⁹ Following Sachs and Warner (1995, 1997), they measured as primary exports in GDP, which included both fuel and non-fuel products.

determinant of the likelihood of civil war onset and duration.¹²⁰ Their interpretation of these findings was that in the cases of conflict outbreak, the rebels perceived that the expected benefits of capturing the state (or seceding) outweighed the expected costs. The main benefits that incentivised the rebels, in the case of national state capture, were assumed to be the seizure of the government's tax base and the main cost was the opportunity cost of labour.¹²¹

These findings inspired the initial formulation of the *greedy rebels mechanism*: the outbreak of conflict was motivated by the allure of seizing extraordinary economic rents during or after conflict. In contrast, Collier and Hoeffler (2002a) claimed that their model did not support the *grievance mechanism*: none of the proxies of community-level grievances (inequality, political repression and social divisions) appeared to have a significant effect on conflict initiation.

These works ignited a vibrant discussion on the routes that could explain the relationship between natural resources and armed conflict. However, this dichotomy was reformulated in Collier and Hoeffler's (2004) paper *Greed and grievance in civil war*.¹²² In the paper, Collier and Hoeffler (2004) used a new dataset and a revised econometric model to examine the causes of civil war onset. Their evidence confirmed their previous conclusion: the proxies of community grievance did not appear to be associated with conflict outbreak. In contrast, they argued that the opportunity of financing rebellion with

¹²⁰ Using probit and logit regressions to test the effect of natural endowments, they reported a non-monotonic relationship: the abundance of natural resources initially increased the probability of conflict emergence and duration, but larger levels of endowments tended to reduce it. Incidentally, Colombia was not one of the countries included in the dataset used in Collier and Hoeffler (1998).

¹²¹ Later, they applied the same model to sub-Saharan Africa and found that the results were consistent with their "global model" (P. Collier and Hoeffler 2002a).

¹²² There were earlier versions of the document, published as a working paper in 1999 and as a report for the World Bank in 2002. Furthermore, Collier and Hoeffler (2002a) also used the dichotomy greed and grievance to analyse the potential motivations for rebellion.

natural resource rents had a strong explanatory power: primary commodity exports substantially increased the risk of conflict.

Notice that Collier and Hoeffler's (2004) restated their interpretation of the *greed motivation channel*: rather than an explanation about the motivations to rebel, they argued that natural endowments enhanced the capability of rebel organisations to finance (e.g. through the extortion of natural resources).¹²³ Their re-formulated explanation was later labelled by the literature as the *feasibility or looting mechanism*.¹²⁴ In sum, the refurbished interpretation of Collier and Hoeffler (2004) framed natural resources as a *permissive cause* of internal armed conflicts, rather than a *root cause* (Macartan Humphreys 2005).

Qualitative works, such as Le Billon's (2001), identified armed conflicts and *coup d'etat* attempts that were motivated or funded by the control of oil rents. Moreover, Dunning and Wirpsa's (2004) case study on the incidence of oil in the Colombian armed conflict noted that the presence of oil financed all the armed groups. After depicting the cases in which guerrilla groups raised massive funds from the extortion payments from oil companies and contractors, they concluded: "Oil rents therefore provide a credible mechanism linking petroleum exploitation to the persistence of conflict" (Thad Dunning and Wirpsa 2004, 84). Subsequent large-N studies also reported additional evidence in support of this "rebel-financing" mechanism with regards to the oil-conflict relationship (Lujala 2010).¹²⁵

¹²³ The reformulation of the mechanism, in terms of the generation of opportunities to finance rebellion instead of the rebels' motivations, also appeared in Collier and Hoeffler (2002b) and Collier et al. (2003). Subsequently, the mechanism was also presented in Collier, Hoeffler, and Söderbom (2004), Collier, Hoeffler & Sambanis (2005), and in Collier, Hoeffler, and Rohner (2009).

¹²⁴ For example, Ross (2004a) refers to the "looting mechanism", while Humphreys (2005) uses the category "feasibility mechanism".

¹²⁵ The quantitative-based work of Berman et al. (2017), which explores the incidence of minerals on conflict in Africa (at a subnational level), reported evidence that supported the *feasibility mechanism*. They concluded that looting and extorting may facilitate setting-up and sustaining rebel groups.

However, Collier and Hoeffler's interpretation of the links between natural resources and conflict has been contested in empirical and theoretical grounds.¹²⁶ For example, although Fearon and Laitin (2003) and Fearon (2005) agreed with Collier and Hoeffler's argument that better funding opportunities for insurgency could imply a greater conflict risk, they did not find a strong and robust association between primary commodity export dependence and conflict.¹²⁷ Similarly, the evidence presented in Humphreys' (2005)¹²⁸ and de Soysa and Neumayer's (2007) quantitative-based studies did not support the *greedy rebels mechanism* nor the *feasibility mechanism*.

Small-N studies also challenged the mechanisms initially proposed Collier and Hoeffler.¹²⁹ For example, Ross's (2004a) comparative case study of thirteen resource-based¹³⁰ civil wars (including Colombia), did not find evidence in which oil had enabled rebels to finance the start-up of their organisation. He only reported one exception, a case in which the rebels had raised their setup-funds by promising future exploitation rights. Ross (2006) later re-visited whether resource wealth helped finance rebel organisations. His quantitative-based study found partial support for this mechanism, but only for on-shore oil production. However, Ross (2006) hedged his conclusion and noted that the

¹²⁶ For a critique on Collier's "greed argument" see Keen (2012) and for a review of the literature that criticises the *greedy* and *feasibility mechanisms* as explained by Collier and Hoeffler, see Cuvelier, Vlassenroot, and Olin (2014).

¹²⁷ However, Fearon and Latin (2003) and Fearon (2005) did find that oil-exporting countries were more prone to armed conflict.

¹²⁸ Collier and Hoeffler (2005) replied to Humphreys (2005) with a defence of the re-formulation of their interpretation: rather than greed as motivation for conflict, what really matters is the feasibility of rebellion as a mechanism to explain the primary commodity-conflict relationship. Later, Collier, Hoeffler, and Rohner (2009) tested their *feasibility hypothesis* using new data and additional variables. Once again, they concluded that their large-N evidence supported "the proposition that feasibility rather than motivation is decisive for the risk of rebellion" (P. Collier, Hoeffler, and Rohner 2009, 23).

¹²⁹ Drawing from evidence on 21 case studies on civil war onset and avoidance, Sambanis (2004, 259–60) concluded that "the distinction between 'greed' and 'grievance' as competing motives for civil war is illusory, because greed and grievance are usually shades of the same problem." Later, he reiterated and expanded the critique in Sambanis (2005, 328).

¹³⁰ The selection of the cases was purposively biased: civil wars in which natural resources "most likely" had played a role in conflict onset, intensity and duration.

feasibility mechanism remained the most controversial of the mechanisms discussed by the literature.

The theoretical underpinning of Collier and Hoeffler's greed-centric theory of civil war is the rational choice model, which assumes that individuals aim at maximising their expected utility by joining and participating in rebellion. This approach predicts that potential rebels' will join an insurgency if their estimation of the net benefits of participating outweigh those offered by other labour options. The theories of conflict based on neoclassical economics have been questioned because the behaviour of rebels often departs from the rational model. For example, rebels may not fully calculate the costs and benefits of rebellion (bounded rationality), rebels may not fully internalise the social costs of their decisions, and the behaviour of rebel leaders may be unsystematically irrational (Blattman and Miguel 2010).¹³¹

Gutiérrez Sanín (2004) also argued that the "greed-grievance" dichotomy, and in general the interpretations of war that were strictly economic, failed to explain the Colombian armed conflict. He argued, for example, that the FARC guerrilla was able to seize funds from diverse illegal markets, but its rank and file members did not receive material incentives (e.g. a salary), nor were allowed to benefit personally from looting, and their members had no expectation of leaving the group (both FARC and ELN demanded lifetime militancy). Hence, the guerrillas' members had low economic incentives to join, their expected life-long commitment to the group ruled out considering the labour opportunity costs of joining, and the risks of participating were very high. In spite of the

¹³¹ In the paper titled "*Homo Economicus Goes to War: Methodological Individualism, Rational Choice and the Political Economy of War*", Cramer (2002) critiqued what he referred as "orthodox economic theories of war". Aside from questioning the proxies used to measure the variables of interest, he also contested the reduction of armed conflicts to a matter of individual utility maximization and rent-seeking. Cramer (2002) argued that conflicts were complex social phenomena influenced by social and historical contexts that were forsaken by neoclassical models.

latter, FARC became the biggest armed group in Colombia and its fighters were disciplined. Gutiérrez Sanín (2004) concluded that these organisational features of the guerrillas questioned the “greed-grievance” hypothesis based on a rational choice model.¹³²

Later, the literature developed a variant of the *greedy rebels* and *feasibility mechanisms* that describes another route that could link oil and conflict: the *state-as-target* or *state-as-prize mechanism*. According to this interpretation, the state may become a valuable target for armed groups due to the fiscal and non-fiscal revenues levied from the oil sector (Macartan Humphreys 2005; Le Billon 2001; Ross 2004b, 2006). While the *greedy rebels* and *feasibility mechanisms* focused on the income seized by the armed groups through criminal activities, like looting and forced exactions to the oil sector, the *state-as-target mechanism* hypothesises that oil rents increase the value of controlling the state and therefore can spark contests to capture it (Macartan Humphreys 2005; Le Billon 2001). In other words, the fiscal windfall generated by oil revenues can make the state a more lucrative prize for rebels (Bazzi and Blattman 2014; Ross 2006, 2012).

Le Billon (2001, 2004, 2005a, 2013) identified cases of four countries that supported the *state-as-target* mechanism. Based on qualitative evidence, he claimed that in Venezuela, Congo-Brazzaville, Algeria and Equatorial Guinea oil rents constituted a “prize” that led to armed conflicts or violent struggles for state control. Englebert and Ron’s (2004) case study of Congo-Brazzaville’s four rounds of “brutal militia fighting”, between 1993 and 2002, further corroborated that oil wealth may constitute a sort of “honey pot”, which motivates rebels to challenge the state and struggle for the country’s control. However,

¹³² In the chapter titled “*Clausewitz Vindicated? Economics and Politics in the Colombian War*”, Gutiérrez Sanín (2008a) also criticised the “greed and grievance” dichotomy and contended that explanations based on individual “rent-seeking” were not sufficient to explain the Colombian armed conflict.

Englebert and Ron (2004) underlined that their findings should be interpreted with caution: the temptation that natural resources can generate does not explain, on its own, the emergence of conflict. They argued that the political context of Congo-Brazzaville (recent democratisation and political instability) was crucial for the ascent of rebellion. Based on their case study, they concluded: “If a country has a stable political system, authoritarian or otherwise, it is unlikely to experience civil war, regardless of resource availability and distribution” (2004, 75). These results are consistent with those of Gould and Winter (2012), who found that unprecedented oil rents in Chad contributed to catalyse the renewal of a previous armed conflict, among others, because the fiscal windfall motivated rebels to seize the state.

Other researchers that used large-N strategies to test the oil-conflict relationship, found that their results appeared to favour the *state-as-target mechanism*.¹³³ Fearon (2005, 503–4) argued that it seemed “more likely that high oil exports indicate a weaker state given the level of per capita income and possibly a greater ‘prize’ for state or secessionist capture, both of which might favor civil war.” Furthermore, Ross (2006) initially found support for the *state-as-a-target mechanism* in his econometric based research: fuel rents (both on-shore and off-shore) were linked with national conflicts.¹³⁴ However, he would revise this conclusion in later work, as this section explains below.

The *state-as-target mechanism* has been qualified and contested on theoretical and empirical grounds. Ross (2012, 2015), for example, contented that the *state-as-target*

¹³³ The quantitative-based study of Berman, Couttenier, Rohner, and Thoenig (2017) also provides evidence in support for this mechanism with regards to mines. They interpreted that the minerals in Africa increased the value of seizing the state or territory at the subnational level.

¹³⁴ Ross (2006) qualified his conclusion: two of the three alternative versions of the *state-as-target mechanism* were not supported by his evidence. When he proxied the size of the revenues as the share of government revenues in GDP, its correlation with conflict onset was not significant. Moreover, he found that the share of non-tax revenues in total government revenues was not positively correlated with civil war onset.

mechanism did not account for the differential effects of on-shore and off-shore oil production that he and other researchers had detected (explained in section 2 of this chapter).¹³⁵ Moreover, Ross (2004b, 2012), argued that the fact that rebels desire to capture the state did not mean they would have the ability to do it: the cost of victory also mattered.

Additionally, Ross (2001, 2004b) argued that oil rich governments tend to increase their military expenditures. Bazzi and Blattman (2014), Bell and Wolford (2015) and Cotet and Tsui (2013) also contended that oil and mineral revenues can increase the national state power, making it less likely for potential rebels to succeed. For example, according to Gould and Winter (2012), this was the case of Chad where the incumbent government invested heavily in its security apparatus and became more authoritarian. Similarly, according to Le Billon (2004, 2005a, 2005b) and Weinstein (2007), the government of Angola mortgaged its oil revenues and was able to finance the purchase of weapons and ammunition, gaining military advantage over the rebels. Nwajiaku-Dahou (2012, 298) also argued that Nigeria's oil fiscal windfall "was translated into defence spending, a repressive military machine and a long-lasting military-style political culture." In addition to the increased expenditures in the security apparatus, Basedau and Lay (2009) also contended that oil-rich states are able to "buy-off" peace through large-scale distribution of oil rents. In sum, while oil revenues accrued by the state may increase its value for rebels, the fiscal wealth of state can also fund its strengthening and capacity to discourage rebellion due its elevated costs.

¹³⁵ However, for example, the case study of Englebert and Ron (2004) showed that the off-shore oil rents in Congo-Brazzaville were a major motivation for rebellion.

Aside from the costs of rebellion, the future costs linked with the extraction of oil rents should also be accounted for. In this vein, Bazzi and Blattman (2014) pointed out that seizing the state not only implied future revenues but also certain costs of extraction (after the capture of the state by rebels). Therefore, they argued, the quality of institutions would influence the ease of capturing rents. Bazzi and Blattman (2014, 6) concluded: “The less cohesive and inclusive a state’s institutions, and the more unaccountable its regime, the more the risk of conflict or coups increase with rents.”

In conclusion, despite the prolific academic work, the evidence about the operation of the three mechanisms explained above remains inconclusive. Much uncertainty still exists about why and how oil contributes to spark conflict onset. For example, more attention should be paid to the interaction between the abundance of oil revenues, the domestic political context, and the armed conflict. Additionally, most of the studies have addressed this question through large-N cross-country comparisons or country-level case studies. Few studies have investigated the incidence of oil on the outbreak of armed conflict at the sub-national level.

The mechanisms described above have been considered by the literature on the oil-conflict relationship in Colombia. The evidence of the case studies presented in this thesis suggests that these mechanisms could have operated simultaneously and/or sequentially at the subnational level. This is particularly true with regards to the violent plundering of the oil sector by the armed groups. However, the mechanisms that were previously identified by the literature do not fully account for the processes associated with the management of oil revenues by Colombian subnational governments. This thesis identifies a subnational variant of the so-called *state-as-target* mechanism that

contributes to explain how oil revenues influenced the war strategies of armed groups and their interaction with subnational democracies and governments.

In sum, this section examined the literature on three of the mechanisms that may explain the incidence of oil on conflict onset: *greedy rebels*, *feasibility and state-as-target*. The section focused on the channels of transmission that are pertinent to study the Colombian armed conflict. Nevertheless, the existing scholarship has identified more mechanisms than the ones explored in this section. **Table 6** summarises a total of twelve different hypotheses on the pathways that may link oil with conflict outbreak. The next section discusses the literature on the mechanisms that may explain the effect of oil on conflict duration.

Table 6 – Mechanisms that may explain the influence of oil on conflict onset

Label of the mechanism	How the mechanism operates	Studies reporting evidence in support	Studies that did not find evidence in support
<i>Greedy rebels</i>	The prospective of seizing oil rents, during and/or after the conflict, is the main motivation to setup an armed group.	Collier & Hoeffler (1998); de Soysa (2002); Englebert & Ron (2004); Le Billon (2001, 2005a)	Chernik (2005); Collier, Hoeffler & Rohner (2009); de Soysa & Neumayer (2007); Gutiérrez Sanín (2004, 2008a) Humphreys (2005); Le Billon (2005b); Ross (2004a);
<i>Greedy outsiders</i>	Oil encourages foreign parties, states or companies, to foster the onset of internal conflict.	Le Billon (2004, 2005a, 2013); Ross (2004a)	Humphreys (2005); Ross (2012)
<i>Grievances</i>	Oil creates community level grievances that escalate into internal armed conflicts.	Chernik (2005); Humphreys (2005); Obi (2010); Keen (1998); Nwajiaku-Dahou (2012); Ross (2004a, 2004b, 2005); Tantua et al.	Collier & Hoeffler (1998, 2002a, 2004); de Soysa (2002); Fearon & Laitlin (2003); Ross (2004a, 2004b);

		(2018); Watts (2008b); Watts & Ibaba (2011)	
<i>Feasibility or Looting</i>	Oil wealth increases the financial viability of armed groups. These groups are able to raise income directly from the illegal extraction of oil and/or indirectly from the extortions paid by those who legally extract it.	Collier et al. (2003); Collier & Hoeffler (2004); Collier, Hoeffler & Sambanis (2005); Dunning & Wirpsa (2004); Keen (1998); Le Billon (2001, 2013); Lujala (2010); Nwajiaku-Dahou (2012); Peñate (1991, 1998); Rettberg & Prieto (2018); Ross (2006) ¹³⁶	de Soysa & Neumayer (2007); Humphreys (2005); Ross (2004a)
<i>State-as-target or State-as-prize</i>	Oil revenues accrued by the state increases the value of seizing it by armed groups (e.g. overthrowing the incumbent). Oil motivates rebellion and power contests.	Besley & Persson (2010); Englebert & Ron (2004); Gould & Winter (2012); Le Billon (2001, 2004, 2005a); Ross (2006)	Bazzi & Blattman (2014); Ross (2004a)
<i>State-weakness</i>	Oil weakens the state, making it an easier <i>prey</i> for rebels.	de Soysa & Neumayer (2007); Fearon (2005); Fearon & Laitlin (2003); Humphreys (2005); Ross (2006)	Bazzi & Blattman (2014); Bell & Wolford (2015); Ross (2012)
<i>Increased value of sovereignty</i>	Oil motivates and/or provides financial opportunities to form a separate state.	Collier & Hoeffler (2002b); Collier et al. (2003); Keen (1998); Le Billon (2001, 2004, 2005a); Nwajiaku-Dahou (2012); Ross (2004a, 2006)	Humphreys (2005)
<i>Future exploitation rights or Booty futures</i>	Rebel groups raise income by selling rights of future exploitation rights of oil.	Collier et al. (2003); Le Billon (2013); Ross (2004a)	Humphreys (2005)
<i>Trade shocks</i>	The volatility of oil's prices generates negative economic shocks which,	Collier et al. (2003);	-

¹³⁶ Lujala (2010) and Ross (2006) claimed partial empirical support for the mechanism: only in the cases of on-shore oil production.

	in turn, heighten local grievances and debilitate the state (and its finance).	Humphreys (2005); Keen (1998); Ross (2006)	
<i>Opportunity cost of rebellion</i>	The labour opportunity cost to rebel decreases when economic opportunities decline. This mechanism assumes that oil has a negative incidence on the economy and/or the labour market.	Besley & Persson (2010); Collier & Hoeffler (1998); Collier & Hoeffler (2004) ¹³⁷	Bazzi & Blattman (2014); Gutiérrez Sanín (2004)
<i>Sparse-networks or Resource enclave</i>	Enclave economies reduce social cohesion, thereby increasing the risk of conflict.	Humphreys (2005)	-
<i>Shifting power or pre-emptive war</i>	The government's increased chances of winning, after an oil discovery, undermines credibility of an agreement with opposition groups. The discovery of sizable resources may incline the opposition to rebel before they become weak in comparison with the government.	Bell & Wolford (2015); Ross (2005)	-

5. Duration mechanisms

The literature on the mechanisms that may explain the influence of oil wealth on the duration of armed conflicts is informed by the insights of the research on the pathways that lead to conflict outbreak.¹³⁸ If resource wealth becomes a significant and continuous source of revenues for rebels, as the *feasibility mechanism* suggest, then oil also contributes to prolong conflict by financing the military apparatus of armed groups.

¹³⁷ However, Collier and Hoeffler limit their study to the incidence of low economic growth on the labour opportunity cost of rebelling without testing directly whether the natural resource endowments are associated with the performance of the economy or the labour market.

¹³⁸ For thorough descriptions of the mechanisms that may link natural resources and conflict duration, see Humphreys (2005), Le Billon (2009), Le Billon and Nicholls (2007) and Ross (2004a).

To substantiate their claims about this mechanism, Hoeffler & Rohner (2009) explained how oil provided looting opportunities for rebel groups, thereby increasing their sustainability, through means such as oil theft (*oil bunkering*) and extorting the oil sector. Furthermore, Lujala (2010) interpreted that the results from her large-N study partially supported this “rebel-financing” mechanism.¹³⁹ She found that conflicts where rebels had access to gemstones and oil in conflict zones tended to last longer.

This view is also supported by small-N works on armed conflicts in some oil-producing African countries and Colombia. Ross (2004a) reported in his comparative case study of thirteen resource-based conflicts, that there were cases in which rebels financed from looting natural resources, including the seizure of oil rents in Sudan and Colombia. Furthermore, Le Billon (2005b) concluded that although Angola’s oil and diamonds were not the cause of its civil war, these resources had contributed to prolong the conflict by providing both warring sides the “means and rewards” for fighting. Similarly, Felbab-Brown (2010), Pearce (2007) and Peñate (1998) argued that the resources earned by extorting oil companies allowed the ELN guerrilla to grow and expand in Colombia. Additionally, Watts (2008b) found that Nigerian rebel militias financed through the theft of oil and concluded that these resources provided a “lubricant” for pre-existing armed struggles.

However, oil wealth may also generate a large stream of fiscal revenue accrued by the state. Hence, an oil-rich state may finance the strengthening of its military forces and quell rebellions or obligate the insurgents to settle, as it was discussed in the previous section of this chapter. Thus, in such scenario, the effect of oil wealth on conflict duration

¹³⁹ Fearon (2004) reported analogous results with respect to civil wars in which rebels had access to valuable “contraband” funds from lootable commodities such as, opium, diamonds and coca. He found that negotiated settlements, in these contexts, were less likely. He also interpreted that when such resources became a “dependable source of finance” they enabled “wars to last longer” (Fearon 2004, 284).

would be the opposite of what is expected from the *feasibility* mechanism: oil-based conflicts would tend to be shorter. This was what Humphreys (2005) found in his econometric-based study: oil and diamonds were associated with military victories and shorter wars. However, he also concluded that resource wealth did not appear to facilitate or obstruct negotiated settlements. Similarly, Bazzi and Blattman (2014), reported that rising oil prices were linked with shorter and less intense conflicts.¹⁴⁰

The mixed evidence about the operation of the *feasibility mechanism*, may be reconciled by the so-called *military balances* or *balance of power mechanism*: the extraction of rents from natural resources by the weaker (stronger) party finances its military capacity and prolongs (shortens) wars (Macartan Humphreys 2005; Ross 2004a). Hence, oil wealth could have the effect of lengthening the conflict or shortening it, depending on the initial position of the warring side (strong/weak) and which party accrues the bulk of the oil rents. In this vein, Ross (2006) contended that certain natural resources could have an incidence on the duration of conflicts by affecting the financial asymmetry of parties. The underlying assumption is that asymmetrical wars last less (military imbalance is associated with faster victories), while symmetrical wars tend to endure (Fearon 2004).¹⁴¹ In other words, according to Ross (2006), oil and diamonds could affect the military balance: lengthening the conflict if resource wealth finances the weaker side (helping to equalize balance of forces) or shortening the conflict by boosting the finances of the stronger side (bringing quicker victory).

¹⁴⁰ More specifically, Bazzi and Blattman (2014, 32) found that “higher rents from commodity prices weakly lower the risk and length of conflict.” They interpreted that this outcome was contrary to the effect predicted by the *state-as-target mechanism*. However, Bazzi and Blattman (2014, 32) hedge their conclusion by acknowledging that “temporary shocks are the wrong test of the state prize theory. Stocks of resources could matter more than price shocks.”

¹⁴¹ Fearon (2004), however, argued that it is “quite difficult” to measure the symmetry of power between peripheral insurgencies and the state. Additionally, the results from his game theoretical model questioned the assumption that there was a “definitive relationship” between the relative military capabilities of the parties and the duration of conflict. However, Fearon (2004, 297) reported that the results “suggest that an advantage in, or positive shocks to, rebel capabilities will tend to reduce the odds of a negotiated settlement.”

Le Billon (2004, 2005a) and Chernick's (2005) qualitative research on the Colombian case provided preliminary evidence in support of the *military balances mechanism*. Le Billon (2004, 2005a), for example, argued that the ELN guerrilla group had resurged in the 1980s after extracting significant resources from extorting oil companies and sub-contractors in Arauca. Similarly, Chernick (2005, 181) argued that oil contributed to explain the transformation of the ELN from an organisation that was close to being defeated to a "formidable military force".

The case studied in this thesis expose an additional source of resources that all the major armed groups in Colombia, not just the ELN, were able to tap and that had an incidence on the balance of power at the local level: the oil revenues accrued by the subnational governments. However, the seizure of these oil revenues was not simply the result of violent plundering and military clashes, as depicted by the mechanisms identified by the existing corpus. This thesis reveals that the pursuit for oil royalties by armed groups contributed to explain political processes behind the oil – conflict connection at the subnational level.

The literature theorised another mechanism related with the intervention of foreign states or foreign companies in an intra-state armed conflict where oil assets are at stake: the *international premium* or *international stakes mechanism*. The literature argued that foreign players may prolong or facilitate the termination of conflicts, depending on the benefits they expect from war or peace (Macartan Humphreys 2005; Le Billon and Nicholls 2007). The econometric-based study of Humphreys (2005) found that foreign intervention led to faster termination of conflict and that such intervention not always supported the incumbent government.

Furthermore, Dunning and Wirpsa's (2004) case study on Colombia did not refer explicitly to the mechanism, but provided empirical support to the claim that foreign companies that own assets in conflict-zones may intervene directly (by supporting one of the parties) and indirectly by lobbying their government to intervene in the conflict. Although one of the cases studied in this thesis also reports evidence on the intervention of a foreign government in support of the Colombian state, the impact of such involvement in the duration of the conflict at the subnational level is not clear. On one hand, the military intervention strengthened the position of the Colombian state in the territory and elevated the intensity of the conflict in the area. On the other hand, the main armed group that was targeted by the state still operates in the region and the area is a major stronghold for the former.

The literature also developed an analogous version of the previous mechanism that focuses on the economic incentives generated by resource rents on members of armed groups that may influence their decision to continue fighting. The *domestic premium* or *incentives mechanism* posits that when rebels and/or rebel leaders benefit from armed conflict, they will prefer to fight than to win (Macartan Humphreys 2005). In other words, resource wealth may discourage (or promote) peace settlements if the benefits for fighters or their commanding leaders can only be realised during war (or in peacetime) (Ross 2004a, 2006). Hence, if rents from the resource sector can only be extracted during the conflict, but not during peace-time, the rebels will prefer its continuation. Reaching an agreement would make the rebels' activities less feasible/lucrative and, therefore, they would not have an interest on a peace accord. Instead, they would opportunistically pursue economic agendas (Le Billon 2009; Le Billon and Nicholls 2007).

While several works that aim at deriving policy lessons for shortening conflicts and securing peace agreements in resource-rich contexts refer to this mechanism, there are few studies that offer robust empirical evidence in support of its operation. For example, Ross (2004a) reported that in two of his cases of study this mechanism appeared to explain the increased duration of war, while in three cases it seemed to generate incentives to settle. In contrast, the results of Humphreys' (2005) large-N study did not support the claim that oil or diamonds obstructed or facilitated peace agreements.

In the cases studied in this thesis, I did not find evidence that the fighters or their commanding leaders frequently or regularly received a direct and personal benefit from oil rents. Additionally, as it was explained in section 4 of the chapter, the guerrilla groups' rank and file members did not receive material benefits and, with few exceptions, their commanders did not enrich personally. The members of paramilitary groups did receive material incentives, even regular salaries, but this arrangement was not exclusive of the units that operated in oil rich areas. Furthermore, as it was noted by Gutiérrez Sanín (2008a, 227), "[c]ontrary to the standard story of the political economy of war, in Colombia the only organization that offered selective incentives to its warriors - the paramilitaries - fell apart; it lasted five years."

In sum, the literature discussed in this section is also inconclusive about the mechanisms that operate and how they operate. This section discussed the literature that examined four different mechanisms that may explain the effects of oil on conflict duration: *feasibility*, *military balances*, *international premium* and *domestic premium*. As in the previous section, this one focused on the channels of transmission that are pertinent to study the Colombian case. Nevertheless, the literature has identified other mechanisms that were not examined in this section. **Table 7** summarises a total of nine different

hypotheses on the pathways that may link oil with conflict duration. The next section discusses the literature on the mechanisms that may explain the incidence of oil on conflict intensity.

Table 7 – Mechanisms that may explain the influence of oil on conflict duration

Label of the mechanism	How the mechanism operates	Studies reporting evidence in support	Studies that did not find evidence in support
<i>Feasibility</i>	Oil wealth provides opportunities of funding for rebels, thereby prolonging their capacity to wage war.	Hoeffler & Rohner (2009); Felbab-Brown (2010); Le Billon (2005b); Lujala (2010)	Humphreys (2005); Bazzi and Blattman (2014)
<i>Military balances or Balance of power</i>	Oil wealth may affect the duration by increasing the finance of the weaker or stronger side of the conflict, thereby affecting the power balance between the state and armed groups. If oil finances the stronger side, then the conflict is shortened, whereas if oil finances the weaker side, the conflict is prolonged.	Humphreys (2005); Chernick (2005); Le Billon (2004, 2005a); Ross (2004a)	-
<i>International premium or International stakes</i>	Foreign companies or foreign states with current or future interests in oil wealth are more likely to intervene in the armed conflict and alter the military power balance.	Basedau and Lay (2009); Dunning and Wirpsa (2004); Humphreys (2005); Ross (2004a)	-
<i>Incentives or Domestic conflict premium</i>	Resource wealth discourages (or promotes) peace if rebels and/or their commanders can realise the benefits from its exploitation during war (or during peacetime).	Ross (2004a)	Humphreys (2005)
<i>Pork possibility or Peace-buying</i>	The possibility of distributing resource wealth among rebel leaders to “buy” peace makes the conflict last more or less.	Englebert & Ron (2004)	Humphreys (2005)
<i>Low government commitment</i>	Low government’s credibility of distributing oil revenues in the future if the separatist rebels	Ross (2004a, 2005)	-

<i>problem in separatist wars</i>	demobilise, which lengthens wars.		
<i>Future exploitation rights or Booty futures</i>	Oil enables weaker (stronger) side to sell future oil contracts, thereby prolonging (shortening) the conflict.	Ross (2004a); Lujala (2010)	-
<i>Organisational fragmentation</i>	The origin of the group's source of finance (especially initial endowments) affects its recruitment profile, making it more or less disciplined, thus affecting the length of conflict. When the groups are funded by natural resources, they attract opportunistic recruits with little long-term commitment and less discipline. ¹⁴²	Keen (1998); Weinstein (2007)	Gutiérrez Sanín (2004, 2008a); Staniland (2012) ¹⁴³
<i>Sparse-networks or Resource enclave</i>	The existence of dense forward and backward linkages between sectors in an economy may facilitate the termination of conflicts. The weakness of such linkages (in enclave economies) does not contribute to resolve them. ¹⁴⁴	-	-

6. Intensity mechanisms

The literature on the mechanisms that may explain the influence of resource wealth on the conflict's level of intensity is less prolific than the scholarship discussed in the two previous sections of this chapter. However, the literature that aims to understand why oil may flare (or temper) conflicts draws from the insights of the mechanisms that may explain conflict onset and duration.

¹⁴² However, Humphreys (2005) rightly contended that while diffused resources (e.g. gems) generate private appropriation opportunities and risks of indiscipline, this may not be the case of oil. Since the production process of oil is centralised (it is a point-source resource), it should not undermine organisational cohesion and hierarchical organisation structures.

¹⁴³ Staniland (2012) argued that the effect of resource wealth on an insurgent group's organisation (its cohesion) depended on the pre-existing social ties of rebels and local institutions.

¹⁴⁴ The mechanism was described by Humphreys (2005) and Le Billon (2009), but they did not explicitly assess whether their evidence favoured it or not.

In the cases in which armed conflicts already exist, the discovery of oil may attract armed groups to the area where the resources will be extracted. It is likely that these groups will use their armed force to control the territory and secure profits from the oil sector and/or the state. Furthermore, if armed groups were already present in the region where oil was discovered, their war strategy to preserve the territorial control and to seize income from oil companies may also entail the increased use of violence. Lujala (2009, 68), for example, argued that a likely explanation for the increased intensity of conflict in oil-producing regions is that the extreme value of resource rents and the risk that conflict interrupts oil production may generate incentives – for rebels and governments, respectively – to make greater investments in victory and more offensive fighting.

This *looting mechanism* is close to the *rapacity effect* suggested by Dube and Vargas (2013) in their interpretation about the association between external oil shocks and increased intensity of violence in Colombian oil-producing regions. Dube and Vargas (2013, 1403) reported that a 137% increase of oil prices between 1988 – 2005 led to “a 14% differential increase in paramilitary attacks above the mean” in oil municipalities. Moreover, they showed that the oil shock increased the kidnappings carried out by paramilitary groups against “government officials, political candidates, and other community leaders” by an additional 7% in the average oil producing municipality (Dube and Vargas 2013, 1406).¹⁴⁵ Dube and Vargas (2013, 1413) interpreted that the oil price shock induced “a rapacity effect, whereby armed groups target the oil region with the aim of extorting these rents.”

¹⁴⁵ However, Dube and Vargas (2013) also informed that the effect was not significant with respect to the level of guerrilla kidnappings. They argued that the difference of the outcome, between guerrilla and paramilitary attacks, could be explained by the geographical concentration of oil and the fact that two major paramilitary groups originated in these areas. Moreover, they contended that oil producing regions had a greater military presence, which generated further barriers for guerrillas.

The work of Berman, Couttenier, Rohner, & Thoeni (2017), that analysed subnational data of 14 minerals in 52 African countries, echoes the findings of Dube and Vargas (2013). Berman et al. (2017) tested the impact of variations in world prices on conflict at the local level and found a positive, strong and significant association between mineral wealth and conflict incidence. Furthermore, they argued that looting minerals and extorting those who extracted minerals not only could facilitate setting up and sustaining rebel groups, but also led to spatial diffusion of conflict and its escalation over time.

Additionally, the large-N studies published by Sánchez and Palau (2006), Dube and Vargas (2013)¹⁴⁶ and Carreri and Dube (2017) also provide preliminary evidence supporting the operation of the *state-as-target mechanism* at the subnational level. These three studies reported that a specific type of violence appeared to be more intense in oil producing regions: the use of armed force against politicians. This may suggest that the oil revenues accrued by subnational governments were also targeted by armed groups and, therefore, the use of armed force against politicians was functional to their objective of seizing public funds. The results published by Carreri and Dube (2017) are particularly relevant to support this explanation. They showed that the oil price shock had differential effects in oil-dependent municipalities with regards to the subnational political dynamics: more pro-paramilitary politicians attain office in municipal councils, the total number of candidates in mayoral elections decreased, and competition in mayoral elections lowered (Maria Carreri and Dube 2017). Carreri and Dube (2017, 516) concluded that their results were “consistent with an account in which armed groups intervene forcefully in local elections with the aim of controlling resource rich regions.” In this thesis, the operation of this pathway, that appears to connect oil wealth and conflict at the subnational level,

¹⁴⁶ However, Dube and Vargas (2013, 1406) acknowledged that their evidence about the mechanisms that connect oil and conflict was indirect, since they did not have measures of rebel recruitment (to test a *labour opportunity cost effect*) or of the looting of public funds (to test the *rapacity effect*).

is termed *subnational-government-as-target mechanism*. While the *state-as-target mechanism* theorised by the literature assumes that the channel operates at a country level, generating incentives to the national state and the armed groups, the *subnational-government-as-target mechanism* hypothesises that oil revenues generate differentiated effects at the subnational level.

In contrast with the previous studies, Bazzi and Blattman (2014) found that rising oil and mineral prices were linked with less intense conflicts. Hence, the evidence from their large-N study would not support the operation of the two mechanisms described above. In fact, Bazzi and Blattman (2014) explicitly acknowledge that their cross-country results ran against the findings reported by Dube and Vargas (2013) with regards to oil prices and conflict intensity in Colombia.

A dyad of mechanisms, that may operate simultaneously, could also reconcile the ambiguous effects of natural resource wealth on conflict intensity: the so-called *resource battles mechanism* (increase intensity) and the *cooperative plunder mechanism* (decrease intensity). Ross (2004a) argued that the *resource battles mechanism* could occur when the prospective of seizing resource rents motivated disputes between two or more armed groups, thereby increasing the number of fatalities linked to the battle over resource-rich territories.¹⁴⁷ Ross (2004a) reported that fights between two or more sides took place in nine of his cases (two of them in oil-related disputes: Sudan and Colombia), thereby increasing the number of casualties. However, Ross (2004a) also reported that in eight

¹⁴⁷ Cunningham (2011) presented an analogous argument with regards to “multi-party” conflicts. His conclusions were based on a mixed methods research that combined a large-N study with a two-country comparative case study (Rwanda and Burundi). His main argument was that civil wars with multiple actors that had opposite preferences over the conflict’s outcome would tend to be longer and more severe. With regards to conflict duration, he argued that these conflicts would tend to be longer because these “veto players” would tend to block its termination. Moreover, Cunningham (2011) contended that in these types of conflicts, the parties would have greater uncertainty on their opponents’ fighting capacity and that this asymmetry of information would lead to more intense fighting.

of his cases, combatants cooperated to exploit natural resources. In these cases, the fighters laid down their weapons or agreed a truce, thus causing less casualties. Although Ross (2004a, 56) contended that he could not measure the impact of each effect, he inferred that “they at least partially offset each other and produced a ‘mixed effect’ on the intensity of the combat.” The cases studied in this thesis do not offer conclusive evidence on the operation of these two mechanisms. In one of the cases, Arauca, oil wealth appeared to increase the value of the areas that were disputed by different armed groups. Moreover, there were instances in which armed groups explicitly contested the control of oil rents. However, in the cases of Tolú and Coveñas, the abundance of oil royalties did not appear to stimulate the arrival of multiple rival parties.

In conclusion, the literature on the channels of transmission between oil and armed conflict is not more conclusive than the scholarship on the onset and duration mechanisms. This section discussed the literature that assessed four mechanisms that may explain the incidence of oil on conflict intensity: *rapacity effect*, *state-as-target*, *resource battles* and *cooperative plunder*. As in the previous two sections, this section focused on those mechanisms that are pertinent to study the Colombian conflict. **Table 8** summarises a total of six different hypotheses on the pathways that may link oil with conflict intensity.

Table 8 – Mechanisms that may explain the influence of oil on conflict intensity

Label of the mechanism	How the mechanism operates	Studies reporting evidence in support	Studies that did not find evidence in support
<i>Looting or Rapacity effect</i>	Oil discoveries and other oil shocks (e.g. prices) may motivate armed groups that were previously present in the area to increase their violence (for example, to extort oil companies).	Dube and Vargas (2013); Lujala (2009); Sánchez and Palau (2006) ¹⁴⁸	Bazzi and Blattman (2014)
<i>State-as-target or State-as-prize</i>	Oil discoveries and other oil shocks (e.g. prices) attracts armed groups that aim at opportunities to seize the state's funds.	Carreri and Dube (2017); Dube and Vargas (2013); Lujala (2009); Sánchez and Palau (2006) ¹⁴⁹	Bazzi and Blattman (2014)
<i>Resource battles (increase)</i>	Two or more armed groups (and combatants) pursue oil wealth and battle for control of the territory, thereby conflict severity.	Ross (2004a)	-
<i>Cooperative plunder (decrease)</i>	The armed groups may agree to cooperate in the extraction of oil rents, thus decreasing conflict intensity.	Ross (2004a)	-
<i>Pre-emptive repression (increase)</i>	Oil wealth may motivate unusually harsh pre-emptive reactions by governments to suppress separatist groups in oil areas.	Nwajiaku-Dahou (2012); Ross (2004a)	Bazzi and Blattman (2014)
<i>Recruitment profile bias</i>	Resource-based groups attract (opportunistic) fighters that will tend to commit high levels of indiscriminate violence.	Weinstein (2007)	Gutiérrez Sanín (2004, 2008a)

¹⁴⁸ Weinstein's (2007) large-N study reported that conflicts where armed groups used "contraband resources" were associated with higher levels of violence.

¹⁴⁹ However, Sánchez and Palau (2006) refer to the *greed – grievance* dichotomy and interpret that their findings favour the former.

Conclusions

The main purpose of this chapter was to review the scholarship of the resource curse with an emphasis on the literature that examined the oil-conflict relationship. Over the last four decades, researchers of the resource curse yielded an abundant amount of publications that explored the effects of resource wealth over economies and polities. Although a rich source of large-N and small-N studies have reported that resource abundance and/or dependence may generate negative consequences in certain contexts, the existence of the resource curse and how it operates is still a disputed subject. Furthermore, debate continues about the role played by economic and political institutions in the contexts of oil and mineral bonanzas.

The resource curse research has tended to focus on cross-country and country-level studies. This thesis is close to an emergent literature that examines the effects of resource wealth at the subnational level. The assessment of the localised effects of oil and mineral wealth is a promising research approach to identify the micro-foundations of the resource curse. This thesis aims to extend this scholarship by tracing the influence of resource booms in subnational political processes. In this vein, the qualitative research strategy implemented in this thesis aims at providing “place-based knowledge” on how specific mechanisms unfold with oil booms. This thesis reveals political processes behind that connection and traces how the armed groups shifted their coercive and non-coercive strategies against civilians.

While most large-N works published in the last two decades have reported convincing evidence on the association between oil wealth and conflict outbreak, this conclusion has been recently challenged. The econometric-based studies on the association between oil

and conflict duration and intensity are less conclusive. The diverse and contradictory results of the large-N studies could be the result of challenges related with endogeneity problems, the proxies used to measure the variables of interest, and the quality of data. Additionally, the literature on civil wars has identified multiple factors, which may operate simultaneously, that may explain conflict onset, duration and intensity. Oil wealth is just one of these factors and it is not a necessary nor a sufficient one.

However, there is a consensus among the social scientists who reported evidence in support of the incidence of resource wealth over internal armed conflicts that the effects of oil appear to be conditional. Identifying why and how certain conditions (e.g. state strength) and historical legacies (e.g. previous conflicts) mediate the relationship remains to be elucidated. This thesis attempts to contribute to fill in this gap by examining how the subnational political institutions intervene the effects of oil wealth.

The literature on the oil-conflict relationship is not conclusive about the processes and channels of transmission that may link these two variables. The scholarship has theorised around thirty different mechanisms that may explain the influence of oil on the onset, duration and intensity of armed conflicts. This chapter focused on eight of the mechanisms that are pertinent for the Colombian armed conflict and for this thesis. The reviewed mechanisms are not exclusive, some may operate simultaneously and/or sequentially in the same internal armed conflict.

Most of the large-N and small-N works that have attempted to identify and examine these mechanisms are based on country-level assessments. The problem with country-level studies is that the effects of oil wealth appear to be highly localised, particularly in the oil-producing areas. The incidence of oil over conflict may not be detected unless the

research uses sub-state units. Moreover, understanding how oil interacts with political contexts and sub-state institutions requires tracing the processes that are triggered in oil-producing areas.

As it was mentioned above, the major objective of this thesis is to extend our knowledge on the subnational effects of oil wealth. In particular, this thesis uses a comparative study of Colombian municipalities to trace the mechanisms that may explain the incidence of oil revenues over the onset, duration and intensity of conflict. The thesis aims at providing localised evidence about the mechanisms by which oil wealth affects internal armed conflict. The most important contribution of the thesis is the theorisation of a new mechanism that operates at the subnational level, triggering processes that links resource wealth with conflict: the *subnational-government-as-target mechanism*.

The pathway identified in this thesis is particularly relevant because it contributes to explain why oil revenues may have a negative incidence over public policy and management through the dynamics of the armed conflict at the subnational level. In this vein, this thesis accounts for the interaction between oil-driven fiscal windfalls, armed groups, and subnational democracies and governments. Identifying and specifying these pathways is useful to provide policy advice on the interventions that may address each of them (Macartan Humphreys 2005; Ross 2006).

Chapter 3 – The prize, the institutions and the players: The decentralised management of oil revenues and armed actors in Colombia

Introduction

“In Arauca, everyone eats the same cake: oil”, remarked a local journalist.¹⁵⁰ She referred to the fact that in this oil-rich municipality of Colombia, multiple actors depended directly or indirectly on oil as a source of income: companies, households, the municipal government and even armed groups. In the regions of Colombia where oil is produced and/or exported, the flow of oil revenues is omnipresent in the economic, political and social life of its inhabitants.

This chapter is a gateway to the thesis’ cases: it aims at placing the cases in Colombia’s broader historical and institutional context. Its first objective is to introduce the main armed players of the plot (legal and illegal) and the initial proprietors of oil royalties (the subnational governments). The chapter explains how, during the last three decades, the rents from oil were a key source of finance for all the warring sides in the Colombian armed conflict. The chapter also overviews the subnational public investment processes funded by royalties and the evolution of its institutional arrangements between the mid-1970s and 2017. Additionally, the chapter explores the attributes that made oil revenues special, not just for subnational governments but also for armed groups. In other words, this chapter describes: the armed groups that sought the “honey-pot”, the holders of the “pot”, and what was special about the “honey”.

¹⁵⁰ Interview 119.

The chapter has three sections. The first one overviews the origins, evolution and organisation of the main armed actors: guerrillas, paramilitaries and national state forces. The second section describes the unitary and decentralised government of Colombia and how royalties were managed in this institutional context. The third section discusses the three features of oil revenues that make them different from other sources of income in Colombia: scale, source and opacity. The chapter finalises with concluding remarks.

1. The warring sides

When did the current Colombian armed conflict began? Addressing this question is pertinent before identifying each of the parties in conflict. The literature has at least two different views on the date of start of the current internal armed conflict in Colombia. Some researchers argue that there is continuity between *La Violencia* period and the current armed conflict.¹⁵¹ For example, they point out that some fighters and relatives of fighters that fought during *La Violencia* later joined the guerrillas of the 1960s.¹⁵² Hence, these scholars situate the origins of the Colombian armed conflict in the mid-1940s (Chernick 2005; Gutiérrez Sanín 2004; Pécaut 2008, 2011; Pizarro Leongómez 2006).

¹⁵¹ *La Violencia* was a civil war, driven by sectarian violence between the Liberal and Conservative parties, that dragged almost all Colombians and produced atrocities comparable to those of the Spanish Civil War (Pécaut 2008). The exact duration of *La Violencia* is also a contended issue. For example, Pizarro Leongómez (2006) locates it between 1946 and 1953, Rettberg et al. (2018b) between 1948 and 1953, Deas (2015) between 1946 and 1960, and Sánchez, Solimano and Formisano (2005) between 1946 and 1962. Moreover, Guzmán, Fals Borda and Umaña (2005) divide the period in five different stages starting in 1948 and finishing with a truce in 1958. On the competing hypotheses on the origins of *La Violencia*, see Sánchez, Solimano and Formisano (2005, 120–21).

¹⁵² The ELN's founders, for example, contacted former fighters from the liberal guerrillas that lived in San Vicente de Chucurí, where the first guerrilla unit was assembled, and some of them joined or supported their emerging guerrilla group (Medina Gallego 1996; Vargas Velásquez 1989). The legacy of organised violence facilitated the recruitment of experienced fighters in San Vicente. Moreover, the continuity between the liberal guerrillas and the ELN could have facilitated the initial settlement of the latter in the region (Vásquez, 2006).

Other scholars consider that *La Violencia* is different from the current internal armed conflict and, therefore, the phenomenon should not be considered a continuous struggle. For example, Sánchez (1985, 218) argued that the conflicts differed in at least three aspects: “the general context in which each were produced, the character of the protagonists that participated in each of them and the motivations or objectives that provoked them.” These researchers locate the onset of the current conflict in the mid-1960s, when the so-called “first-generation” guerrilla groups emerged in Colombia (Arjona 2015; Dube and Vargas 2013; Gutiérrez Sanín 2016; Pizarro Leongómez 2006; Posada Carbó 2001; Rettberg et al. 2018b; Richani 1997).

The three “first-generation” guerrilla groups emerged between 1963 and 1967: the *National Liberation Army* (ELN), the *Revolutionary Armed Forces of Colombia* (FARC) and the *People's Liberation Army* (EPL) (Pizarro Leongómez 2004, 2006; Villamizar 2017). While the first two guerrillas continued battling in the early 2010s, the last one demobilised in 1991. The right-wing paramilitary groups appeared in the early 1980s, but they remained scattered until the late 1990s. In 1997, the paramilitaries unified under the leadership of an umbrella organisation called the *United Self-Defences of Colombia* (AUC). Although the AUC expanded rapidly by creating new branches and incorporating pre-existent armed organisations in different regions of Colombia, the group demobilised in the mid 2000s after negotiating with the national government. Since then, criminal bands (BACRIM) mushroomed and have attempted to resume some of the illegal business carried out by the AUC's units.

The following two sub-sections describe the main organisational features of the ELN, the FARC and the paramilitaries each and summarise their historical trajectory. Then, the fourth sub-section describes the organisation and the evolution of the Colombian national

state's forces. Each subsection depicts how oil and mineral wealth has financed the warring sides.

1.1 The guerrillas

The ELN is the oldest and strongest guerrilla group that is still fighting the Colombian state. In 1963, the founders of the ELN established its first armed unit in the mountainous jungles of San Vicente de Chucurí, in Santander department (in the central-northern part of Colombia).¹⁵³ The start-up funding and training was provided by the government of Cuba and, in the subsequent years, its revenues came from looting banks and extorting wealthy cattle-ranchers and farmers (Harnecker 1988; Villamizar 2017).

The discourse of the ELN is nationalist, anti-oligarchy and Marxist-Leninist (Aponte 2011). The main political banner of the ELN is related to the exploitation of natural resources. More specifically, the ELN claims that transnational companies plunder the Colombian oil and minerals (Aguilera 2006; Harnecker 1988). This guerrilla group has been particularly present and strong in oil and gold producing regions. Additionally, the ELN has a federal structure that grants a high degree of autonomy to its regional units (Aguilera 2006; Aponte 2011).

During its first decade of operation in San Vicente and Santander department, the ELN was not able to control the territory. Furthermore, the military forces forced the group to flee the region and, by 1978, the ELN was almost disbanded. Later, after the mid 1980s, the ELN reorganised and returned to San Vicente with a stronger military capacity.

¹⁵³ Although the preparations to launch the ELN started in 1963, according to the official account of the ELN, the group carried out its first “guerrilla march” in July 1964, formal date of their foundation (Harnecker 1988; Villamizar 2017).

According to Vásquez (2006, 329), in the following decade the ELN increased its strength in the region “due to the transfer of oil rents to its military and political apparatus” from other oil-producing areas of the country.¹⁵⁴

The government of president Juan Manuel Santos initiated exploratory dialogues with the ELN in January 2014 with the objective of finalising the conflict through a peace deal. Only until February 2017, the delegations of parties formally installed the peace negotiations. The delegations reached an agreement on a cease-fire, an unprecedented achievement with the ELN, that lasted between October 1 2017 and January 9 2018 (Aponte and Asprilla 2017; Verdad Abierta 2017). When the cease-fire expired the ELN resumed waging war. Between January and February 2018, 44% of the armed actions carried out by the ELN in the Colombian territory occurred in Arauca department (FIP 2018). The new president of Colombia, in office since August 2018, maintained the willingness to carry out peace talks, but the process appears to be stalled.

The FARC was a guerrilla group that grew from being a small resistance group in the mid 1960s, to become an army of twenty thousand combatants with presence in half of the country’s territory by the mid 2000s (Pécaut 2008). The FARC had a rural origin and its first members were peasants – some of them members of the so-called “liberal guerrillas” – organised in the Andes’s central mountainous range of Colombia (Molano 2016). In contrast with the ELN, the FARC had a hierarchical organisation that granted limited autonomy to its regional units and a strong military organisation (Gutiérrez Sanín and Barón 2006).

¹⁵⁴ Mainly from Arauca, as it is explained in Chapter 4 of this thesis.

The FARC's origin in the centre of the country is linked with the land struggles that confronted large-landowners with landless peasants that took place during the first half of the 20th century in the departments of Tolima, Huila, Cundinamarca and Cauca (Molano 2016; Pécaut 2008). In 1964, as a response to the repressive approach of the state against these self-defence groups, the latter transformed into mobile guerrillas and united as the South Block (1964) and as the FARC in 1966 (Pizarro Leongómez 2006).

The FARC expanded through the 1970s and 1980s: from 1975 to 1982, the guerrilla groups increased its "war fronts" from 5 to 24 and in 1982 they decided to double to 48 fronts (Arjona 2016b; Pécaut 2008, 49). The FARC did not emerge in oil-rich areas, as the ELN, but adopted a strategic plan to move to resource-rich regions (e.g. oil, gold, coal, banana and coca). The territorial expansion of the FARC allowed them to disperse the state forces and control zones with economic potential or military value (Pizarro Leongómez 2006).

After being the most powerful guerrilla group in Colombia for several decades, the FARC is no longer active. Since late 2016, after four years of negotiation with the national government, the FARC demobilised and, in 2017, became a legal political party.

1.2 The paramilitaries

The paramilitaries started as local and regional self-defence groups in the 1980s, but their model did not expand or unify at a national level until the late 1990s.¹⁵⁵ The paramilitaries often learned and imitated certain practices of the guerrilla groups (e.g. network of informants, repression of petty criminals). However, a key difference between the

¹⁵⁵ For a judicial account on the origins and evolution of the paramilitaries, see CSJ (2011b).

guerrillas and paramilitaries was that the former did not pay a salary to its members, while paramilitaries paid a wage and allowed their fighters to enrich themselves through looting. Furthermore, although the AUC attempted to copy the centralised hierarchy of FARC, their organisation resembled a federation of organisations rather than a unitary structure (Gutiérrez Sanín and Barón 2006; Gutiérrez Sanín 2008a, 2008b).

Gutiérrez Sanín and Barón (2005) contend that the paramilitaries started as a repressive apparatus (financed by drug barons and ranchers), but they soon realised that the organisation also needed to govern the areas in which they operated. For example, in the early 1980s, a self-defence group emerged in Puerto Boyacá, a municipality with oil production and large-holding estates destined to cattle breeding. According to Ronderos (2014), the creation of the group was sealed in a formal meeting with the participation of the mayor (military, appointed), members from Texas Petroleum Company, members of the armed forces, and local merchants.¹⁵⁶ Later, the group received finance from drug lords and improved its logistics, fire power and training capacity (Gutiérrez Sanín and Barón 2006; Ronderos 2014).

The Puerto Boyacá group was successful at fighting the guerrillas and the drug-lords aimed at expanding the model to *Los Llanos* and Caribbean regions (Ronderos 2014). During the 1980s, other similar groups emerged in Antioquia and Santander departments (Molano 2009; Vásquez 2006). In the 1990s and early 2000s, the paramilitaries moved “to oil-rich provinces like Casanare, Arauca and Northern Santander to the east,

¹⁵⁶ By 1986 the national government did not have an unambiguous position in regard to those groups. According to Rafael Pardo (1996), member of the government at that time and future Defence Minister in 1991, while the Minister of Justice and high-ranking militaries justified the creation of these groups, the Minister of Government (Cesar Gaviria, future President in 1990) denounced their activities in Congress. Gutiérrez Sanín (2016) also mentions that, in 1978, the Minister of Defence summoned the population to arm themselves, while the Minister of Interior and PGN denounced the links of militaries with paramilitaries.

Putumayo to the south, and the central Magdalena Valley” (Thad Dunning and Wirpsa 2004, 89). Although in some regions there were local counter-insurgencies not linked with drug lords, the influence of the latter and their finance was always present (Gutiérrez Sanín and Barón 2006). However, the paramilitary organisations of the 1980s and first half of the 1990s were not united and lacked a national command (Gutiérrez Sanín 2008a).

In April 1997, a new paramilitary project was consolidated with the creation of the AUC, a flexible national alliance that grouped paramilitary organisations with the aim of having a national impact (Pécaut 2008; Ronderos 2014; Vásquez 2006). The AUC articulated existing armed structures that operated in the Caribbean coast region, the Magdalena River Valley and *Los Llanos* (Diego Quiroga and Ospina-Posse 2014). The AUC were led by the Castaño brothers, who had funded the Peasant Self-Defences from Córdoba and Urabá (ACCU) in the late 1980s (CSJ 2011b).¹⁵⁷

By the early 2000s, the AUC had been able to displace the FARC and ELN in the north of the country, the north-centre (Magdalena Medio valley) and *Los Llanos* (including Arauca) (Aponte 2011; Pécaut 2008). At the peak of their expansion, the main commanders of the AUC decided to dissemble their national federation. In 2002, the AUC’s chiefs started negotiating with the national government a transitional justice process that would finish with the demobilisation of most of their units between 2005 and 2006 (Gutiérrez Sanín and Barón 2006; Pécaut 2008).¹⁵⁸ However, dissident groups and new paramilitary groups, the BACRIM, emerged shortly after and continue to operate in

¹⁵⁷ The acronym ACCU stands for *Autodefensas Campesinas de Córdoba y Urabá*.

¹⁵⁸ Gutiérrez Sanín (2008a, 227–28) contends that the AUC “imploded” for three reasons: 1) because of its federal organisation, that was incapable of centralising economic and military resources; 2) their organisational fragmentation linked to the recruitment of fighters and commanders that pursued their individual interests (leading to clashes among units); and, 3) the involvement in illegal drug activities, which fractured its leadership and its civilian supporters.

different regions of Colombia (CNMH 2016a; Pécaut 2008; Á. V. Sarmiento 2014). As it will be explained in Chapters 4 and 5 of the thesis, some of the dissidences that emerged in the cases aimed at seizing oil royalties, as their predecessors did.

1.3 The national state's forces

The President of Colombia is the “supreme commander” of the state’s armed forces.¹⁵⁹ Both the military forces and the national police are affiliated to the Ministry of Defence and the minister is in charge of directing the public force.¹⁶⁰ Moreover, the national government nominates military generals and the Senate approves their promotion.¹⁶¹ Although the national government and the armed forces may coordinate their plans and activities with the subnational civilian authorities, the top executive authorities of the subnational governments are not part of the chain of command.¹⁶² Thus, the structure of the Colombian armed forces is highly centralised.

Since the late 1990s, the Colombian state significantly increased its national military expenditures with respect to the three previous decades and sustained this effort during most of the 2000s (**Figure 9**). Moreover, the number of active duty military personnel more than tripled between 1985 and 1998 and almost doubled between 1999 and 2009 (**Figure 10**).

¹⁵⁹ Article 120 – 39 of the 1885 Constitution and Article 189 – 3 of the 1991 Constitution.

¹⁶⁰ Article 218 of the 1991. In 1953, the Police became part of the Ministry of Defence (which was called Ministry of War until 1965). In 1960, the Police was nationalised, and the organisation started depending directly of the Minister of Defence. Since 1991, the all the appointed Ministers of Defence have been civilians (Leal Buitrago 2015).

¹⁶¹ Articles 98-5 and 120-7 of the 1886 Constitution and article 173 – 2 of the 1991 Constitution.

¹⁶² However, until the 1991 Constitution, the governors of departments could request help from the armed forces and the corresponding military chief had to obey unless the national government instructed otherwise (article 197 of the 1886 Constitution).

Figure 9 – Colombia’s military expenditure as a percentage of its GDP, 1960 - 2016

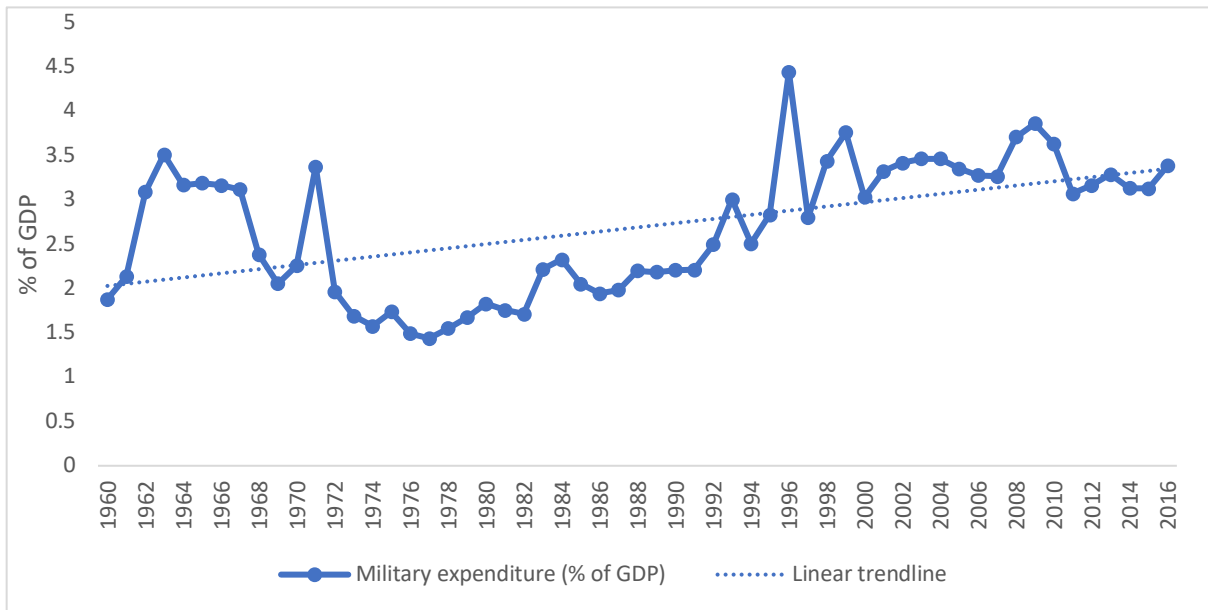
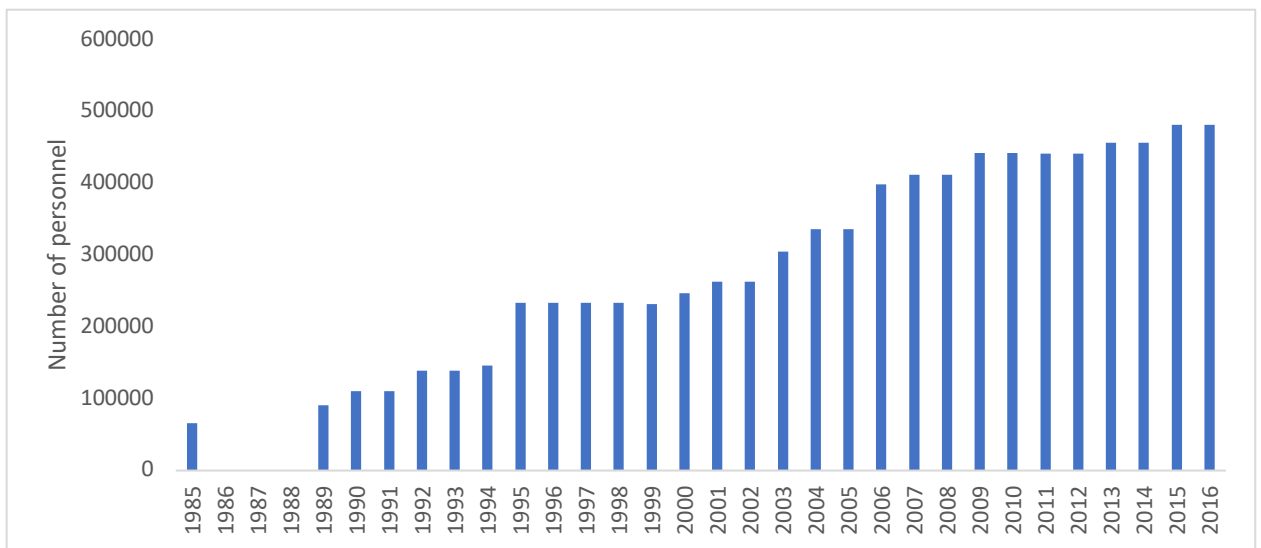


Figure 10 – Colombia’s armed forces personnel, 1985 - 2016



Source: Elaborated by the author based on World Bank (2018)¹⁶³

How did the Colombian state raise the funds to strengthen its armed forces? Over the last 20 years, there were three main financial pushes. First, in 2000, the government of

¹⁶³ The data on the total personnel is not available for the years 1986 - 1988. The World Bank’s dataset includes data from the Stockholm International Peace Research Institute (SIPRI) and the International Institute for Strategic Studies.

president Andrés Pastrana reached an agreement with the US government to fund a strategy that aimed at countering illegal drug trade and strengthening the institutional capacity of the Colombian state.¹⁶⁴ The strategy was labelled “Plan Colombia” and entailed a significant transfer of resources for the Colombian army (more than USD 500 million per year). However, the US bounded the use of the Plan's resources by the Colombian military to anti-narcotics activities (Pardo 2016). Two years later, under the presidency of Álvaro Uribe and George W. Bush, the US Congress lifted the limitations of the Plan and the army was allowed to use the Plan's resources for counter-insurgency operations. As it will be explained in Chapter 4 of the thesis, the oil assets owned by OXY in Arauca were one of the main reasons that explained the lifting of the Plan Colombia's restrictions.

Second, in 2002, the national government used extraordinary faculties to establish a special tax to “preserve the democratic security” with the specific destination of funding the public forces.¹⁶⁵ This wealth tax, dubbed the “war tax”, was charged for the first time in 2003 and then it was extended by Congress in four additional occasions (2004-2006, 2007-2010, 2011-2013, and 2015-2018).¹⁶⁶

The third key source that contributed to fund the strengthening of the state's military forces were the extraordinary fiscal revenues accrued by the Colombian national government during the last commodity super-cycle (circa 2003 – 2013). Additionally, since the late 1990s, the state's armed forces also received extraordinary resources (in cash and in kind) by the oil companies in exchange for protection of the oil infrastructure

¹⁶⁴ The Plan Colombia was the result of a proposal of Andrés Pastrana -during his presidential campaign in 1998- to channel foreign aid to Colombia through a type of Plan Marshall. After being elected president, Pastrana reached an agreement with government of Bill Clinton in 2000 to fund the Plan Colombia (Pardo 2016).

¹⁶⁵ Decree 1838 of 2002.

¹⁶⁶ Law 863 of 2003, Law 1111 of 2006, Law 1370 of 2009, and Law 1739 of 2014.

(Richani 1997; Thad Dunning and Wirpsa 2004). According to Rettberg and Prieto (2018, 172–73), “since 1998, the hydrocarbons sector established more than 750 agreements for cooperation and protection with the public force” to protect their infrastructure from armed groups.

The extraordinary revenues received by the national government financed the expansion of the provision of state security and the strengthening of its military capacity. Since the early 2000s, the correlation of forces between the Colombian state forces and the guerrillas changed in favour of the former (Gutiérrez Sanín 2016).

In sum, all the warring sides of the Colombian armed conflict accrued rents generated by oil and mineral extraction. While the “players” used different strategies to extract income from oil wealth, all of them effectively increased their funding directly or indirectly by obtaining rents from the oil sector. Additionally, oil wealth influenced the interests of sub-state actors and generated specific funding opportunities for armed groups. The next two sections of the chapter explain why the institutional arrangements that regulated the management of oil revenues in Colombia enabled the generation of these subnational effects. In brief, the oil revenues accrued by the subnational governments turned them into a “prize” that the armed groups disputed, as it is illustrated in the cases studied in the following two chapters of the thesis.

2. The holders of the prize: Subnational governments and the management of oil revenues

Colombia is a unitary state with a three-tier decentralised system, consisting of the national, departmental and municipal levels of governments (**Table 9**).¹⁶⁷ The decentralisation process dates back to the late 1960s and early 1970s, when legal reforms allocated fixed sums of national revenues and shares of national taxes to municipalities and departments.¹⁶⁸ The objective of the amendments was to provide sources of funding for the provision of public health and primary education at the subnational level (Junguito and Rincón 2007). However, the first fiscal and administrative decentralisation reforms were partially pulled back in 1975, when Congress passed a law that nationalised primary and secondary education.¹⁶⁹

Table 9 - Three-levels of government in Colombia

Tier of government	Number of units	Top executive authority and term	First direct election of top executive authority	Legislative body
First: National government	1	President (4 years) ¹⁷⁰	1857	National Congress
Second: Departmental government	32	Governor (4 years) ¹⁷¹	1991	Departmental Assembly ¹⁷²

¹⁶⁷ However, the country has a federalist past. Specifically during the early independence period and the period 1850s - 1886 (Posada-Carbó 1998).

¹⁶⁸ Law 33 of 1968 and Law 46 of 1971.

¹⁶⁹ Law 43 of 1975.

¹⁷⁰ The 1991 Constitution originally did not permit the re-election of presidents, but a reform in 2004 introduced the re-election (for one period) (Legislative Act 2 of 2004). Ten years later, after having re-elected two presidents, the Congress passed reform that eliminated the re-election of presidents (Legislative Act 2 of 2015).

¹⁷¹ The 1991 Constitution originally established a term of three years for governors and mayors. In 2002, the Congress approved a constitutional amendment that extended the period to four years (Legislative Act 2 of 2002). Immediate re-election is not permitted.

¹⁷² Department assemblies and municipal councils are deliberative bodies that are in charge of enacting local regulations, on specific topics defined by the 1991 Constitution and the laws. These regulations are enforceable only in their respective jurisdictions. Moreover, these bodies have an oversight role with regards to mayoralities and governorates.

Third: Municipal government	1,102	Mayor (4 years)	1988	Municipal Council
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The process regained strength in the late 1970s, when new administrative accountabilities were allocated to subnational governments.¹⁷³ Then, in the early 1980s, economic decentralisation deepened with new fiscal sources of income that were allocated to subnational governments.¹⁷⁴ Political decentralisation arrived later, in the late 1980s and early 1990s. The first direct election of city and municipal mayors took place in March 1988.¹⁷⁵ Then, the 1991 Constitution also established the direct election of departmental governors. The first election of departmental governors occurred in October 1991. Additionally, the 1991 Constitution increased the administrative responsibilities of municipalities related to the provision of public goods and services.¹⁷⁶ The new constitution also established significant resource transfers from the national government to the subnational governments.¹⁷⁷

Hence, since the mid-1980s, the Colombian municipal governments are responsible for the provision of public education (primary, basic and intermediary), public primary health, water, sewage and sanitation services, and infrastructure such as urban transport

¹⁷³ The presidential decree 77 of 1978 established that municipalities were accountable for potable water and environmental sanitation, first level health, primary and secondary education, and agricultural technical services. The departments, *intendencias* and *comisarias* were authorised to concur in the provision of these services.

¹⁷⁴ The Law 14 of 1983 and Law 50 of 1984, strengthened subnational governments own-source income by authorising them to levy new taxes and increase collection rates of existing taxes. Moreover, Law 12 of 1986 increased intergovernmental transfers to subnational governments.

¹⁷⁵ Legislative Act 1 of 1986 (amendment to article 201 of the 1886 Constitution).

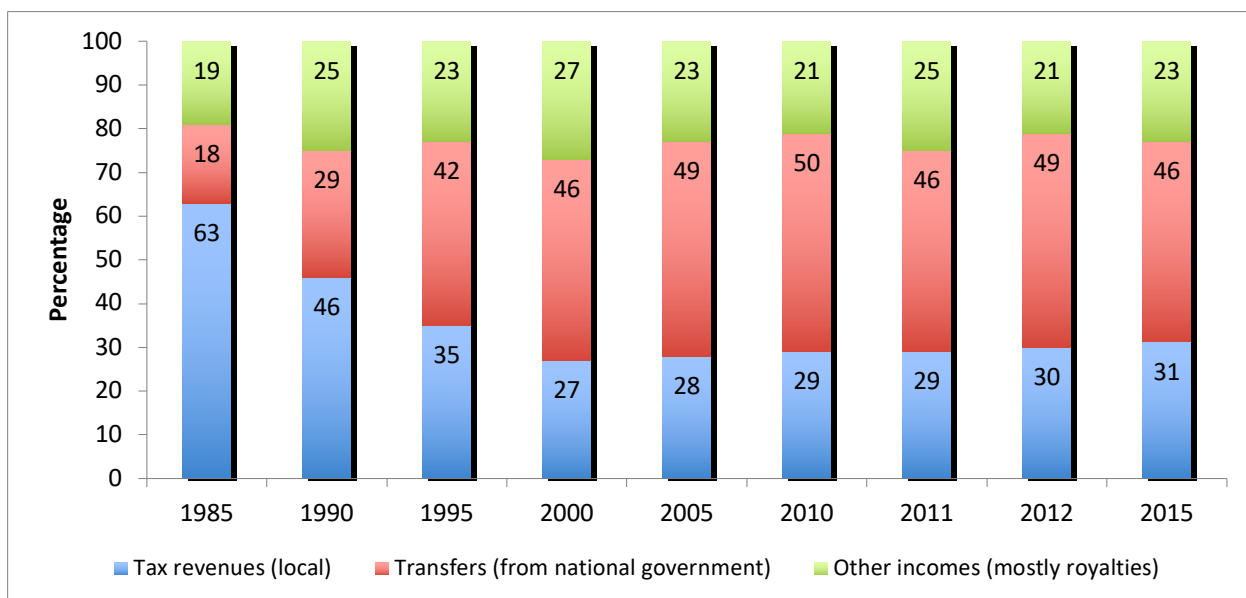
¹⁷⁶ The 1991 Constitution increased the accountabilities of municipalities and limited the role of departments. This was coupled with more means to mobilise resource for municipalities than for departments. These characteristics seem to be particular of Colombia. In most federal and unitary (but decentralised) countries, second-tier governments (e.g. regional, state) tend to have more political and economic power and possess more responsibilities than local governments (third-tier) (Agranoff 2014; Bolleyer 2014). Until recently, the role of department's governorates consisted mainly of regional planning, coordination of municipalities, and intermediation between these governments and the central government. Yet, due to recent legal reforms the allocation of responsibilities in Colombia has become more complex, due to some overlapping functions between the three levels of government (OECD 2014).

¹⁷⁷ On the process of decentralisation in Colombia and the structure of the subnational public finances, see Dillinger and Webb (1999), Falleti (2010), Junguito and Rincón (2007), OECD (2014), and Zapata (2010).

facilities, tertiary roads, sports and cultural venues. For that purpose, subnational governments rely on three main sources of income: own-source tax revenues, resources shared by the national government, and non-fiscal revenues such as royalties.

The country-level data of Colombia’s subnational public finances suggests that the subnational governments were highly dependent on national transfers and royalties, particularly in the last two decades (**Figure 11**). However, the aggregated data may understate subnational governments’ dependence on national government transfers and royalties. Computing total revenues may hide the significant heterogeneity among municipalities and departments in Colombia.¹⁷⁸ For example, in 2013, four cities (Bogotá Medellín, Cali and Barranquilla) concentrated more than 57% of the total subnational tax revenue raised by Colombian municipalities (DNP 2014, 67).

Figure 11 - Composition of subnational governments revenues (municipal and departmental)



¹⁷⁸ Colombia is a large country, almost twice the size of France, and very heterogeneous. There are regional disparities with regards to geography, transport connectivity, per capita income level, economic activities, and sub-state capabilities, among others (Bonet and Meisel 2009; Bonet-Morón, Pérez-Valbuena, and Montero-Mestre 2018; OECD 2014; G. Perry, García, and Jiménez 2015).

Sources: Elaborated by the author based on OECD (2015) (for 1985-2012)
and Bonet-Morón et al. (2018)(for 2015)

Most of the national transfers to subnational governments were earmarked for education and health and the remainder were used to fund current expenditures linked with the provision of other basic public goods and social protection of government employees (OECD 2014).¹⁷⁹ Due to the strings attached to the national transfers and the low level of own-source revenues mobilised at the subnational level, royalties were a key source of finance in resource-rich municipalities.

However, a key attribute of royalties, that distinguish them from other sources of income, is that these revenues cannot be used to fund current expenditures.¹⁸⁰ In other words, the regulation destined royalties exclusively to finance public investment projects.¹⁸¹ Moreover, until the early 2010s, the regulation reserved royalties for public investment projects in specific sectors (e.g. health, education).

Until 2011, the public investment process of royalties was entirely in the hands of the mayoralities and governorates, respectively, at the municipal and departmental level. Hence, mayors and governors had the last word on the prioritisation of projects and on the selection of contractors through procurement processes. The new General Royalties

¹⁷⁹ National transfers include earmarked resources from: i) the *General System of Participations* (SGP), that must be destined specifically for education, health, potable water, basic sanitation, and provision of food for schools, among others; and ii) the funding for social security pensions of teachers and other state employees; and iii) other payments such as contributions to public universities (Echeverry, Navas, and Clavijo 2009).

¹⁸⁰ The inflexibilities established by the law are sometimes sidestepped in practice by local governments. According to Dillinger and Webb (1999) the strings attached to the resources, in the case of municipalities, have not been restrictive in practice due to the flexible interpretation given to local governments to the conditions established by the laws. Former mayors, officials from the DNP, and advisors of extractive companies also mentioned this practice with regards to royalties (interviews 2, 7, 15, 41).

¹⁸¹ In the Colombian government's public accounting, capital expenditures include investments in "hard" capital (physical infrastructure, such as roads) and "soft" capital (human capital, such as programmes to improve education).

System (SGR), in force since 2012, granted subnational governments more autonomy to decide the sectors in which royalties were invested. As a result, subnational governments may invest royalties in their preferred sectors (e.g. transport, housing, education etc.), as long as they formulate public investment projects that are aligned with their development plans.

But the SGR also limited the autonomy of subnational governments to select the specific public investment projects financed with royalties. Currently, subnational governments can only access royalties from the SGR funds once their projects are approved by multi-tier government boards called the *Collegiate Bodies of Administration and Decision* (OCAD).¹⁸² In the case of the SGR funds accessed by municipalities, the OCADs are composed by representatives of the mayoralty, the governorate and the national government. Each level of government has one vote and the decisions, on which projects are selected, are taken by simple majority.¹⁸³ Once a project is approved, the OCAD usually assigns the implementation of the project to the recipient of the royalties. From then onwards, the subnational government has full accountability for the investment project, including the selection of the contractor through public procurement processes. Furthermore, the SGR earmarked significant resources to fund independent national oversight authorities to monitor the investment of royalties.¹⁸⁴

In spite of the fact that Colombia built an ad-hoc system for investing oil royalties, with “more eyes” watching how the resources are used, in comparison to other sources of

¹⁸² In Spanish, Órgano Colegiado de Administración y Decisión.

¹⁸³ However, interviewees that participated or witnessed OCAD meetings mentioned that the key decisions on investment projects were taken in informal sessions before the OCAD meeting. Hence, OCAD meetings were usually protocolary rather than spaces for deliberation (interviews 8, 11, 10, 21).

¹⁸⁴ For example, the SGR destined up to 0.5% of the total royalties to finance the fiscal control by the CGR. In 2012, the CGR hired 300 new officials to monitor the use of royalties, which was equivalent to approximately 15% of the total CGR’s staff (interviews 7, 22, and 71).

income, the empirical evidence suggests that the performance of the recipient subnational governments was mediocre.¹⁸⁵ At least ten large-N studies explored the effects of oil and mineral revenues at the municipal and/or departmental level in Colombia (**Table 10**). The majority of these studies reported that the effects were close to nil and/or that resource-rich subnational governments underperformed with respect to their resource-poor peers.

Table 10 – Research on the impact of investments funded with royalties at the subnational level

Period of study	Authors	Methodology & units of analysis	Main conclusion
1994 - 1997	Benavides et al. (2000)	Panel data regressions and analysis of qualitative data. Municipalities & departments.	Royalties did not generate a positive effect on economic growth at the subnational level.
1990 - 2001	Viloria de la Hoz (2002)	Comparative case study. Municipalities.	Royalties did not promote development in the studied municipalities.
1993 - 2005	Candelo et al. (2008)	Multivariate cluster analysis. Municipalities and departments.	Royalties did not decrease basic unsatisfied needs, nor increase GDP per capita at the subnational level.
1990 - 2007	Perry & Olivera (2010)	Panel data regressions and case studies. Municipalities and departments.	Positive impact of royalties in GDP per capita in municipalities, negative impact in departments.
1994 - 2007	Muñoz & Núñez (2011)	Panel data regressions. Municipalities.	Low positive impact of royalties on educational and health coverage, no effect on aqueduct coverage. Other resources from national government transfers (SGP) have significantly higher impact than royalty resources.
2007 - 2008	Armenta, Barrero & Prieto (2012)	Data envelopment analysis. Municipalities.	Few municipalities reach an efficient performance in the investment of royalties.
2001 - 2011	Rojas (2014)	Regression analysis. Departments.	The short-term impact of royalties on the welfare of the population in oil and mineral producing regions was nil. The long-term impact was negative (close to nil). Royalties

¹⁸⁵ A DNP's senior royalties official commented: "The OCAD system has many virtues, there are more eyes watching. But who wants to steal, finds the way to steal." (interview 10).

			received by non-producing regions generated a positive impact.
2011 - 2014	Moyano & Wright (2015)	Spearman correlation analysis. Municipalities (Caribbean region).	Positive, but weak, relationship between royalties per capita and poverty level.
2004 - 2011	Ardanaz & Tolsa (2016)	Data envelopment analysis. Municipalities.	Non-monotonic relationship between royalties per capita and efficiency in public spending. The impact is conditional on the size of the windfall shock: the effect is negative for the highest recipients (80% of municipalities) and positive for the lowest recipients (remaining 20%).
2005 - 2011	Martínez (2017)	Instrumental variables (cadastral updates, oil price shocks) regression analysis. Municipalities.	Heterogeneous effects of shocks to property tax revenues and royalties on outcomes of public provision: municipal tax revenues have significantly larger effects on all outcomes (health, education and water) than royalties. However, royalties had a positive and significant impact on educational enrolment, health insurance coverage, and on water quality.
1997 - 2016	Gallego, Maldonado and Trujillo (2018)	Instrumental variables (oil price shocks) regression analysis. Municipalities.	Before 2011, the impact of royalties on poverty levels was small and statistically insignificant. After 2011, the impact of royalties on different household welfare indicators improved significantly (e.g. poverty, household conditions, access to aqueduct and continuous water service, education and health outcomes).

Source: Elaborated by the author based on the cited publications

However, more recent evaluations of the effects of royalties at the subnational level show a picture that is less bleak. Some of these studies, concluded that institutional factors appeared to mitigate or reverse the negative impact of resource abundance at the subnational level (Gallego, Maldonado, and Trujillo 2018; Guillermo Perry and Olivera 2010; Guillermo Perry et al. 2012). Additionally, the studies of Martínez (2017) and

Gallego et al. (2018), reported positive and significant effects of royalties at the subnational level.

In summary, the onset of the royalties' windfall managed by subnational governments in oil producing regions, coincided with the acceleration of the decentralisation reforms during the 1980s and early 1990s. The oil royalties became a key source of finance for the subnational governments where oil production/export was concentrated, but the autonomy to use these resources was limited by regulation. However, the subnational governments were completely autonomous to manage the procurement processes carried out to implement the investment projects financed with royalties. This thesis argues that the decentralised framework for managing oil revenues, described above, generated financing opportunities for armed groups. Furthermore, the cases presented in this thesis suggest that the strategies carried out by armed groups in oil royalty-abundant areas may contribute to explain the poor performance of these subnational governments. The last section of this chapter discusses why oil revenues were a source of income that was particularly attractive for armed groups in Colombia.

3.The prize: What is it special about oil revenues?

“Arauca’s history is divided in two: before and after royalties” said a seasoned journalist, who was a young reporter when the oil boom hit the municipality during the mid-1980s.¹⁸⁶ The journalist referred to the incidence of oil royalties in the economic, social and political life of Arauca. While these specific changes will be addressed in the case study of Arauca (chapter 4 of thesis), this section examines the particular characteristics

¹⁸⁶ Interview 119.

of oil revenues that makes them distinct from other sources of income accrued by subnational governments in Colombia.

Oil revenues have – at least – three distinctive qualities that explain why they may cause political and economic troubles: scale, source and secrecy (Ross 2012).¹⁸⁷ The first two aspects are linked with the structure of the world’s oil market, the state’s ownership of sub-oil assets, and the operation of state-owned oil companies. The last quality is also dependent on policy choices related with the transparency of tax and non-tax payments by oil companies and the governments’ budgeting and spending practices. This section evaluates why these three qualities of oil revenues may be troublesome and whether they were present in Colombia and in the cases. Additionally, the section accounts for the cross-time variation of these characteristics during the period of study.

3.1 Scale

Oil exploitation tends to generate extraordinary revenues, particularly in contexts where the state is the owner of the resources and when it owns an oil company (Ross 2012). In Colombia, the Constitution establishes that state is the owner of the subsoil and non-renewable natural resources.¹⁸⁸ Moreover, as it was explained in chapter 1 of the thesis,

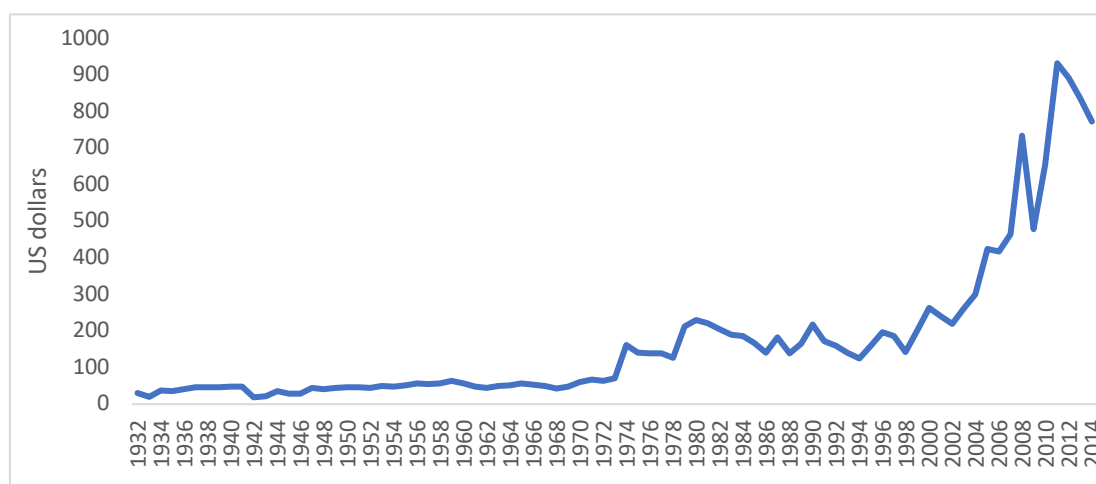
¹⁸⁷ Another key characteristic of oil revenues mentioned by Ross (2012) is their volatility. Oil revenues can “soar or plummet unexpectedly” due to the changes of the international prices of oil. The subsequent fluctuations in government finances pose great difficulties for governments, in particular for public investment management (P. Collier 2010; P. Collier et al. 2010; van der Ploeg and Venables 2012). Colombia and the subnational governments that relied on this type of revenues faced these “bust and boom” dynamics. However, this specific characteristic of oil revenues does not appear to be directly related to the mechanisms that explain the links between oil and armed conflict. For that reason, this feature is not examined in this section.

¹⁸⁸ Article 202 of the 1886 Constitution and article 332 of the Constitution of 1991.

in 1951 the Colombian state constituted its own oil company, Ecopetrol. Since then, Ecopetrol has extracted almost half of the total production of oil in Colombia.¹⁸⁹

The value of oil production (per capita) between the 1930s and 1970s was relatively modest with respect to the value generated from the early 1980s onwards (**Figure 12**).¹⁹⁰ Colombia was not one of the top oil producers of the world: between 1965 and 2017, Colombia's average share of the world's oil production was only 0.6%.¹⁹¹ However, the value of Colombia's oil production grew significantly during the 2000s, when the increased level of extraction coincided with the last commodity boom (circa 2003-2013).¹⁹²

Figure 12 - Value of oil production per capita in Colombia, 1932-2014 (constant 2014)



¹⁸⁹ However, the law 1118 of 2006 authorised Ecopetrol to sell up to 20% of its shares in the Colombian stock exchange. Until November 2007, Ecopetrol was owned 100% by the Colombian state, when the company offered 10.1% of its shares to private investors. The company is still controlled by the state, but it has over 350,000 shareholders (Ecopetrol 2017b).

¹⁹⁰ In fact, the production of hydrocarbons was so low that between 1976 and 1986, that Colombia became a net importer of oil (G. Perry 1992, 13).

¹⁹¹ Own calculations based on data from BP (2018). In the last decade, Colombia's average share in the global production of oil was 1.0%.

¹⁹² The last commodities' cycle started around 2003 and reached its peak in mid 2008, when the prices dropped due to the global financial crisis. The growth trend resumed in 2009, and commodity prices remained high until 2011 (Gómez-Sabaini, Jiménez, and Morán 2015). Yet, the prices of mineral and non-mineral commodities started declining in 2011. The prices of oil plummeted in June 2014 and only recovered until early 2016. In constant US dollars of 2017, the average oil barrel decreased from \$ 102.45 in 2014 to \$ 44.67 in 2016 (BP 2018).

Source: Elaborated by the author based on Ross and Mahdavi (2015)¹⁹³

The Colombian national government received significant revenues from oil, extracted through fiscal (e.g. income tax) and non-fiscal instruments (e.g. Ecopetrol dividends). On average, between 2000 and 2016, oil revenues represented 9.7% of the total national government income (equivalent, on average, to 1.86% of the GDP).¹⁹⁴

Although these revenues were important for the national government's finances, the windfall was greater at the subnational level due to the spatial concentration of oil. Until 2011, most of the oil royalties were concentrated in less than 14% of municipalities (L. Martínez 2017). On average, between 2002 – 2015, subnational governments received oil royalties that were equivalent to over 1% of the national GDP.¹⁹⁵ Furthermore, between 1996 and 2015, the percentage growth of royalties received by municipalities was 597.8% (Bonet-Morón, Pérez-Valbuena, and Montero-Mestre 2018, 11).

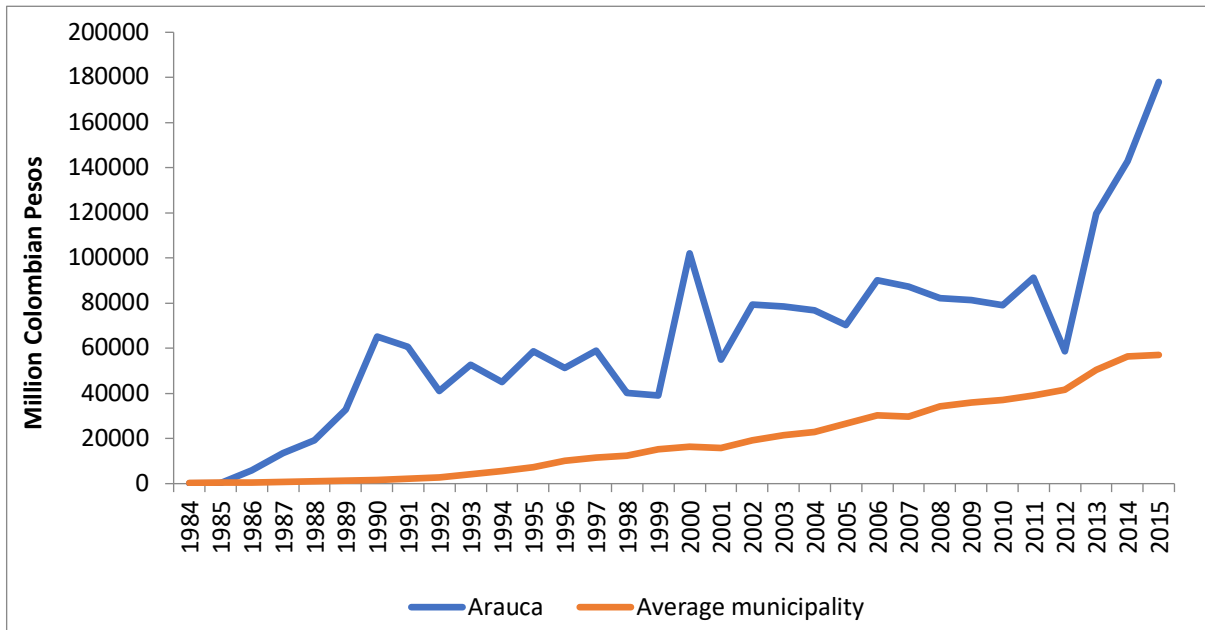
What about our cases of study? In Arauca municipality, the discovery of the *Caño Limón* oil field and the beginning of production since December 1985, generated a windfall that made the municipal government abundant on oil revenues (**Figures 13 and 14**). Since then, Arauca accrued significantly more total revenues than the average Colombian municipality.

¹⁹³ In this dataset, the value of oil results from multiplying the country's volume by the world price of oil.

¹⁹⁴ Own calculations based on data from Gómez-Sabaini et al. (2015), OECD (2015), Toro et al. (2015) and MHCP (2016, 2017).

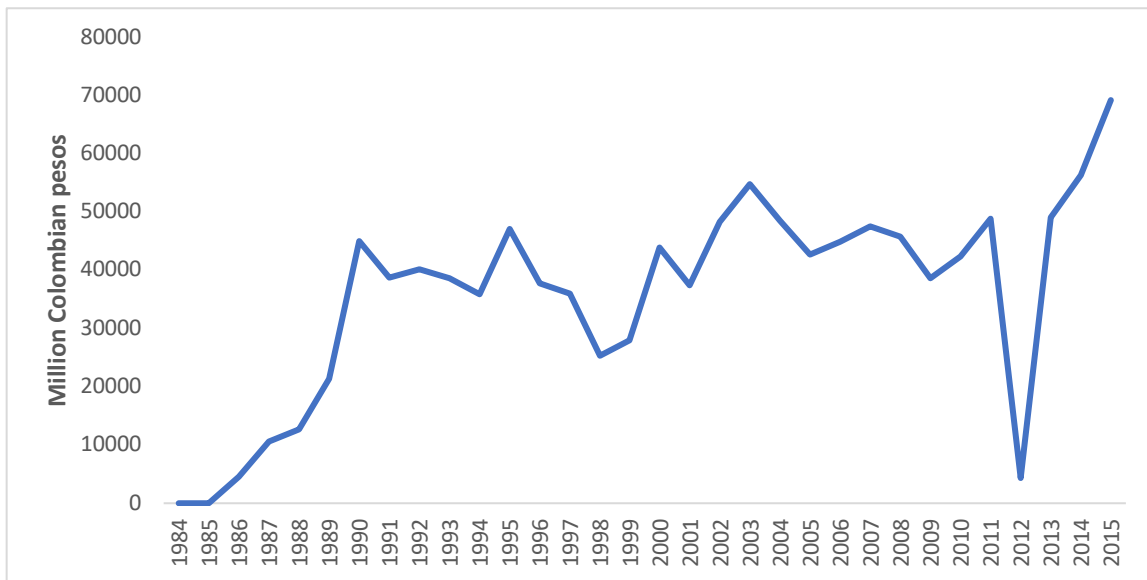
¹⁹⁵ Own calculations based on data from OECD (2015), Toro et al. (2015) and MHCP (2016, 2017).

Figure 13 – Total revenues of Arauca and average Colombian municipality, 1984-2015
(constant million pesos 2015)



Sources: Elaborated by the author based on CEDE (2017) (for revenues) and BanRep (2016) (for consumer price index)

Figure 14 – Oil royalties transferred to Arauca, 1984-2015 (constant million pesos 2015)



Source: Elaborated by the author based on CEDE (2017) (for royalties) and BanRep (2016) (for consumer price index)

The scale of the initial shock produced by oil revenues in the public finances of Arauca was so enormous that between 1985 and 1986 the annual revenues of the municipality grew 2,496%. Moreover, the total revenues received by the municipal government in 1990 were 292 times larger than the amount received in 1985.¹⁹⁶

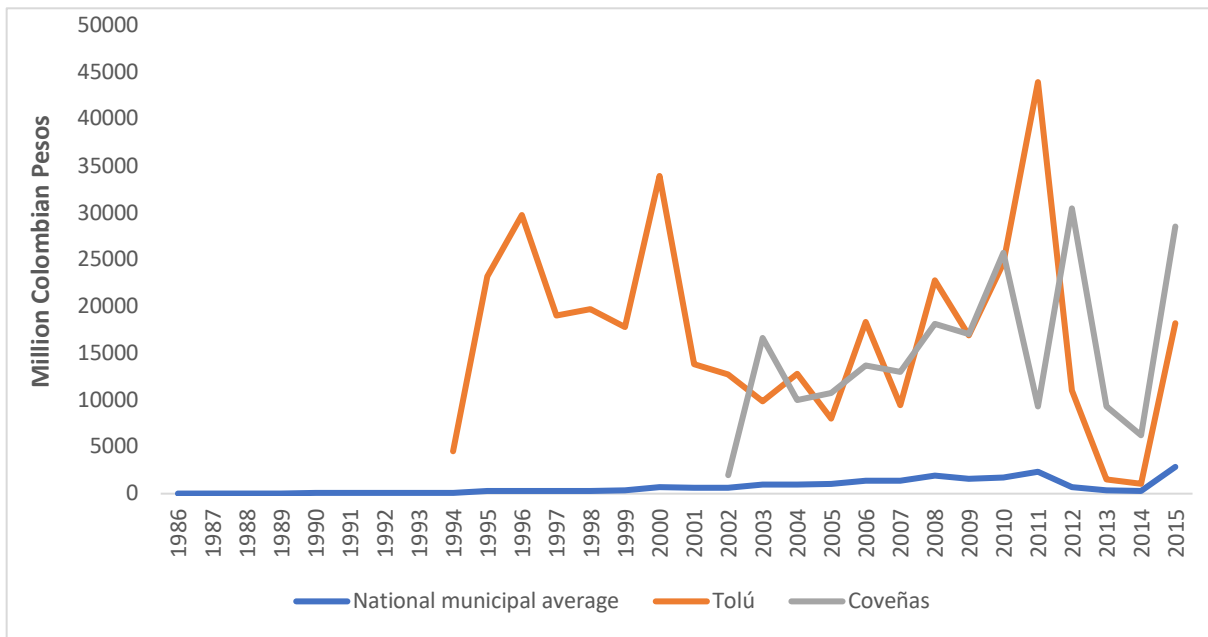
The story of Tolú and Coveñas is a bit more convoluted, but once the intricacies are explained the magnitude of the windfall becomes clear. Consider the following four caveats. First, as it was explained in chapter 1 of thesis, Tolú and Coveñas were a single municipality until 2002 when the latter seceded from the former. Second, the source of the windfall was not an oil discovery but a legal amendment, passed in 1994, that granted royalties to ports where oil was shipped. Third, there is missing data from Tolu's public finances, particularly regarding their total revenues.¹⁹⁷ Fourth, there are significant inconsistencies between the data on oil royalties that was self-reported by the municipal governments of Tolú and Coveñas and the data on the transfer of oil royalties reported by the national government. This chapter will address thoroughly this last point in section 3.3, when the issue of transparency in the management of royalties is examined.

The government of Tolú started receiving a fiscal windfall after 1994, when oil royalties were transferred in proportion to the oil exported through the port located in the territory of Coveñas (**Figure 15**). In 2002, when Coveñas became an independent municipality, the new municipal government of Coveñas started receiving a large amount of oil royalties as well. Notice that the oil royalties received by both municipalities were significantly higher than the amount received by the average Colombian municipality.

¹⁹⁶ In constant Colombian pesos of 2015. Own calculations based on data from CEDE (2017).

¹⁹⁷ The data on total revenues received by Tolú, self-reported by the mayoralty to the national government, between 1984 and 2001 has several missing data points. In fact, the information is only available for 1984-6, 1996 and 2001 (CEDE 2017).

Figure 15 – Oil royalties transferred to Tolú, Coveñas and average municipality, 1986 - 2015 (constant million pesos 2015)



Source: Elaborated by the author based on CEDE (2017) (for royalties) and BanRep (2016) (for consumer price index)

The scale of the shock produced by the oil royalties in the public finances of Tolú was huge: the total revenues received by its mayoralty in 1996 were 239 times larger than the amount accrued in 1986.¹⁹⁸

In sum, the exploitation and export of oil in Colombia generated an extraordinary flow of revenues that was directly accrued by subnational governments, including the cases studied in this thesis.

¹⁹⁸ In constant Colombian pesos of 2015. Own calculations based on data from CEDE (2017).

3.2 Source

A second quality of oil revenues that make them different from other sources of public income is that the collection of the former does not directly affect the population's pockets. Oil revenues are generated and paid by oil companies, private and state-owned, not by citizens. One of the main arguments of the literature on the political resource curse is that oil-rich governments do not depend on levying taxes from their population and, therefore, they may "become less susceptible to public pressure" (Ross 2012: 6).

Why could "other people's money", such as oil revenues, become problematic? According to the theory of the *rentier-state*, first developed in the early 1970s by scholars that studied oil-rich Middle-East countries, "when governments gain most of their revenues from external sources, such as resource rents or foreign assistance, they are freed from the need to levy domestic taxes and become less accountable to the societies they govern" (Ross 1999, 312). Additionally, Karl (1997, 16) argued that fiscal dependence on oil revenues eventually led to a *rentier-state* that is eager to spend without having the capacity to invest and where "officials become habituated to relying on the progressive substitution of public spending for statecraft, thereby further weakening state capacity."¹⁹⁹

¹⁹⁹ Other qualitative works, that examined cases beyond the Middle East, made similar claims. For example, the Gulf of Guinea regional case study by Soares de Oliveira (2007, 329) echoed previous findings of the literature: "the material and political resources made available by oil allow the state to survive regardless of bad policies". In the same vein, Thorp et al. (2012a, 6), who surveyed a comparative case study of Latin American and African countries, concluded that under poor institutional settings, it is likely that the abundance of natural resources will discourage accountability and may incentive the "embezzlement of collective wealth by private state-acquainted parties". Moreover, Puente et al. (2009) embraced Karl's claims of how oil bonanzas affect policymaking decisions to explain how fiscal dependency on oil affected negatively the budgeting decision-making in Venezuela.

Moreover, in the case Colombia, the reception of oil royalties by subnational governments does not require the development of local bureaucratic capabilities such as the ones that are needed to collect and manage subnational taxes. Oil companies pay royalties to the Colombian national government in exchange for the right of extracting hydrocarbons and, then, these royalties are transferred to municipal and departmental governments.²⁰⁰ Therefore, the capacity to monitor, collect and mobilise oil revenues in Colombia is only developed by the national government. Thus, the subnational governments are mere recipients of these revenues.

Additionally, the subnational governments of oil producing regions in Colombia are dependent on oil royalties as a source of revenues.²⁰¹ The cases of this thesis are not an exception. In the last three decades, on average, oil royalties financed 61% of Arauca's municipal budget.²⁰² Furthermore, both Tolú and Coveñas remained dependent on oil royalties as their main source of revenues. In Tolú, between 1996-2015, oil royalties represented around half of the total municipal revenues: 49% according to municipal self-reported data and 55% according to data reported by national government agencies. In the case of Coveñas, due to the discrepancy of the sources of data on oil royalties, the calculation of their weight in the municipal finances generates two very different results. According to the data that was self-reported by the municipality, 23% of total revenues were funded by oil royalties, while the data reported by national agencies indicate that oil

²⁰⁰ Article 360 of the Constitution of 1991.

²⁰¹ Between 2005 and 2011, the oil royalties transferred to municipalities represented, on average, 23% of the total income received by its recipients (L. Martínez 2017, 9).

²⁰² However, Arauca reduced its level of dependency from 78% in the late 1980s to 39% in 2015. The reduced dependency is mostly explained by an increase of other national government transfers, rather than higher collection of local taxes. These resources are part of the national government's *General System of Participations* that automatically transfers resources to municipalities and departments for education, health, potable water, basic sanitation, and provision of food for schools, among others. Recall, as it was mentioned in chapter 1 of the thesis, that according to the IMF (2007), a government is resource-dependent when oil and/or mineral revenues represent 25% or more of its total fiscal income. Own calculations based on the data available in CEDE (2017).

royalties represented 57% of the total municipal revenues.²⁰³ It is likely that the actual figure on the weight of oil royalties in Coveñas' public finances is close to the one reported by the national agencies.²⁰⁴ The next sub-section discusses the problems with transparency of oil revenues in Colombia and in the cases of study in particular.

Finally, oil revenues are a special source of income for armed groups as well. Capturing rents from oil related activities allows armed groups to finance themselves handsomely without depending on voluntary or forced contributions from the population (Eaton 2006).²⁰⁵ For example, not relying on the population's incomes and possessions may prevent situations of "over-taxing". In some regions of Colombia, the high levies imposed to communities by armed groups back-fired against the latter. The discontent caused among local elites leads them to break their ties with armed groups (Gutiérrez Sanín 2008a; Ronderos 2014; Vásquez 2006). The sheer size of the rents that armed groups can extract from controlling this type of economic resources not only allows them to expand their war machine but also to finance the largess for their social base (Gutiérrez Sanín 2008a).

3.3 Opacity

The last characteristic of oil revenues is the opacity of their collection. Ross (2012) argued that oil revenues are "unusually easy" to conceal because governments can collude with oil companies (especially when the latter are state-owned) to hide the transactions. For example, the secrecy of oil contracts, unreported off-budget accounts and irregular

²⁰³ Own calculations based on the data available in CEDE (2017).

²⁰⁴ Especially, taking in account the revenue figures mentioned by a former tax director of Coveñas (interview 177).

²⁰⁵ Moreover, armed groups are not able to raise significant resources from the voluntary contributions of ordinary citizens (Staniland 2012).

bookkeeping by governments could make oil revenues less subject to oversight than other sources government income. In Colombia, the oil exploration and exploitation contracts are not negotiated nor entered by the subnational governments; these roles are exclusively carried out by the national government. Hence, contract terms were not a source of opacity in the flow of oil revenues that subnational governments accrued. However, this sub-section identifies other sources of lack of transparency, both at the national and subnational level.

3.3.1 At the national level

First, recall that the bureaucratic processes required for collecting and monitoring the payments from oil companies and then transferring them to subnational governments were carried out exclusively by the national government. Over the last four decades, the level of transparency for handling oil revenues changed significantly in Colombia at the national level (**Table 11**). While in the 1970s and 1980s the processes were prone to high levels of opacity, the traceability of the resources improved significantly during the last decade. Therefore, in recent years, the opportunities for subnational governments to “conceal” oil revenues decreased and the costs of diverting them (to avoid controls) increased.

Between the mid 1970s and mid 1990s, Ecopetrol was not only in charge of oil production: the state company also managed oil contracts with private parties, calculated royalty payments, and paid oil royalties to the subnational governments. According to an employee from Ecopetrol, the processes undertaken to transfer oil royalties were very opaque: the resources were literally paid with bank cheques and the relationship between

the company and some mayors was “very transactional”.²⁰⁶ A DNP’s senior royalties official also mentioned that before the 2000s the processes were so flawed that transfers literally ended up in mayors’ personal bank accounts.²⁰⁷

Table 11 – Transparency for handling the transfer of oil royalties from the national government to subnational governments, 1974-2016

Period of time	1974-1994	1995-2003	2004 - 2016
Collection of royalties	Ecopetrol	National Royalties Commission (CNR) / Ministry of Mines ²⁰⁸	National Hydrocarbons Agency (NHA) ²⁰⁹
Transferor	Ecopetrol ²¹⁰	Ecopetrol / Ministry of Finance	Ministry of Finance
Factors affecting transparency (at the national level)	<p>(-) Liquidation of royalties (based on pre-established formulas) and transfer carried out by a single entity: a state-owned oil company.</p> <p>(-) Lack of regulation on the protocol for transferring of royalties.</p> <p>(-) Lack of public information about transfers received by subnational governments.</p>	<p>(+) 1994: Creation of the National Royalties Fund (FNR) managed by the CNR. The CNR centralised the monitoring of royalties.</p> <p>(+) 1994: The Ministry of Finance handles the transfers of the FNR.²¹¹</p> <p>(+) 1995: The Ministry of Mines ordered subnational governments to use (and report) one bank account exclusively for managing royalties.²¹²</p> <p>(+) Information about transfers made publicly available by</p>	<p>(+) 2004: The NHA publishes information on (monthly) transfers to subnational governments.</p> <p>(+) Transfer of royalties is made through (traceable) electronic means.²¹³</p> <p>(+/-) 2003-2014: Rise and demise of civil society organisations that worked on royalties’ oversight.</p> <p>(+) 2011: Mandatory publication of procurement processes through online platform.</p> <p>(+) 2012: The Ministry of Finance consolidates the royalties of the SGR and transfers the resources to</p>

²⁰⁶ Interview 72.

²⁰⁷ Interview 10.

²⁰⁸ Law 141 of 1994.

²⁰⁹ Decree (with force of law) 1760 of 2003.

²¹⁰ Decree 1246 of 1974.

²¹¹ Law 141 of 1994.

²¹² Decree 620 of 1995.

²¹³ Interview 10.

		<p>Ecopetrol (1994-2003).</p> <p>(+) 2003: The public roles of Ecopetrol are allocated to the new the National Hydrocarbons Agency.</p>	<p>subnational governments.²¹⁴</p> <p>(+/-) 2012: Civil society representatives may attend OCAD sessions where investment projects are approved. But, decisions are taken before the sessions & the minutes of the decisions are usually not publicly available.²¹⁵</p> <p>(+) August 2013: The DNP launches an internet-based platform with detailed data on royalties (<i>Mapa Regalías</i>).</p> <p>(+) October 2014: Colombia accepted as candidate country for the EITI.</p>
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Source: Elaborated by the author based on sources cited in footnotes

Since the mid 1990s onwards, a first wave of institutional reforms at the national level increased the transparency of the management of oil revenues. The law 141 of 1994, established a National Royalties Commission (NRC) in charge of managing a new National Royalties Fund (NRF). The NRC concentrated the role of overseeing the use of royalties by subnational governments.²¹⁶ Furthermore, the Ministry of Finance was assigned the responsibility of transferring the royalties managed by the NRF, while Ecopetrol retained the role of transferring the remaining part of the royalties that were not part of the fund (destined to oil producing governments). Hence, the roles of liquidating the oil royalties, monitoring such calculations, collecting the royalties from the oil companies, and transferring the funds to the subnational governments was partially

²¹⁴ Law 1530 of 2012.

²¹⁵ Interviews 8, 10, 11, 21.

²¹⁶ The law 141 of 1994 established the CNR as a national government body that was part of the Ministry of Mines. Then, the Decree 2141 of 1999 restructured the CNR and assigned it to the DNP. Finally, the Decree 149 of 2004 suppressed the CNR. Interview 2.

assigned to different organisations. The separation of these roles, which were concentrated in Ecopetrol before 1994, reduced the risks of opportunistic behaviour due to the generation of checks and balances between the government organisations.

In 2003, further steps towards transparency were taken when the regulatory role of Ecopetrol was transferred to the new National Hydrocarbons Agency (NHA).²¹⁷ The NHA centralised the collection of oil royalties paid by companies, strengthened the monitoring of the liquidation of royalties, and increased the availability of public information on royalties. Furthermore, according to DNP officials, between the late 2000s and early 2010s, the Ministry of Finance and the DNP implemented electronic systems that allowed them to trace the flows of royalty resources.²¹⁸ In the late 2000s, the national government enacted regulations that penalised subnational governments (with the suspension of royalty transfers) when they failed to report information on the use of royalties or if subnational governments did not use the authorised bank account to manage royalties.²¹⁹

Finding and accessing information about the investment processes of royalties before 2010 was a daunting task even for national government officials (Arisi and Espinosa 2014; Vilorio de la Hoz 2002). The information was highly dispersed, and its accessibility varied among different subnational governments. This situation started changing when the Colombian national government decided to introduce transparency standards in its extractive sector and prepare to apply for a candidacy to be part of the Extractive Industries Transparency Initiative (EITI).²²⁰ The EITI is one of the main initiatives of the

²¹⁷ The NHA was established by the decree (with force of law) 1760 of 2003.

²¹⁸ Interviews 4, 8, 10, and 56.

²¹⁹ Decree 416 of 2007 (article 26).

²²⁰ The EITI (n.d.) defines itself as “a global Standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debate, and enhance trust. In each implementing country it is supported by a coalition of governments, companies and

global drive towards greater transparency and accountability in the extractive industries (Arisi and Espinosa 2014). In October 2014, Colombia was accepted as candidate country for EITI and this commitment obliged the national government to be fully transparent on the revenues from oil, gas and mining activities. Then, in June 2018, the EITI's validation process concluded that Colombia had met all the requirements of compliance with the EITI standards (EITI 2018).

3.3.2 At the subnational level

Until very recently, the low transparency in the handling of oil revenues was a problematic issue at the subnational level. Despite the measures undertaken at the national level to increase the visibility of oil revenues, the flow of these funds was often obscured downstream, at the subnational level. The cases of Arauca, Tolú and Coveñas depict how oil royalties, as a source of income, was particularly opaque. The remaining pages of this section explain how oil revenues were concealed and diverted in these municipalities.

From the late 1980s until the late 2000s Arauca's mayoralty had very opaque accounting practices with regards to the inflow and management of oil revenues. Two types of (illegal) financial strategies were used in the first five mayoral terms to generate this opacity. The first (1988-1990) and second (1990-1992) elected mayors of Arauca illegally invested significant public funds in securities issued by private financial companies (CSJ 2004, 2005).²²¹ In practice, this strategy allowed the mayors to bypass the budgeting procedure, thereby increasing the secrecy of the inflow of revenues and the use of these

civil society working together." Complying the EITI standard entails that the government must work with the business sector and civil society organisations to ensure an "informed debate" on the use of those resources, and to address other key issues such the environmental impacts of the extractive industries.

²²¹ The investments in securities by the first mayoralty were equivalent to 21.5% of Arauca's 1990 total income and the investment by the next mayoralty was equivalent to 35.2% of Arauca's 1991 total income.

resources. A decade later, in 2009, the eighth elected mayor of Arauca was dismissed from his office and banned from public positions by the Office of the General Procurator of the Nation (PGN)²²² who found that he had illegally invested a significant amount of public funds in dubious financial derivatives (Paredes 2010).²²³ Additionally, the second and third elected mayors (1992-1994) allegedly spent resources that were not included in the formal accounts of the mayoralty to purchase goods (e.g. food and tools) that were discretionally distributed by political brokers (CE 2000).

The second strategy used by Arauca's mayors to conceal oil royalties in the 1990s and early 2000s was to manage the revenues through multiple bank accounts, thereby decreasing the traceability of their transactions. This irregular practice was carried out, in spite of the fact that since 1995 the regulation mandated mayoralties to use a single bank account. For example, the fourth elected mayor of Arauca (1995-1997) used 18 bank accounts (PGN 2005) and the sixth elected mayor (2001-2003) 13 bank accounts (El Tiempo 2003g; PGN 2006; Semana 2003a). Furthermore, an audit carried out by the Office of the General Comptroller of the Republic (CGR)²²⁴ in 1999 concluded that the lack of transparency in the management of oil revenues was particularly acute in Arauca. With regards to the period 1997-1998, the report concluded: “[Arauca] does not know what quantity of royalties are entering, nor how much of is spent, because of the deficient system of information and budgetary management” (El Tiempo 1999d).

²²² The PGN is a national state agency independent from the national government, that oversees legal compliance by public officers and conducts disciplinary processes against these officials. The investigations conducted by the PGN are independent from fiscal (CGR) and criminal processes (judiciary).

²²³ A sum equivalent to 26% of Arauca's 2008 total income.

²²⁴ The CGR is a national state agency independent from the national government that oversees fiscal compliance by public officers and conducts fiscal investigations against these officials. The investigations conducted by the CGR are independent from disciplinary (PGN) and criminal processes (judiciary).

The transparency of the data on oil royalties of Tolú and Coveñas was also low during most of the 1990s and 2000s. Piecing together the data of municipal revenues and royalties from these municipalities for this doctoral research was particularly difficult for two reasons. First, there is missing data on self-reported public finances of both municipalities: in the case of Tolú the data of 1987-1995, 1997-2000 and 2005 and in the case of Coveñas the data of 2003 and 2006. It appears that both municipalities failed to report their annual accounts to the national government bodies in charge of collecting subnational governments' financial data. Hence, to build continuous graphs on the oil royalties transferred annually to Tolú and Coveñas, I relied on the data reported by the national government rather than the information reported by the municipalities.

Second, the available data on self-reported municipal finances and the data reported by the national government agencies, that have been in charge of managing or supervising the transfer of royalties, are inconsistent.²²⁵ In the case of Tolú, 9 of the 14 data points on annual oil royalties reported by the national agencies were larger than the self-reported statistics by the municipality. In the case of Coveñas, 9 out of the 12 data points on annual royalties reported by the national agencies were larger than the self-reported statistics by the municipality. The discrepancy of the data on Coveñas' oil royalties was quite large: the standard deviation of the percentage change between the two figures was 215%.²²⁶

What can explain these inconsistencies? The poor conditions of the mayoralty's infrastructure and the municipal government's lack of rigor to keep its accounts and

²²⁵ The fragmented information and the lack of consistency of the data on oil royalties was also detected by Vilorio de la Hoz (2002), a researcher of Colombia's central bank, who published a working paper on the (mis)management of Tolú's oil royalties. In his paper, Vilorio de la Hoz (2002, 1–2) asked: "if an institution with the recognition of the Bank of the Republic found it so difficult to have access to reliable information on royalties, what can be expected from the information that these same entities transmit to the ordinary citizen or to the citizen oversight offices?"

²²⁶ Own calculations based on the data available in CEDE (2017).

collect information was a topic mentioned by former municipal officials in charge of finances, departmental officials and national government officials that carried-out auditing activities in Coveñas.²²⁷ Aside of the bureaucratic weaknesses of the municipal government, the deficiencies of the mayoralty's accounting and information systems could also have been the result of a deliberate attempt to conceal information. In this vein, a regional senior official from the DNP stated: "I felt that the municipal government sometimes played with us, making us believe that they did not have the requested information about investments with royalties".²²⁸ Presumably, this lack of transparent data was not just the result of low sub-state capacity, but rather an intentional attempt to draw a veil over the municipality's income.

In short, this section assessed whether distinctive properties of oil revenues (scale, source and opacity) were present in Colombia. At the subnational level, oil royalties were an extraordinary income stream for municipalities. Most of the recipients remained dependent on oil royalties, not only because of the scale of the oil revenues but also because the municipal governments maintained low levels of local taxation. The lack of adequate transparency national rules for handling oil royalties between the 1980s and 2000s facilitated opportunistic behaviour by some subnational governments that concealed or diverted part of the resources.

Conclusions

This chapter explained the diverse origins, structure and trajectories of three of the main armed groups that were active during the period of study. The guerrilla groups expanded

²²⁷ Interviews 38, 125, 161, 167 and 177.

²²⁸ Interview 161.

during the 1980s and 1990s, while the paramilitary groups propagated between the late 1990s and early 2000s. All of these armed groups that were present in oil producing areas effectively accessed rents, thereby increasing their funding capacity. Additionally, the chapter described how, since the late 1990s, the national state's public forces also received additional finances, directly and indirectly, from the oil sector. Since the early 2000s, the strengthened state forces were able to shift the correlation of power in their favour.

This thesis does not argue that the outset of the current Colombian conflict was caused by a struggle to control these economic resources. The armed groups had political motivations and were not setup solely because of the availability of oil (Rettberg et al. 2018b; Rojas 2006). However, this thesis contends that the strategies of the armed groups, at a subnational level, were shaped by a contest to extract income from oil wealth, particularly oil royalties. After the 1980s, oil royalties became a very important source of income for oil producing municipalities due to the scale of the funds. The windfall of resources received by some subnational governments coincided with the deepening of political, economic and administrative reforms. The cases studied in this thesis suggest that the management of oil royalties in this decentralised framework transformed subnational governments into a valuable prize that was contested by armed groups.

During the first two decades of the oil royalties' bonanza, the management of these revenues was opaque and prone to opportunistic behaviour by subnational governments. Additionally, the empirical evidence from almost a dozen studies suggests that the impact of these oil revenues in the welfare of the oil producing regions was small (in absolute terms and in contrast with other sources of revenues). The particular characteristics of oil revenues contribute to explain why managing this type of income is a particularly difficult

task that requires exceptionally strong government capacities (Ross 2012). Furthermore, the following chapters of this thesis discuss why the interference of armed groups in the management of oil revenues may contribute to explain the poor performance of subnational governments.

Chapter 4 – Barrels, guns and votes: The recipe of oil-fuelled violence in Arauca

Introduction

The destiny of Arauca, an impoverished municipality that had been marginalised by the Colombian national state, changed drastically in July 1983 when the multinational oil company *Occidental Petroleum Corporation* (OXY) announced the discovery of the *Caño Limón* oil field.²²⁹ In September 1984, OXY informed that *Caño Limón* had reserves of one thousand million barrels and became the biggest oil discovery in the country's history (Peñate 1991). After more than three decades of exploitation, the reserves of the oil fields located in Arauca's region were found to be twice the size of the initial calculations (L. Sarmiento 2016).

Since then, the municipal government's main source of income has been the royalties paid by the companies that operate the oil fields. On average, between 1986 and 2015, oil royalties generated 61% of the total municipal revenues.²³⁰ Furthermore, in the last three decades Arauca was one of the wealthiest municipal governments in Colombia: between 1984 and 2015, Arauca received over three times more total revenues than the average municipality and two times more per capita revenues than the average municipality.²³¹

²²⁹ Whenever Arauca is mentioned in this chapter it refers to the municipality, unless the chapter explicitly states that it refers to Arauca department (or the *intendencia* of Arauca).

²³⁰ Own calculations based on CEDE (2017).

²³¹ Also, in terms of total revenues, between 1986 and 1995 Arauca ranked, on average, in the top 7 of 1098 municipalities; between 1996 and 2005 in the top 30 of 1122; and between 2006 and 2015 in the top 54 of 1122. Own calculations based on CEDE (2017).

Shortly after oil poured out of Arauca, the local and national media started referring to the region as *Saudi Arauca*, due to the huge inflow of petro-dollars and the upsurge of violence (Semana 1986).²³² Three armed groups were present in Arauca during the period of study: the ELN, the FARC, and a branch of the AUC called *Block Victors of Arauca* (BVA).²³³ The prospective of capturing rents from oil wealth contributes to explain why these three major armed groups contested the control of the territory, the communities, and the subnational governments of Arauca, over the last three decades.²³⁴ During this period of time, Arauca has been one of the municipalities worst affected by the armed conflict in Colombia.²³⁵

Arauca municipality is located on the lowland plains of the *Orinoco Basin* in the east of Colombia (**Figure 16**). The municipality has a surface area of 5,171 km² and is currently the capital of Arauca department.²³⁶ The main town of Arauca municipality lies beside the *Arauca* river, which divides the frontier between Colombia and Venezuela. Around 87% of Arauca's 90,000 inhabitants currently live in urban areas (CEDE 2017).

²³² A former departmental public official and a local political analyst also mentioned how the term was coined (interviews 110 and 112).

²³³ The acronym BVA stands for *Bloque Vencedores de Arauca*.

²³⁴ On the links between oil and conflict in Arauca, see also Ávila (2010), Ávila and León (2012), Dunning and Wirpsa (2004), Gómez Rivas (2016), Gutiérrez Lemus (2012), Gutiérrez Sanín (2008a), Gutiérrez Sanín and Zuluaga Borrero (2011), Millán (2011), Peñate (1991, 1998) and Valencia (2008).

²³⁵ Arauca is placed in the first tier of CERAC's armed conflict index between 2000-2012: strong and persistent intensity and duration of the armed conflict (Restrepo et al. 2014).

²³⁶ The department of Arauca has seven municipalities and a total area of 23,818 km².

Figure 16 – Map of Arauca municipality and neighbouring municipalities



Source: Adapted from CEDE (2018)

Four main arguments are advanced in this chapter: the first two address the question of conflict onset and the last two the queries of conflict intensity and duration, respectively. First, the pursuit of income from oil wealth by armed groups contributes to explain the first use of armed force against civilians in Arauca. Since the first half of the 1980s, two guerrillas that were already present in Arauca before the discovery of oil, the ELN and the FARC, commenced attacking oil companies to coerce payments from extortions.

Second, this chapter argues that the abundance of oil royalties incentivised the use of organised violence against civilians with the purpose of sequestering Arauca's local democracy. The new civilian victims targeted by the armed groups in their pursuit of oil royalties were politicians, public officials, social leaders and journalists. Since the late 1980s, after the decentralisation reforms, the armed groups formed coalitions with local politicians with the objective of capturing subnational governments and seizing oil

royalties. The ELN, the FARC and the BVA affected the *supply-side* (politicians) and *demand-side* of electoral politics (voters). With regards to the supply-side, the armed groups interfered with entry, participation and exit in electoral processes of politicians to favour their political allies. With respect to the demand-side, the alliances of politicians and armed groups (that operated as brokers) proffered positive and negative (coercive) inducements to voters in exchange for their political support or to affect their political behaviour. Subsequently, the armed groups aimed at extracting oil revenues from the subnational governments through the manipulation of public procurement processes.

Third, the chapter identifies four cycles of violence in Arauca between 1966 and 2017, which exhibited different levels of intensity. Although oil revenues appeared to have an incidence on the variation of the conflict's intensity, especially between the mid 1980s and late 1990s, there were other factors that mattered during the period of study. The number of armed groups and the type of interaction among them (truce or compete), appeared to drive the number of attacks and number of victims of the armed conflict. The availability of income from oil wealth was one of the most important factors that contributed to explain the variation in the conflict's severity, albeit not the only one. Other economic resources, such as the illegal drug businesses, appeared to have a strong incidence over the escalation of the armed conflict. Furthermore, during the last decade, country-level processes driven by the national government - that were unrelated to oil - influenced the decline of the conflict's violence in Arauca. Overall, the connection between oil revenues and the conflict's intensity seemed tenuous.

The final argument developed in this chapter is that oil wealth appeared to have mixed effects on the duration of the armed conflict in Arauca. The diverse types of oil rents that financed armed groups, extracted through different means, prolonged their capacity to

wage war. Additionally, the prospect of capturing the income from oil may contribute to explain the opposition of the local commanders of two armed groups with respect to country-level peace negotiations between their central command and the national government. However, the intervention of the US government and the increased military spending (due to the presence of oil-infrastructure owned by a foreign company in Arauca) also inclined the balance of power in favour of the national state at the local level (increasing the costs for armed groups for capturing oil royalties). Hence, while the extraction of rents from oil wealth allowed the armed groups to sustain the conflict in Arauca, the oil revenues and assets were also linked with the strengthening of the national state's public forces in the municipality.

This chapter has four sections. The first section describes the background of Arauca before the discovery of oil and then characterises the oil bonanza that Arauca received since the 1980s. The second section explains that the discovery of the *Caño Limón* oil field incentivised the guerrillas, present in Arauca before the oil bonanza, to use armed force against civilians with the objective of extracting resources from the oil companies and related businesses. The third section argues that the windfall of oil royalties shifted the armed groups war strategy: the armed groups combined violent and non-violent means (in association with local politicians) to capture the subnational governments with the ultimate objective of seizing public funds. Finally, the fourth section explores how the pursuit of oil rents by armed groups was associated with the intensity and duration of the armed conflict in Arauca. The chapter concludes with a brief account of the findings.

1. Oil lottery won in a forsaken town

“Before the discovery of oil, Arauca had to rely on Venezuela to get electricity, schools were inadequate, roads were unpaved and we depended exclusively on cattle raising and petty trade”, explained Mercedes Rincón, a local politician who has been a municipal councillor, deputy of the department, and member of the Colombian national congress.²³⁷ “In those times, Arauca was treated [by the central state] as an illegitimate and unacknowledged child”, she added with disgust.²³⁸ The depiction of early 1980s Arauca as an underdeveloped and marginalised territory is a predominant narrative in the interviews that I conducted²³⁹, in press and judicial reports²⁴⁰, and in the secondary literature.²⁴¹

The territory now called Arauca was sparsely populated before colonial times and its current town was founded in 1785. However, Arauca was constituted as a municipality only until 1959 (CEDE 2017). During most of the 20th century and until the discovery of oil, Arauca had a small economy that relied on cattle breeding (by large landholders), commercial exchange with Venezuela (partly contraband), temporary extraction of natural resources²⁴², and the production of staple crops.²⁴³ Aside from the trade in live cattle for Andean cities, the economic connections of the region with the centre of the country were very weak (Peñate 1991; Villanueva 2011).

²³⁷ Interview 122.

²³⁸ Interview 122.

²³⁹ Interviews 103, 104, 105, 107, 119, 120 and 122.

²⁴⁰ See for example, El Tiempo (1999a), Sierra (2003) and TSDJB (2012).

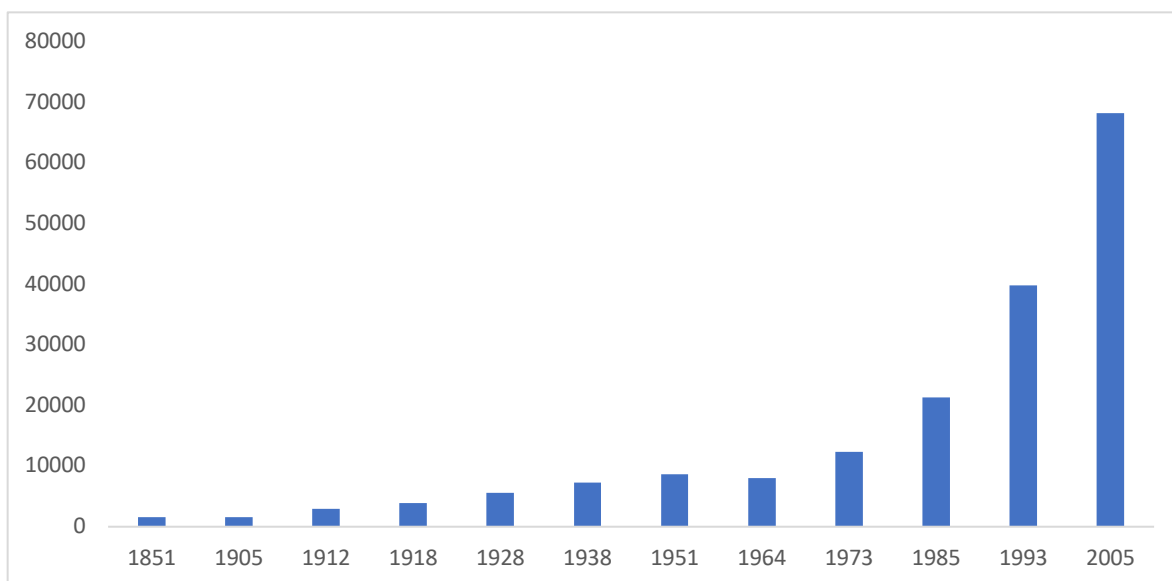
²⁴¹ See for example, Carroll (2015), Gutiérrez Lemus (2012), Mantilla (2011), Peñate (1991), and Sarmiento (2016).

²⁴² The region generated two rushes for cinchona bark (*quina*) between 1854 and 1881 and for heron feathers between 1890 and 1910. According to Mantilla (2011) and Peñate (1991), these bonanzas only left environmental damages and had little positive impact on the region.

²⁴³ Aguilar, Galeano, & Pérez (1998), Avila and León (2012), Carroll (2015), CGR (1942b), DANE (1981), Gutiérrez Lemus (2012), Mantilla (2011), Peñate (1991) Sarmiento (2016) and Villanueva (2011). Interviews. 102, 105, 112, and 122.

The growth of Arauca’s population after the second-half of the 20th century, was steered by colonisers, who arrived from others regions of the country and expanded the agricultural frontier (Mantilla 2011). In the 1950s, the peasants arrived from the central regions of Colombia, fleeing from political violence, and in the following two decades they were stimulated by settlement projects of the Colombian Institute for Agrarian Reform (INCORA) (Mantilla 2011; Peñate 1991; Villanueva 2011). Since the 1980s, the discovery of the *Caño Limón* oil field attracted thousands of economic migrants, causing a sharp increase in the municipality’s population (**Figure 17**). Between 1985 and 2005, the number of Arauca’s inhabitants grew 221%.

Figure 17 - Population of Arauca, 1851 - 2005 (census data)



Sources: Elaborated by the author based on CGR (1935, 1939),
DANE (1971c, 1981, 1986, 1996a), Ministerio de Hacienda (1920),
and Oficina de Estadística Nacional (1875)²⁴⁴

²⁴⁴ The full results of the 2018 census were not available when this thesis was submitted. This is why the last data point of the figure corresponds to the penultimate census (2005).

Until the late 1980s, Arauca was physically isolated from the political and geographic centre of Colombia but was governed remotely from Bogotá. The top executive subnational posts were not elected by citizens but appointed by the central government.²⁴⁵ Before the 1991 Constitution, what we now call Arauca department was the *intendencia* of Arauca (a subnational unit with less autonomy than departments) and the *intendente* was its highest administrative executive authority.²⁴⁶ The President of Colombia appointed the *intendente* of Arauca and the latter appointed the mayors of the *intendencia*, including the mayor of Arauca municipality.

As in other colonisation and frontier regions of Colombia, the national state's presence in the territory of Arauca was weak (Carroll 2015; Pécaut 2008; Villanueva 2011). Furthermore, the municipal government had scant resources to operate and its bureaucracy had little experience in public management.²⁴⁷ The population of Arauca lacked or had limited access to basic public goods and services before the 1980s (**Figures 18 and 19**). For example, by the time *Caño Limón* was discovered, 39% of Arauca's inhabitants lacked access to electricity (almost twice as large as the national average) (**Figure 20**). In sum, before oil, Arauca had unreliable energy services, poor basic and social infrastructure (e.g. water and schools, respectively), and a dysfunctional road network that left it isolated from the centre (598km from Bogotá) and the north of the country.

²⁴⁵ Hence, between 1960s and mid 1980s, the *Araucanos* could only vote in national elections (presidential and Congress) and in minor subnational elections (municipal council and Arauca's *intendencia* council).

²⁴⁶ Since 1911, the territory now called Arauca department was established as a "comisaría" and later, in 1955, it was established as an "intendencia". The 1991 Constitution eliminated the figures of the *intendencias* and the *comisarias*, and established Arauca as a department.

²⁴⁷ Interviews 103, 119, 120 and 121. These accounts of three local journalists and one civic leader are consistent with the findings of local historian Mantilla (2011).

Figure 18 – Illiteracy rate in Arauca municipality, Arauca department and Colombia (based on census data), 1938 - 2005

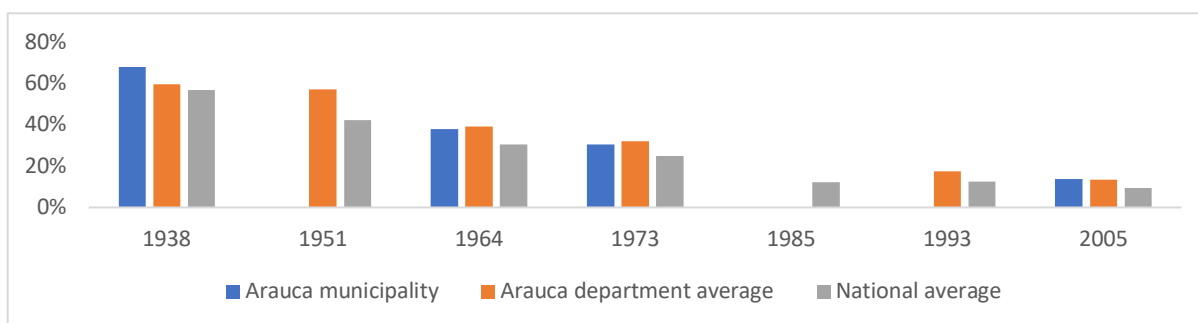


Figure 19 – Lack of access to potable water in Arauca municipality, Arauca department and Colombia (based on census data), 1938 - 2005

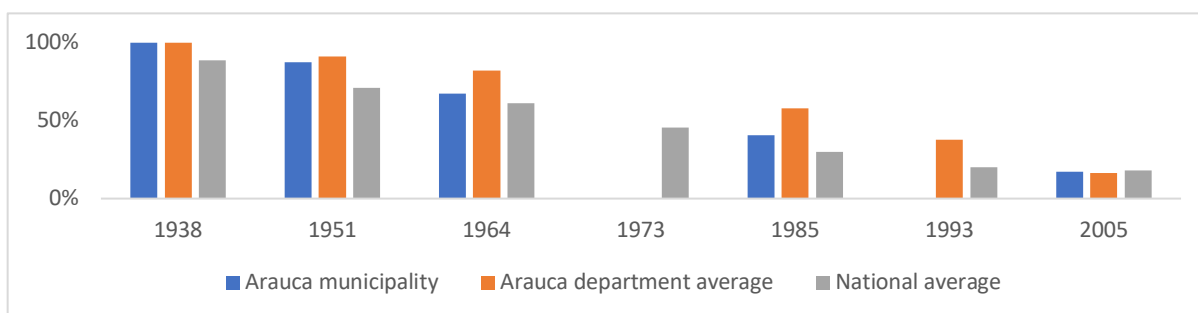
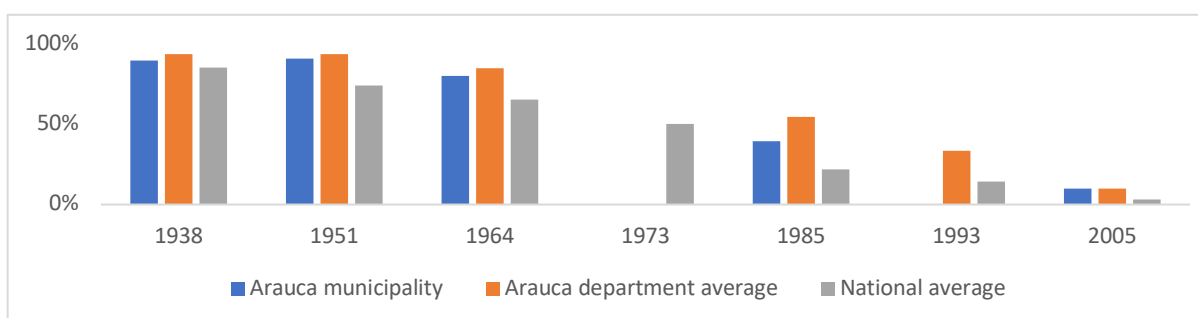


Figure 20 – Lack of access to electricity in Arauca municipality, Arauca department and Colombia (based on census data), 1938 - 2005



Sources: Elaborated by the author based on CGR (1935, 1942b), CEDE (2017), and DANE (1955b, 1971b, 1971c, 1981, 1996a, 2008a, 2008b)²⁴⁸

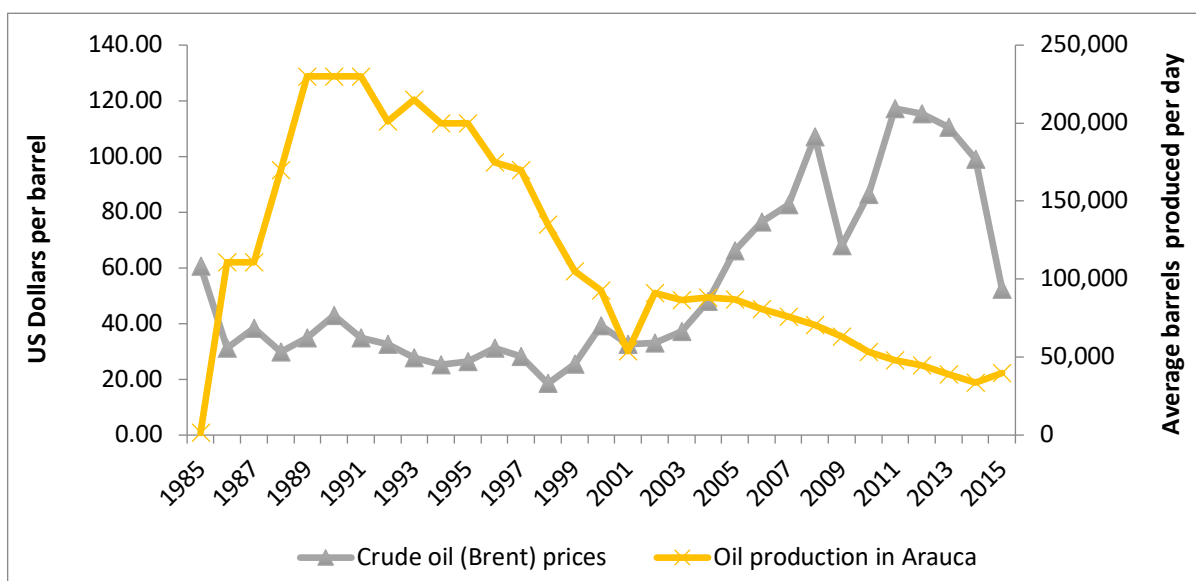
²⁴⁸ The data on illiteracy rate in Arauca municipality is not available for 1951, 1985 and 1993. The data on the lack of access to potable water and electricity in Arauca municipality is not available for 1973 and 1993. The departmental data prior to 1991 corresponds to the data of the *comisaría* and *intendencia* of Arauca.

Since December 1985, crude oil has been extracted from the wells located in the municipalities of Arauca and Arauquita. Between 1985 and 2015, a total of 1,465 million barrels were extracted from the oil fields located in Arauca department (L. Sarmiento 2016). The impact of *Caño Limón* was not only local, its discovery had a national effect too. *Caño Limón* allowed Colombia to resume its position as an exporter of crude oil (that it had lost since 1974), and gave access to the much-needed foreign currency in the context of the Latin American debt crisis (Peñate 1991; Puyana 2015; Guillermo Perry et al. 2012).

The peak of its production occurred between the late 1980s and mid 1990s: in the first decade of oil production an average of 190,000 barrels a day were extracted. In the following two decades the extraction halved to an average of 93,000 barrels a day. The reduction in oil production since mid 1990s was associated with the early depletion of some of its main oil wells. The severe decline in the production of oil was partially offset in the 2000s by the steep increase of oil's prices during the last commodity cycle (circa 2004-2014) (**Figure 21**).

The data on illiteracy rate in the *intendencia* of Arauca is not available for 1985. The data on the lack of access to potable water and electricity in the *intendencia* of Arauca is not available for 1973.

Figure 21 – Oil production in Arauca and crude oil (Brent) prices, 2004-2015 (constant prices 2015)



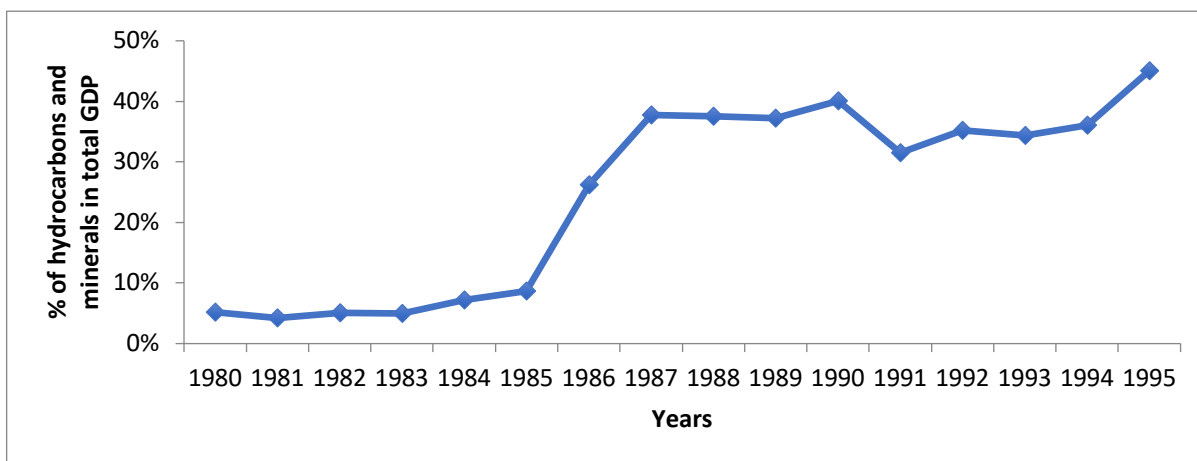
Sources: Elaborated by the author based on ACP (2017) (for oil production 2004-2015), BP (2016) (for international oil prices) and El Tiempo (1993a, 1993b, 1995a, 1997e, 1998a, 1998b, 1999a, 2000b, 2000c, 2003e) (for oil production 1985-2003)

Since the mid 1980s, the extraction of hydrocarbons and related services became the predominant economic activities in Arauca. There is no data available on the gross domestic product (GDP) of Arauca municipality before 1990, but there is information from the southern territories of Colombia, more specifically the *Orinoquía* and the Amazon from 1980 onwards.²⁴⁹ After 1985, the production of *Caño Limón* spiked the contribution of the “hydrocarbons and mineral sector” to the economies of southern territories of Colombia (**Figure 22**).²⁵⁰

²⁴⁹ Including the *intendencias* and *comisarias* of Amazonas, Arauca, Casanare, Guainía, Guaviare, Putumayo, Vaupés and Vichada.

²⁵⁰ Before *Caño Limón* there was a modest production of oil, between 1959 and 1981, in the foothills of Arauca department (Aguilar, Galeano, and Perez 1998; Peñate 1991). In the rest of the southern territories, aside from Arauca department, there was almost no hydrocarbons or mineral production until the mid-1990s when the *Cusiana* oil field started producing hydrocarbons in the neighbouring department of Casanare (Caballero Reinoso 1999).

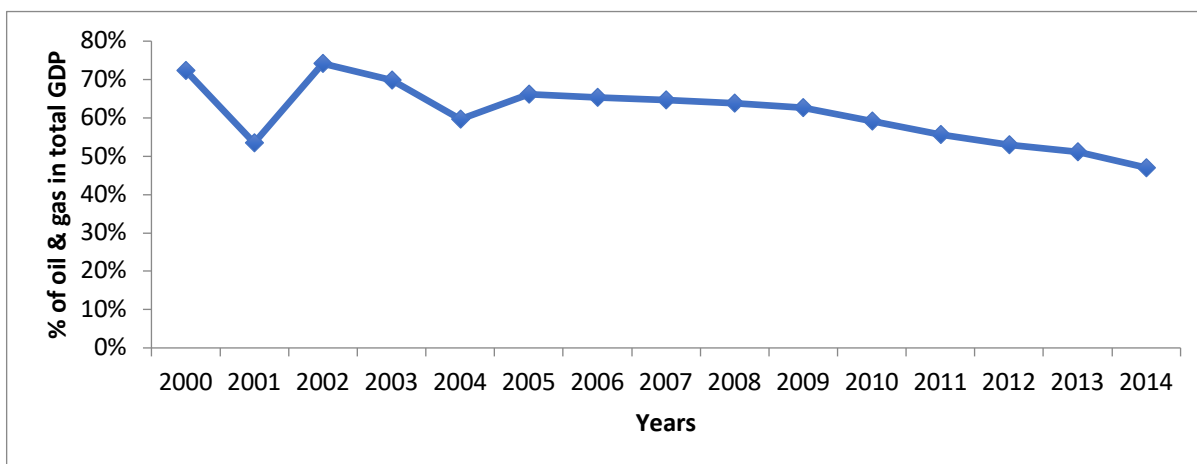
Figure 22 - Weight of the hydrocarbons & mineral sector in the total GDP of Orinoquia and the Amazon (includes the intendencia of Arauca), 1980 – 1995 (constant prices 1975)



Source: Elaborated by the author based on DANE (2016a)

Between 2000 and 2014, on average, the hydrocarbons sector contributed 61% of the total GDP of Arauca department (Figure 23).

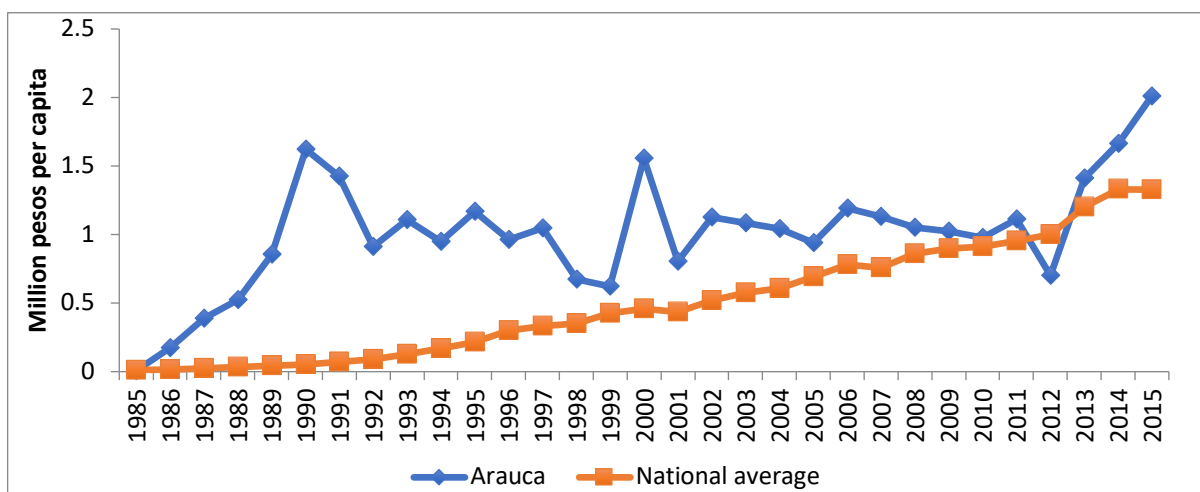
Figure 23 - Weight of hydrocarbons sector in the total GDP off Arauca department, 2000-2014 (constant prices 2005)



Source: Elaborated by the author based on DANE (2016b)

The production of oil generated a windfall of resources for Arauca’s municipal government due to the payment of oil royalties by OXY. Arauca became one of the richest subnational governments in Colombia. Since the mid 1980s, Arauca accrued significantly more revenues per capita than the average Colombian municipality (**Figure 24**).

Figure 24 – Revenues per capita of Arauca and national average, 1985-2015 (constant million pesos 2015)



Sources: CEDE (2017) (for revenues) and BanRep (2016) (for consumer price index) and DANE (2011) (for population)

In sum, in the early 1980s, Arauca was a territory physically isolated (from the national centre and the north), with a backward economy and a dysfunctional state that did not have the resources to deliver sufficient public goods. This was the economic and institutional backdrop that preceded the discovery of the *Caño Limón* oil. Since the mid 1980s, the oil bonanza changed the structure of Arauca’s economy and attracted thousands of immigrants from all over Colombia. Furthermore, the production of oil also generated an extraordinary stream of revenues for Arauca and, in the last three decades,

the municipal government remained dependent to oil royalties. However, the bureaucracy that received these oil revenues had a low capacity to perform basic government tasks and was subject to fragile accountability checks (Carroll 2015). A couple of interviewees, a local journalist and the president of one of Arauca's most important business association, compared Arauca's situation to that of a person that wins the lottery and wakes up millionaire, with no prior experience in managing wealth.²⁵¹ When Arauca won the lottery of oil, the subnational government had to build its state capacity almost from scratch and in very adverse conditions.

The availability of vast oil rents also changed the course of the armed conflict in Arauca. The next two sections of the chapter discuss how and why oil incentivised the armed groups to use armed violence against civilians: first to extort oil companies and associated businesses and, shortly after, to capture the subnational governments with the main objective of seizing oil royalties.

2. Onset of armed violence: The making of Saudi Arauca

In Arauca, the presence of armed groups preceded oil. During the first seven decades of the 20th century, the eastern plains (*Los Llanos*) of Colombia were vast areas where the reach of the national state was very precarious. Between 1949 and 1957, the region was the epicentre of an insurrection led by the “liberal guerrillas”. These guerrillas were not isolated armed groups, but part of *La Violencia* civil war. Although the national state increased its presence since the late 1950s, its reach was still fragmented when the current armed conflict emerged in the mid 1960s (Gómez Martínez 2006; Guzmán Campos, Fals-Borda, and Umaña Luna 2005; Mantilla 2011; Pécaut 2008; Villanueva 2011).

²⁵¹ Interviews 104 and 121.

The vacuum of power left by the state in certain areas of the *intendencia* of Arauca was partially filled by two insurgent groups, the ELN and the FARC. In 1966, sympathisers of the ELN moved to the colonised foothills of the *intendencia* of Arauca, a region known as the *Sarare* (Gutiérrez Lemus 2012). Later, in the early 1970s, the ELN's members emigrated from Santander department (in the central-northern part of Colombia) to the *intendencia*, fleeing from military losses inflicted by the state, and settled in the *Sarare* as well (Peñate 1991). Hence, the ELN entered the region several years before the *Caño Limón* oil field was discovered.²⁵² In fact, the arrival of the ELN at the *intendencia* of Arauca was a consequence of military setbacks in the Andean mountains of Colombia, rather than a strategic move towards controlling oil resources (Peñate 1991; El Espectador 2014a; Mantilla 2011).²⁵³ Moreover, using the *Sarare* as a stronghold, the guerrilla could obtain rents from kidnapping rich cattlemen and from the illegal trade between Venezuela and Colombia (El Espectador 2014a; Peñate 1991).

In 1978, the FARC entered through the west of the *intendencia* of Arauca and advanced towards the east to reach its capital (O. J. Gutiérrez Lemus 2012; Peñate 1991).²⁵⁴ Their arrival was a consequence of their national expansion strategy²⁵⁵ and its presence in Arauca coincided with a wave of exploratory works carried out in the region by oil companies (Carroll 2015).²⁵⁶

²⁵² Nevertheless, there were precedents of modest oil discoveries in *Sarare* in the 1960s by foreign companies and in 1980 there was a wave of exploration in the region due to additional discoveries in the foothills of Arauca (Peñate 1991) and the sharp increase of world prices of oil in 1978-1979 (BP 2018).

²⁵³ The forests of the *Sarare* were an ideal safe haven from the state's pursuit, where they could "incubate" the group amongst peasants that were colonizing the region and then plan their expansion to the lowlands of the *intendencia* of Arauca, including Arauca municipality, where state presence was weak (Peñate 1991). This account coincides with the view of a local journalist (interview 119). On the military setbacks that pushed the ELN from the Andean region to Arauca, refer to section 1.1 of chapter 3 of the thesis.

²⁵⁴ Interview 126.

²⁵⁵ On the national expansion strategy of the FARC of the late 1970s and early 1980s, refer to section 1.2 of chapter 3 of the thesis.

²⁵⁶ That is why a local journalist with over 35 years of experience in Arauca contends that FARC arrived at the region attracted by the oil prospects (interview 121).

Until the early 1980s, both guerrillas focused on organising²⁵⁷ colonisers, promoting mobilisations against the government, and harassing public officials to favour certain communities in their areas of influence.²⁵⁸ Furthermore, the ELN and the FARC assumed some of the state's roles in part of the territory. For example, by resolving social conflicts among peasants and by providing private and public goods (Carroll 2015; El Espectador 2014a, 2014c; O. J. Gutiérrez Lemus 2012; Peñate 1991).²⁵⁹ Instead of relying exclusively on the use of armed force to control the territory, the guerrillas aimed at becoming socially embedded in rural communities to achieve their ends. In other words, the guerrillas sought to build a social order²⁶⁰ in which they ruled civilian affairs, beyond public order and taxation, and partially replaced the state (Arjona 2016b). These strategies took place in a context where civil society organisations were almost non-existent in Arauca municipality (O. J. Gutiérrez Lemus 2012).

Since the 1980s, Arauca descended into a maelstrom of organised violence that has not been appeased (**Figures 25 and 26**).²⁶¹ The discovery of *Caño Limón* oil field triggered a change in the strategy of the armed groups, with regards to the use of armed force against civilians. The onset of violence against civilians in the 1980s, was linked with the extortions of the FARC and the ELN against the oil companies and their contractors. Even

²⁵⁷ For example, the ELN promoted the organisation of peasant associations and cooperatives (Ávila and León 2012).

²⁵⁸ In some occasions, the guerrillas threatened national and subnational governments to deliver public goods and services; the guerrilla groups were particularly interested in securing benefits for the communities where they had influence (O. J. Gutiérrez Lemus 2012; Gutiérrez Sanín 2008a; Peñate 1991).

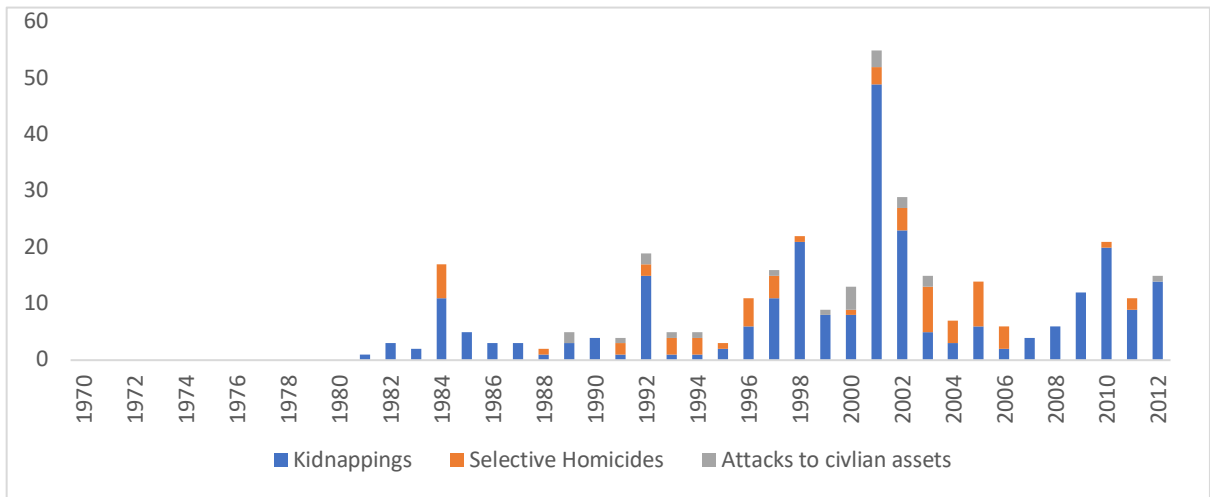
²⁵⁹ In the case of ELN, see Peñate (1991) and TSDJB (2012).

²⁶⁰ I follow Arjona (2016b, 22), who defines social order, in the context of conflict, as the “the particular set of institutions that underlie order in a war zone, giving place to distinct patters of being and relating.”

²⁶¹ The ELN did not engage in armed actions nor attack government authorities until September 1980, when its Domingo Láin unit raided Betoyes village, in Tame municipality (located in the southwest of the *intendencia* of Arauca) (Carroll 2015; El Espectador 2014c). In 1980, the FARC organised its 10th front in the west of the *intendencia* and slowly advanced towards the east to reach the capital (Gutiérrez Lemus 2012). The first kidnappings in Arauca occurred in 1981 (GMH 2013a). Furthermore, in the second half of the 1980s, two small guerrilla groups, the EPL and M-19, sporadically kidnapped in Arauca (GMH 2013a).

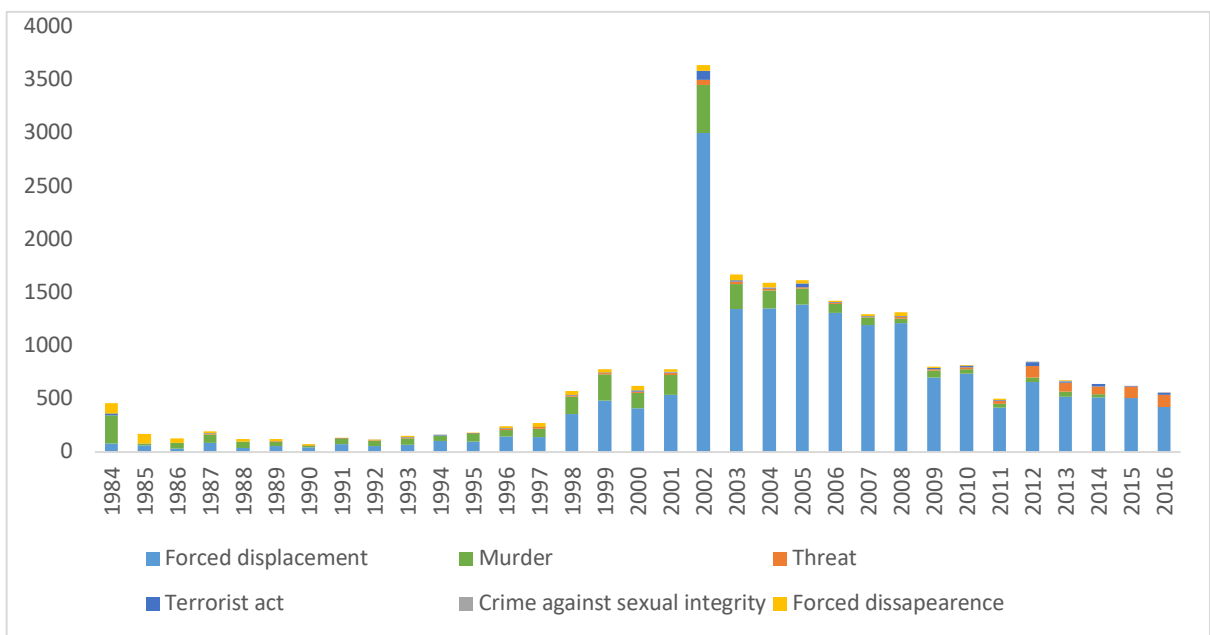
before the first barrel of oil was extracted, between 1983-1985, the guerrillas received substantial extortion payments from these companies.

Figure 25 - Kidnappings (1970-2012), selective homicides (1981-2012), and attacks to civilian assets (1988-2012) in Arauca



Sources: Elaborated by the author based on GMH (2013a) and CEDE (2017) (for kidnappings in 2011-2012)

Figure 26 - Victims of the armed conflict in Arauca (per type of harmful deed), 1984-2017



Source: Elaborated by the author based on RNI (2018)

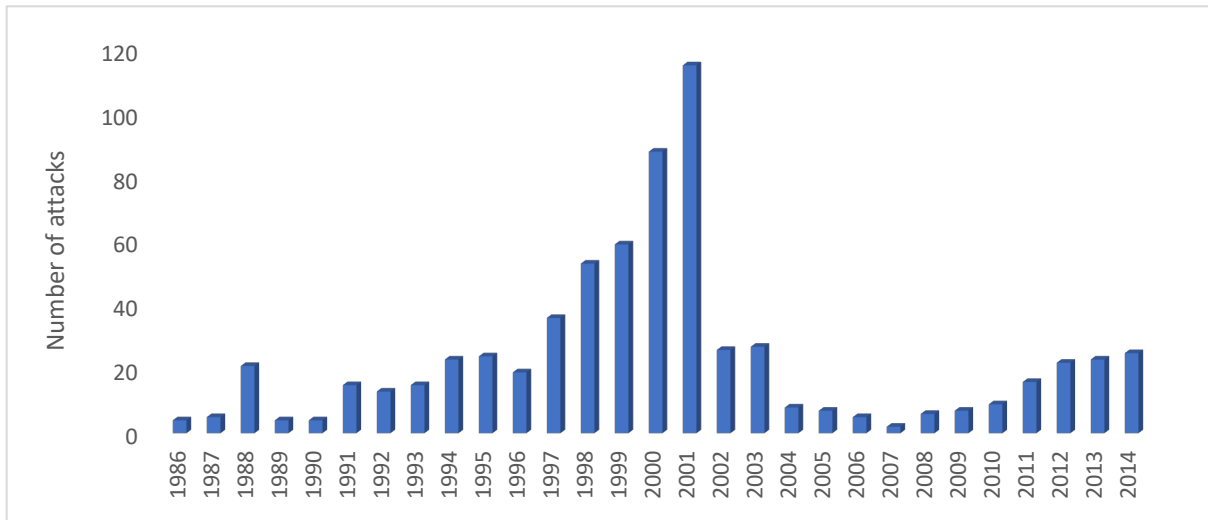
The case of the German company Mannesmann AG is a salient example that contributes to explain the high level of armed violence in 1984. The German company was contracted by OXY to build the 780 km pipeline to connect the *Caño Limón* oil field with the seaport of Coveñas (located in the Caribbean coast). After a few months of initiating works, four employees were murdered and several kidnapped by the ELN. The works were halted and the company was in risk of failing to comply with the contract (to deliver the pipeline by December 1985). The company paid several million dollars to the ELN and also accepted to distribute ‘voluntarily’ goods to the population and build public goods (Ávila and León 2012; Caballero Reinoso 1999; El Espectador 2014a; O. J. Gutiérrez Lemus 2012; Semana 1985).²⁶²

In those days the president of OXY, the operator of the oil field, declared to the *Wall Street Journal* that they were employing the ELN and, in exchange, the company was being protected from other guerrilla groups (Thad Dunning and Wirpsa 2004; Rettberg and Prieto 2018). In addition to murdering and kidnapping civilians, since the mid 1980s the guerrillas also attacked the oil infrastructure to extract rents (**Figure 27**). Since then, the oil companies and/or their contractors paid periodic extortions to the guerrillas in Arauca.²⁶³

²⁶² The actual figure of the payment is not clear. According to Avila and León (2012) the company paid two million US dollars to ELN, according to Peñate (1998) four million US dollars, according to Castro Caycedo (2003) ten million US dollars, according to Valencia (2008), a former leader of the ELN, twenty million US dollars and, according to press reports mentioned by Carrol (2015), the figure ranged between two and fifty million US dollars.

²⁶³ For a detailed account on the attacks of armed groups, especially ELN, against the oil sector in Arauca department, see FIP's (2015) report.

Figure 27 - Attacks against the Caño Limón - Coveñas oil pipeline in the department of Arauca, 1986 – 2014



Source: Gómez Rivas (2016, 607)

Almost two decades later, in the early-2000s, an additional armed group appeared in Arauca: the BVA, a branch of the AUC paramilitaries.²⁶⁴ According to the rulings of the CSJ (2014) and TSDJB (2011, 2012), the AUC’s decision to enter into Arauca with the BVA was planned between the late 1990s and June 2000. The BVA arrived with help of local politicians and the support of AUC units from the neighbouring departments (Ávila 2010; FIP 2014; TSDJB 2011, 2012).²⁶⁵ As it is explained in the following sections of the chapter, from the outset the BVA also used its armed forces against civilians. The economic objective of the BVA was not only to seize oil rents, but also to grab a share of

²⁶⁴ For a description of the origin, operation and evolution of the BVA in Arauca, see FIP (2008), TSDJB (2011, 2012) and Restrepo Suesca (2014). Other paramilitary groups were sporadically present in Arauca during the period of study but are not listed because they were active during very short periods of time. This is the case of the paramilitary groups that reached Arauca from the neighbouring department of Casanare in the late 1980s and mid 1990s; of the private security cooperative (*Convivir*) known as *El Corral* that was linked to national paramilitary groups in the second half of the 1990s; and, of the so-called *new criminal bands* after the demobilisation of BVA in the late 2000s (Ávila 2010; Carroll 2015; Duque Daza 2015; FIP 2008; Rodríguez Lizcano 2014; TSDJB 2012; Valencia and Ávila 2014).

²⁶⁵ Ávila and León (2012) contended that the contractors of oil companies “led” the entrance of the BVA, however they did not substantiate their claim with evidence.

the production and export of illegal drugs that emerged in Arauca department in the late-1990s.²⁶⁶

What alternative explanations could be considered for the outbreak of violence against civilians in Arauca municipality during the 1980s? Let's examine three options: other sources of economic rents (e.g. illegal drug business, other natural resources), local grievances, and national trends of the armed conflict.

Before 1994, the ELN explicitly prohibited the plantation of coca in Arauca department, while the FARC did not. Only until the late 1990s, coca plantations started to expand in several municipalities of Arauca department with the aid of the FARC (Carroll 2015; TSDJB 2012).²⁶⁷ The sudden arrival of coca plantations and, subsequently, of cocaine production and export activities, appeared to be linked with the migration of the FARC's business from neighbouring department of Vichada, where the state carried out intense counter-narcotics operations (El Tiempo 2002c). However, the censuses of coca plantations and eradication of the United Nations Office on Drugs and Crime (UNODC) for the years 1994 – 2014, do not report coca plantations in Arauca municipality. In contrast, the censuses identify the presence of such crops in the neighbouring municipalities since the early 2000s (CEDE 2017).

Hence, even if Arauca municipality suffered spill-over effects from neighbouring municipalities, the violence against civilians of the 1980s cannot be explained by illegal drug related activities which only emerged between the late 1990s and early 2000s in

²⁶⁶ Ávila (2010), Castro Caycedo (2003), González Ardila (2013), Gómez Rivas (2016), Gutiérrez Lemus (2012), Millán (2011); interviews 119 and 126.

²⁶⁷ Ávila and León (2012) and Gómez Rivas (2016) claimed that in the early 2000s the ELN was against the planation of coca crops in the department of Arauca because of the opportunities that its production would offer to FARC. However, they also argued that the ELN started participating of the drug's value chain in Arauca since the second half of the 2000s.

other municipalities of Arauca department. Other sources of economic rents could be a potential factor associated with the onset of organised violence against civilians during the 1980s. However, in Arauca municipality, no other significant natural resources, aside from oil, have been exploited in the last five decades (CEDE 2017; L. Sarmiento 2016; Zapata and Rueda 2015).

Aside from the economic incentives that armed groups could have to operate in Arauca municipality, political factors could also explain the onset of violence, such as strong local grievances. Arauca department, including Arauca municipality, was characterised by its high degree of economic and social inequality, linked to the concentration of land property. In this scenario, strong and active social movements were forged during the colonisation of the region since the 1940s. However, these peasant organisations were mainly present in the west of the department, in its foothills of *Sarare*, not in Arauca municipality (Carroll 2015). While most of the municipalities of the department of Arauca were particularly agitated by social protests and unrest during the 1980s and early 1990s, the municipality of Arauca was the exception and remained under the dominion of large land-holders (Carroll 2015).

A last alternative explanation that could be considered, is the incidence of national dynamics of the armed conflict in Arauca municipality during the 1980s. In other words, that the conflict's trends in Arauca were similar to the ones developing in the rest of the country. However, the data on the attacks against civilians in other regions of Colombia appear to exclude this possibility. While the first kidnappings in Arauca municipality occurred only until the first half of the 1980s, at least half of the departments of Colombia had already been struck by this practice since the early 1970s (including the neighbouring departments of Casanare and Meta) (GMH 2013a). Furthermore, before the 1980s, the

conflict was already intense in other areas of Colombia such as the department of Santander.

In sum, the oil wealth of Arauca was discovered years after the ELN and the FARC emerged in the municipality. These groups seldom used their organised violence against civilians before the oil bonanza. After the discovery of the *Caño Limón* oil field, the guerrillas first seized the opportunities of profiting from (violently) extorting oil companies and contractors. In this sense, oil wealth contributes to explain the onset of the use of armed violence against civilians during the first half of the 1980s in Arauca.

However, as it is explained in the next section of the chapter, after the decentralisation reforms of the late 1980s, the armed groups shifted their violence to other types of civilians with the main objective of capturing the subnational governments. Whereas most of the literature on oil and conflict in Arauca²⁶⁸ focuses on the association between violence and the exaction of resources from oil companies by armed groups in Arauca, this thesis contributes by tracing a different mechanism that links oil wealth with the use of armed violence against other civilians (notably, politicians, civil servants, social leaders and even potential voters). The next section of the chapter discusses how the armed groups interfered with local politics to capture the subnational governments of Arauca with the objective of seizing its oil royalties.

3. Capture of the subnational booty

“The political elites were permeated by the guerrilla. Here [in Arauca] we have experienced the plenitude of state capture by the insurgency. They hand-picked the

²⁶⁸ For example, Dunning and Wirpsa (2004) and Ross (2012).

governor, the mayor, the councillors and even the members of the community action boards”²⁶⁹, claimed a Catholic Church priest who worked with communities in Arauca for more than 23 years and who focused his efforts on human rights.²⁷⁰ He then added: “the co-option was not simply ideological, it also implicated public contracts... that is why analysts say that up to 40% of royalties have ended up in the hands of the ELN.”²⁷¹

The priest echoed the estimations of the Colombian state agencies, which claimed that in the 1990s and 2000s a significant amount of Arauca department’s oil royalties –between 17% and 38% of the total– were diverted to the coffers of armed groups.²⁷² This section traces how armed groups sequestered the local democracy and government in Arauca to embezzle public funds.

3.1 Sequestering local democracy

There are diverse sources of evidence on the interference of the ELN and the FARC in the local elections of Arauca between the late 1980s and 2015, as well as on the intervention of the BVA in electoral politics between 2000 and 2005. The sources include rulings from the Supreme Court of Justice, the State Council and transitional justice tribunals²⁷³; press reports from national media²⁷⁴; NGO reports²⁷⁵; and, interviews with municipal and departmental public officials, civil society leaders, local journalists and

²⁶⁹ The community action boards, called in Spanish *Junta de Acción Comunal* (JAC), are local/neighbourhood organisations promoted by the central state since 1958 that act as interlocutors between governments and citizens (Arjona 2016b; Carroll 2015).

²⁷⁰ Interview 118.

²⁷¹ A local journalist also mentioned the figure 40% figure (Interview 120).

²⁷² However, the state agencies have not disclosed in detail how these calculations were made. On these claims from public authorities, see Duque (2015), El Tiempo (2003d), León García (2003), and Semana (1992, 2003c, 2003d, 2006a).

²⁷³ CSJ (2009a, 2010b, 2016a), CE (2009, 2010) and TSDJB (2012).

²⁷⁴ El Espectador (2014b, 2014c), El Tiempo (1991), El País (2003), Sierra (2003), Semana (2005a, 2007, 2016), and Verdad Abierta (2009b, 2011a).

²⁷⁵ CINEP (2017), CNAI (2011), FIP (2009, 2015) and Otis (2014).

politicians.²⁷⁶ Moreover, the secondary literature on the dynamics of the armed conflict in Arauca also supports this claim.²⁷⁷

The armed groups interfered with the *supply* and *demand*-sides of politics in Arauca to help their political associates reach office. The coercive and non-coercive strategies employed by the armed groups created competitive advantages for their associates in local elections. Through this strategy, the armed groups sought to capture the subnational governments and access public funds.

With regards to the *supply-side* of politics, the armed groups acted as gatekeepers of entry into politics, promoted candidacies, coerced politicians and political brokers, and attacked electoral authorities. First, the armed groups had incidence on the nomination processes: they obliged politicians to request the groups' prior endorsement to run for office.²⁷⁸ In other cases, politicians sought their support or were directly selected by armed groups with the objective of concerting future decisions about government.²⁷⁹ For example, the implementation of investment projects by Arauca's municipal government was part of the pacts between the armed actors and politicians; the former influenced procurement processes to syphon part or all the funds received by the selected contractor.

Additionally, armed groups promoted candidates by financing their electoral campaigns, either directly or through the contractors of the subnational governments (that were later

²⁷⁶ Interviews 105, 106, 107, 110, 118, 119, 120, 122 and 123.

²⁷⁷ See for example, Ávila and León (2012), Caballero Reinoso (1999), Carroll (2015), Castro Caycedo (2003), Duque Daza (2015), Gómez Rivas (2016), Gutiérrez Lemus (2012), Millán (2011), Moreno (2010), Peñate (1991, 1998), Pérez Salazar (2011), and Valencia (2008).

²⁷⁸ Ávila and León (2012), El País (2003), FIP (2015), Gutiérrez Lemus (2012) and Moreno (2010); interviews 118, 120 and 123.

²⁷⁹ Castro Caycedo (2003) and CSJ (2010b, 2016a); interview 118.

handpicked in procurement processes).²⁸⁰ In the case of ELN, the fresh money derived from extorting oil companies and contractors in the mid 1980s allowed the guerrilla group to compete for the sympathy and allegiance of local politicians (e.g. funding Liberal Party candidates) and to distribute largess among its social base (FIP 2015; Valencia 2008).²⁸¹

Similarly, in the early 2000s, the BVA paramilitaries funded local electoral campaigns in Arauca (CSJ 2016a; TSDJB 2012; Verdad Abierta 2009b). The paramilitaries forged alliances with politicians of Arauca that were not part of the Liberal Party, particularly with emerging leaders that had been politically marginalised by the ELN (Ávila and León 2012). According to a testimony of a former paramilitary, in 2002 several candidates in Arauca department requested the backing of BVA for mayoralty elections (CSJ 2016a).

Perhaps the most documented case of the allegiance of *Araucano* politicians with paramilitary groups was the one of former mayor of Arauca Julio E. Acosta (1988-1990), who was elected governor of Arauca department in 2003. In November 2013, a specialised criminal judge of first instance²⁸² found him guilty of facilitating the arrival of the BVA to Arauca department, receiving funds from the BVA for his 2003 electoral campaign, and facilitating BVA's operation in the department (CSJ 2016a).²⁸³ According to a local journalist, the story of Acosta depicts why for *Araucanos* the displacement of the ELN by the BVA meant that they “had a new boss who did exactly the same that the previous one: with arms, put their hands on oil royalties.”²⁸⁴

²⁸⁰ CINEP (2016), CSJ (2010b, 2016a), El Espectador (2014a), Gutiérrez Lemus (2012), Otis (2014), Semana (2003a), Sierra (2003), and Verdad Abierta (2009b); interviews 110 and 119.

²⁸¹ Interview 120.

²⁸² However, due to procedural issues detected by the Supreme Court of Justice, this criminal process has not finished (CSJ 2016a).

²⁸³ On the influence of the BVA paramilitaries in Arauca's local politics, particularly regarding the alleged links with Julio E. Acosta, see Ávila and León (2012), CINEP (2017), CSJ (2016a), Gutiérrez Lemus (2012), Otis (2014), Semana (2016), and Verdad Abierta (2009b, 2011a); interview 105.

²⁸⁴ Interview 119.

The armed groups also used coercion to force the cooperation of other local politicians. Since the late 1980s, the ELN and the FARC menaced and murdered politicians and civil society leaders that competed with their political allies or that simply opposed their intervention in the management of oil royalties (El Espectador 2014c; FIP 2009; Peñate 1991).²⁸⁵ In the first half of the 2000s, the BVA followed suit (Castro Caycedo 2003; CINEP 2017; O. J. Gutiérrez Lemus 2012; Millán 2011; Semana 2001b).²⁸⁶

Armed groups periodically made public their threats to politicians. For example, in November 2001, September 2002, and October 2004, paramilitary groups distributed public statements and pamphlets threatening politicians that were supposedly linked with guerrillas (CINEP 2016). The statement distributed in Arauca town in September 2002, included a list of 200 people that comprised politicians, public officials, teachers, leaders of trade unions, journalists and street vendors. The communication stated that the *Araucano* politicians had to break their ties with the ELN and FARC or else the paramilitaries would plunder their property and murder them (CINEP 2016). In June 2002, the FARC threatened the mayor of Arauca and, subsequently, paramilitary groups replied that they would kill the mayor if he resigned after FARC's threat (CINEP 2016). In other occasions, both guerrilla and paramilitary groups kidnapped politicians and bombed their cars to make their threats more credible (Castro Caycedo 2003; CINEP 2017; El Tiempo 2004b). Because of the threats, some politicians and community leaders went into exile (CINEP 2017; La Llanera 2003; Semana 2006a, 2006b).²⁸⁷

²⁸⁵ Interviews 106 and 120.

²⁸⁶ Interviews 112, 119, 120 and 126.

²⁸⁷ Interviews 106 and 122.

The armed groups also murdered politicians who were allegedly linked to other armed groups, as well as their own political allies who did not comply with their end of the “deal” or that “broke” their allegiance (Carroll 2015; El Tiempo 1996b).²⁸⁸ Between the late 1980s and mid 2000s, the armed groups murdered two former mayors,²⁸⁹ three mayoral candidates,²⁹⁰ one former governor, one congressman,²⁹¹ and other local politicians.²⁹² Finally, the armed groups also targeted local electoral authorities. In 2003, a former mayor and governor of Arauca – in complicity with the BVA – supposedly ordered the murder of the director of electoral affairs of Arauca (CE 2015; CSJ 2016a; FGN 2010).²⁹³ Notice that the attacks against local politicians in Arauca started after the oil royalties windfall was coupled with the political decentralisation reforms (first mayoral elections).

The interference with local elections by armed groups in Arauca also aimed to affect the *demand-side* of politics, namely the behaviour of voters. More specifically, the armed groups started acting as *brokers*²⁹⁴, on behalf of their political allies, who used non-violent

²⁸⁸ Interviews 115, 119 and 120.

²⁸⁹ In March 1996, former mayor José Gregorio Gonzalez was murdered in Arauca (El Tiempo 1996b). Although he had been accused of being linked to ELN (Gutiérrez Lemus 2012), this guerrilla group may have been behind his murder (El Tiempo 1996b). According to some interviewees (a local journalist, a local politician, a community leader and a municipal public official) his murder may have been associated with fights regarding royalties and with ELN’s perception that he was not being loyal (interviews 105, 106, 115 and 119). In January 2004, former mayor Marcos A. Ataya was also murdered (El Tiempo 2004a; CINEP 2017).

²⁹⁰ In March 2001, Onofre Hernández, a former candidate to the mayoralty was murdered. According to a press report, he was the third candidate murdered in Arauca since the popular elections began in 1988 (El Tiempo 2001g).

²⁹¹ In October and November 2001, respectively, Octavio Sarmiento (congressman) and Alfredo Colmenares (former governor and by that time congressman) were murdered by paramilitaries (Castro 1998; Semana 2001b; TSDJB 2012). The AUC admitted it had committed the murders and, in its webpage, claimed that the group killed them because of their ties with ELN and FARC, respectively, and published additional threats against politicians that were “allied with the guerrillas” (Carroll 2015, 283).

²⁹² Carroll (2015, 236–37) reports that between mid-1987 and early-1989, 16 people were murdered in Arauca due to political motivations.

²⁹³ The criminal proceedings against the former mayor and governor of Arauca are ongoing and have not reached the last judicial instance.

²⁹⁴ By “brokers” this thesis means “local intermediaries who provide targeted benefits and solve problems of their followers; in exchange, they request followers’ participation in political activities such as rallies – and often demand their votes” (Stokes et al. 2013, 75). Moreover, the thesis follows Mares and Young (2016, 268), who also define brokers as “actors who mediate in the relationship between candidates and voters”. The brokers may use positive and/or negative inducements to motivate voters.

and violent means to target voters. The armed groups and their political allies implemented their clientelist strategy²⁹⁵ by offering private benefits in exchange of political support (*positive inducements*) and coercing citizens to vote or to abstain from voting (*negative inducements*).²⁹⁶

Different types of positive inducements were offered directly and indirectly by armed groups. For example, the ELN allegedly distributed resources among its social networks²⁹⁷ and forced contractors of oil companies to distribute goods and jobs among communities.²⁹⁸ In some cases, the ELN and the FARC instructed subnational governments on where and how to deploy public expenditures²⁹⁹ and also forced national state institutions to favour the communities that supported them.³⁰⁰ Furthermore, the guerrilla groups were able to influence public procurement processes to benefit their adherents and organisations linked to them.³⁰¹ Additionally, there is compelling evidence that the armed groups influenced appointments in the subnational governments, procuring jobs for their sympathizers.³⁰²

²⁹⁵ In this thesis, “clientelism” is understood as a type of non-programmatic political distributive strategy in which a party and/or a political leader offers benefits in exchange (conditioned by) of the person’s vote or other form of political support; the agreement is linked to a (potential) punishment if the voter infringes its obligation (Stokes et al. 2013). Similarly, the thesis follows Mares and Young (2016, 269), who define clientelism as “elections where politicians work, typically through brokers, to give voters individual incentives to vote in a particular way. This definition excludes promises of benefits that do not depend on how an individual or a small group of individuals personally vote. It also excludes fraud, which involves circumventing rather than influencing voters’ choices.”

²⁹⁶ *Positive inducements* include “vote buying, involve offers of rewards such as money, goods, or favors” and *negative inducements* involve “cutting voters off from benefits on which they depend, removing them from their land or residences, or violence, including assault and death” (Mares and Young 2016, 270).

²⁹⁷ According to the claim of a military general published by *Semana* (1989a).

²⁹⁸ For example, in the mid-1980s the Mannesmann AG company was forced by the ELN to distribute goods to the population (O. J. Gutiérrez Lemus 2012).

²⁹⁹ CSJ (2010b), *El País* (2003), and *Semana* (1995a, 2003a, 2003d); interview 118.

³⁰⁰ For example, the ELN pressed the national state by murdering regional officials of the national unit in charge of land reform in Arauca (Peñate 1991).

³⁰¹ CSJ (2010b), TSDJB (2012), and *Semana* (1995a); interview 119.

³⁰² CSJ (2010b), *El País* (2003), and TSDJB (2012); interviews 105, 106, 122 and 123.

The guerrillas appeared to be proficient brokers with regards to the distribution of positive inducements. Both the ELN and the FARC had hundreds of members and sympathisers that allowed them to collect information about the population's needs, distribute benefits, and monitor the political behaviour of citizens. For example, in a case decided by the State Council about the murder of a journalist in Arauca, several testimonies alleged that in the early 1990s the mayoralty had a parallel payroll of former guerrilla members that were used as informants. The State Council concluded that these former guerrilla rebels had been used by members of the public force, the subnational governments or the political class of the region "to execute criminal objectives" (CE 2009). Additionally, the largess that the armed groups supplied directly or indirectly, strengthened their social ties with communities and increased their efficiency as political brokers.

While the armed groups did not have the monopoly for brokering positive inducements in Arauca, they were the most powerful brokers of negative (coercive) inducements. For example, the ELN and the FARC pressured the population to vote for certain candidates, for example by collecting their IDs and organising voters (CE 2009; CNAI 2011; El Tiempo 1991; FIP 2009). Even more, according to the Office of the General Attorney of the Nation (FGN), the ELN obliged communities that lived in rural areas to comply with certain amount of votes (Moreno 2010).³⁰³ Moreover, the three armed groups not only harassed voters but also menaced the brokers of their political competitors' (Castro Caycedo 2003; CINEP 2017; FIP 2009). For example, a community leader who worked as a broker, mentioned that she received death threats from the ELN due to her work for a local politician who was – allegedly – linked with the FARC.³⁰⁴

³⁰³ The FGN is a national judiciary organisation in charge of criminal prosecutions. Although it is independent from the national government, the head of the FGN is selected through a process in which the executive branch participates: the president short-lists three candidates and the Supreme Court of Justice chooses the Attorney General (with at least 2/3 of the votes of its magistrates). The acronym FGN stands for *Fiscalía General de la Nación*.

³⁰⁴ Interview 106.

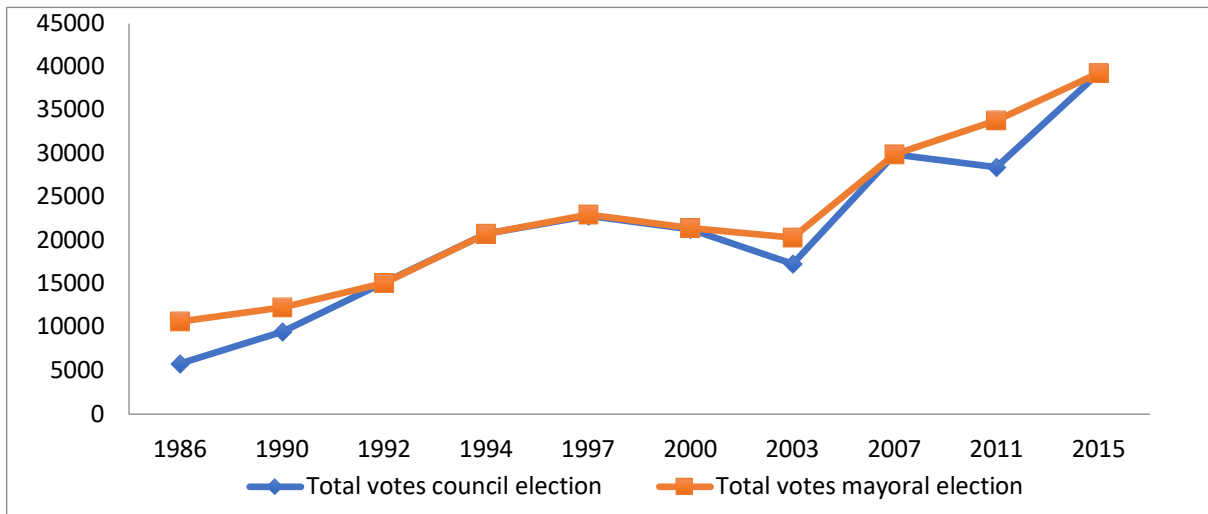
Finally, the BVA specialised in using violence to immobilise or ostracise voters. It is plausible that the paramilitaries preferred negative inducements when they arrived at Arauca, in the early 2000s, because they were not socially embedded as the guerrillas.³⁰⁵ The paramilitaries used forced displacement, among others, as a means to alter the composition of the electorate in Arauca. One of the main strategies used by the paramilitaries to penetrate “historical regions” of the ELN was to attack their social bases (Aponte 2011; Millán 2011).³⁰⁶

The BVA aimed to impact both the supply-side (e.g. threatening rival politicians and brokers) and the demand-side of politics (e.g. displacing hundreds of supposed guerrilla sympathisers). The atypical electoral behaviour of politicians and voters in the elections that took place after the entrance of the BVA seem to reflect the success of the armed group’s strategy. Specifically, the decrease in voter turnout for mayoral and councillor elections of 2000 and 2003 (**Figure 28**), and the reduction in the number of candidates standing for the council in the same elections (**Figure 29**), suggest that there could be a link between the negative inducements employed by the BVA since the early 2000s and the electoral results.

³⁰⁵ Most of the BVA fighters did not come from Arauca department; they had been recruited in other regions of Colombia (Rodríguez Lizcano 2014; TSDJB 2011, 2012).

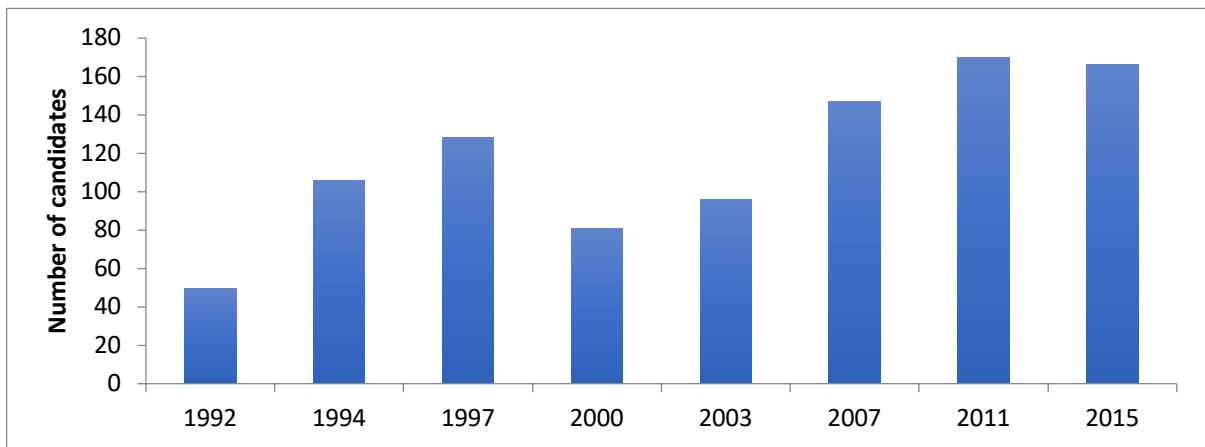
³⁰⁶ Cfr. Semana (2006a) and Mejía (2010). However, this strategy was later utilised by the guerrillas. According to Ávila (2010) and Ávila and León (2012), after the demobilisation of the BVA (2005-2007), the ELN and FARC also used forced displacement to debilitate the social support of each other.

Figure 28 –Voter turnout per council and mayoral election in Arauca, 1986-2015



Source: Elaborated by the author based on RNEC and CEDE (2016)

Figure 29 – Number of candidates per council election in Arauca, 1992-2015



Source: Elaborated by the author based on RNEC and CEDE (2016)

Finally, the fate of seven of the last ten former mayors of Arauca illustrates the durability of the violent strategy of subnational capture in Arauca: two mayors were murdered violently by armed groups³⁰⁷, one was sentenced due to crimes related to political

³⁰⁷ Former mayor Jose Gregorio González was murdered in March 5 1996 (El Tiempo 1996b), and former mayor Marcos A. Ataya was murdered in January 21, 2004 (El Tiempo 2004a; CINEP 2017).

violence and mismanagement of public resources (in favour of armed groups),³⁰⁸ and four were barred from occupying public office due to irregularities in procurement processes.³⁰⁹

3.2 Seizing oil royalties

In Arauca, the dyad *armed groups – politicians* operated as a joint venture, whereby each side cooperated to pursue a strategic objective. While the latter aimed at gaining competitive advantage in elections, the former to increase their capacity of extracting rents. Once politicians reached office, the armed groups expected the former to meet their end of the deal: tolerating or facilitating the interference of the armed group in Arauca’s public administration processes and decisions to facilitate the appropriation of public funds.

In this vein, referring here to the example of ties between the ELN and politicians in Arauca, the Supreme Court of Justice concluded that:

“due to the agreements with the rebel group, the appointment of public officials -both at the top level ... and at the operative level-, were imposed

³⁰⁸ In November 2013, a specialised criminal judge of first instance condemned former mayor and governor Acosta as the co-author of the murder of Juan A. Plazas, who was Arauca’s delegate for civil registry (in charge of elections in 2003) and one of his political opponents (CSJ 2016a). Furthermore, in 2016, the CGR confirmed (second instance) the decision that found Acosta guilty of mismanaging public resources and therefore was barred from public office until 2021 (CGR 2016).

³⁰⁹ In July 2001, former mayor Iliana J. Baroni was banned from occupying public positions for three years due to irregular contracting in 1999 (El Tiempo 2001e, 2003a). In May 2009, the Supreme Court confirmed a second instance criminal sentence that found former mayor Jorge A. Cedeño guilty of irregularities in municipal procurement processes (CSJ 2009a). In November 2009, mayor William A. Reyes was also dismissed by the PGN due to mismanagement of the municipality’s resources and barred from public office for 20 years (Paredes 2010); in July 2010 the decision was confirmed in second instance (Diario del Huila 2010; Duque Daza 2015). The mayor who replaced Reyes for over a year, Carlos R. Suarez, was dismissed by the PGN in December 2015 due to the bid rigging of public procurement processes during his short tenure and was barred from public office for 11 years; the decision was confirmed in June 2017 (La Voz del Cinaruco 2017; Meridiano 70 2017).

by the guerrilla commanders and favoured persons that were close to their organisation; in sum, the tactic consisted in manipulating the Administration of the region (department – municipality), to access the management of the payrolls and the official budget of the territory...” (CSJ 2010b).

In October 23, 2003, the front page of the regional *El País* newspaper read “*The ELN was the ‘lord and master’ in Arauca*”. The press report covered the judicial processes initiated against 22 public officials, politicians (including mayoral candidates) and social leaders of Arauca, due to their alleged links with the ELN and misappropriation of public funds (El País 2003). Although years later at least half of the defendants were cleared (Carroll 2015), the Supreme Court of Justice confirmed the charges of embezzlement against a former mayor of Arauca (Jorge A. Cedeño) and condemned a former governor of Arauca (Jose V. Lozano) due to his collusion with the ELN (CSJ 2009a, 2010b).

Moreover, the testimonies cited by the Supreme Court account for the ELN’s co-option and/or influence of the subnational administrations of Arauca between the late 1980s and 2003 (CSJ 2010b). According to the testimony of a former ELN member, the most significant source of income for ELN in Arauca, at least during the 1990s and early 2000s, were the subnational revenues (CSJ 2010b).

The capture and embezzlement of public funds was not limited to the guerrillas, the paramilitaries also learned the trick. For example, the former commander of the BVA acknowledged before a tribunal the influence of the group on the governorate of Arauca. He claimed that in exchange of BVA’s support during the elections, former mayor and governor Julio E. Acosta agreed to “give in” to the group’s interests (“*plegarse a los intereses*”) once he held office (Verdad Abierta 2009b). Additionally, according to

testimonies cited by the Supreme Court of Justice, the deal of Acosta with the BVA allegedly consisted of receiving funds to finance his candidacy for the governorate in exchange for granting access to public funds, providing privileged information to the paramilitary group and preventing confrontation between the military forces and the paramilitaries (CSJ 2016a).

These examples were not exceptional cases. Diverse sources of evidence suggest that the armed groups influenced public administration in Arauca – almost continuously – between the late 1980s and – allegedly – until recently.³¹⁰ The interference of armed groups on Arauca's public administration decisions operated through, at least, two mechanisms that were linked: the appointment of key public officials and instructions on the deployment of public resources. In practice, both interventions affected the selection of contractors in public procurement processes. The influence of armed groups on these aspects of public management enhanced their capacity to extract oil revenues.

First, armed groups sought the appointment in public office of people that sympathised with them or that were willing to cooperate and that could facilitate the appropriation of oil revenues. These groups were particularly interested in positions that were accountable for finance, planning and public works. These appointments allowed armed groups to retrieve reserved information, monitor the compliance of mayors, and – very importantly – interfere with the destination of public expenditures (e.g. type of goods provided and beneficiaries). Furthermore, armed groups influenced the selection of undertakings in public procurement processes (using threats or colluding with public officials) and – in

³¹⁰ Sources of evidence: judicial rulings (CSJ 2010b, 2016a); NGO reports (CINEP 2017); press reports (El Tiempo 2016; Semana 1995a, 2003a; Sierra 2003; Verdad Abierta 2009b); interviews 102, 105, 106, 110, 118, 119, 120, 122). The secondary literature also supports this claim, for example see: Ávila and León (2012), Carroll (2015), Castro Caycedo (2003), Gutiérrez Lemus (2012), Moreno (2010), Peñate (1991, 1998), Pérez Salazar (2011), and Valencia and Ávila (2014). However, Duque Daza (2015), claims that between 2007 and 2014, the armed groups have had less capacity to interfere with public administration.

exchange – the contractors rewarded them with a percentage of the contract’s value (e.g. 5% - 10%) (Gómez Rivas 2016; Gutiérrez Sanín and Zuluaga Borrero 2011; Moreno 2010).

In short, the objective of embezzling funds by manipulating public procurement processes partially explains why armed groups sought key positions for their sympathisers in the subnational governments. For example, Dunning and Wirpsa (2004: 88) reported that in Arauca “guerrilla informants working inside municipal offices influence who receives public works contracts: those businesses favoured are ones willing to provide the rebels with a cut.” Additionally, often the formulation of the projects was surreptitiously prepared by public officials and contractors, who then were subsequently favoured by rigged bidding processes (CSJ 2008, 2009a).³¹¹ Also, armed groups supposedly created paper companies and, through these legal vehicles, they became recipients of project funds that were never executed (Castro Caycedo 2003, El Tiempo 1992, Moreno 2010).³¹²

Armed groups, factions of politicians and some contractors, webbed a vicious circle whereby each leveraged the other to get a slice of the oil royalties. The armed groups supported politicians in exchange of future access to oil royalties; contractors agreed to finance politicians anointed by armed groups in exchange of future public works and projects, and politicians leveraged their electoral campaigns with the armed groups’ power and the resources from contractors. Hence, for most politicians and contractors, accessing political power and public contracts required sharing a portion of oil revenues

³¹¹ For example, by drafting terms of reference of the bid that foreclosed the possibility of third parties to comply with the public bid’s requirements and concur to the competition.

³¹² Interview 104.

with armed powers.³¹³ A local political analyst explained the relationship between armed groups, politicians and contractors in the following terms:

“Contractors do not become rich on their own; they have to go to the forest to be held accountable by guerrilla groups, share part of the loot and agree which electoral campaigns will be financed. This is how guerrillas have governed; politicians and contractors have been their instruments.”³¹⁴

In spite of the close relationship among armed groups and politicians, public officers and contractors, the former also resorted to coercion to extract oil revenues. While some politicians and public officials cooperated with armed groups as sympathisers or even as allies of the group, in other occasions armed groups coerced the authorities to take certain decisions.³¹⁵ A former municipal civil servant that worked in the late 1980s depicted the situation: he had been forced to flee Arauca after being tied to a tree in the middle of nowhere by the ELN: “they obliged you to militate, you had to be with them or co-govern... or else...”.³¹⁶ Similarly, according to the indictments of the FGN against BVA members, the paramilitaries allegedly tortured and murdered civil servants who refused to grant public contracts that would have benefitted the BVA (Verdad Abierta 2013).

Furthermore, according to three subnational officials, three local journalists, and two civil society leaders that were interviewed, both the ELN and FARC forced contractors of public works and projects to pay them a percentage of contracts (Avila, León 2012, Blu

³¹³ Interviews 103 and 119; Gutiérrez Lemus (2012), Gutiérrez Sanín and Zuluaga Borrero (2011) and Moreno (2010).

³¹⁴ Interview 110.

³¹⁵ Interviews 105 and 122; Sierra (2003).

³¹⁶ Interview 105. A similar account on the hegemony of non-state armed groups over civil servants in the early 2000 (from a local public high-ranking officer) was reported by Sierra (2003): “Due to pressures or because they sympathise, almost everyone has had to do with guerrilla. Who has not done it is dead or exiled.”

Radio 2015, Dunning, Wirpsa 2004).³¹⁷ The contractors faced death threats or sabotage of their works if they failed to comply with the guerrillas' demands. A local journalist that was interviewed, conjectured that it was likely that guerrilla groups had informants within the mayoralty, who notified them about the award of contracts even before such information was made public.³¹⁸

In summary, this section argued that the armed groups present in Arauca during the period of study attempted (and often succeeded) to capture the municipal governments. Their strategy consisted on interfering the supply and demand-sides of politics with the objective of holding control of the subnational governments. Once the armed groups were able to coerce, influence, co-opt or even capture the subnational governments, they extracted oil rents through diverse means – often with complicity of public officials.

While the first use of armed force against civilians in Arauca was linked with the extortion of oil companies, even before the production had started, the outbreak of the use of organised violence against politicians and social leaders appeared to be associated with the mechanics of the subnational capture and the pursuit of oil royalties described above. The next section discusses whether the pursuit of oil revenues by armed groups contributed to explain the intensity and endurance of the armed conflict in Arauca.

4. Fuelling the conflict's intensity and duration

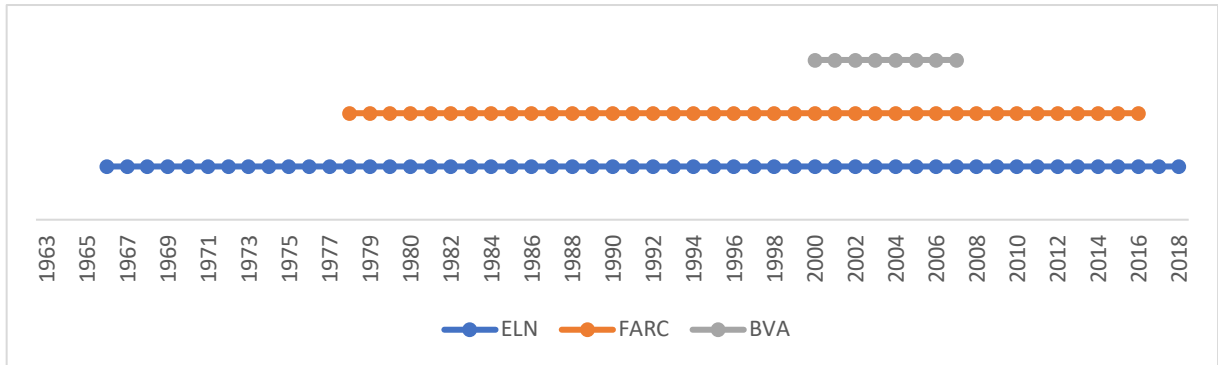
Between 1966 and 2018, at least one armed group was present in Arauca (**Figure 30**). Moreover, during most of this period, a minimum of two groups contested Arauca's

³¹⁷ Interviews 104, 105, 112, 115, 118, 119, 120 and 122.

³¹⁸ Interview 119.

territory. In the period of study, the intensity of the conflict was heterogeneous. The **Figures 25, 26 and 27** illustrated the significant variation of the conflict's intensity, both in terms of the number of attacks against civilians and the number victims.

Figure 30 – Presence of armed groups in Arauca 1963 - 2018



Sources: Elaborated by the author based on the evidence cited in this chapter

This chapter identifies four cycles of violence that presented different levels of conflict intensity (**Figure 31**). The first cycle (1966 –1983), portrayed in section 2 of the chapter, was a period in which the ELN and the FARC were present in Arauca but rarely use their armed force. The intensity of the conflict increased in the second cycle (1984 – 1999), with respect to the previous two decades of armed conflict. The first peak of the conflict's violence in Arauca occurred in 1984. The upsurge is attributable to the guerrillas' kidnappings and selective murders of the workers of oil companies and related businesses, as it was explained in section 2 of the chapter. The discovery of oil transformed Arauca into a strategic territory for the incumbent guerrilla groups, which used the resources extracted from the oil companies to strengthen and expand their forces. The resources seized by the ELN in Arauca financed the expansion of its activities to other departments of Colombia such as Santander, Norte de Santander, Bolívar and Cesar (Carroll 2015; Millán 2011; Santos Peñuela 2014).

Figure 31 – Cycles of armed violence against civilians in Arauca, 1966 - 2017

Cycle	Period	Max. number of armed groups	Level of conflict's intensity
First	1966 - 1983	2	Low
Second	1984 - 1999	2	Medium (increasing)
Third	2000 - 2007	3	High
Fourth	2008 - 2017	2	Medium (decreasing)

Sources: Elaborated by the author based on the evidence cited in this chapter

Moreover, during the second cycle the type of victims targeted by the armed groups augmented. While in the first years of the oil boom the guerrillas focused on oil companies and their contractors, since the late 1980s these groups turned their weapons also towards politicians, journalists and civil society leaders. As it was explained in section 3 of the chapter, this change was the product of the strategy implemented by the guerrillas to interfere violently with local democracy and capture the subnational governments. Before the late 1980s, the ELN was not interested in influencing electoral politics and, in other regions of Colombia, the guerrilla actively sabotaged elections (Arenas 2009; Moreno 2010; Peñate 1991; Valencia 2008).

Additionally, the prospective of capturing the subnational governments incentivised the armed groups to selectively target people that were part of horizontal and vertical accountability institutions and processes at the local level.³¹⁹ With regards to the attacks

³¹⁹ I follow O'Donnell's (1994, 90) conceptualisation of "vertical accountability" as the capabilities of citizens to make "elected officials answerable to the ballot box" and "horizontal accountability" as the ability of autonomous institutions to oversight and punish the conduct of public officials (such as courts).

that weakened *horizontal accountability*, two examples depict the link between oil-fuelled interests and the repression against oversight authorities at the local level. First, members of national control authorities with presence in Arauca were threatened or murdered. For example, in 1991-1992 the officials appointed by the PGN received death threats while they were conducting investigations against former mayor José Gregorio Gonzalez. The investigations of the PGN were linked to charges of mismanagement and embezzlement of oil royalties (El Tiempo 1992).³²⁰ Later, in December 1999, the CGR published the results of their audits to the management of oil royalties in Arauca. The report concluded that at least 36% of the royalties used in 1997 and 1998 were destined to dubious investments (El Tiempo 1999d). Less than a year later, the manager of the CGR in Arauca was murdered (El Tiempo 2000a).

Secondly, the investigation of violence against politicians, journalists and social leaders by judicial authorities was sabotaged in Arauca. The case of the process initiated by the family of journalist Henry Rojas, who was murdered in 1991, is an example of such disruption. One week before his murder, Rojas received death threats after *El Tiempo*, a national newspaper where he worked as a correspondent, published an article (El Tiempo 1991) that denounced a supposed pact between the FARC and a candidate to the governorship of Arauca. According to the news report, the supposed pact offered FARC half of the department's budget and three UP members would be appointed as secretaries (Works, Finance and Government). In exchange, allegedly, guerrillas would vote for the candidate and would also force peasants to vote for him (El Tiempo 1991). In 1993, the family of Rojas filed a suit to seek state indemnification and, in 1997, the first instance

³²⁰ Former mayor González was accused of mismanaging the municipality's budget (unjustified expenses, not included in municipal budget) and breach of public employment rules (illegal hiring of more than 2,000 temporary personnel during electoral time and illegal retroactive wage increase of 57% to all public employees). In 1993-1994, the PGN dismissed him from public office and banned from occupying public posts (El Tiempo 1994). Later, almost a decade after he had been murdered, the Supreme Court of Justice (CSJ 2004, 2005) confirmed the rulings that convicted several of his municipal secretaries.

tribunal declared that the Colombian state was responsible for failing to protect journalist Rojas.³²¹ The proceedings of the second instance stage were bluntly obstructed: the case file, which weighed a hundred pounds, was ‘lost’ in Arauca (M. Mitchell 2005; Otis 2014). The State Council took ten years (until 2006-2007) to reconstruct the file. In 2009, the State Council finally confirmed that the national state was responsible for the murder of Henry Rojas (CE 2009). The tribunal concluded that the murderer of Rojas did not act on his own initiative, but had been used as an instrument “to execute criminal objectives by members of the public force, the municipal government or the departmental government or the political class of the region” (CE 2009).

The organised violence in Arauca was also directed towards community leaders and journalists who were engaged in *vertical accountability* processes. Firstly, community leaders who did not comply with the armed group’s orders were often murdered (Castro Caycedo 2003). Moreover, people refrained from collaborating with the state either because they were afraid of the guerrilla’s reprisal or because relatives or friends were linked to the groups (Castro Caycedo 2003). According to a community leader that I interviewed, carrying out citizen oversight activities on projects financed with oil royalties in Arauca was a “dangerous activity”.³²² “A citizen that monitored the construction of a pier by the side of the river in Arauca [financed with royalties], twenty years ago was murdered due to his oversight activities”, said the leader.³²³

³²¹ The murderer of Rojas, a former combatant of the ELN guerrilla and later a member of the military, worked for Arauca’s mayoralty when he killed the journalist and in the legal proceedings he accused two mayors of being involved in the murder (CE 2009). This case prompted criminal investigations against the alleged intellectual authors of the crime. However, up to date there is impunity with regards to who was behind the murder of Rojas (CE 2009; Otis 2014).

³²² Interview 103.

³²³ Interview 103.

Since the second cycle, the armed groups also targeted the work of journalists in Arauca. In the 1990s and early 2000s, journalists that denounced armed group's actions and government mismanagement – particularly oil revenues squandering – were threatened, exiled and/or murdered by the coalitions of politicians and armed groups (Carroll 2015; CE 2015; CINEP 2017; El Tiempo 2002b; FIP 2015; La Voz del Cinaruco 2009; Otis 2011; Verdad Abierta 2011a). According to three local journalists and a local politician with a radio programme and a report published by the NGO *Committee to Protect Journalists* (CPJ), most of these assassinations remain in impunity until present time (Otis 2014).³²⁴ In sum, the increase of violence and the diversification of victims between the first and second cycle may be partially explained by the guerrillas' pursuit of the subnational governments' oil royalties.

However, the peak of violence in Arauca occurred in the third cycle (2000-2007). There were three main drivers of the upsurge in the use of armed force against civilians in this period: two of them linked with the increase of the competition among armed groups for controlling Arauca (and its economic rents), and one linked with the military intervention of the national government (**Table 12**).

First, the intensification of the competition between the ELN and the FARC. Since the early 2000s, this contest had an impact on the intensity of the attacks against the oil infrastructure. The FARC started to bomb the *Caño Limón – Coveñas* oil pipeline to demonstrate that the ELN was no longer capable of excluding FARC from exacting resources from oil companies (Millán 2011; Semana 2001a, 2001b).³²⁵ In 2001, the attacks hampered the flow of oil and consequently oil production was halted for 240 days

³²⁴ Interviews 119, 120, 121 and 123.

³²⁵ Between 1986 and the end of the 1990s, the ELN blew up the oil pipeline to extort oil companies, by the end of the 1990s the FARC followed suit (Carroll 2015, 285).

(Ávila and León 2012; Carroll 2015; El Tiempo 2001c). In the mid 2000s, the confrontation between FARC and ELN increased again and both groups aimed at supposed civilian supporters of their rivals. While the army concentrated its efforts in safeguarding the oil infrastructure (60% of the soldiers were destined to that task) hundreds of civilians were murdered, tortured and displaced due to the contest between the guerrillas (Semana 2006a, 2006b).

Table 12 - Interaction among armed groups and sources of rents in Arauca department, 1966-2017

Time period	Mid 1960s - 1982	1983 - 1990s	2000 - Mid 2000s	2006 - 2009	2010 - 2017
Interaction among armed groups	FARC & ELN coexist and sometimes cooperate.	FARC & ELN coexist but compete for rents.	BVA violently competes. ELN & FARC intensify competition.	ELN & FARC compete violently.	ELN & FARC reach a truce and divide the territory and rents.
Violence against civilians	Low	Medium	Very high	High	Medium
Oil rents	None	Oil rents from companies & contractors (since early 1980s). Oil royalties (since late 1980s).			
Critical Junctures	Arrival of the ELN and FARC.	National decentralisation & oil discovery in Arauca.	Entrance and expansion of BVA. Military offensive (since 2002).	Demobilisation of BVA (2005-2007). Military offensive (focused on FARC).	FARC - ELN truce (2010/11). FARC's demobilisation (2016/17).

Sources: Elaborated by the author based on judicial rulings, press and NGO reports, official sources, interviews, and secondary literature³²⁶

³²⁶ Judicial sources: CE (2015), CSJ (2010b, 2014, 2016a), TSDJB (2011, 2012). Press sources: El Espectador (2011, 2014b, 2014c), El País (2003), El Tiempo (1996c, 1997e, 1998a, 1998b, 1998c, 2000b, 2001a, 2001c, 2001f, 2001g, 2002a, 2002d, 2003b, 2003d, 2003e, 2003f, 2004a, 2005, 2012, 2014, 2015, 2016), González Ardila (2013), La Silla Vacía (2016), León García (2003), Mejía (2010), Rojas Vargas (2012), Semana (1985, 1986, 1988, 1989a, 1989b, 1992, 1992, 1995a, 1995b, 2001a, 2001b, 2002, 2003b, 2003a, 2005a, 2006b, 2006a, 2007), Sierra (2003), and Vega (2003). NGO sources: CINEP (2017), FIP (2008, 2009, 2014, 2015) and Otis (2011, 2014). Official reports and data bases with information from public authorities: CEDE (2017), GMH (2013a), Restrepo Suesca (2014), Rodríguez Lizcano (2014).

The second driver of the escalation of violence during the third cycle was the BVA's entrance. In 2000, the BVA paramilitaries entered Arauca with the objective of controlling the territory and the subnational governments. As it was explained before, the BVA also targeted politicians, public officials, community leaders and journalists. Additionally, the paramilitaries expanded their armed violence towards human rights activists, trade union members, and teachers (CINEP 2017; O. J. Gutiérrez Lemus 2012).

The biggest impact of the BVA on the conflict's intensity was the use of indiscriminate violence against the population, causing massive displacement. Between 1984 and 2016, almost six out of ten victims of forced displacement in Arauca fled the municipality during the years in which the BVA operated (2000-2007).³²⁷ Although in the previous section it was argued that forced displacement was used by the BVA as a means for changing the electoral profile of the municipality, there are two other factors that may contribute to explain why the paramilitaries used indiscriminate armed force against civilians. First, the fact that the paramilitaries were not socially embedded, as their opponents, and did not have "insider" information. Such information would have allowed them to use their force selectively, instead of indiscriminately. Second, that forced displacement was probably driven by another, more direct, economic incentive: land grabbing.

Interviews 103, 104, 105, 106, 110, 112, 115, 118, 119, 120, 122, 123 and 126. Secondary literature: Aponte (2011), Ávila (2010), Ávila and León (2012), Carroll (2015), Castro Caycedo (2003), Dunning and Wirspa (2004), Duque Daza (2015), Gómez Rivas (2016), Gutiérrez Lemus (2012), Millán (2011), Moreno (2010), Peñate (1991, 1998), Pérez Salazar (2011), and Valencia (2008).

³²⁷ Own calculations based on the GMH (2013a) data base. However, part of the displacements were also caused by the increased clashes between the military and the guerrilla groups, which coincided with the arrival of the BVA in Arauca.

The third driver of the conflict's intensity was the intervention of the Colombian military in Arauca department. Recall that chapter 3 of the thesis explained that, in the early 2000s, the national government of Colombia started receiving funds and military assistance from the US government. However, the resources of the Plan Colombia could only be used by the public forces to carry out counter-narcotics operations. The US Congress lifted these limitations in August 2002 and the Colombian army was authorised to use the resources for counter-insurgency. OXY, the oil company that operated *Caño Limón*, had publicly requested the US's Congress in 2000 to expand the scope of the Plan Colombia (to include their assets in North East Colombia). A few years later, the armed conflict in Arauca internationalised due to the intervention of the US that consisted on the provision of funds, equipment and training to the Colombian army in Arauca department (Carroll 2015; El Tiempo 2005; Thad Dunning and Wirpsa 2004).

With the removal of the restrictions, the Colombian army started using the Plan Colombia funds to protect the oil infrastructure and secure the local operation of oil multinational companies, including Arauca (Thad Dunning and Wirpsa 2004; Gómez Rivas 2016). The military forces initiated the implementation of their strategy in Arauca by the end of 2002 and early 2003 (Ávila and León 2012; El Espectador 2014b; El Tiempo 2002a). As a result, during president Álvaro Uribe's first presidential term (2002-2005) Arauca was the most militarised region of the country and became a laboratory for the government's so-called *democratic security policy* (Gómez Rivas 2016; León García 2003; Semana 2003b, 2005a, 2006b).

By the end of 2003, the correlation of forces had changed in favour of the state and against the guerrillas in Arauca (Aponte 2011; Gómez Rivas 2016; Ávila and León 2012). The military's increased capacity coincided with the paramilitary ascent in Arauca (Ávila and

León 2012; Millán 2011; Restrepo Suesca 2014). The public force seldom fought the BVA and, in some cases, the former tolerated the violent activities of the latter; the judicial authorities are still investigating specific cases of complicity between militaries and paramilitaries (Ávila and León 2012; Carroll 2015; CE 2015; Verdad Abierta 2013).³²⁸ In the first half of the 2000s, the action of the military and the BVA effectively jeopardised “the guerrilla’s capacity to capture rents and charge forced contributions” in Arauca (O. J. Gutiérrez Lemus 2012, 333).³²⁹

In the last cycle (2008-2017), the level of conflict decreased with respect to the third cycle. The number of armed groups was reduced from three to one. As it was explained in chapter 3 of the thesis, the negotiation between the government of president Álvaro Uribe and the AUC finalised with the demobilisation of the majority of its combatants between 2005 and 2006. However, according to testimonies cited by the Supreme Court of Justice, the former mayor and governor Julio E. Acosta allegedly tried to convince the leaders of the BVA not to demobilise (CSJ 2016a). The BVA combatants did demobilise, but a significant part of the armed structure remained active in the urban area of Arauca until 2007, with the objective of protecting their local political partners (Ávila and León 2012).

After the BVA disappeared, the FARC and the ELN regained territorial control and influence over the population in Arauca department (González Ardila 2013; FIP 2015). As a result, in the early 2010s, the attacks against the oil and energy infrastructure and the extortions to oil contractors increased (**Figure 27**) (Blu Radio 2015; El Espectador 2016a; El Tiempo 2012, 2014; FIP 2015; Macías 2013; Rojas Vargas 2012). However,

³²⁸ Interview 115.

³²⁹ This claim was also mentioned by a former local public official (interview 112).

the attacks against civilians were reduced due to the truce agreed by the FARC and ELN in Arauca in 2010/2011 (El Espectador 2011; Mejía 2010).

Since the early 2010s, a separate national process led by the government of president Juan Manuel Santos removed another armed group from Arauca: the FARC. Since late 2016, after four years of negotiation, the FARC started to demobilise, including the fronts that were active in Arauca. After the FARC's demobilisation, the ELN was left as the only armed group with permanent presence in Arauca.³³⁰

Overall, the intervention of the central state (judicial and military) and the withdrawal of two armed groups contributes to explain the decline of violence in Arauca during the last cycle. These events and processes seem to have increased the independence of politicians from the armed groups in the last years.³³¹ Public officials, local journalists and civil society leaders that were interviewed confirmed that the level of risk for living and working descended in recent years.³³²

However, the ELN still enjoys power and influence in Arauca,³³³ continues to extort the municipality's contractors, syphons part of the oil royalties, and - supposedly - interferes with the subnational government's management (Ávila, León 2012).³³⁴ In 2015, the FGN opened an inquiry on the alleged links of the Arauca's elected mayor for the period 2016–2019. The mayor is currently being investigated by a criminal court due to the ELN's

³³⁰ However, the state's forces recently clashed with dissidents from FARC in the department of Arauca who, according to the army, had attacked oil infrastructure and were linked with leaders of the ELN (Blu Radio 2018). Additionally, neo-paramilitary groups have tried to enter and operate in Arauca in the last decade, but none of them have been able to remain in the territory (Ávila and León 2012; Rodríguez Lizcano 2014).

³³¹ Interview 118.

³³² Interviews 103, 105, 112, 119, 121 and 122.

³³³ Interviews 102, 103 and 112.

³³⁴ Interviews 104, 105, 112, 115, 118, 119, 120 and 122.

supposed support of his candidacy and clientelism in the 2015's elections (El Espectador 2016b; El Tiempo 2016).³³⁵ Hence, the risks of subnational capture by the guerrillas have not entirely dissipated.

Furthermore, Arauca's public officials still face risks linked with the armed conflict. For example, in 2011, the representative of the FGN in Arauca requested the relocation of a criminal process against former mayor and governor Julio E. Acosta from Arauca to another city.³³⁶ The representative of the FGN argued that in Arauca it was not possible to guarantee the safety of the judicial authorities and the parties since the facts under investigation were related to the links of Acosta and armed groups. The Supreme Court of Justice granted the petition and moved the proceedings to Medellin city (CSJ 2011c).

The ELN is the most resilient of the armed groups that were present in Arauca department during the period of study. Although the national government and the ELN initiated the public phase of their peace negotiations in October 2016, the process has not advanced significantly. The leadership of the ELN in Arauca (the *Domingo Lain* unit) was openly sceptical about this peace process. This unit has maintained a hard-line with regards to the negotiations with the national government, and it has explicitly opposed them in certain occasions. For example, in 1989, the leaders of this ELN's unit publicly stated that they would only follow the orders they agreed with and that they would "continue sabotaging the oil sector" because they did not "agree with truces or negotiations". Furthermore, the *Domingo Lain* unit claimed that they "reserved the right to become economically independent from the organisation" (Villamizar 2017, 569). It is plausible

³³⁵ According to the priest of the Catholic Church that has worked with communities for over two decades, the guerrilla had incidence in Arauca's 2015 elections (interview 118).

³³⁶ The investigation against Acosta comprised his alleged involvement in the murder of Arauca's delegate for civil registry (in charge of elections in 2003) and more generally Acosta's supposed links with the BVA paramilitaries.

that the generous endowment that the *Domingo Láin* derived from diverse oil rents contributes to explain its capacity to be openly critical about the decisions taken by the ELN's central command.

More recently, the leaders of the ELN's unit in Arauca viewed with reluctance the peace process of the FARC with the national government. An interviewee who identified him/herself as an advisor to the ELN in guerrilla in Arauca, mentioned that its leaders were "particularly radicalised" and considered that the FARC's peace deal was a "betrayal against the revolution".³³⁷ Moreover, the main leader of the *Domingo Láin* appeared to oppose, internally, the recent dialogues between the ELN and the national government (Prieto 2017).

In sum, the chapter identified four cycles of violence with different levels intensity, in terms of the number of attacks and civilian victims of the armed conflict. Oil revenues appeared to influence the change of the conflict's severity, particularly between the mid 1980s and late 1990s. However, there were other key drivers - unrelated with oil wealth- that affected these trends. The territorial dispute of the BVA and the battles between the FARC and ELN, during the 2000s, were also driven by other sources of economic rents, mainly those linked to drug businesses. Additionally, country-level peace processes led by the national government, which were not related to oil, appeared to have a great incidence on the reduction of the conflict's severity over the last decade. With regards to the conflict duration, oil wealth appeared to have mixed effects over its endurance. On one hand, oil rents financed the operation and expansion of the ELN, FARC and BVA. On the other hand, the increased military efforts of the national state in Arauca,

³³⁷ For security reasons, the interviewee is not identified.

undertaken with the support of the US government, were financed and motivated by the oil assets located in the area.

Conclusions

The oil bonanza that struck Arauca in the 1980s, changed the structure of its economy and attracted thousands of immigrants from all over Colombia. The oil discovery of the *Caño Limón* oil fields occurred in a weak institutional background, in which the subnational governments were poorly endowed and the national government's reach was weak and fragmented. Despite the presence of the ELN and the FARC in Arauca since the mid 1960s and late 1970s, respectively, the first use of armed force against civilians, mostly linked to the oil sector, occurred only until the beginning of the 1980s. The prospective of exacting resources from oil companies and related businesses triggered the onset of organised violence by the incumbent guerrillas, even before the first barrel of oil was extracted.

A few years later, the exports of oil generated a windfall of revenues accrued by Arauca's municipal and departmental governments. Since the late 1980s, the oil-driven windfall incentivised armed groups to rig the subnational democracy in association with local politicians. Arauca became one of the municipalities most affected by the armed conflict. The oil revenues incentivised the armed groups and their political associates to employ a mix coercive and non-coercive strategies to interfere with local politics. The strategies intervened the *supply-side* of politics (entry, participation and exit of politicians in elections) and the *demand-side* of politics (voting behaviour) in Arauca.

Through these means, these coalitions attempted – and often achieved – to influence, co-opt or even capture the subnational governments with the objective of diverting Arauca’s public budget into their coffers. In practice, the armed groups seized a significant portion of public funds through coercion and collusion with public officials and government contractors (e.g. rigging procurement processes). The pursuit for oil royalties was associated with the onset of attacks against a broader range of civilians: politicians, public officials, social leaders and journalists.

The intensity of violence in Arauca varied significantly since the onset of the armed conflict. This chapter identified four different cycles of violence in which, most of the time, more than one armed group operated in the region. The evidence suggests that the pursuit of oil rents by armed groups contributed to explain the increase of selective attacks against civilians between the first two cycles of violence. The increased victimisation in these periods was linked with the extortions against oil companies and, shortly after, it was also associated with the strategies carried out by the incumbent guerrillas to seize oil royalties. The first victims of the armed groups were civilians related to oil companies and shortly after the next victims were politicians, public officials, social leaders, and journalists (attacks associated with the capture of subnational democracy).

Although oil revenues influenced the conflict’s severity, particularly between the mid 1980s and late 1990s, the overall connection between the variables of interest during the period of study seemed weak. Other factors that were not related to oil appeared to have a greater incidence on the conflict’s severity, particularly during the last decade. The escalation of both selective and indiscriminate attacks against civilians between the second and the third cycles appeared to be connected with two changes in the struggle. First, the arrival of a third armed group: the paramilitary branch that was assembled in

neighbouring regions. While one of the objectives of the paramilitaries was to appropriate a share of the oil royalties, there were other rents available in the area that attracted the armed group, namely, illegal drugs. Furthermore, the use of indiscriminate violence (e.g. massive forced displacement) by the paramilitaries was a strategy that could have changed the electoral profile in their favour (thereby facilitating the subnational capture). However, this type of indiscriminate violence appeared to be linked with two additional factors that are not related with oil: asymmetrical information and land grabbing.

The second change that had an incidence in the increased level of violence against civilians during the third cycle was the onset of a violent competition among the ELN and FARC (instead of coexisting and dividing the territory and/or rents). To the extent that part of the “prize” that was at stake were the different sources of revenues, the escalation of the dispute could be considered a type of “resource battle” in which the armed groups that attempted to exclude their rivals, thereby fuelling the conflict’s intensity. However, during this cycle, the value of Arauca’s territory had increased for reasons different than oil: the drug business and the illegal markets associated with Venezuela’s frontier (e.g. routes of fuel contraband).

The indiscriminate attacks and victims significantly reduced during the fourth cycle (2008 - 2017). The decrease of the intensity of the conflict in the fourth cycle appeared to be driven by factors that were not associated with oil wealth. On one hand, a truce between the ELN and FARC, which decided to divide the territory instead of contesting it. Although the guerrillas did not agree to cooperate in the plundering of the resources available in Arauca department, their settlement ended the contest for rents among them. On the other hand, two peace negotiations led by the national government reduced the number of armed groups in Arauca: the BVA and the FARC demobilised in the mid 2000s

and mid 2010s, respectively. However, it is plausible that the opportunity of funding armed units with oil rents was linked to the dissent of local leaders of two of the armed groups, the BVA and the ELN, against the peace processes with the national government.

The armed conflict has not ended in Arauca. In fact, the region is the most important stronghold of the ELN, the strongest armed group that is still active in Colombia. Oil wealth appeared to have mixed effects with respect to the duration of the conflict at the subnational level. Oil rents financed the maintenance and expansion of the armed groups. Hence, these resources contributed to prolong the conflict in the region. Moreover, the economic autonomy that the sources of income provided to the units of the armed groups in Arauca, contribute to explain why at least two of the armed groups faced situations of local dissidence with respect to peace negotiations with the national government. However, oil wealth did not preclude the demobilisation of two of the armed groups in Arauca, the BVA and the FARC, nor the initiation of dialogues between the national government and the ELN.

The reduction of the number of armed groups does not appear to be directly related with oil wealth. As it was mentioned above, two peace negotiations led by the government at the national level removed two armed actors that were present in Arauca, the BVA and the FARC. These settlements were product of country-wide negotiations rather than local processes. Also, the national military intervention and the judicial actions against the political associates³³⁸ of the armed groups in Arauca may have increased the costs of seizing oil rents in the last decade and half. However, the remaining guerrilla group, the ELN, is active in Arauca. The evidence suggests that the ELN still has incidence on the

³³⁸ Which increased the likelihood of politicians being caught conspiring with armed groups and the likelihood of being sentenced.

supply and demand sides of politics and continues extracting oil rents through coercive and non-coercive means. Thus, the oil-fuelled violent political order in Arauca is fractured but not finished.

A similar process like the one described in this chapter, which involved the subnational capture by an armed group which sought oil royalties, occurred in two coastal municipalities of Colombia that are located over 600km away from Arauca: Tolú and Coveñas, in Sucre department.³³⁹ However, the cases differ with respect to Arauca in three crucial aspects. First, the source of the oil revenues. In the territory of Tolú and Coveñas there is no oil production: the source of oil royalties is the shipping of oil through their port. Hence, in these cases oil royalties was the only source of “oil money”, while in Arauca the extorsions to oil companies and their contractors were also a significant source of income for the armed groups. The second difference is the timing of the oil bonanza in Tolú and Coveñas: the mid 1990s and early 2000s, respectively. The third variance with respect to Arauca was the timing of the outbreak of violence against civilians. In Tolú and Coveñas, the onset of the use of armed force against the population occurred after the start of their respective windfalls of oil royalties. These cases are explored in the next chapter of the thesis.

³³⁹ This geographical distance is measured as a straight line, but the shortest road distance between the two points is over 1,300 km long.

Chapter 5 - Tolú and Coveñas: Oil royalties turned coastal towns into a nightmare

Introduction

“Coveñas, the town where all mayors have been in jail”, titled a regional newspaper from the north coast of Colombia in November 2017 (Bustamante 2017). Since 2002, when the municipality was created, the three first elected mayors were convicted due to their association with paramilitary groups, and because of the irregularities in the management of oil royalties, while the last two are being tried for the latter charge. Before 2002, Coveñas was not an independent municipality, it was a locality of Tolú. Tolú municipality also had a harrowing experience with the armed conflict: between 1997 and 2007 two mayors were murdered by paramilitaries and three were sentenced due to their links with these armed groups.

However, Tolú and Coveñas were not like this for most of the 20th century. These territories remained almost free from the organised violence that affected most of the Colombian territory in the second half of the 20th century. Their story changed after Tolú started receiving oil royalties due to a legal reform that was passed in 1994. The law established that the municipalities where oil was exported would receive oil royalties in proportion to the volume of the exports. Furthermore, the law explicitly specified that Tolú’s mayoralty was bound to invest one third of its oil revenues in the area where the port was located: the territory of what later became Coveñas municipality (labelled *Coveñas-Tolú* in this chapter, whenever it refers to this territory before 2002).³⁴⁰

³⁴⁰ Whenever the chapter mentions “Coveñas” it refers to the municipality instituted in 2002, and when it alludes to “Coveñas-Tolú” it refers to the same territory before the secession. Whenever the chapter

Between 2002 and 2015, Tolú and Coveñas received two times more total revenues per capita than the average Colombian municipality.³⁴¹ Furthermore, between 1994 and 2015, these municipalities received over thirty times more royalties per capita than the mean Colombian municipality.³⁴² In the second half of the 1990s, the windfall of oil royalties encouraged paramilitary groups to use their armed force against the population to capture Tolú's local democracy and seize its revenues. Subsequently, in the first half of the 2000s, the political violence shifted to Coveñas after its secession from Tolú.

Both the secession of Coveñas, in February 2002, and the onset of violence in its territory were associated with oil royalties. The story of the secession of Coveñas from Tolú, studied in the second section of this chapter, is the product of a social and political struggle over the investment of royalties. The use of armed force by the paramilitaries against civilians in Coveñas was linked with armed group's strategy of taking over the new political centre that accrued a significant amount of oil revenues.

Tolú and Coveñas are two small coastal municipalities situated in the north-west of Colombia (**Figure 32**).³⁴³ They are two of the four municipalities located in the Morrosquillo Gulf, an area with a key seaport for the Colombian Caribbean region since colonial times (Moré Sierra 2006; Posada-Carbó 1998).³⁴⁴ Furthermore, these two

mentions a fact about Tolú municipality before 2002, it also includes Coveñas-Tolú unless otherwise is stated.

³⁴¹ The data on total revenues received by Tolú (self-reported) between 1995 and 2001 has several missing data points; the information is only available for 1996 and 2001 (CEDE 2017).

³⁴² Own calculations based on the data on the transfer of royalties to municipalities reported by national government agencies that is available in CEDE (2017).

³⁴³ Tolú municipality has an area of 282 km², less than 18% of its population lives in rural areas and by 2017 it had over 34,000 inhabitants (CEDE 2017). The municipality of Coveñas has an area of 56 km², more than 70% of its territory is still rural and by 2017 it had over 14,000 inhabitants (CEDE 2017; DANE 2011).

³⁴⁴ The Colombian Caribbean is a region located in the north of the country that amounts to 11.6% of the national territory, comprehends 192 municipalities and has 1,300 km of coastline in the Atlantic (Posada-Carbó 1998, 39; Diego Quiroga and Ospina-Posse 2014, 41).

municipalities are part of Sucre department and their main urban area is 25 km away from the department's capital, Sincelejo (CEDE 2017).³⁴⁵

Figure 32 – Tolú municipality (dark blue) and Coveñas municipality (lighter blue)



Source: CEDE (2018)

The landscape of Tolú and Coveñas is dominated by plains, like most of the Caribbean region (Posada-Carbó 1998; Diego Quiroga and Ospina-Posse 2014). The link of Coveñas-Tolú with oil began in the late 1930s, when a foreign oil company built its facilities to export crude oil extracted from another region of the country.³⁴⁶ Since then, Coveñas-Tolú became Colombia's first oil seaport and it has remained the country's most important point of oil foreign trade (Rampf and Chavarro Rodríguez 2014; Vilorio de la Hoz 2002). Both Tolú and Coveñas share similar key features, such as their socio-

³⁴⁵ The data refers to the lineal distance, the shortest road distance from Coveñas to Sincelejo is 61 km.

³⁴⁶ The oil was extracted from the Catatumbo region, located in the north-east of the country.

economic profile, landscape, local institutional legacies, and the reach of the central state in their territory.

This chapter develops four main findings. First, oil royalties were associated with the first use of armed force by armed groups against the population of Tolú and Coveñas-Tolú. In this case, violence was triggered by a right-wing paramilitary group, part of the AUC, that was called “Block Heroes of the Maria Mountains” (BHMM).³⁴⁷ As in the case of Arauca, the presence of armed groups in the territory preceded oil royalties. Almost two decades before oil royalties were granted to Tolú, the Morrosquillo Gulf already was attractive to drug lords and paramilitary groups for shipping illegal drugs.³⁴⁸ However, during that period of time, the area remained almost free from attacks against civilians.

Second, the use of organised violence in Tolú and Coveñas-Tolú was linked with the strategy implemented by paramilitaries to take over the subnational democracy. As it occurred in Arauca, the armed group partnered with local politicians to capture the subnational governments and appropriate oil royalties. The windfall of municipal revenues generated by oil royalties incentivised the incumbent paramilitaries to modify their war strategy and target their force against politicians, public officials, journalists and civil society leaders. The capture of the municipal governments was carried out through a combination of selective violence and the interference with the local electoral processes.

Third, the pursuit of oil royalties by the paramilitaries contributed to explain the variation from very exceptional incidents of organised violence to frequent use of armed force against civilians. This transition occurred in the mid 1990s and early 2000s in Tolú and

³⁴⁷ In Spanish, Bloque Héroes de los Montes de María.

³⁴⁸ Superficially, it could appear that the availability of oil royalties facilitated the setup of new armed groups or that it attracted armed groups from other areas of the country. But this is not what the empirical evidence shows in this case.

Coveñas, respectively. Additionally, after Coveñas became an independent municipality, the violence receded significantly in Tolú. In contrast, the level of intensity in Coveñas during the first half of the 2000s was higher than in the previous two decades, because the paramilitary groups shifted their efforts to control the new centre of political power (that had significantly more royalties per capita than Tolú).

However, as it occurred in the case of Arauca, oil royalties did not appear to be directly linked with higher levels of the conflict's intensity in Coveñas in the last decade. After the BHMM demobilised (in 2005) and after a splinter group was disbanded by the national state (in 2006), several emerging criminal bands (BACRIM) were active in the area, but none of them were able to settle permanently. Moreover, their main source of income was linked with illegal drug businesses and I did not find compelling evidence that they were able to capture subnational governments as the paramilitaries did between the mid 1990s and mid 2000s.

Finally, also as in the case of Arauca, the chapter claims that the effect of oil revenues on the conflict's duration appeared to be mixed. First, when the paramilitaries succeeded in seizing oil royalties, these funds contributed to strengthen their military capacity. The embezzled royalties tilted the power balance at the local level in favour of the paramilitaries, thereby contributing to prolong the conflict. Second, when the national leaders of the AUC negotiated with the national government the armed group's demobilisation, the BHMM partially splintered. Dissident leaders attempted to form a new paramilitary group that also aimed at capturing the local democracy. Hence, it seemed that the oil revenues increased the feasibility of financing new armed groups and generated incentives for leaders who preferred continuing war rather than finishing it.

These two mechanisms, that favoured the endurance of the conflict, were also present in the case of Arauca.

Nevertheless, in the long run, the availability of oil revenues did not prevent the demobilisation of the BHMM; this paramilitary group ceased to operate in Tolú and Coveñas in 2006. Furthermore, oil revenues contributed to fund the military strengthening of the Colombian state during the last commodity-boom cycle. Since the early 2000s, the national government started combating the paramilitary group that dominated Tolú and Coveñas. In this sense, the expansion of the military spending, partially financed by oil revenues, tilted the balance of power in favour of the national state at the local level. Since oil revenues affected the finances of both warring sides, the claim should be qualified. The evidence presented in this chapter does not allow to distinguish whether oil revenues were more important for strengthening the weaker side or the stronger side of the conflict.

This chapter has five sections. First, it examines the socio-economic and institutional context of Tolú and Coveñas-Tolú before the oil royalties' boom. The historical legacies of the cases are key to understand the political and conflict-related processes that unfolded after the royalties' bonanza. The second section starts with an overview of why and how royalties were granted to Tolú. Then, the section studies how the dissatisfaction of the people who lived in Coveñas-Tolú - with the management of the oil royalties by Tolú's mayoralty-, led to a broad coalition that achieved the independence of Coveñas. The third section assesses the onset of the use of organised violence against civilians in the cases of study. This section explores the emergence of organised violence in Tolú and Coveñas, after they started receiving oil royalties. The fourth section explains how paramilitary groups sequestered the local democracy and captured the subnational governments with the objective of extracting public resources. The fifth section discusses whether oil

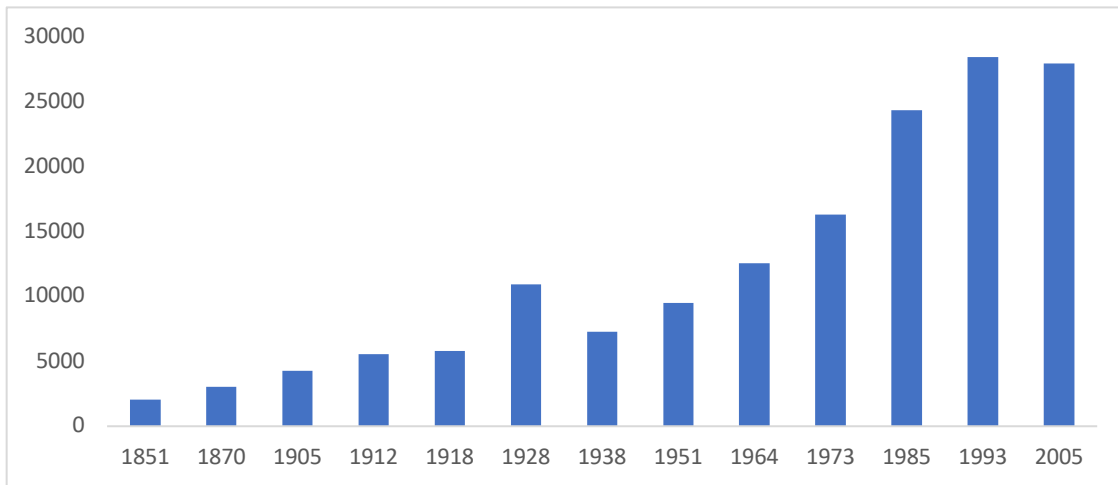
revenues contributed to explain the intensity and duration of the armed conflict. The chapter concludes with a brief account of the main findings.

1. Life was not great before royalties, but it was safe

In the territories now called Tolú and Coveñas there were pre-Columbian settlements of indigenous groups, but most of the area was owned by few hands since the Spanish settled in 1535 and until the early 20th century (CGR 1935; DANE 1987; Moré Sierra 2006; Sánchez Juliao 1988; Vilorio de la Hoz 2002). In the 1920s and late 1930s, two capitalist projects that aimed at exporting commodities through the Morrosquillo Gulf, contributed to change the structure of land ownership and accelerated the growth of the population (**Figure 33**). The first project, a meat-packing house, utterly failed in 1925 but it left the bases for an oil-related project that marked the history of the region ever since.³⁴⁹

³⁴⁹ In 1920, a joint-venture of foreign and local entrepreneurs invested in an ambitious project to export packed meat through Coveñas-Tolú (Moré Sierra 2006; Posada-Carbó 1998; Sánchez Juliao 1988). For that purpose, the company built a 500-meters dock capable of charging commercial ships. By 1923, the meat-packing house was ready to operate and a small citadel for workers, that included the first school and hospital of Coveñas-Tolú, was also finished. However, in the following years the company failed to export because its packed meat was not competitive in the international market (Moré Sierra 2006; Posada-Carbó 1998; Vilorio de la Hoz 2002).

Figure 33 - Population of Tolú, 1851- 2005 (census data)



Sources: Elaborated by the author based on CGR (1935, 1939), DANE (1955a, 1968b, 1988, 1999, 2008a), Ministerio de Hacienda (1920), and Oficina de Estadística Nacional (1875)

The premises from the failed meat-packing project were scarcely used until 1938, when the South American Gulf Oil Company (SAGOC), owned by US investors, bought its 2,632 ha of land and facilities to setup an oil-port (Moré Sierra 2006; Sánchez Juliao 1988; Vilorio de la Hoz 2002). The port's purpose was to export oil extracted from the Catatumbo region, in the north-east of the country. The crude was transported through a 412 km oil pipeline that was connected to Coveñas-Tolú in 1939 (Moré Sierra 2006). In that same year, Tolú was formally upgraded to the category of “municipality” (CEDE 2017). The first oil tankers arrived on October 1939 (Moré Sierra 2006) and large-scale oil exports began in 1941 (CGR 1942a).

For over three decades, crude oil was exported by SAGOC through Coveñas-Tolú until the oil fields in Catatumbo depleted and, since 1973, the port was re-converted for importing oil (DANE 1971a, 1974; Moré Sierra 2006). SAGOC ceased operating the oil

port and pipeline in 1974 when the concession with the national government ended (Moré Sierra 2006; Sánchez Juliao 1988).

Tolú municipality transformed significantly during the period in which SAGOC operated the oil port located in Coveñas-Tolú. First, the population of Tolú grew rapidly due to the foreign and internal immigrants that were attracted by the oil port (**Figure 33**). Furthermore, the investments of SAGOC and the central government made possible the delivery of basic public goods and services to part of the population that were not available previously.³⁵⁰ When SAGOC arrived to Coveñas-Tolú in the late 1930s, the only way to reach the town by land was by dirt road, as it occurred with most of the municipalities in the Caribbean region (Moré Sierra 2006; Posada-Carbó 1998).³⁵¹ The road connection of Tolú to the Caribbean region was built in the following years. In the late 1950s, the national government built a road that linked Coveñas-Tolú with the neighbouring towns of Sincelejo and Lorica (Sánchez Juliao 1988), but this road was not paved until the early 1980s.³⁵²

However, by the early 1970s, despite the oil port's economic activities and the improvement of the region's infrastructure, most of the population of Tolú suffered from poor living conditions (**Figures 34, 35 and 36**). Almost half of Tolú's population was illiterate and access to basic public services was a luxury enjoyed by a minority of households in Tolú (less than 15%). Moreover, in the early 1970s, Tolú remained behind the

³⁵⁰ SAGOC took care of part of the population's education and health, built new roads and a small airport, and brought telegraph and phone services (Moré Sierra 2006; Sánchez Juliao 1988; Vilorio de la Hoz 2002). Additionally, Coveñas-Tolú was linked up to the national energy grid in the 1970s (Moré Sierra 2006).

³⁵¹ Interview 170. For example, Posada-Carbó (1998) reported that in the second semester of 1933 there was no traffic between Tolú and Sincelejo (the city that became the capital of Sucre department in 1966) due to the rain that left the trail inoperable.

³⁵² Interview 170.

national averages of literacy and access to potable water and electricity, and its deficits were almost twice as big as the national ones.

Figure 34 – Illiteracy rate in Tolú, Sucre department and Colombia (based on census data), 1938 - 2005

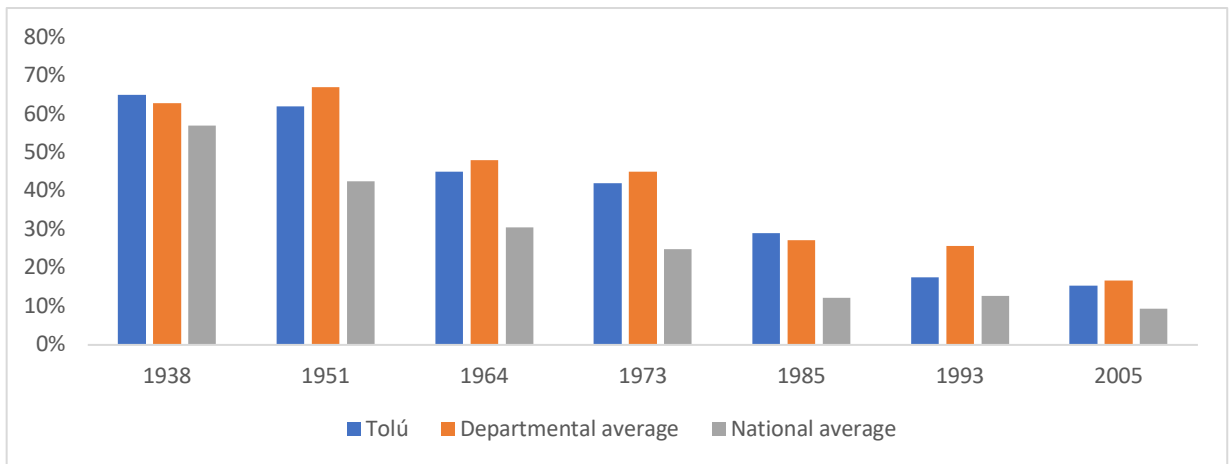


Figure 35 – Lack of access to potable water in Tolú, Sucre department and Colombia (based on census data), 1938 - 2005

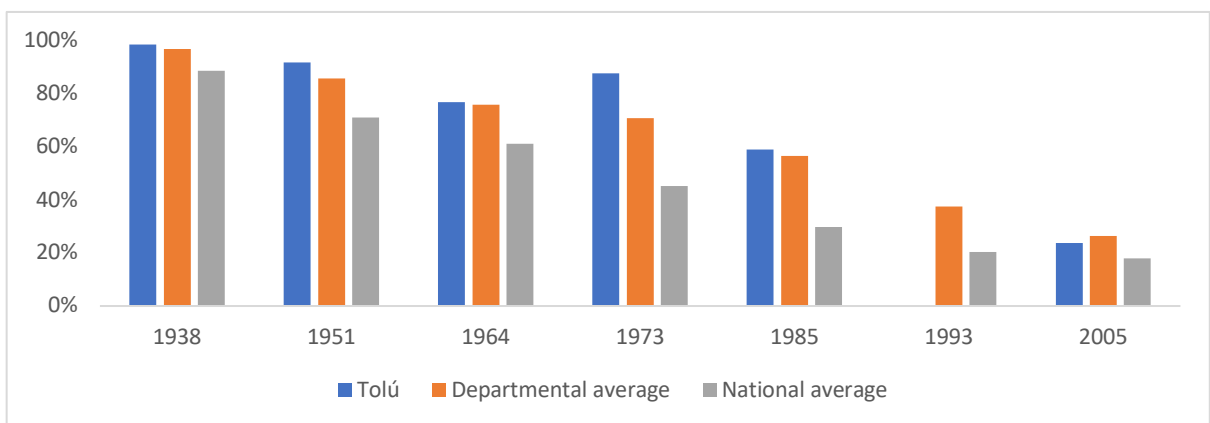
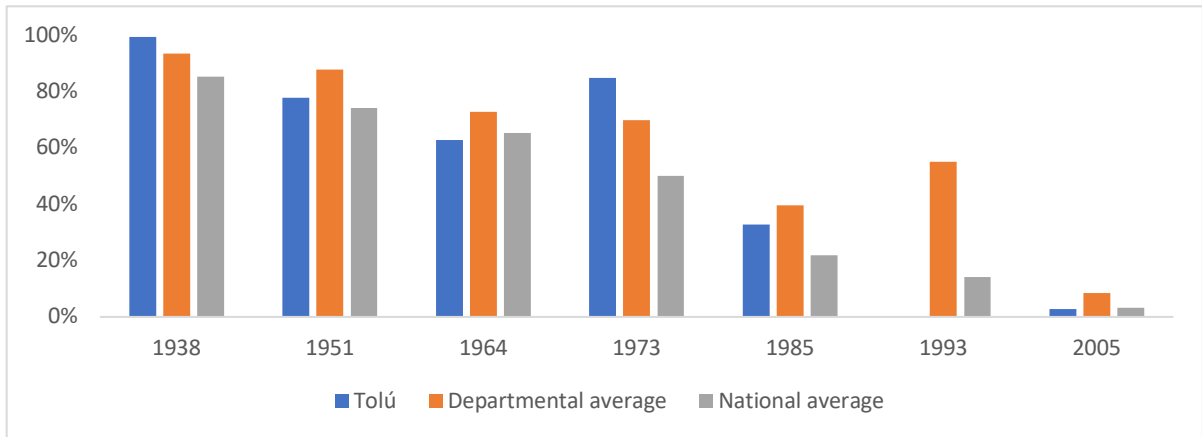


Figure 36 – Lack of access to electricity in Tolú, Sucre department and Colombia (based on census data), 1938 - 2005



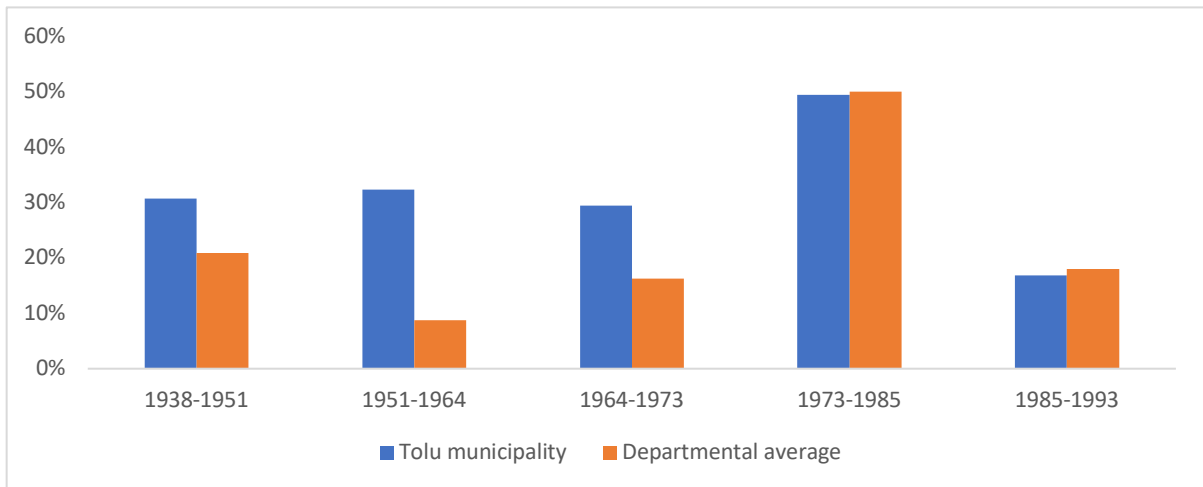
Sources: Elaborated by the author based on CGR (1940), CEDE (2017), and DANE (1955a, 1956, 1980b, 1980c, 1986, 1994, 1996b, 2007)³⁵³

Although the reach of public utilities in Tolú started from a similar baseline level (1938) with respect to its departmental peers and not very far from the national average, by 1973 its coverage was lagged with respect to both of them. This outcome may be explained by the population boom caused by the oil sector in Tolú. Between 1938 and 1973, Tolú’s population more than doubled and its growth rate was significantly higher than that of its peers (**Figure 37**).³⁵⁴ The public goods and services provided or facilitated by SAGOC were not enough to cater to the needs of a municipality with a population that was burgeoning.

³⁵³ The data labelled “Tolú” for all the years, except 2005, includes the data of Coveñas-Tolú. The data on access to water and electricity for Tolú in 1993 is not available. The territory currently covered by the department of Sucre was part of the department of Bolívar until 1966, when the former was seceded from the latter. Hence the departmental figures for 1938, 1951 and 1964 correspond to Bolívar department; the rest of the departmental data, correspond solely to Sucre department.

³⁵⁴ Based on the census data available in DANE (1955a, 1968b, 1988, 1999, 2008a).

Figure 37 – Population growth rate of Tolú and Sucre department, 1938 - 1993



Sources: Elaborated by the author based on CGR (1940) and DANE (1956, 1968b, 1980c, 1980a, 1996b)

Furthermore, neither the subnational governments nor the national government were able to cope with the challenges of a fast-growing oil-port town. The fragility of Tolú's municipal government, that was very dependent on the national government, and the weak reach of the latter in Tolú was not different from the experience lived in other areas of the Colombian Caribbean (Posada-Carbó 1998). Hence, Tolú's government may not have been less competent than the other municipalities of the area, but it certainly had to deal with heavier burdens than its peers due to the fast growth of its population.

Furthermore, the backwardness of Tolú in the early 1970s cannot be explained by the violence that disrupted other regions of Colombia since the late 1940s. One could have expected that an oil port operated by a foreign company, in an area with low levels of development, and weak rule of law could had been a valuable and relatively easy target for the warring sides during *La Violencia* civil war (late-1940s – late-1950s) or for the guerrillas that emerged in the mid 1960s. This did not happen in Tolú, however. Like

most of the Caribbean region, Tolú was not affected by major violent actions during *La Violencia* period (Guzmán Campos, Fals-Borda, and Umaña Luna 2005; Moré Sierra 2006). Furthermore, until the 1980s, the Caribbean region was the country's least affected area by the current armed conflict, and Tolú was no exception (Porrás Mendoza 2014; Diego Quiroga and Ospina-Posse 2014). As the third section of the chapter explains in detail, organised violence emerged only after the mid 1990s in Tolú.

In 1974, the state-owned oil company Ecopetrol replaced SAGOC and most of the oil port's land was given to the Colombian Naval Force, which used it to build a marine base at Coveñas-Tolú (Moré Sierra 2006; Sánchez Juliao 1988).³⁵⁵ The arrival of Ecopetrol and the operation of the naval base, where infantry marines were trained, strengthened the presence of the central state in Coveñas-Tolú.

Between 1973 and 1985, the delivery of public goods improved in Tolú and the municipality was able to catch-up with the regional average (**Figures 35, 36 and 37**). However, by the late 1980s, Tolú and Sucre department remained behind the national averages of literacy and access to basic public services and the majority of the population lived with unsatisfied basic needs (Hernández Gamarra and Osorio Martínez 1988).

In 1986, the oil port resumed its exporting activities when the 780-km pipeline from the oil field of *Caño Limón* in Arauca was connected to Coveñas-Tolú. The presence of new oil companies in the area, such as OXY (that also operated in Arauca), and the export of oil through Coveñas-Tolú generated a localised economic boom. However, another key factor that would have a long-lasting effect over the region emerged in this period: illegal drug trafficking. During the 1980s, drug lords who arrived from other regions of

³⁵⁵ Interview 170.

Colombia started buying land properties in the Morrosquillo Gulf and in the neighbouring region of *Montes de María*.³⁵⁶

The mountainous area of *Montes de María* was a strategic corridor to connect with the interior of the country, where coca was produced, while the gulf had adequate conditions for shipping illegal drugs (Garzón 2008; PNUD 2010; Reyes Posada 2009; VPR 2003, 2006).³⁵⁷ Furthermore, according to a former governor of Sucre department, high profile drug lords such as Pablo Escobar, Gonzalo Rodríguez Gacha, Carlos Lehder, and the Ochoa family owned properties in the Morrosquillo Gulf, including Tolú and Coveñas-Tolú.³⁵⁸

The drug lords assembled small private armies in the Morrosquillo Gulf to protect their properties between the mid 1980s and mid 1990s (CSJ 2011d; VPR 2003, 2006). Additionally, according to the former governor of Sucre, the Castaño brothers (who founded the ACCU and AUC paramilitary groups in 1989 and 1997, respectively) bought properties in the late 1980s and also participated in the organisation of private armies in the Morrosquillo Gulf.³⁵⁹ Simultaneously, four small guerrilla groups (EPL, PRT, CRS and MIR) settled in the neighbouring region of the Montes de María between the late 1970s and early 1980s. Later on, during the second half of the 1980s, the FARC and the ELN also expanded to the Montes de María (CSJ 2011b; PNUD 2010; Porras Mendoza 2014; Diego Quiroga and Ospina-Posse 2014; VPR 2006).

³⁵⁶ The *Montes de María* is a region located between the departments of Sucre and Bolívar that comprises a chain of small mountains (average altitude of 400 m.) and covers an area of approximately 6,317km² (Porras Mendoza 2014). The southern area of the *Montes de María* is located 30 km to the north-east of Tolú and Coveñas.

³⁵⁷ Interview 170.

³⁵⁸ Interview 170.

³⁵⁹ Interview 170.

Despite the presence of private armies associated with drug-trafficking activities and the operation of several guerrilla groups, the intensity of violence in the department of Sucre was low during the 1980s and first half of the 1990s, in contrast with other regions of Colombia (VPR 2006). Furthermore, the databases on violent actions by armed groups and on the armed conflict's victims, analysed in the third section of this chapter, indicate that violence in Tolú and Coveñas-Tolú was exceptionally low during this period (GMH 2013a; RNI 2018).

This section portrayed the socio-economic and institutional context of Tolú and Coveñas-Tolú until 1993, before oil royalties were granted to Tolú municipality. Since the late 1930s, the area was transformed by an undertaking that has shaped the history of the region until present times: the exporting of oil through the port of Coveñas-Tolú. Although the port fostered the improvement public goods' delivery and a stronger state presence (mainly military), half a century after it started to operate the majority of the population still lived in poor conditions. It was in this context, in the 1980s, that powerful drug lords started operating in the municipalities of the Morrosquillo Gulf and guerrilla groups expanded into the neighbouring region of the Montes de María. In spite of drug-trafficking organisations and the proximity of guerrilla groups in a deprived context, the incidents of organised violence were exceptional in Tolú and in Coveñas-Tolú until the mid 1990s.

2. Windfall of royalties and establishment of Coveñas

The distribution of royalties to oil ports was enshrined in Colombia's 1991 Constitution thanks to the work of politicians who reached the National Constitutional Assembly

(ANC)³⁶⁰ with the promise of bringing a share of royalties to the departments of Sucre and Córdoba (Caballero Reinos 1999).³⁶¹ Local politicians organised rallies in Tolú and other municipalities of the Morrosquillo Gulf to support Jesús Pérez González-Rubio, a candidate from the Liberal Party who reached the ANC with this agenda.³⁶² Pérez González-Rubio was one of the ANC's members who drafted the constitutional articles on royalties and he advocated the allocation of royalties to municipalities with ports that exported non-renewable natural resources.³⁶³

Tolú, and other municipalities of the Morrosquillo Gulf, started to receive oil royalties only after 1994, when Congress passed the law 141 that developed article 360 of the 1991 Constitution. The law destined a significant share of royalties to municipalities where oil and minerals were shipped (from ports)³⁶⁴ and to other specific municipalities of Sucre and Córdoba departments thanks to the lobbying of members of Congress that had constituencies in the north coast of Colombia (Caballero Reinos 1999).³⁶⁵ Furthermore, the law 141 of 1994 established that Tolú had to invest a third of its royalties in the area of influence of Coveñas-Tolú oil port.

Since 1994, Tolú received a windfall of revenues and, after 2002, Coveñas started amassing its own oil royalties when it became an independent municipality (**Figure 38**).

³⁶⁰ In Spanish, Asamblea Nacional Constituyente.

³⁶¹ Interviews 170 and 176.

³⁶² Interviews 170 and 176.

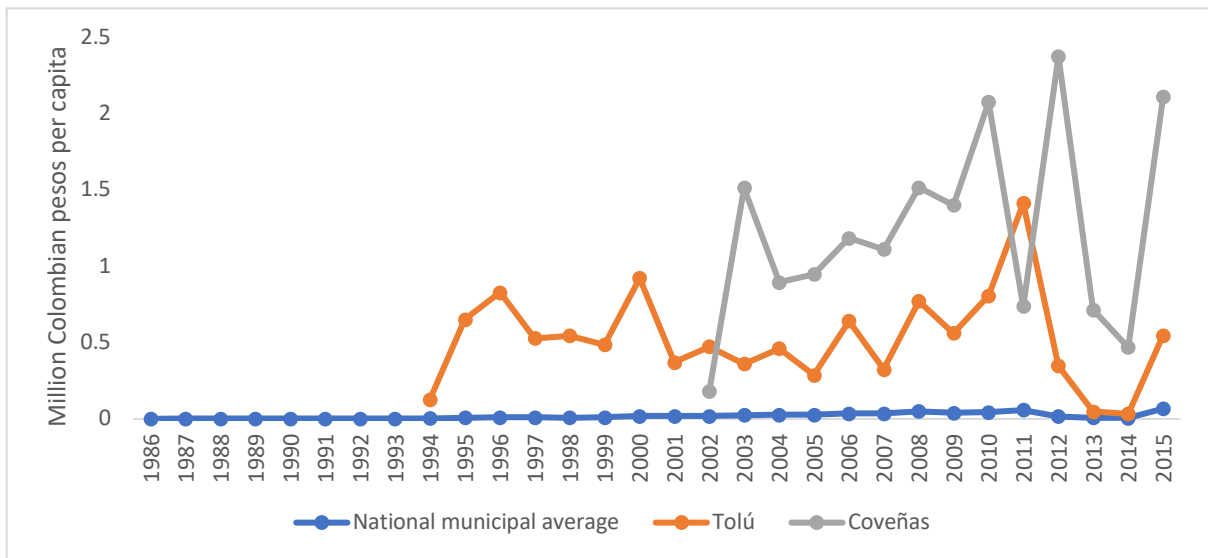
³⁶³ Guillermo Perry, a member of the ANC also participated in the drafting of the constitutional articles on royalties. In January 1991, he published a proposal that included the distribution of royalties to municipalities where oil and minerals were exported (G. Perry 1992). However, in the draft articles he presented to the ANC in March 1991, he did not include such rule (ANC 1991c). The draft articles that included the distribution to oil and mineral ports appeared in the reports and projects co-authored with Jesús Pérez González-Rubio in April and May 1991. See reports from the secretariat of the ANC (1991a, 1991b).

³⁶⁴ Article 31 of the law 141 of 1994 established that 8% of the oil royalties must be destined to municipalities with port facilities where oil was shipped. Furthermore, the article ordered that each these municipalities would receive a share of the oil royalties in proportion to its capacity (in volume) to transport and deposit oil.

³⁶⁵ Interviews 8 and 170.

During these periods of time, Tolú and Coveñas accrued twenty times more royalties than the average Colombian municipality.³⁶⁶ Both municipalities received, on average, a similar level of oil royalties in the last fifteen years, but Coveñas accrued more royalties per capita than Tolú (**Figure 38**).

Figure 38 – Royalties per capita of Tolú, Coveñas and municipal average, 1986 - 2015 (constant million pesos 2015)



Sources: Elaborated by the author based on CEDE (2017) (for royalties,) BanRep (2016) (for consumer price index), and DANE (2011) (for population)

Hence, after the law 141 of 1994 destined royalties to municipalities where oil was shipped, Tolú became abundant and dependent on oil revenues. Likewise, when Coveñas converted into an independent municipality in 2002 it became abundant and dependent on this source of income. Furthermore, the amount of total royalties that these municipalities received since the early 2000s augmented significantly due the increase of the international prices of oil (during the last commodity boom, circa 2004 - 2014) and

³⁶⁶ Own calculations based on the data on the transfer of royalties to municipalities reported by national government agencies that is available in CEDE (2017).

the rise of oil exports through the port of Coveñas. However, during the first three years of the implementation of the new General Royalties System (SGR), between 2012-2014, the amount of royalties transferred to the two municipalities dropped significantly.

What key changes occurred in Tolú after the mayoralty started receiving a windfall of oil royalties? This section identifies two main variations. First, the grievances of the people that lived in Coveñas-Tolú, who were dissatisfied with the management of royalties by Tolú's mayoralty, sparked a process of secession from Tolú that was supported by a wide array of regional and national politicians (Moré Sierra 2006; Rampf and Chavarro Rodríguez 2014; Vilorio de la Hoz 2002). This process is explained in the remaining part of this section. The second key change after the fiscal windfall was the substantial ascent in the use of organised violence against civilians in Tolú since the mid 1990s and, shortly after, in Coveñas. This last process is thoroughly examined in the next two sections of this chapter.

In 1996 and 1997, the population that lived in Coveñas-Tolú started to protest against Tolú's mayoralty (Coveñas 2016; El Tiempo 1997f, 1997g; T. Sánchez 1996a, 1996b).³⁶⁷ The demonstrations blocked the main road and hindered the normal operation of the port for several days. The civil society organisations that organised the strikes not only aimed at expressing their discontent with Tolú's mayoralty but also demanded the creation of a new municipality. The secession movement gained momentum and coalesced afro-colombian, indigenous, peasant and civic organisations who funded, in June 1998, an association called *Communal Assembly of Coveñas* (ACODECO) (Moré Sierra 2006; Rampf and Chavarro Rodríguez 2014).³⁶⁸

³⁶⁷ Interviews 172, 173, 176 and 178.

³⁶⁸ In Spanish, *Asamblea Comunitaria de Coveñas*. Interviews 173, 178 and 180.

There were two main grievances that the *Coveñeros* had with regards to Tolú's mayoralty. First, the lack of a stable municipal government associated to frequent misconduct of its mayors: between 1996 and 2001, Tolú had 11 mayors and none of them was able to remain in the post beyond one year because of the criminal and/or disciplinary processes that were initiated against them (Viloria de la Hoz 2002, 60). Furthermore, because of the reiterated corruption scandals linked to the mismanagement of Tolu's royalties the National Royalties Commission (CNR) reassigned the management of the municipality's royalties to the governorship of Sucre between November 1999 and December 2001 (CSJ 2013; Viloria de la Hoz 2002). Hence, the mayoralty of Tolú temporarily lost the power to manage its own royalties.

The second factor that generated discontent among the *Coveñeros* was the inadequate provision of public goods and services in Coveñas-Tolú and the lack of investment of royalties in their territory (El Tiempo 1999b, 1999c). By the late 1990s, the mayoralty of Tolú had failed to build an aqueduct for Coveñas-Tolú, the area lacked a sewage system and the trash collection services only covered 3% of the houses (Viloria de la Hoz 2002). The failure to provide basic public goods and services was not a consequence of the lack of resources, but of poor public management. For example, the construction of the aqueduct for Coveñas-Tolú was halted in 1995 because the mayor awarded the project without previously purchasing the required land, and because the mayoralty granted the contract to a company that had not been the best ranked in the evaluation of the public bidding process. Hence, the investment project ended up in court and the decisions of the mayor prompted the initiation of a criminal case against her in 1996 (CSJ 2003; El Tiempo 1995b). In 2002, the mayor and two of her aides were sentenced to prison due

the irregularities in the procurement processes linked to the (failed) aqueduct and sewage projects (CSJ 2007a).

In those days, according to four civil society leaders that participated in the secession process, the population felt that Tolú's politicians had "abandoned" the people and did not have the will nor the capacity to comply with the mandatory investments of oil royalties in Coveñas-Tolú.³⁶⁹ In this vein, Pedro Eliécer Revueltas, an afro-colombian leader who was co-founder and former president of ACODECO, claimed: "Tolú did not look after us... the royalties were generated by the port but one could not see investments here."³⁷⁰

In addition to the discontent of the people, that catalysed the formation of a broad social coalition in favour of Coveñas' secession, there were other sectors that buttressed the idea. The independence movement attracted regional and national politicians who actively supported ACODECO (Rampf and Chavarro Rodríguez 2014). These leaders were particularly interested in the prospect of controlling the future mayoralty of Coveñas and its oil royalties (Viloria de la Hoz 2002).³⁷¹ Even Ecopetrol, the state-owned oil company that operated the port, supported the secession of Coveñas: according to Pedro Eliécer Revueltas, the oil company financed the socio-economic study presented by ACODECO to the national authorities as part of the legal process of secession.³⁷²

ACODECO formally requested the initiation of the secession process in June 1998 and on July 18, 1999, the creation of the municipality received a positive ballot from 99% of the referendum's voters (RNEC 2017). In spite of the strong support for the establishment

³⁶⁹ Interviews 172, 173, 176 and 178.

³⁷⁰ Interview 178.

³⁷¹ Interviews 126, 165, 170, 176 and 178.

³⁷² Interview 178.

of Coveñas municipality, the procedure entered in a legal and political limbo for almost two years. The fulfilment of the legal provisions that were required for the constitution of Coveñas as an independent municipality, particularly the minimum number of inhabitants, was contested in courts.

The creation of Coveñas municipality was opposed by Tolú's mayoralty, politicians from Tolú and some regional politicians. Furthermore, the former president of ACODECO claimed that the governor of Sucre, Salvador Arana, was also interested in torpedoing the secession process after the governorship had taken over the management of Tolú's oil royalties in November 1999.³⁷³ Incidentally, the Supreme Court of Justice sentenced former governor Arana to 96 months of prison because in 2001 he ordered a twofold payment of 15 contracts with Tolú's oil royalties and facilitated the diversion of the public funds to the paramilitary groups that operated in Tolú (CSJ 2013). Did the paramilitaries support the secession of Coveñas? The qualitative evidence, presented later in the chapter, suggests that the regional political associates of the paramilitaries opposed the creation of Coveñas because they already controlled Tolú's oil royalties through the governorship.

However, ACODECO and its allies persevered through legal actions and social pressure and, in February 2002, Coveñas was constituted as an independent municipality (Moré Sierra 2006; Vilorio de la Hoz 2002).³⁷⁴ Coveñas received 15,4% of Tolú's territory and 22% of its population (**Figure 39**) (Vilorio de la Hoz 2002, 48). Furthermore, as a result of the secession, Tolú's royalties halved in the following years (with respect to the mean revenues received in 1995-2001), and since 2002 Coveñas received, on average, the same amount of royalties than Tolú and significantly more royalties per capita.³⁷⁵

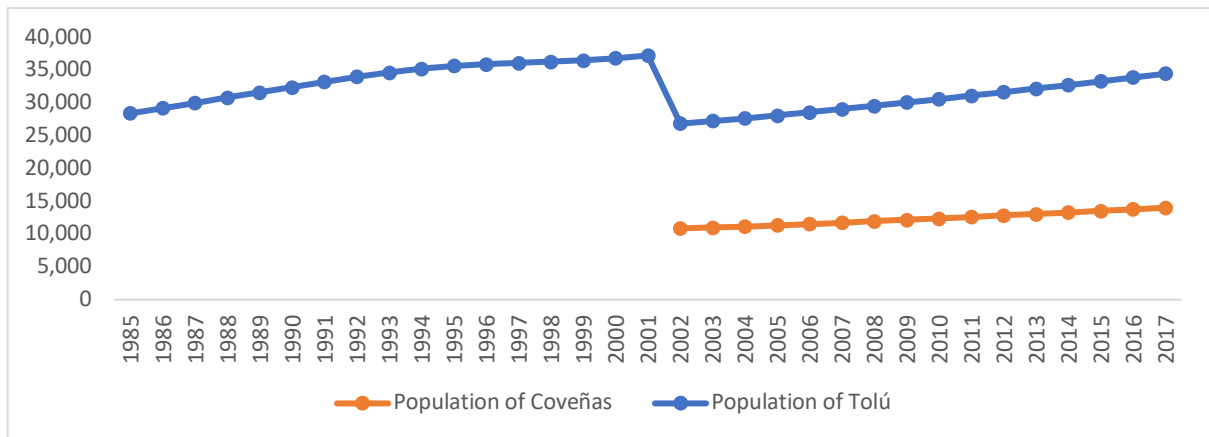
³⁷³ Interview 178.

³⁷⁴ Interviews 165, 170, 172, 173 and 178.

³⁷⁵ Own calculations based on CEDE (2017).

Subsequently, the two municipalities had two opposite trends with regards to organised violence: while the violence in Tolú subsided, the number of attacks and victims of organised violence spiked in Coveñas.

Figure 39 - Population of Tolú (1985-2017) and Coveñas (2002-2017)



Source: Elaborated by the author based on DANE (2011)³⁷⁶

In sum, Tolú received a windfall of revenues due to the allocation of oil royalties since 1994 thanks to the leverage of national politicians with constituencies in the Morrosquillo Gulf. A few years later, the social and political dispute over the control of oil royalties sparked a secession process in Coveñas-Tolú that ended up in the creation of the new municipality of Coveñas in 2002. Coveñas municipality was born out of the desire for oil royalties, but it was also assaulted because of them. The next two sections of the chapter examine how and why the paramilitary groups violently captured the local democracies, controlled the mayoralties, and diverted public resources to their coffers.

³⁷⁶ Projection based on censuses of 1985, 1993 and 2005.

3. Ascension of organised violence

Pedro Eliécer Revueltas, still recalls the words of Eric Morris, the governor of Sucre in 1998 - 2000, who warned him: “those of you who are struggling for the creation of Coveñas are working for others”.³⁷⁷ And by “others” Morris meant the paramilitary groups that already operated in the Morrosquillo Gulf since 1994 (CSJ 2007b, 2009c, 2013). The prediction of former governor Morris, who was convicted due to his links with paramilitaries (CSJ 2007b), was a nightmare that came true when the municipality was created in 2002. According to Pedro Eliécer Revueltas:

“The royalties were the honey that attracted the miscreants, they arrived here because of the resources. Right after the creation of Coveñas was decreed, the virus of the para-politics entered. That is how the first three mayors and seven members of the council ended up in jail. The paramilitaries arrived to grab the money of the royalties... they wanted to appropriate everything, even the projects that we worked on with Ecopetrol. We had worked for others and they transformed the town into a disaster.”³⁷⁸

This claim, that the arrival of paramilitaries to Coveñas was linked with the capture of the new mayoralty and its oil royalties, coincides with the testimonies of local journalists, social leaders and a former municipality official that were interviewed.³⁷⁹ In this vein, a former director of taxes and budget at Coveñas mayoralty, described the violent dominion of the paramilitaries during the 2000s in the following terms:

³⁷⁷ Interview 178.

³⁷⁸ Interview 178.

³⁷⁹ Interviews 164, 172, 176, 177 and 180.

"The time of violence was very tough. The municipality was very attractive due to its royalties and the paramilitaries appropriated the municipality. Whatever they wanted... it was done. There was a lot of fear in here, for example there was a president of a JAC [Community Action Board] that spoke too much and was killed... one lived with fear that they hurt you or your family."³⁸⁰

To trace the emergence of organised violence in Coveñas in the early 2000s, it is necessary to briefly track how and why the armed conflict first erupted in Tolú a few years before and then spread to Coveñas. Until the mid 1990s, Tolú had been relatively free from organised violence, in spite of the operation of drug lords that had private armies in the area. Between the 1980s and the first half of the 1990s, the emerging paramilitary groups that sporadically operated in Sucre department were fragmented and did not control the territory (CSJ 2007b, 2009c; Garzón 2008; PNUD 2010). Moreover, since the 1980s, several guerrilla groups were active in the neighbouring region of the Montes de María, but they had not penetrated the area of the Morrosquillo Gulf (Reyes Posada 2009).

Between 1994 and 1997, an alliance was forged between the commanders of the ACCU paramilitary group, who operated in the neighbouring department of Córdoba, local political leaders, owners of large estates, and cattle ranchers from Sucre department (CSJ 2007b, 2009c, 2010a, 2011b, 2011d; Diego Quiroga and Ospina-Posse 2014; TSDJB 2010; VPR 2003, 2006). The paramilitaries agreed to setup a permanent unit in the department of Sucre to protect the large estate owners and cattle ranchers, while the latter proffered financial support to the group. With the permanent unit, the paramilitaries offered security against potential guerrilla attacks coming from the Montes de María

³⁸⁰ Interview 177.

region and, according to the chief of the Reparo Torrente indigenous reservation, pre-empted invasions from land-less peasants in Tolú and Coveñas-Tolú.³⁸¹ By 1997, the ACCU had setup the so-called “Special Force of the Morrosquillo Gulf” with 240 urban combatants and five counter-guerrilla structures of about 36 men each (CSJ 2011d).

In April 1997, the pre-existent paramilitary structures that operated in several regions of the country, including the ACCU, merged into one group: the AUC (CSJ 2011b, 2015b). In the Caribbean region, the AUC assembled what was initially named the “Sucre-Bolívar Block” (TSDJB 2010). In 2002, as the paramilitaries expanded, this unit was retitled “Block Heroes of the Mountains of Maria” (BHMM)³⁸² and was divided in three fronts, one of them in charge of the Morrosquillo Gulf region (CSJ 2010a, 2011b; Garzón 2008; PNUD 2010; TSDJB 2010, 2014; VPR 2003, 2006). The guerrillas did not represent a major threat in the Morrosquillo Gulf, but the area was strategic to secure the shipment of illegal drugs (Diego Quiroga and Ospina-Posse 2014; Reyes Posada 2009; VPR 2003, 2006).

Since the mid 1990s, the paramilitaries that operated in Tolú carried out selective attacks against key political and social leaders. In February 16 1996, a pamphlet from an “anonymous private justice group”, distributed in Tolú, targeted politicians and public officials with death threats (CE 2013). The next day a municipal councillor was murdered and from then onwards several people included in the pamphlet were also murdered while others fled the region (CE 2013; El Tiempo 1996a).³⁸³ A national news article, that reported the murder of a former mayor of Tolú in January 1997, stated that the inhabitants claimed that the oil royalties had “unleashed a wave of murders in the area” (El Tiempo

³⁸¹ Interview 173.

³⁸² The BHMM was an expanded version of the Special Force of the Morrosquillo Gulf that had been organised by the ACCU (CSJ 2011d).

³⁸³ Interview 170.

1997a). According to a civic leader from Tolú municipality, “the armed groups arrived in the 1990s, when the municipality of Tolú started receiving royalties, and since then they killed mayors and members of the council.”³⁸⁴

The bloodbath would not finish there. A streak of murders and forced disappearances, later attributed to the paramilitaries, occurred in Tolú between 1996 and 2001. The victims included: two former mayors³⁸⁵ (1997, 2001); three members of the municipal council (1996, 1997, 1998); public officials linked with the management of royalties; contractors of the mayoralty (1997); a local journalist (1996); and, social leaders who had been part of citizen oversight processes (CE 2013; CINEP 2017; CSJ 2013; El Tiempo 1996a, 1997b, 1997c, 1997d, 2001b, 2013a; Semana 2011; Verdad Abierta 2009a, 2011b; Vilorio de la Hoz 2002).³⁸⁶

The next in turn was Coveñas, a municipality who was a “child” of oil royalties, as it was explained in the second section of this chapter. The new municipality became attractive for the paramilitary groups after its municipal government was constituted and gained control over royalties. In the early 2000s, the murderous strategy implemented by the paramilitaries in Tolú was spread to Coveñas. A civic leader from Coveñas municipality described how violence was triggered in the early 2000s in the following terms:

³⁸⁴ Interview 163.

³⁸⁵ The murder of Tulio Cesar Villalobos, former mayor of Tolú 1992-1994, was acknowledged by a paramilitary commander in a judicial declaration before the FGN. The paramilitary commander, alias Diego Vecino, claimed that Villalobos collaborated with the FARC and ELN and that they murdered him in 1997 to capture Tolú’s royalties (El Tiempo 2013a; Semana 2011; Verdad Abierta 2011b). The murder of Jairo Bonilla Romero in 2001, former mayor of Tolú 1998-2000, was confessed by a paramilitary combatant who claimed that he followed orders from the paramilitary commander alias Rodrigo Cadena, (Verdad Abierta 2009a).

³⁸⁶ Interviews 163, 165, 166, and 170.

“When I arrived [at Coveñas] in 1995, everything was ok in this area. It was in Tolú where things were corrupted. But when we became a municipality with own revenues and royalties, things started to get ruined because the paramilitaries arrived.”³⁸⁷

The creation of a new political centre in charge of managing a windfall of oil royalties, motivated the paramilitary groups that had been active in Tolú to target the new municipality. “After our great struggle, we fell in the hands of the paramilitaries. They arrived because of the royalties... they took over this municipality for the money”, said with a bitter voice a local journalist who actively participated in Coveñas’ independence process.³⁸⁸ After the secession, the use of armed force against civilians by paramilitary groups increased in Coveñas, while the effects of organised violence in Tolú decreased significantly.

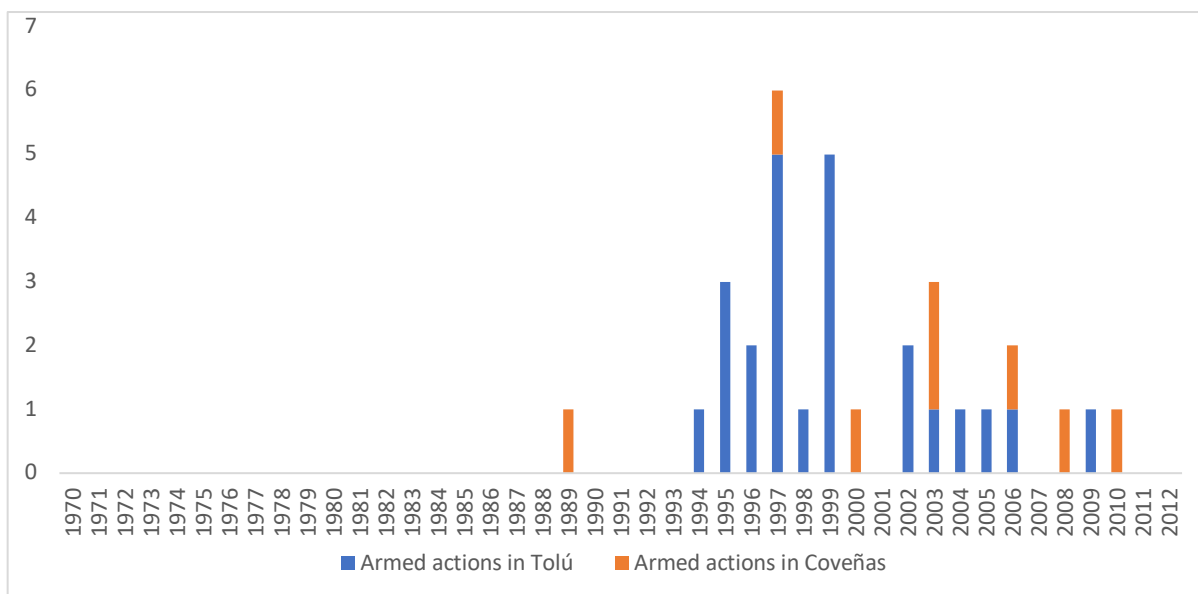
The available data on the activities of armed groups in Tolú and Coveñas suggests that there is a correlation between oil royalties and the employment of armed force against the population in both municipalities. First, the data bases on political violence used by the Group of Historical Memory (GMH), show that but for one exception the kidnappings, selective homicides, and attacks to civilian assets in Tolú and Coveñas-Tolú took place from 1994 onwards (**Figure 40**). These type actions are particularly pertinent because they were often carried out by armed groups not just to impose their control of the territory but also to raise money through violent extortions or to press for certain political decisions. Furthermore, the use of armed force against civilians in Tolú significantly

³⁸⁷ Interview 172.

³⁸⁸ Interview 180.

dropped after half of the oil revenues were shifted to the new municipality of Coveñas in 2002.

Figure 40 - Kidnappings (1970-2012), selective homicides (1981-2012), and attacks to civilian assets (1988-2012) in Tolú and Coveñas, 1970-2012



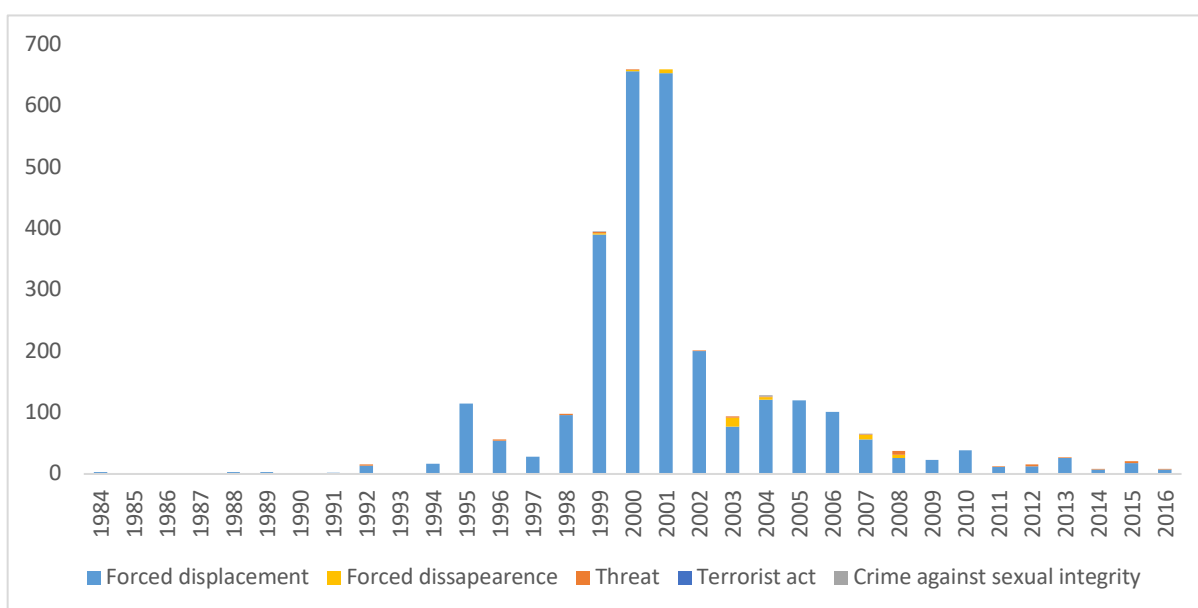
Sources: Elaborated by the author based on GMH (2013a) and CEDE (2017) for kidnappings in 2011-2012

With regard to these three types of organised violence, the only antecedent prior to 1994 was an incident linked to the operation of the oil pipeline by OXY, the same US foreign oil company that had discovered the *Caño Limón* oil fields in Arauca. In 1989, a guerrilla squadron bombed the oil terminal in Coveñas-Tolú (Moré Sierra 2006; Semana 1989a; Valencia 2008, 179–80).³⁸⁹ This attack was carried out by the ELN that, since the early 1980s, was settled in the Montes de María (Porrás Mendoza 2014; UCDP 2017b; Valencia 2008).

³⁸⁹ The attack against the oil facilities was not prevented in spite of the increased destination of (public and private) resources towards the security of the oil facilities (Moré Sierra 2006).

Additionally, the data from the Unique Record of Victims (RUV) allows to observe the patterns of violence before and after Tolú and Coveñas started receiving oil royalties. In the case of Tolú, the total number of victims of the armed conflict in 1995 was three times higher than the sum of victimisations occurred in the whole previous decade (**Figure 41**). In the following two decades, the highest peaks of victims of the armed conflict were generated between 1999 – 2002. After the independence of Coveñas, the number of victims in Tolú significantly decreased and, since 2011, the figure has been close to pre-1994 levels.

Figure 41 – Victims of the armed conflict in Tolú, 1984-2016

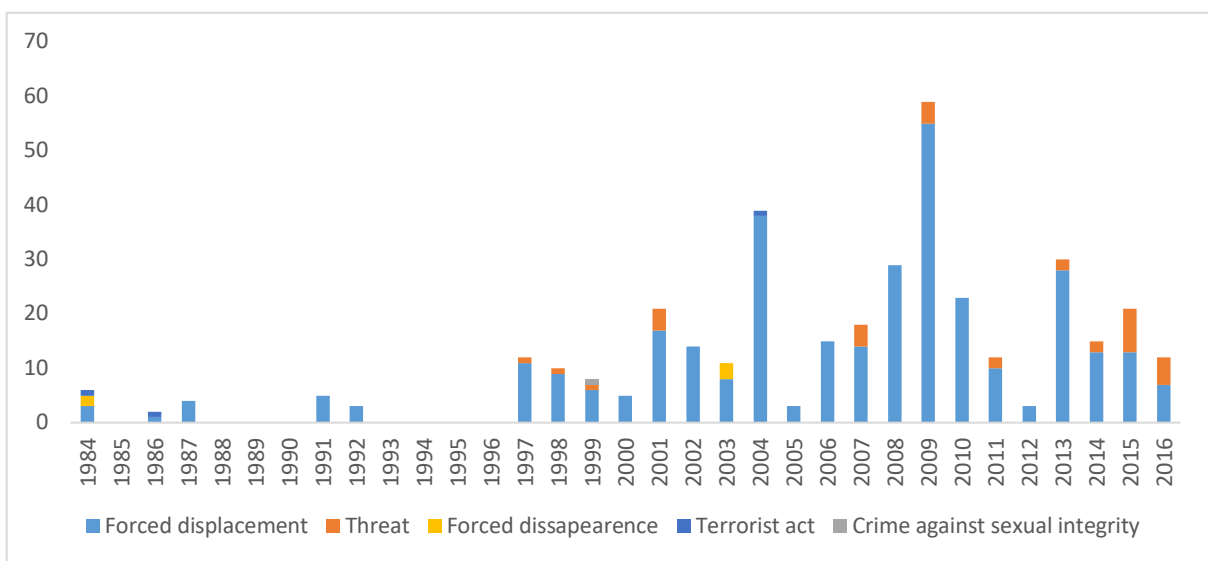


Source: Elaborated by the author based on RNI (2018)

In the case of Coveñas-Tolú, there were sporadic cases of victimisation between 1984 and 1996. In the following years, the frequency and rate of victimisation increased substantially. The number of victims of the armed conflict in 1997 and 1998 was higher than the total number of victims between 1984 and 1996 (**Figure 42**). The paramilitary

offensive to capture Tolú generated spill over effects over Coveñas-Tolú, and contributes to explain the onset of the use of armed violence during the late 1990s in Coveñas-Tolú. Moreover, the increased intensity of the conflict during the 2000s in Coveñas, after its secession from Tolú, appears to be associated with the efforts of the paramilitary groups to seize and control the new municipal government.

Figure 42 –Victims of the armed conflict in Coveñas, 1984-2016



Source: Elaborated by the author based on RNI (2018)

What alternative explanations could explain that the frequent use of organised violence against the population in Tolú and in Coveñas only occurred after the mid-1990s? First, the conclusion could be based on incomplete evidence, for example, that the data bases on political violence are missing information of the period 1970 – 1990. Yet, the qualitative evidence collected in this research and the secondary literature, clearly point that the Morrosquillo Gulf had been almost free from the violence that affected most of the country’s territory until the mid 1990s. Moreover, the databases that were consulted register high levels of violence in other areas of Colombia and parts of Sucre department in the 1970s and 1980s.

Second, it could be argued that the timing of the eruption of violence in Tolú and in Coveñas was a result of nation-wide conflict trends rather than local factors. For example, that the outbreak could be linked with the national merger of paramilitary groups into the AUC umbrella organisation. However, the first attacks against civilians linked with the control or management of oil royalties in Tolú occurred at least a year and a half before the AUC's foundation. Furthermore, the highest boom of civilian victims produced by the armed conflict at the national level started in 1999 and reached its peak in 2002 (GMH 2013b). This pattern does not coincide with the ones presented in Tolú and in Coveñas (**Figures 40, 41 and 42**). Moreover, the incidence of national factors does not explain the differential trends of organised violence that occurred in Tolú and in Coveñas, despite their proximity and similarity.

The explosion of organised violence in the case study could also be attributed to other sources, such as the activities linked with illegal drugs. Nevertheless, these activities were already carried out since the early 1980s, many years before the eruption of organised violence in the Morrosquillo Gulf. Likewise, during the period of time that the AUC controlled the territory, these activities were regulated by the armed group.

Perhaps the vacuum of power left by the paramilitaries after 2006, the hundreds of former combatants that were available for hire, and the struggles among the so-called emerging criminal bands (BACRIM) which sought to control the illegal drug businesses, could explain the violence that ensued in Coveñas. In 2009, for example, the members of the municipal council denounced that they were being menaced and the appointed mayor stated to the regional press that Coveñas had “a serious security problem because, apparently, there is a clash between illegal armed groups which causes disturbance of

public order” (El Universal 2009a). But illegal drug trafficking does not explain the political violence described in the sections 3 and 4 of this chapter.

The last alternative explanation could be that the spiral of violence was associated with a migration wave from other regions of Colombia to Tolú and Coveñas. The sudden and massive flow of economic migrants is common in contexts of new extractive projects. Although the allocation of oil royalties to Tolú and Coveñas could have attracted people from neighbouring regions, the data from the available census show that the population growth rates of these municipalities was similar to the national average.

In sum, this section argued that the paramilitaries’ “thirst” for oil royalties contributes to explain the use of armed force against civilian in Tolú and Coveñas since the mid 1990s and early 2000s, respectively. The following section of the chapter examines thoroughly the strategy implemented by the paramilitaries, with the complicity of their political associates, to capture local democracy with the objective of grabbing oil royalties.

4. Capture of the local democracy and municipal revenues

In 2008, the FGN started an investigation into the diversion of oil royalties to armed groups in Coveñas. More specifically, the prosecutors investigated the deeds of the two first elected mayors of Coveñas, all the members of the municipal council elected in the periods 2003-2005 and 2005-2007, and several of the mayoralty’s contractors. The FGN accused them of conspiring with paramilitary groups by facilitating the diversion of oil royalties to the armed group. The scheme operated through the award of contracts to a paper cooperative that never carried out the public works (El País 2008; FGN 2009).

All the suspects were sentenced to prison; a decision that was later confirmed by the Supreme Court of Justice (CSJ 2016b; El Universal 2009b). The justices found conclusive evidence that the politicians had received resources from the paramilitaries to fund their respective electoral campaigns, and that in exchange they had manipulated procurement processes to favour the AUC. Moreover, the judges also concluded that the paramilitaries worked with a group of contractors who operated as front men in coordination with the mayoralty.

In this vein, the Supreme Court of Justice concluded that the paramilitaries aimed at embezzling the oil royalties through the rigging of the public procurement processes:

“From that moment [after Coveñas’ first local elections in 2002], the new municipality required many public works, most of them paid with royalties, and this awoke the interest of the paramilitaries, who intervened in the procurement processes of the municipality...” (CSJ 2016b, 2)

“to take over the royalties from the municipality of Tolú, the illegal organisation AUC required the help of contractors, because it was through the procurement of public works how they achieved their objective” (CSJ 2016b, 28).

The same conclusion, about the capture of these municipalities by the AUC with the objective of syphoning oil royalties, was reached by the Supreme Court of Justice in the rulings that convicted two members of the national congress (CSJ 2011a, 2011d) and a former governor of Sucre department (CSJ 2009c, 2013). The Supreme Court of Justice

pointed out that the strategy of the AUC's unit that operated in the Morrosquillo Gulf aimed at:

“taking over the public administration in the municipalities and departments, co-opting the political representation of the regions for the interests of the paramilitary project, so that its integral war strategy was structured with the resources that came directly from the state's budget, particularly oil royalties” (CSJ 2013, 58).

Furthermore, the Supreme Court of Justice also established that the paramilitary project inception in the Morrosquillo Gulf did not stop with the capture of the region's municipalities. The AUC gradually expanded to infiltrate the governorship of Sucre and even the national congress (CSJ 2011d, 2013). The magistrates concluded that the evidence on the operation of the AUC's BHMM demonstrated that it had been able to

“develop a project of gradual takeover of the institutions that started from the local to finish with the national, first working to usurp the control of the municipal and departmental administrations while, simultaneously ..., trying to influence the configuration of Republic's Congress” (CSJ 2011d, 35).

How did the paramilitaries carry out their strategy and why was it linked with the use of organised violence and with oil royalties? The paramilitaries employed a strategy in Tolú and Coveñas that was very similar to the one that other armed groups used in Arauca to sequester the local democracy and capture municipal governments: interfering with the

supply and demand of politics in partnership with local and regional politicians through a mixture of violent and non-violent actions.

The case cited at beginning of the section was not an exception. In Tolú and Coveñas the paramilitaries carried out a project of institutional capture that lasted over a decade (Caicedo Fraide 2010; Garzón 2008; Rampf and Chavarro Rodríguez 2014; VPR 2006). The first stage of their plan, carried out between the mid 1990s and the early 2000s, consisted of a violent repression of political and social leaders that did not subdue to their project. Section three of this chapter already described how the paramilitaries murdered and disappeared politicians, officials that were directly or indirectly linked to the management of royalties, private contractors of the mayoralty, social leaders that carried out oversight activities and local journalists. The paramilitaries targeted key figures that opposed, exposed, threatened or did not collaborate with their project.

After the paramilitaries consolidated their violent domination in Tolú and Coveñas- Tolú, they introduced a new element to the mix: meddling with electoral politics (Garzón 2008). According to the judicial confessions of one of the main commanders of the AUC's BHMM, alias *Diego Vecino*, since 1998 the paramilitaries started promoting their political project in the region (CSJ 2011d). Then, after 1999, the AUC aimed at interfering with the electoral processes that took place in the municipalities of the Morrosquillo Gulf and neighbouring areas (El Tiempo 2013a; Semana 2011; Verdad Abierta 2011b).

As a result, the paramilitaries influenced all the elections of Tolú and Coveñas in the period 2000 and 2007 according to the findings of the Supreme Court of Justice (CSJ 2010a, 2011a, 2011d, 2013, 2015a). The **Tables 13** and **14**, summarise how the mayors elected in both municipalities during those years were sentenced to prison due to their

links with the paramilitaries. In the case of Tolú, the **Table 13** shows that there were links between politicians and paramilitaries post-1994 (after the start of the oil revenue flow), even though the paramilitaries were present in the area before.

Table 13 - Mayors of Tolú and their links with ACCU/AUC paramilitaries, 1988 - 2017

Mayor and Tenure	Links with paramilitaries	Type of relationship
Julio Alfredo Yemail (1988–1990)	None	No evidence of links with paramilitaries.
Ruby Farides del Socorro Yúñez (1990–1992)	None	No evidence of links with paramilitaries.
Tulio Cesar Villalobos Támara (1992-1994)	None	No evidence of links with paramilitaries. Murdered in 1997 by the paramilitaries who accused him of supporting guerrillas (CE 2013; El Tiempo 2013a; Semana 2011; Verdad Abierta 2011b).
Rocio del Carmen Quintero (1995-1997)	None	No evidence of links with paramilitaries.
Jairo Bonilla Romero (1998-2000)	Not proven before a court	His political godfather, Roberto Pérez Santos, was a member of the congress who was convicted due to his links with drug lords (El Tiempo 2001d). Bonilla Romero was murdered in 2001 by the AUC because of supposed debts he had with the group (Verdad Abierta 2009a).
Alfredo Navas Patrón (2001-2003)	Yes	Convicted due to his links with AUC paramilitaries (CSJ 2013; TSDJB 2010).
Liceloth Lorena Luque (2004–2005, captured)	Yes	Convicted due to her links with AUC paramilitaries (CSJ 2015a)
Mario Contreras Díaz (2005-2007)	Yes	Convicted due to his links with AUC (TSDJB 2010).
Adolfo de Jesús González González (2008-2011)	None	No evidence of links with paramilitaries.
Ariel de Jesús Alvarado Montes (2012-2015)	None	No evidence of links with paramilitaries.
Tulio Clemente Patrón Parra (2016-2019)	None	No evidence of links with paramilitaries.

Table 14 - Mayors of Coveñas and their links with AUC paramilitaries, 2002 - 2017

Mayor and Tenure	Links with paramilitaries	Type of relationship
Pedro Patrón Luna (2002-2003)	Yes	Convicted due to his links with AUC paramilitaries (CSJ 2016b; El Universal 2009b; FGN 2009; TSDJB 2010).
Rafael García Garay (2004-2007)	Yes	Convicted due to his links with AUC paramilitaries (Bustamante 2017; CSJ 2016b; TSDJB 2010).
Sergio Antonio Tapia Sierra (2008, captured)	Yes	Convicted due to his links with AUC paramilitaries (El Heraldó 2015; El Meridiano 2015c; L. V. Martínez 2015)
Robins de Jesús Vitola Álvarez (2008-2011, appointed not elected)	None	No evidence of links with paramilitaries. Allegedly, followers of Navaja Olivares threatened him in 2011 (El Universal 2011).
Cesar Augusto Serrano Romero (2012-2015)	Not proven before a court	His political godfather was his uncle, a local politician who was convicted due to this links with paramilitaries (Bustamante 2017; El Universal 2009b; FGN 2009; TSDJB 2010). In 2017, he was captured for irregularities in the implementation of a project funded with oil royalties and is currently being criminally tried (Toscano 2017b). In 2018, due to the same deeds, the PGN dismissed and banned him from occupying public positions for 18 years (Betín 2017). According to press reports, the royalties were diverted to fund an electoral campaign that benefitted a former Congressman, who is being investigated due to supposed links with paramilitaries (Ardila 2015).
Nilson Navaja Olivares (2016-2017, captured)	Not proven before a court	His political godfather was Alvaro García R. (PARES 2015, 25), a congressman who had been sentenced to 40 years of prison for his participation in the conformation of paramilitary groups in Sucre department (CSJ 2010a). In 2011, almost all the issues of a local newspaper that reported about the alleged links of Navaja O. with AUC were bought by a single buyer (El Heraldó 2011). In October 2017, he was captured for ordering the payment of a project that was never carried out and is currently being criminally tried (Toscano 2017a).

Sources: Elaborated by the author based on sources cited in the tables

The capture of the local administrations by the paramilitaries was carried out through a mixture of stick and carrot. First, according to a former municipality official, two civil servants from the governorship of Sucre and a civic leader, the paramilitaries threatened incumbent politicians and public servants to comply with their instructions regarding the management of the municipality.³⁹⁰ Aside from the violent subjugation of political leaders and public officials, the paramilitaries also co-opted politicians that were already in office by offering their support in future elections. In exchange, the politicians appointed members of the AUC in key positions of the mayoralty where the latter was able to control the public procurement processes. According to a judgment of the Supreme Court of Justice, for instance, this was the case of the first elected mayor of Coveñas, who appointed a member of the AUC as financial director of the mayoralty (CSJ 2016b).

It was also the case of Tolú's mayor elected in 2000, Alfredo Navas Patrón, who was later sentenced to prison due to his links with the AUC (CSJ 2013). According to the confession of the paramilitary commander alias *Diego Vecino*, in those elections the paramilitaries had supported another mayoral candidate who lost against Navas Patrón. Then, *Vecino* met with five members of the municipal council to make sure that they supported the elected mayor and to convince Navas Patrón of supporting their paramilitary project. The relationship between mayor Navas Patrón and the AUC became so close that he was assigned an alias in the organisation. Furthermore, when mayor Navas Patrón was dismissed from office by the PGN due to irregularities in the mayoralty's procurement processes, the paramilitaries asked the governor of Sucre to replace Navas Patrón with a waiter that worked in the hotel that was owned by the ousted mayor's family (El Tiempo 2013a; Semana 2011; Verdad Abierta 2011b).

³⁹⁰ Interviews 163, 166, 167 and 177.

The paramilitaries interfered with the supply-side and demand-side of local electoral politics in the municipalities of the Morrosquillo Gulf. With respect to the *supply-side*, the AUC promoted their own political associates by funding their electoral campaigns.³⁹¹ According to the regional tribunals and the Supreme Court of Justice, the AUC funded and supported the electoral campaigns of several candidates who ran for the municipal councils and mayoralties of Tolú and Coveñas (CSJ 2010a, 2011a, 2013, 2015a; El Heraldo 2015; L. V. Martínez 2015). Additionally, at least three elected governors of Sucre were also supported by the AUC (CSJ 2007b, 2009b, 2009c, 2010a, 2013).

Another means used by the paramilitaries to affect the supply-side of electoral politics consisted on restricting the entry to politics. The paramilitaries intimidated the politicians that competed against their candidates and the politicians that did not endorse their paramilitary project (CSJ 2015a). This was the case of a pre-candidate to the mayoralty of Tolú in 2003's elections who had to decline his candidacy due to the pressure of the paramilitaries (CSJ 2011d). In the same year, several candidates in Coveñas' mayoral elections were targeted with death threats and subsequently dropped their political aspirations.³⁹² A year later, one of them, who did not retire his candidacy and competed in the elections, was attacked by an "armed group" (CINEP 2017).

The paramilitaries also influenced the *demand-side* of electoral politics. First, they *suggested* to people who they should vote for. According to a couple of rulings of the Supreme Court of Justice, in the violent milieu that the AUC had assembled in Morrosquillo Gulf, such a *suggestion* was in fact an instruction (CSJ 2011a, 2011d).

³⁹¹ Interviews 125, 169, 173, and 180.

³⁹² Interview 170.

Additionally, according to Revueltas, the paramilitaries also enticed voters in Coveñas by offering money in exchange for support for their candidates: “The paramilitaries also arrived purchasing votes and the people became hooked to that.”³⁹³

Once in office, the accomplices of the AUC facilitated and coordinated the embezzlement of the municipal revenues through different schemes linked with the public procurement processes. A former governor of Sucre described the alliance in the following terms: “In exchange [for their support], the paramilitaries received contracts from the mayoralty; then, the resources were diverted to the paramilitaries and their allies also prevented that the authorities “messed up” with them.”³⁹⁴

How did the paramilitaries get a cut of oil royalties? As it was mentioned before, they were able to interfere the procurement processes to direct who would get the mayoralties’ contracts (CSJ 2016b). The AUC also created cooperatives with their political associates and obtained contracts from the municipalities (Barrera 2014, 324 (fn. 21); CSJ 2016b; El Heraldo 2015; L. V. Martínez 2015).³⁹⁵ In some occasions the public works or programs were never carried out despite the mayoralties’ disbursements (El País 2008; El Heraldo 2015). As mentioned before, these schemes were facilitated by key public officials who had been hand-picked by the paramilitaries (CSJ 2011b, 2016b).³⁹⁶ Another means for syphoning royalties consisted on making duplicated payments. Recall the case of the 15 contracts, related to basic sanitation, health and education, that were paid with Tolú’s oil royalties in 1997 and then were remunerated a second time in 2001. This scheme was carried out by officials from the governorship of Sucre and the paramilitaries and was facilitated by Tolú’s treasurer (CSJ 2013).

³⁹³ Interview 178.

³⁹⁴ Interview 170.

³⁹⁵ Interviews 169 and 176.

³⁹⁶ Interview 180.

Whistle-blowers were also a target of the AUC's organised violence. At least five civic leaders who worked on oversight activities over programs and works funded with oil royalties were murdered in both municipalities (CINEP 2017; El Tiempo 2006b).³⁹⁷ A worker from an oil company that operates in the area, argued why becoming a whistle-blower was so dangerous in the area: "anyone who did a good job [with citizen oversight] was killed".³⁹⁸

Due to the risks generated by the paramilitaries, people were afraid to denounce the armed groups and the administrations' irregularities.³⁹⁹ A civic leader from Coveñas municipality explained how the paramilitary violence hindered the community's collective action: "This is a community that fights, until leaders are killed or displaced... one fears being killed."⁴⁰⁰ Moreover, according to a local journalist, "due to violence in Sucre, the social control initiatives from citizens have been in risk. When the marriage between politics and armed groups was strong, it was a suicide to protest."⁴⁰¹

The public officials that monitored the management of oil royalties were also intimidated. A civil servant from the governorship of Sucre claimed: "It is very dangerous here... if one speaks then they point their finger at you and one is stigmatised."⁴⁰² Similarly, a DNP regional royalties official who overviewed projects in Coveñas since the mid 2000s, noted how he feared working there because of the AUC's dominion:

³⁹⁷ Interviews 125, 164, 172, 176, and 177.

³⁹⁸ Interview 165.

³⁹⁹ Interview 161.

⁴⁰⁰ Interview 172.

⁴⁰¹ Interview 169.

⁴⁰² Interview 166.

“When I had to carry out an audit there I arrived and left the same day. In those years it was complicated, due to the paramilitaries one had to remain absolutely silent... one did not know whom one was speaking with. The paramilitaries could even be part of the administration [the mayoralty].”⁴⁰³

In conclusion, this section discussed how and why the use of armed force against civilians since the mid 1990s and early 2000s in Tolú and Coveñas, respectively, was linked to the AUC’s strategy of capturing local democracy. The AUC aimed at taking over the local governments by mixing selective violence with the interference of electoral politics, affecting the supply and demand-sides of elections. The involvement of the AUC in local politics “allowed the group to exert control over all the mayoralties and councils of the Morrosquillo Gulf, capture their rents and define the destination of local resources.” (Barrera 2014, 324 (fn. 21)). In this sense, the windfall of oil royalties received by Tolú and Coveñas contributed to explain why the AUC’s used their violent force in spite of the fact that the territory was not under control nor disputed with other armed groups.

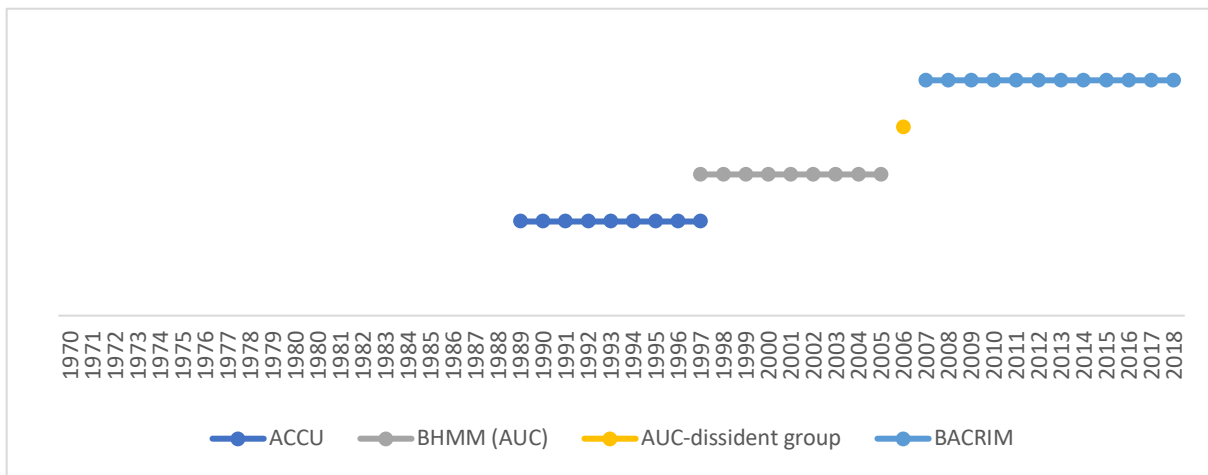
Up to now, this chapter has focused mainly on how the first use of organised violence against the population in Tolú and Coveñas was associated with the extraction of oil revenues by paramilitary groups. The following section discusses whether oil royalties were also linked to the duration and intensity of the armed conflict in these municipalities.

5. Intensity and duration of organised violence

⁴⁰³ Interview 125.

Between the late 1980s and 2018, at least one armed group was present in Tolú and Coveñas (**Figure 43**). All of these groups have been right-wing paramilitaries and after 2007 the so-called emerging criminal bands. Unlike Arauca, the paramilitary groups that settled in Tolú and Coveñas did not have to contest the territory with other armed groups. Although several guerrilla groups were active in neighbouring regions, their operation in Tolú and Coveñas was exceptional and temporary.

Figure 43 – Presence of armed groups in Tolú and Coveñas 1970 - 2018

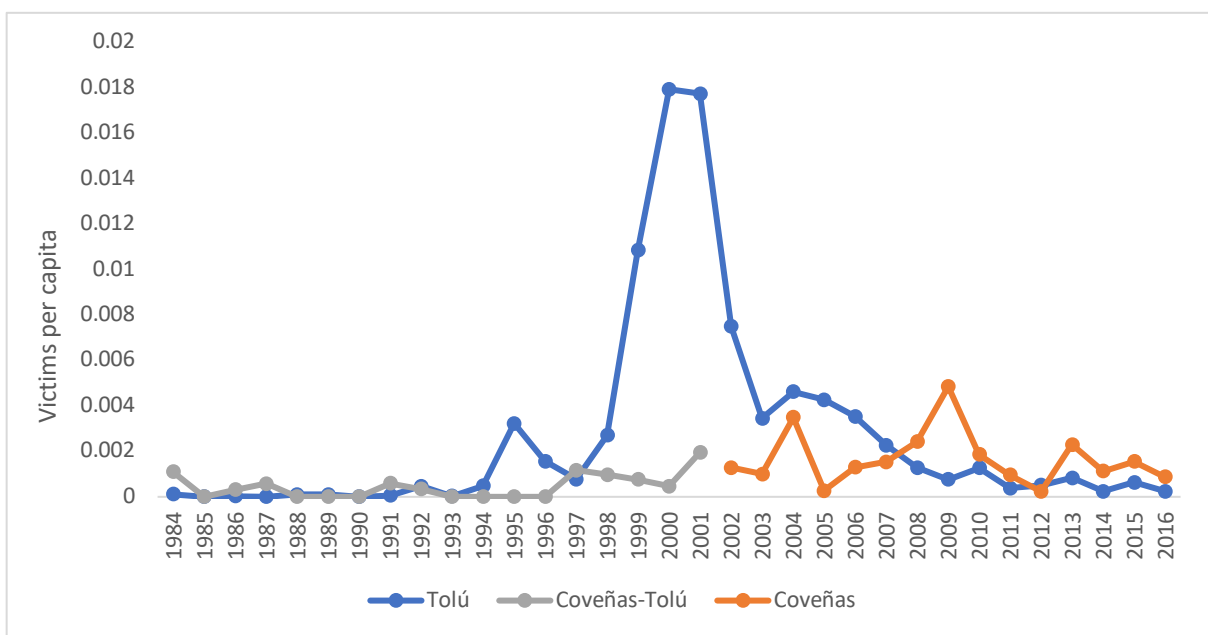


Sources: Elaborated by the author based on the evidence cited in this chapter

During most of this period, Tolú and Coveñas experienced diverse levels of conflict intensity. In Tolú, the highest intensity of the armed conflict (in terms of victims per capita) occurred between 1995 and 2006 (**Figure 44**). Furthermore, new types of victims were targeted by the paramilitaries: politicians, public official, civil society leaders, government contractors and journalists. These tendencies coincided with the rise and demise of the ACCU – AUC paramilitary project. However, the impact of organised violence started receding in Tolú post-2001 (its highest peak), after the municipality lost half of its oil revenues due to the secession of Coveñas.

The trend of violence against civilians in Coveñas since the 2000s was the opposite. In the period 2001-2004, the intensity of victimisation in Coveñas increased to a level that was higher than the one of the preceding one and a half decade. Then, after a short-lived decline of violence in 2005 (which coincided with the demobilisation of the BHMM), the number of victims per capita in Coveñas constantly grew between 2006 and 2009.

Figure 44 – Victims (per capita) of the armed conflict in Tolú and Coveñas, 1984-2016



Source: Elaborated by the author based on RNI (2018) (for data on victims) and DANE (2011) (for population)

Were oil royalties linked with the changes in the conflict’s intensity on Coveñas and Tolú? Oil royalties contributed to solve one of the barriers that had prevented the paramilitaries from settling permanently in the department of Sucre and, particularly, in the Morrosquillo Gulf: the lack of a stable source of revenues to fund their activities. The previous sections of the chapter argued that the pursuit of oil royalties led to a change in the strategy of the paramilitaries which triggered the use of armed force against civilians.

The conflict's severity was augmented in two aspects: the number of victims and the diversification in the civilians that were targeted. In this sense, the change from sporadic attacks prior to the mid 1990s, to the increased use of organised violence by armed groups against the population was associated with oil royalties. This pattern is very similar to the one that occurred in Arauca since the oil booms started in the mid 1980s.

Moreover, as it was noticed above, the level of violence decreased substantially in Tolú after it lost half of its oil revenues due to the secession of Coveñas. After 2008, the elections in Tolú appeared to be free from the interference of armed groups and there is no compelling evidence that the elected mayors were linked with these groups. In contrast, after Coveñas was established as an independent municipality with its own "oil money", the use of armed force against civilians by armed groups shifted to its territory. The creation of the new centre of political power, in Coveñas, that started receiving significantly more oil royalties per capita than Tolú, attracted the attention of the paramilitaries. As a consequence, Coveñas had higher levels of victimisation in the first half decade of 2000s than in the previous decade and a half (when it was part of Tolú).

However, oil royalties do not appear to explain the variation of the conflict's intensity in Coveñas after 2006, when the BHMM demobilised and its dissidence was disbanded. While there are allegations of direct and/or indirect links between the last two mayors of Coveñas with paramilitaries, the tribunals have not confirmed these accusations. Additionally, as it is explained later in this section, the BACRIM that emerged in Coveñas after 2007 focused on appropriating other rents, particularly from the illegal drug business. The spike of victimisation in this municipality between 2007-2009 appears to be linked with the struggles among competing BACRIM (El Espectador 2009; El Tiempo 2013b).

Another factor that is pertinent to assess the conflict's intensity is the level of indiscriminateness of violence generated by the armed groups. Unlike the case of Arauca, the paramilitaries did not rely on indiscriminate violence (as opposed to selective violence) in Tolú and Coveñas (except for 2000 and 2001). It is plausible that this difference is due to the fact that in Arauca the paramilitaries had to fight two incumbent groups, while in Tolú and Coveñas the paramilitaries were first comers and their monopoly was not contested by other armed groups. Although there is evidence that the control of oil revenues generated vendettas within the BHMM between 2005 and 2006, this episode is not sufficient to claim that the fight for royalties increased the level of indiscriminateness of violence at the municipal level. Moreover, the AUC committed massacres and carried out other forms of indiscriminate violence in neighbouring municipalities, but not in Tolú or Coveñas. Instead, in the cases studied in this chapter, the group specialised in selective violence to capture these subnational governments.

In sum, the increase in the conflict's intensity between the mid-1990s and mid-2000s, in Tolú and Coveñas respectively, appeared to be associated with the efforts of the paramilitary groups to sequester the local democracies and capture subnational governments. Furthermore, the slashing of Tolú's oil royalties after the secession of Coveñas, could have decreased the interest of the paramilitaries in the former and it is plausible that the shift of the "oil money" to another political centre contributes to explain the decreased level of violence in Tolú. However, other factors that were not related to oil revenues influenced the variation of the conflict's severity as well, particularly after the mid 2000s. The remaining part of the section addresses the question about the association between oil royalties and the conflict's endurance.

The appropriation of oil revenues sustained the military machine of the AUC and funded its territorial expansion to other territories. After the AUC's consolidation in the municipalities of the Morrosquillo Gulf, the paramilitaries aimed, and in several cases succeeded, at controlling other municipalities of Sucre (CSJ 2009c; Verdad Abierta 2011a). In this vein, the Supreme Court of Justice concluded that oil royalties had contributed to the expansion of the paramilitaries in Sucre department (CSJ 2013). Hence, at the local level, the oil royalties shifted the military balance in favour of the paramilitaries and therefore contributed to prolong the AUC's fighting capacity.

However, the availability of the royalties' booty did not prevent the AUC to reach terms on an agreement to demobilise. In 2002, the AUC's national commanders started a negotiation process with the national government that finalised with the demobilisation of their units. In July 2005, the AUC's BHMM Block demobilised with 594 combatants and one of its main commanders, alias *Diego Vecino* (CSJ 2011b; TSDJB 2010).

Despite the demobilisation process, the words of commander *Vecino*, in July 2005, came true in the Morrosquillo Gulf: "here the AUC is demobilising, but not [all] the paramilitaries" (Porrás Mendoza 2014, 371). The vacuum of power left by the BHMM was first occupied by a new paramilitary group led by dissident AUC leaders, the so-called "Front for Social Peace of Sucre" (CSJ 2010a, 2011d; El Tiempo 2006a). The dissidents aimed at maintaining the capture of the local institutions by interfering with electoral processes. Additionally, they unleashed a series of vendettas with former members of the AUC. The dissidents persecuted demobilised AUC leaders and the contractors that were supposedly linked with the AUC to take over their wealth (El Tiempo 2006a, 2006b). The paramilitary leaders fought among themselves for the

royalties' bout in Coveñas (Barrera 2014, 310).⁴⁰⁴ In this sense, the cases of Tolú and Coveñas resemble the one of Arauca, where oil royalties also incentivised the emergence of dissident groups that opposed demobilisation.

The reaction of the Colombian state prevented the consolidation of the AUC's dissident paramilitary group. Its main leaders were arrested, and the emerging organisation was disbanded by late 2006. However, it is plausible that the presence of oil royalties may have contributed to lengthening the conflict due to the AUC's splintering. In other words, oil royalties may have incentivised the organisation of a new armed group in the region. The lack of capacity on part of the AUC's leadership to enforce an agreement with other commanders may be linked with the former's prospect of capturing oil royalties. For some leaders of the AUC in the north coast of Colombia, it was preferable (and perhaps more profitable) to continue the conflict rather than to finish it. Hence, the availability of oil royalties could have contributed to lengthen the conflict in Tolú and Coveñas by stimulating the setup of new armed groups who sought to capture the public funds.

However, the case also reveals that the availability of oil revenues does not guarantee that an armed group will be capable of seizing them. After decades of tolerating and occasionally aiding the paramilitaries, since 2003 the state's public force actively fought the AUC in the Morrosquillo Gulf (Semana 2005b).⁴⁰⁵ By that time, as it was explained in chapter 3 of thesis, the Colombian state had significantly increased its military capacity (funded directly and indirectly by oil income). The national government also decided to concentrate its military pulse in the region in 2002-2003. In those years, the national

⁴⁰⁴ Interview 180.

⁴⁰⁵ Between the 1980s and early 2000s, the Colombian state tolerated the operation of paramilitary groups in the region and the latter even received support from some members of the armed forces (Garzón 2008; PNUD 2010; TSDJB 2014).

government prioritised most of Sucre department as part of the “Rehabilitation and Consolidation Zones”. This new strategy increased the presence of public forces in Sucre’s urban areas and the creation of new units in which the army, marine and air force operated jointly (VPR 2006). Furthermore, when the national state buttressed the persecution of the AUC in the region, the population began collaborating with the authorities (Semana 2005b).

After 2007, myriad BACRIM emerged and sought to control the Morrosquillo Gulf (CINEP 2017; Porras Mendoza 2014; Diego Quiroga and Ospina-Posse 2014; Trejos 2018a).⁴⁰⁶ However, none of these groups was able to maintain a durable control of the territory as the AUC. Moreover, in recent years, the Colombian state repeatedly hit and captured members of the BACRIM in the Morrosquillo Gulf (El Heraldo 2016; El Meridiano 2015a, 2015b; El Universal 2015; RCN 2015). Hence, oil royalties did not appear to be the main driver of violence in the last decade in this area.

Instead, the main objectives of these BACRIM has been to secure areas to ship illegal drugs, control micro-trafficking and extort businesses (El Heraldo 2016; El Meridiano 2015a; El Tiempo 2013b; El Universal 2015; RCN 2015; Trejos 2018b). I did not find compelling evidence that the BACRIM captured oil revenues or the local administrations of Tolú and Coveñas, nor that they influenced electoral processes as the AUC did in the past. Granted, press reports mention that some of the local politicians that had ties with the AUC, especially in Coveñas, continued participating in politics after this group demobilised. Furthermore, according to a local journalist, the participation in politics of the “heirs” of the AUC’s commanders has caused “tension” in the area.⁴⁰⁷ However, there

⁴⁰⁶ Interviews 165, 167, 169, 170, 173 and 178.

⁴⁰⁷ Interview 169.

is no strong evidence, such as confirmed judicial ruling, of the existence of links between local politicians and the BACRIM.

In sum, this section argued that the pursuit of oil royalties by paramilitary groups contributes to explain the variation of the conflict's intensity between the mid 1990s and mid 2000s in Tolú and Coveñas. However, the increased intensity of the armed conflict in Coveñas after 2007 appeared to be linked with other types of organised violence that pursue rents from the illegal drug business.

Additionally, this section concluded that oil revenues may have had mixed effects on the duration of the conflict. First, oil royalties contributed to prolong the armed conflict by increasing the feasibility of waging war by the paramilitary groups that appropriated the revenues. The seized public funds facilitated the AUC's consolidation and funded its regional expansion, thereby prolonging their fighting capacity and tilted the military balance in favour of the paramilitaries between the mid-1990s and early 2000s. Second, after the demobilisation of the AUC in 2005, the availability of oil revenues stimulated the formation of a short-lived dissident group that also used armed force in Tolú and Coveñas and aimed to interfere with local politics. In other words, the availability of oil royalties appeared to stimulate the splintering of the paramilitaries, thereby prolonging the armed conflict. But the cases of Tolú and Coveñas also indicate that oil royalties did not preclude the demobilisation of the armed group that controlled the territory. Furthermore, the Colombian state strengthened its military power during the last commodity-boom, and fought the paramilitaries in the Morrosquillo Gulf since 2003 onwards. Although the oil revenues initially favoured the weaker party (the paramilitaries) in the second half of the 1990s and early 2000s, the increased fiscal revenues during the last commodity-boom strengthened the stronger side (the national

state). Hence, this source financed the strengthening of both warring sides, but in the long run the balance power at the local level was tilted in favour of the national state.

Conclusions

For three decades, after the current Colombian armed conflict started in the mid-1960s, the territory currently occupied by the municipalities of Tolú and Coveñas remained barely touched by the use of organised violence. Despite the backward socio-economic conditions, the weakness of the state, the operation of an oil port, and the arrival of drug lords in the early 1980s, the population was not affected by major violent actions until the mid 1990s.

How did this tropical paradise turn into a nightmare? This section claimed that oil royalties were associated with the onset of the use of organised violence against civilians in Tolú and Coveñas. In the 1980s, the capacity for organised violence was built by armed groups as part of their illegal drugs business in the Morrosquillo Gulf. But these armed groups did not use it to attack the population: their installed capacity of organised violence was destined mainly to protect drug trafficking routes. In the mid 1990s, the paramilitary groups that sporadically operated in the area radically modified their military and political strategy. A windfall of oil royalties appeared to be the main factor that shaped the paramilitaries' new strategy in the municipalities of the Morrosquillo Gulf.

A legal amendment, that was passed in 1994, generated a significant source of revenues accrued by the mayoralty of Tolú. The oil royalties were linked to the shipping of oil from the port located in Coveñas-Tolú. Since the mid 1990s, a streak of attacks by armed groups against civilians who were linked to the management or monitoring of oil royalties

ensued in Tolú. Politicians, public officials, journalists, government's contractors and social leaders were threatened, displaced and murdered by the incumbent paramilitaries. Since 2002, Tolú's oil royalties halved due the secession of Coveñas, and the new municipality started receiving significantly more oil royalties per capita than Tolú. With the moving of "oil money", the violence also shifted to Coveñas: the paramilitaries targeted civilians in the new centre of power that controlled oil royalties.

Hence, this chapter argued that the outbreak of violence, both in Tolú and Coveñas, was linked with the strategy carried out by paramilitaries to seize oil royalties. To pursue the objective of grabbing the municipal revenues, the paramilitaries took over local democracy by combining selective violence with interference in local politics. Since the second half of the 1990s and early 2000s, in Tolú and Coveñas respectively, the armed groups partnered with politicians to interfere with the *supply-side* (entry, participation and exit of politicians in elections) and the *demand-side* of politics (voting behaviour). The dyad of paramilitaries and their political partners succeeded for almost a decade. Between the mid 1990s and the mid 2000s, the paramilitaries captured the subnational governments of Tolú and Coveñas and accessed a wealth of public funds that contributed to fund their expansion.

The conflict's intensity in Tolú and Coveñas varied during the period of study. Additionally, the two cases vary with regards to the timings and the levels of violence. In Tolú, since the mid 1990s, the use of armed force against civilians by armed groups transformed from exceptional incidents to ongoing victimisations. Moreover, as it was mentioned before, the civilian targets diversified, including politicians, public officials, government contractor's, civil society leaders, and journalists. The highest peak of victimisation occurred in 2000 and 2001, when the number of civilians that were

displaced rocketed. However, I did not find evidence that this process of forced displacement was linked with a strategy of modifying the electoral profile, as it appeared to occur in Arauca. After 2002, the levels of violence decreased, and in the last years the effects of the armed conflict appear to be fading (close to pre-1994 figures). The chapter argued that the decrease in the level of violence in Tolú was associated with the secession of Coveñas: the former started controlling oil royalties and the violence appeared to shift from Tolú to the new centre of power.

The trends of conflict intensity in Coveñas followed a different pattern. The oil port of Coveñas-Tolú started to operate in the 1930s, but only one serious attack of an armed group to the oil facilities occurred ever since. The variation from infrequent attacks against civilians to the frequent use of force by armed groups in Coveñas-Tolú started in 1997. The violent strategy carried out by the paramilitaries to capture Tolú appeared to produce spill over effects in Coveñas-Tolú. Then, after 2002, the number of victims from the armed conflict augmented when Coveñas became an independent municipality. The strategy pursued by the paramilitaries in Tolú, which combined violent and non-violent actions, was similar to the one implemented in Coveñas. The conflict's severity in Coveñas during the first half of the 2000s was higher than in the previous decade and a half (when it was a territory of Tolú municipality). In contrast, after 2002, the intensity of the conflict in Tolú decreased constantly and significantly after the municipality lost half of its oil revenues due to the secession of Coveñas.

The last peak of violence in Coveñas occurred in 2009, but it does not appear to be directly associated with oil. The driver of the increased severity of the conflict was linked with the struggle among BACRIM. From 2007 onwards, several BACRIM struggled to control the Morrosquillo Gulf area with the objective of securing the shipment of illegal drugs

and the extraction of rents from illegal markets. However, none of these groups was able to consolidate their power as the paramilitaries did in the 1990s and first half of the 2000s. Furthermore, I did not find compelling evidence that the BACRIM used organised violence to interfere with local elections or that they were able to capture the oil royalties from Tolú and Coveñas. Hence, oil royalties did not appear to explain the variation of the conflict's intensity in the last decade.

With regards to conflict duration, the chapter concluded that oil revenues had mixed effects on the endurance of violence in Tolú and Coveñas. First, the seized public funds allowed the armed groups to strengthen and expand to the neighbouring regions, thereby contributing to prolong their fighting capacity. These resources inclined the balance of military power at the local level in favour of paramilitaries. Second, oil revenues appeared to incentivise the splintering of the armed groups. After the AUC demobilised in 2005, dissident leaders attempted to organise new paramilitary structures with the prospect of resuming the capture of the subnational governments and revenues.

Through these two mechanisms, oil revenues contributed to prolong the fighting capacity of the paramilitaries and incentivised the organisation of a dissident group after the AUC demobilised. However, the income derived directly and indirectly from oil also financed the expansion of the state's military expenditures. The state's public forces intervened the region particularly since 2003. The power balance at the subnational level shifted in favour of the Colombian state by the mid 2000s. By that time, the Colombian state had ceased to tolerate the operation of the paramilitaries. The AUC's dissident group that planned to interfere with 2006's elections, was hit by the national public authorities and was disbanded. Additionally, the Colombian judiciary prosecuted the paramilitary leaders

and their political associates (although most of the arrests took place after the politicians had finished their terms).

Hence, the incidence of oil revenues in the duration of the conflict, at the local level, appeared to be mixed. This finding may seem ambiguous, but it is consistent with the existent literature: where natural resources benefit the weaker party to a conflict (e.g. the AUC), it prolongs conflict and where they benefit the stronger party (e.g. the national state), it shortens conflict.

Chapter 6 – Violence, political capture and seizure of oil money

Introduction

This chapter discusses the main lessons from the municipal cases with an emphasis on the processes that link oil revenues with the onset, intensity and duration of internal armed conflicts at the subnational level. Hence, the chapter aims at moving from the detailed evidence presented in the cases to analytical arguments and conclusions about the connection between oil wealth and armed conflict.

The chapter has three sections. The first section compares and contrasts the main findings of the thesis' cases. The following section discusses how the *subnational-government-as-target* mechanism operates and how it contributes to explain the incidence of oil revenues on the trajectory of the strategies implemented by armed groups. The third section discusses whether the *subnational-government-as-target* mechanism may be generalised to other types of revenues in Colombia (such as mineral royalties) and to other oil producing countries. The chapter finalises with a brief summary of the main conclusions of the thesis.

1. Comparative assessment of the cases and main insights

1.1 Oil and conflict onset

In the cases of study, oil wealth was not the main driver of the first presence of armed groups in the territories, nor the exclusive factor that motivated their arrival from other

regions. In Arauca, Tolú and Coveñas, there were armed groups present before the respective oil bonanzas started. In the case of Arauca, had ELN settled more than a decade before the discovery of oil in the municipality. The ELN arrived to Arauca because their combatants were fleeing from the military pressure, rather than pursuing an expansion of their reach. The FARC settled in Arauca a few years before the discovery of Caño Limón. Their arrival was linked to a national strategy of expanding their activities to areas where they could control economic rents, not just oil. Oil companies were exploring potential fields in the region at the time of their arrival, but these activities were not the only reason that motivated their decision to expand into Arauca. Moreover, the arrival of an additional armed group into Arauca in the early 2000s was linked with prospective of extracting several economic rents available in the territory, not just income from oil. In the case of Tolú and Coveñas, the operation of an oil port since the 1930s did not attract armed groups. The emergence of paramilitaries since the 1980s was associated with the shipping of illegal drugs from the Morrosquillo Gulf.

Three key insights may be extracted from the cases with regards to the emergence and arrival of armed groups into oil areas. First, the presence of armed groups in oil areas does not necessarily mean that there is a causal relationship between oil wealth and the operation of these groups. The production of oil often occurs in peripheral areas, where other factors different than oil (e.g. state weakness, other economic rents) may explain the emergence or arrival of armed groups. Hence, a causal relationship between oil and the operation of armed groups in a given area cannot be taken for granted just because of this correlation.

Second, while oil wealth may be an attractive source of income for armed groups, its availability in a territory does not generate automatic opportunities to reap economic

rents. While there are different means that an armed group may use to extract income from oil, the extraction seems to require an installed capacity for organised violence. For example, between the 1980s and 2000s, the paramilitaries built their capacity to use organised violence in Arauca, Tolú and Coveñas prior to the oil windfall and for reasons that were unrelated to oil. When the oil windfall struck, the paramilitaries were prepared to use their armed force to seize a share of these funds. In contrast, when newly assembled paramilitary groups (dissidents) attempted to follow suit in the second half of 2000s, they were controlled by the state before the units were able to extract oil revenues.

Third, oil did not fund the setup of the armed units that emerged or arrived into the territory of the cases. The ELN's operation in Arauca, was initially financed by local resources other than oil (which had not been discovered in the municipality by the time of their foundation). The expansion of FARC into Arauca was financed by resources mobilised by its national organisation. Additionally, in all cases, the expansion of paramilitary groups into the oil areas was funded by drug-related money and contributions (voluntary and forced) of large land owners and cattle-ranchers. Hence, while oil wealth may contribute to stimulate armed groups to assemble or enter into oil areas, in the cases the oil wealth did not appear to finance the initial setup of these groups.

In sum, the cases support the claim made by the literature⁴⁰⁸ on the political economy of the conflict in Colombia: the armed conflict was not about the control of oil wealth, although the extraction of economic rents was functional for the armed groups that already existed for other motives.

⁴⁰⁸ For example, as suggested by Rettberg et al. (2018a).

While oil wealth did not appear to play a major role in funding the setup of armed groups in oil areas, the cases suggest that the availability of oil income had an incidence in the war strategies pursued by the incumbent armed groups. In the case of Arauca, there were two distinct sources of income that were linked with separate waves of attacks against civilians. On the one hand, the use of armed force against civilians who were linked with oil companies and related businesses. The threats, kidnappings, and murders were used as a means to make credible extortions to the companies. On the other hand, shortly after, the armed groups targeted civilians that were directly or indirectly linked with electoral politics, the management of royalties, and the monitoring of oil royalties. The oil driven windfall received by Arauca's municipal government coupled with the political decentralisation of the late 1980s, incentivised armed groups to pursue the political capture of the municipality. The civilian victims included politicians, public officials, civil society leaders and journalists.

Similarly, in the cases of Tolú and Coveñas, the armed group's strategy for seizing the oil revenues accrued by the municipal governments was also associated with the use of armed force against civilians who were directly or indirectly involved in local politics and the administration and oversight of oil royalties. Recall that in the territories of these cases oil was not produced: the link of the municipalities with the oil sector, since the 1930s, was the operation of an oil port and the transfer of oil royalties since the mid 1990s.

Furthermore, unlike Arauca, I did not find evidence that the armed groups operating in Coveñas used their armed force against the companies that operated the port. There was only one security incident related to the oil shipping facilities, which was caused by the ELN, which did not have permanent presence in the area. This aspect of the case of

Coveñas, could echo the findings of the large-N literature⁴⁰⁹ according to which off-shore oil production is not associated to the onset of armed conflict discussed in chapter 2 of the thesis. Why is there a difference between on-shore production of oil and the shipping of oil from seaport? On-shore oil fields are fixed assets which require asset specific investments. The oil wells and the facilities linked to their operation are usually located in remote areas. Hence, the controllers of oil assets are locked into the oil producing regions. If armed groups are present in the area and the state has weak reach, it is likely that they will find opportunities to create credible security risks and this will give them a leverage to extort the oil companies. In short, in the case of on-shore production, the main factor that facilitates the financing of armed groups can be secured more easily. Instead, the companies that produce oil are not necessarily locked into a specific oil port and these areas are not usually isolated, quite the contrary because ports require connectivity to operate. Aside from the facilities located in Coveñas, Colombia has at least four other ports where oil may be shipped, two in the Pacific coast and two in the Atlantic coast (Rettberg and Prieto 2018, 136).

In sum, in Arauca, Tolú and in Coveñas, the armed groups modified their war strategy by using organised violence against civilians with the objective of capturing oil revenues. In these cases, the use of armed force was combined with the interference in the supply and demand-sides of elections. Through the mix of stick and carrot, the armed groups were able to capture the subnational governments and get a share of its revenues. The analytical lessons from this process, the *subnational-government-as-target* mechanism, are discussed in the next section of this chapter.

⁴⁰⁹ Such as Le Billon (2004), Lujala (2009, 2010) and Ross (2006, 2012, 2015).

Two key insights may be drawn from the cases with regards to the use of armed force against civilians. First, the use of armed force against civilians with the objective of seizing oil royalties was not circumscribed to a specific guerrilla group, oil area or period of time. The cases offered evidence that the ELN, the FARC and two branches of the AUC paramilitaries (the BVA and the BHMM) followed similar violent strategies to divert oil revenues to their coffers. Furthermore, the implementation of these strategies did not start simultaneously in Arauca, Tolú and Coveñas: the onset of this type of violence against civilians began in the late 1980s, mid 1990s and early 2000s, respectively. Additionally, these processes were not circumscribed to a particular area of the country. While the literature on the oil-conflict relationship in Colombia⁴¹⁰ has focused in the oil producing region of *Los Llanos*, located in the east of the country, this thesis provides evidence of analogous mechanics linking oil revenues and the use of armed force against civilians in another region of the country: Tolú and Coveñas are located in the north-west of Colombia, more than 500 km away from Arauca. In sum, the cases suggest that the processes linking oil and armed conflict at the subnational level in Colombia were not idiosyncratic of a specific armed group, oil area or timing.

Second, when an armed group operates in an oil area, the organisations tend to extract income from oil through different sources which are not mutually exclusive, but that supplement each other. This thesis offers evidence on two main types of oil rents exploited by armed groups: (i) extortion of oil companies and related businesses and (ii) seizing oil revenues from the subnational governments.⁴¹¹ While the main contribution of the thesis to the literature consists on tracing of the processes linked with the second type

⁴¹⁰ For example, Dunning and Wirpsa (2004), Peñate (1991, 1998), and Pearce (2007).

⁴¹¹ A third source identified in Arauca, which was also exploited in other oil producing areas such as Santander department, consisted on oil bunkering and controlling the black market of stolen fuel and smuggling fuel.

of oil rents, it is worth describing the other source of oil income to contrast it with the oil royalties controlled by subnational governments.

The first source has been extensively documented by the literature: the yields accrued by armed groups from extorting and racketeering (masked as “security” services) oil companies and related businesses.⁴¹² In Arauca, the guerrillas tapped into both and the paramilitaries benefitted from racketeering. An analogous source plundered by the guerrillas, also present in Arauca, consisted on bombing oil pipe-lines and, subsequently, extorting the companies (sub-contractors) in charge of repairing the infrastructure.⁴¹³

The second source of oil income consists on seizing oil revenues from the governments. How did the armed groups get a cut of public funds in the studied cases? One strategy was similar to the one used against oil companies: coercing the heads of the subnational governments. However, the most important finding reported in this thesis is that all the armed groups studied in the cases attempted or effectively extracted oil royalties through a process of political co-option or political capture of the subnational governments. An important consequence of the availability of this source of income was that one of the armed groups, the paramilitaries, went beyond oil producing areas: they also targeted non-producing areas where significant amounts of oil money was available, such as in Tolú and Coveñas. The process of political capture and the means used by the armed groups for diverting oil royalties is discussed in section 2 of this chapter. In the following sub-section of this chapter, I discuss why the development of different sources of oil income by the armed groups appeared to have an incidence on the dynamics of the armed conflict at the subnational level.

⁴¹² For example, by Chernick (2005), Dunning and Wirpsa (2004) and Le Billon (2005a, 2013).

⁴¹³ Interview 110.

1.2 Oil and conflict intensity

The cases presented cross-time variation with respect to the conflict's severity, both in terms of the number and types of civilians that were victims of organised violence. The respective oil shocks that struck Arauca, Tolú and Coveñas contributed to explain an increase in the severity of the conflict. In Arauca, the first wave of attacks against civilians, mostly personnel linked to oil companies and related businesses, commenced shortly after the discovery of the Caño Limón oil field. A few years later, the oil-driven windfall accrued by the subnational governments, which had recently gained political decentralisation, triggered a new wave of attacks against civilians. In this case, the targets were people related with local electoral politics, the management of oil royalties, and the oversight of these funds. In Tolú and Coveñas, the same types of victims were targeted by armed groups after their respective subnational governments started accruing a windfall of oil royalties. In the three cases, the number of attacks against civilians changed from very sporadic incidents to continuous attacks against selective targets directly or indirectly linked to oil revenues. As it will be discussed in section 2 of this chapter, the use of violent force by armed groups in the cases was associated with the contest for capturing the local democracy and seizing the oil revenues managed by the subnational governments.

However, in the cases of study, not all the cross-time variations of the conflict's intensity appeared to be associated exclusively with oil wealth. Moreover, other factors that were not related to oil appeared to have greater incidence on the severity of the conflict in certain periods of time. The peak of the violence against civilians in Arauca, for example, was linked with the arrival of a new third armed group that contested the territory to the

incumbent guerrillas. Although this thesis provides evidence on the extraction of oil revenues by this third armed group after its settlement in Arauca, the evidence also suggests that the assembly of the group was funded by resources from illegal drugs businesses and that this group also pursued economic rents unrelated to oil. Furthermore, the highest level of violence in Coveñas during the period of study appeared to be associated with the struggle among emerging criminal bands that contested rents linked with illegal drugs shipping, not with oil revenues.

The cases offer two main lessons with regards to the links between oil and the number and types of civilian victims of the armed conflict. First, that the development of different sources of oil income is associated with diverse dynamics of organised violence at the subnational level. More specifically, the strategies instrumented to extract the varied sources of income from oil have a differential incidence on the number and types of civilian victims targeted by armed groups. The two main sources of income from oil mentioned in the previous sub-section of the chapter are compared in the following paragraphs.

The main feature of the extortive source (e.g. coercing oil companies), is that its extraction requires built-in organised violence and that the security threats are credible. Hence, periodically the armed group may attack the infrastructure, kidnap the oil company's employees or even murder them to maintain a continuous flow of resources. Controlling the territory may facilitate the operation of armed groups, but it does not seem to be a necessary condition for extorting oil companies. The layout of the oil premises, including the pipelines, in vast areas of a territory offers plenty opportunities for entering into a territory, bombing, and moving away. However, if an additional armed group attempts to racketeer the oil companies, a contest with the incumbent may ensue and the

attacks against the oil infrastructure can escalate. This specific situation occurred in Arauca, when the FARC contested the ELN: the former started attacking the oil infrastructure with such frequency, that for the first time in almost 15 years of oil production the operation stopped for an entire semester.

In the case of the seizure of the oil revenues controlled by a subnational government, the armed groups targeted a wider range of civilians. Why? Oil royalties are not managed by oil companies, these revenues are controlled by politicians in office and public officials. Moreover, the use of oil royalties was monitored by other public officials, non-incumbent politicians, journalists and civil society leaders. As it will be further explained in section 2 of this chapter, the strategy to access oil royalties was instrumented through combination of coercive and non-coercive means that had an incidence on all these actors. Hence, extracting these royalties and preserving the control of these revenues, required the use of armed force against a wider array of civilians who control or have influence over the use of these public funds.

If a subnational government has been captured through these means, why would the armed group recur to violence against civilians afterwards? The periodic elections, the impossibility of immediate re-election at the subnational level, the emergence of new political leaderships, the detection of the irregularities by government agencies or civilians, and the arrival of a new armed group that contests the territory makes subnational capture unstable and contestable.

In sum, the development of different sources of oil income by armed groups appeared to be an important factor to understand the dynamics of the armed conflict at the subnational level, including the cross-time variation in the level of violence in the studies cases. This

finding is close to a proposition, discussed by Rettberg and Ortiz-Riomalo (2016) and further supported in Rettberg et al. (2018b), about the provision of funding for armed groups through the development of a “resource portfolio”. In short, Rettberg and Ortiz-Riomalo (2016) found that armed groups in Colombia developed abilities to extract, simultaneously or interchangeably, benefits from illegal gold mining and drug trade. They contended the development of the “resource portfolio” fuelled the armed conflict and crime and contributed to explain the consequences of conflict in the territory (e.g. guiding expansion strategies).

The cases of this thesis also suggest that the armed groups developed resource portfolios and that this endeavour affected their war strategies. In Arauca, for example, the ELN diversified its income from natural sources: extorting oil companies and related businesses, capturing oil revenues from the subnational governments, and (since 2001) taxing the coca value chain. The diversified portfolio allowed the ELN to sustain their finances during periods in which they had less capacity of access certain rents, such as when other armed groups succeeded at co-opting subnational governments or when the national government’s military offensive affected their extortive capacity against oil companies. Additionally, the development of a resource portfolio by the ELN and FARC in Arauca, which included both income from oil and drugs, contributes to explain the attraction of a new armed group, the paramilitaries, into the area. Furthermore, in Tolú, the paramilitaries first developed the capacity of profiting from illegal drug shipping and then complemented these revenues with the oil royalties seized from the subnational government. The first type of revenues allowed them to build their military capacity and then use their armed force to capture the subnational democracy.

A corollary lesson that may be drawn from the cases is that the development of different sources of income from oil entails diverse costs for the armed groups. As it was mentioned above, deriving income from oil exclusively through coercion, such as extorting oil companies, requires the development of a minimum capacity to signal a credible security threat. In other words, the costs of building organised violence that effectively threatens the potential victims. Developing such capacity appears to be aligned with the core activities of an armed group (e.g. strengthening military power) and does not necessarily require a partnership with other (non-combating) parties.

While the previous source may be accessed by armed groups autonomously, the extraction of oil revenues through the political capture of a subnational government requires the development of partnerships with third parties. The armed groups associate with key decision makers, such as local politicians and subnational public officials, to interfere with the local democracy and subsequently with public management. In short, as it is discussed in section 2 of this chapter, the political capture is instrumented with a mix of coercive and non-coercive strategies. In sum, adding this source of oil income to the resource portfolio of an armed group requires the development of political abilities in addition to military capacity. Furthermore, the extraction of these oil revenues also requires the development of other capabilities to divert the funds from the procurement processes, such as the creation of paper companies or running real companies through front men. Thus, the seizure of oil revenues through the political capture appears to be costlier and more complex than the operations required for mere racketeering.

This discussion also matters because not all the regions that are linked with the oil sector offer a full resource portfolio and, therefore, may be less attractive for armed groups. For example, in Coveñas and Tolú, oil is not produced, just shipped. The only source of oil

income available in Coveñas and Tolú were the oil royalties. In contrast, Arauca offered all the sources of oil income and the armed groups were able to diversify their sources of revenues. The variation in the composition of the resource portfolio and the size of each type of rent may contribute to explain the efforts (e.g. use of armed violence) employed by armed groups to control an area. For example, it may contribute to explain why Arauca has been disputed by at least three major armed groups in the last two decades, while the AUC maintained a monopoly in Coveñas and Tolú.

In other words, if a territory offers the opportunity for developing a more diversified resource portfolio in a multi-party conflict, it is likely than more than one party will contest it and these struggles may escalate the severity of the armed conflict. This is consistent with the “resource battles” mechanism identified by the literature on the oil-conflict relationship (Ross 2004a) .

The second lesson offered by the cases with regards to the variation in the nature of violence, whether the use of armed force was selective or indiscriminate, is that its association with oil wealth was weak. In Arauca, the use of indiscriminate violence by the paramilitaries, that resulted in massive forced displacement, appeared to modify the electoral profile of the region. It is plausible that the paramilitaries aimed at interfering the demand-side of local politics with the objective of capturing the subnational governments. However, another reasonable explanation is that the paramilitaries used forced displacement as a means for debilitating the “social base” of the guerrillas and taking advantage of land grabbing.

After the paramilitaries demobilised, the ELN and FARC disputed the territory of Arauca and also recurred to indiscriminate violence. Two main resources were at stake, the

income linked with oil wealth and the rents that could be extracted by exploiting the porous border with Venezuela (e.g. drug shipping, arms smuggling, fuel contraband etc.). These “resource battles” between different armed groups contributed to explain the escalation of the conflict in Arauca, and oil wealth was not the only driver of this trend.

A key difference between the case of Arauca and the one of Tolú is that the strategy implemented by the paramilitaries in the latter relied mostly on selective violence (but for 2000 and 2001), while in the former these armed groups used indiscriminate use of force more frequently. A plausible explanation for this difference is that in Arauca the paramilitaries were not incumbent: to enter they had to challenge two guerrilla groups that were socially embedded, while in Tolú they were the first comers. Hence, rather than a direct link with oil wealth, the indiscriminateness of violence appeared to be associated with number of parties that contested the territory and the arrival of new competitors.

1.3 Oil and conflict duration

In the cases of the thesis, the armed conflict has not finalised. Arauca is the most important stronghold of the ELN and Coveñas and Tolú are currently being contested by the so-called BACRIM. In all the cases, the level of violence decreased in the last decade with respect to the 1990s and 2000s, but armed groups still operate in their territories and the level of violence is still higher than the one before the respective oil shocks occurred.

The cases suggest that the incidence of oil on the endurance of the armed conflict at the subnational level was mixed. On one hand, the income extracted from oil contributed to finance the armed groups, allowing them to sustain their armed activities in oil areas. Furthermore, these oil rents also funded their expansion to neighbouring regions and even

distant areas.⁴¹⁴ Additionally, the availability of this source of revenues contributed to explain the subnational fragmentation of the armed groups with regards to the peace processes that their national commanders negotiated with the national government. The demobilisation of the paramilitaries in Arauca, Tolú and Coveñas was followed by attempts led by dissident local commanders to resume the activities of the demobilised armed groups, including their interference with local politics and the seizure of oil revenues. Furthermore, the financial autonomy of the ELN's unit in Arauca, linked to their capacity to plunder oil wealth, gave the local commanders a leverage to oppose the peace negotiations led by their national leaders.

On the other hand, as it was explained in chapter 3 of the thesis, oil directly and indirectly financed the increased military spending by the national state. The Colombian state tolerated both guerrilla and paramilitary groups at different periods of time in Arauca, Tolú and Coveñas. This changed after considerable revenues from the last commodity boom contributed to finance, directly and indirectly, the strengthening the national state's forces. The national state focused its interventions in strategic areas, such as the regions where the cases studied in this thesis are located. Additionally, the lobbying of a foreign company that exploited oil assets in Arauca appeared to have an important incidence on the military involvement of the US government in this region. In short, after the mid-2000s, oil contributed to tilt the military balance in favour of the national state at the subnational level.

⁴¹⁴ For example, after the ELN extracted substantial income from oil in Arauca, they organised their return to San Vicente in Santander department, a municipality located 500 km away from Arauca. After the mid-1980s, the ELN reorganised and returned to San Vicente with a stronger military capacity (Vásquez 2006, 329).

Two main insights may be drawn from the cases with regards to the links between oil and the duration of armed conflict. First, income from oil may contribute to sustain the operation of armed groups, thus prolonging the armed struggle. But the extraction of oil income is less automatic than it is assumed by part of the literature that considers oil wealth as an enabler of armed groups. As it was mentioned in the sub-section of this chapter that reviewed conflict onset, I did not find evidence that oil rents facilitated the setup of new armed groups in the oil areas. The funding of these new armed groups that were assembled or arrived into oil areas originated from other sources of revenues. Income from oil contributed to finance the maintenance of the pre-existing armed groups that already had the capacity for organised violence when the oil wealth appeared. Additionally, the seizure of income from oil by these armed groups, particularly oil royalties, was not immediate. Aside from developing a minimum built-in capacity for organised violence, the armed groups had to incur in specific costs for extracting the revenues. Interfering in local politics and diverting public funds through different embezzlement schemes takes time and resources.

Only after the armed groups that operated in oil areas were able to tap into this source of income, oil wealth contributed to their expansion into other non-producing regions. The cases suggest that oil income not only funded their armed incursions in other areas but also contributed to fund the expansion of the armed groups' interference with local and regional politics. The armed groups escalated their strategy of municipal capture to the departmental level (the respective governorates also had their own oil royalties). The use of oil income to fund the armed groups' expansion may explain the "contagion", "diffusion" or scaling-up effects of violence from oil areas to other non-producing areas, that the literature identified in Colombia and other latitudes.

A second lesson that may be derived from the cases is that oil wealth may not foreclose the reduction of the number of armed groups through national peace-making processes, but the availability of this source of income can contribute to motivate the organisation of dissident groups which imperil peace-keeping. There seems to be a two-way transmission effect between the national level and the subnational level. At the subnational level, the armed groups' units that were financially autonomous from their central command (due to the income from oil) appeared to have a leverage to oppose the peace negotiations carried out at the national level. This was the case of the ELN in Arauca: the staunch opposition of the local guerrilla's leaders seemed to debilitate the capacity of their national leaders to reach an agreement with the national government.

However, the availability of oil wealth at the subnational level did not impede that the national leaders of two other armed groups, the AUC and FARC, to negotiate the demobilisation of their organisations with the national government. Their national demobilisation, however, had an unintended side-effect at the subnational level: dissident leaders attempted to organise new armed groups in the oil areas. The availability of income from oil contributed to explain why these dissidences attempted to resume the subnational capture previously gained by the demobilised groups and their local political associates.

In sum, this section summarised the main findings from the cases of the thesis with respect to the association between oil and three dimensions of armed conflict at the sub-state level: onset, intensity and duration. Oil revenues had an incidence on specific aspects of conflict outbreak, its links with conflict endurance appeared to be tenuous, while its effects over conflict severity appeared to be mixed. The next section discusses the

mechanics of the new channel, not previously developed by the literature, linking oil revenues and conflict at the subnational level.

2. The *subnational-government-as-target* mechanism: linking oil revenues and armed conflict

If the literature has produced an “embarrassment” of hypotheses on the mechanisms that link oil and armed conflict, why is it pertinent to explore an additional pathway not considered by the existing corpus? First, as it was noted in chapter 2 of the thesis, in spite of the vast literature on the topic, much uncertainty still exists about the processes that may explain the oil-conflict relationship. The evidence on the operation of the mechanisms is mixed or contradictory. Second, because the evidence provided by the comparative case study of Colombian municipalities suggests that the mechanisms identified by the literature do not fully explain the incidence of oil revenues on the armed conflict at the subnational level. Finally, and most importantly, because the channel identified in the thesis also contributes to explain the incidence of oil revenues in the operation of the sub-state and it offers a plausible explanation for its influence on long-term institutional trajectories. In other words, the pathway discussed in this thesis offers insights on how oil, through the dynamics of the armed conflict, affected public policy and management at the subnational level as well as local democracy in Colombia.

This section first presents the mechanics of the proposed *subnational-government-as-target* mechanism and how these processes explain the incidence of oil revenues on the onset, intensity and duration of an armed conflict at the subnational level. Then, the section examines why other mechanisms proposed by the literature fall short at explaining

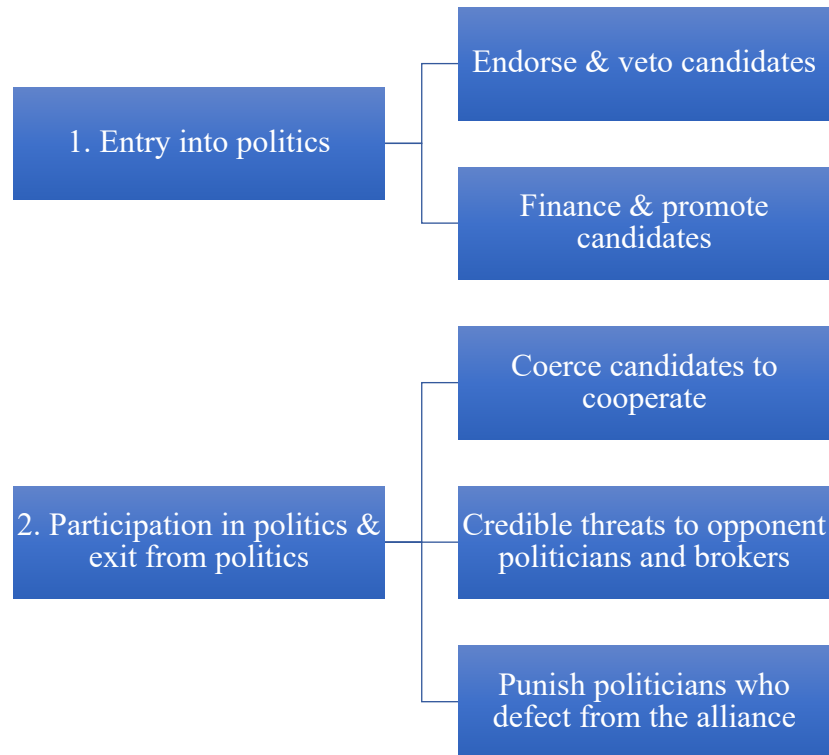
the processes linking oil royalties and the armed conflict at the subnational level in Colombia.

2.1 The mechanics of the mechanism

First, let's review the mechanics of the *subnational-government-as-target* mechanism based on the cases studies of the thesis. The armed groups' pursuit of the oil revenues controlled by subnational governments is instrumented through a strategy of political capture. In association with local political allies the armed groups interfere with local politics by mixing coercive and non-coercive means. The ultimate objective of the armed group is to control or at least influence the public management at the subnational level (thus, accessing oil revenues).

With regards to the *supply-side* of politics, the armed groups can interfere with the entry into politics, the participation in politics and the exit of politics (**Figure 45**). The interference may be carried out through violent means, such as threatening or murdering candidates that compete with the political allies, or through non-violent means by financing the electoral campaigns of their associates.

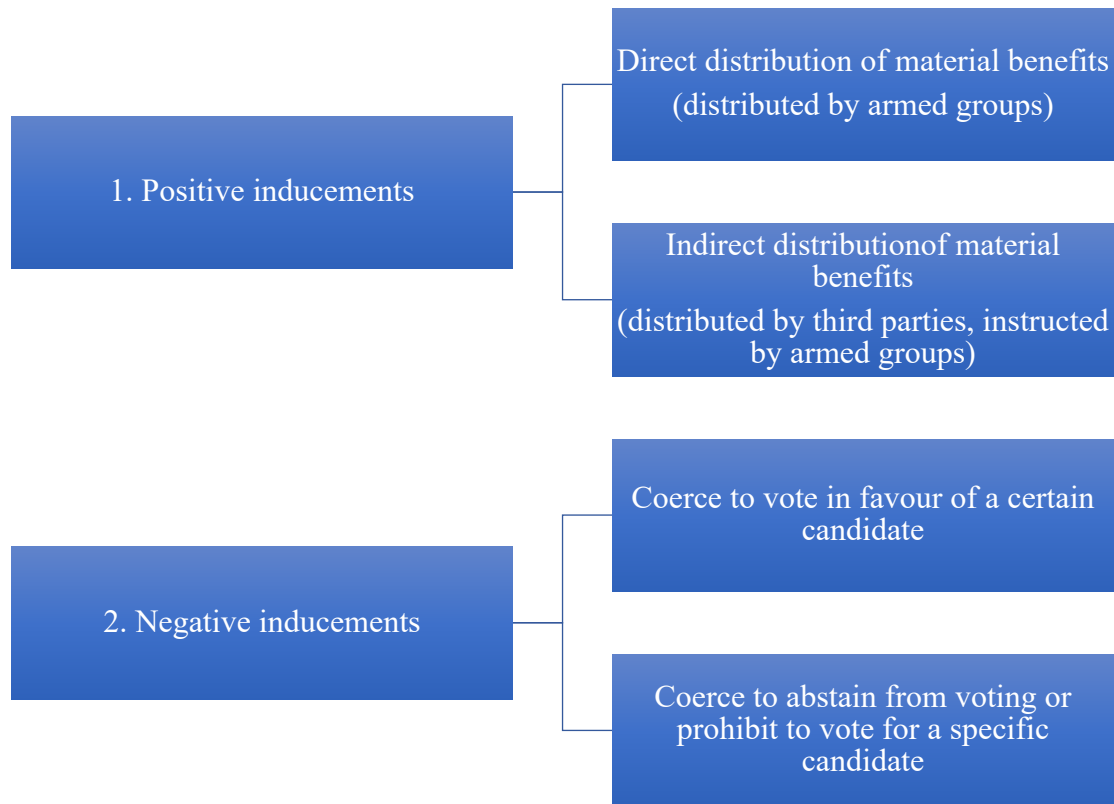
Figure 45 – Means employed by armed groups to interfere with the supply-side of politics



Source: Elaborated by the author

With regards to the *demand-side* of politics, the armed groups operate as political brokers that favour the candidacies of their political allies. In their role of brokers, the armed groups proffer positive inducements, such as providing material benefits in exchange of support at the ballot box, and/or negative inducements to voters, such as threatening potential voters who vote for a rival candidate (Figure 46).

Figure 46 – Means employed by armed groups to interfere with the demand-side of politics



Source: Elaborated by the author

Through this strategy, the armed groups aim at gaining or retaining the control of the subnational government through their political associates and, ultimately, seizing oil royalties. The dyad armed group – local politician operates on a *quid pro quo* basis: the armed group increased the electoral chances of their political allies and when the latter reached office, in return, facilitated the access of the armed group to the public funds.

The *subnational-government-as-target* mechanism contributes to explain the association between oil revenues and the onset, intensity and duration of the armed conflict at the subnational level through the following channels:

- (i) *Conflict Onset*: The abundant oil royalties controlled by the subnational governments motivates the armed groups to interfere with local politics with the objective of seizing the public funds. The armed groups start using violence against civilians that are directly or indirectly linked with electoral processes and with oil royalties after the subnational government becomes a controller of oil revenues.

- (ii) *Conflict Intensity*: The violence against civilians escalates as a consequence of the process of sub-state capture initiated by the armed groups in pursuit of oil royalties accrued by the subnational governments. On one hand, the violent interference with local politics and the diversion of oil revenues enlarges the range of civilian victims. To instrument their strategy, the armed groups commence using their armed force against civilians that are linked with the electoral processes (e.g. politicians, brokers) and with the management or monitoring of oil royalties (e.g. public officials, civil society leaders, journalists). On the other hand, when more than one armed group is present in the territory, the subnational oil prize contributes to fuel the struggles among armed groups in the oil area. These contests among armed groups lead to an increased severity of the armed conflict.

- (iii) *Conflict Duration*: Once the armed groups are able to divert oil revenues to their coffers through the sub-state capture, this source of income funds the endurance of the armed groups and their expansion into other areas. Additionally, the availability of this source of revenues may incentivise the local leaders of the armed groups to continue waging war instead of settling peace. In the event of a

national level negotiation between the state and the armed group, oil revenues may negatively affect the outcome of the peace-making processes or of the peace-keeping processes. First, the financial autonomy facilitated by the seizure of oil revenues (and other sources of income from oil) may contribute to explain the opposition of the local leaders of the armed groups to national level peace making processes. This may decrease the capacity of their national leaders to settle an agreement with the national government. Second, while the local opposition does not preclude that the national leaders are able to settle an agreement and effectively demobilise the group, the prospect of sustaining the sub-state capture and the access to oil revenues may incentivise the organisation of local dissident groups. Hence, the fragmentation of the armed groups imperils peace-keeping processes and prolongs the armed conflict due to the emergence of new armed groups. However, the negative effect of oil revenues at the subnational level may be totally or partially offset by another effect generated at the national level: oil revenues accrued by the national state finance the increased military spending. If the national state strengthens its capacity to impose the monopoly of force at the subnational level and targets strategic areas, such as oil regions, then the armed groups will be debilitated.

In my cases, violence worked through *political capture* that aimed at seizing “oil money”, rather than an *oil capture* (which entails capturing the natural resource directly or indirectly). This insight depicts the advantage of using a subnational approach: it allows to observe what is not apparent at the country level. When the conflict is seen at the national level, the distinction of “oil” and “oil money” evaporates, because at the national level you only see the “oil money”. To seize the national “oil money”, an armed group

needs to overthrow the national government through the use of force. When you observe the influence of oil wealth at the subnational, the distinction becomes important. To capture the “oil money”, the armed group does not need to overthrow the subnational government (which does not control an army). At the sub-state level, the armed group can choose another option: capturing local politicians to control or at least influence the subnational government. The local politicians that partner with the armed group become agents of violence at the subnational level.

What does the category “political capture” mean in this thesis when it is used to explain the mechanics of the *subnational-government-as-target* mechanism? First, politics is understood here as a struggle over the distribution of resources, generated by infinite desires and limited resources: “Politics can therefore be seen as a struggle over scarce resources, and power can be seen as the means through which this struggle is conducted” (Heywood 2013, 10).⁴¹⁵ This concept is akin to the one of distributional or distributive politics used by Stokes et al. (2013). Drawing from an analogy of the allocative role of markets, Stokes et al. (2013, 3) argue that “Politics also distributes goods. Government programs channel cash, jobs, credit, and myriad other resources to citizens”. Furthermore, following Stokes et al. (2013, 3), the “political distribution of goods” in a democracy means that elected officials, political authorities and political parties “make choices about distribution” and such decisions “become bound up with political strategies”. Hence, when this thesis refers to “political capture”, it alludes to the intervention of armed groups in the processes of political distribution of goods at the subnational level.

⁴¹⁵ This definition of politics was proposed originally by Harold Laswell in his book “Politics: Who Gets What, When, How?” (1936), which in turn was inspired by the discussion on the virtue of striking the intermediate in Aristotle’s “Nicomachean Ethics” (2014, 33): “Determining whom to give it to, though, and how much, when, for the sake of what, and in what way—that is no longer something everyone can do or something easy.”

Moreover, the political capture is instrumented through coercive and non-coercive strategies that seek to have an incidence on the public management of the subnational governments. The armed groups use politicians by coercing, co-opting or even partnering with them with the objective of accessing public resources. Certainly, an inverse capture may also occur: local politicians may also use armed groups to increase their chances of holding office.

A corollary question should be addressed as well: What does the category “subnational capture” or “capture at the subnational level of government” mean in this thesis when it is used to explain the mechanics of the *subnational-government-as-target* mechanism? The concept of “state capture” was first developed to describe a relationship between firms (or other special interest groups) and the state in which the former attempted to interfere with the decisions of the latter with the objective of getting private gain. More specifically, the term was defined as “the efforts of firms to shape and influence the underlying rules of the game ... through private payments to public officials” (Hellman et al. 2000, 4). Analogously, the capture at the sub-state level of government by armed groups in this thesis refers to efforts of these organisations to interfere with local democratic processes with the objective of influencing or shaping the decisions taken by subnational governments, particularly with regards to public funds.

In sum, this sub-section argued that the processes triggered by the pursuit of the sub-state capture by armed groups in oil areas are key to understand the incidence of oil revenues over the armed conflict. The following sub-section discusses why the proposed mechanism differs from the previous mechanisms identified by the literature.

2.2 What the other mechanisms do not tell

As it was noted before, the literature identified myriad mechanisms that appear to underlie the oil – conflict relationship. The cases examined in this thesis offer evidence in support of the operation of some these mechanisms. Moreover, some of the mechanisms previously identified by the literature operated simultaneously and/or sequentially at the subnational level. For example, the violent extortion of oil companies by armed groups supports the “feasibility mechanism” hypothesis. Furthermore, the financial and military support of the US government to the Colombian state with the objective of protecting oil assets in Arauca, operated by a foreign company, suggests that the “international stakes” mechanism also operated. Additionally, the struggles between three different armed groups to control the economic rents available in Arauca, including different sources oil income, resembles the “resource battles” mechanism described the literature.⁴¹⁶

However, the mechanisms described in chapter 2 of the thesis do not fully account for the processes triggered by oil royalties at the subnational level. Furthermore, contrary to the other channels, the pathway identified in this thesis explains the incidence of oil revenues on public policy and management through the dynamics of the armed conflict. This subsection briefly explains why the existing corpus on the mechanisms that associate oil and armed conflict falls short. The remainder of the section compares and contrasts the proposed *subnational-government-target* mechanism with two other mechanisms previously identified by the existing literature: *state-as-target* and *feasibility*.

⁴¹⁶ The literature of the political economy of war also offers a concept that may be useful to interpret the case of Arauca: “shadow states”. Shadow states are weak states in which power is exercised through informal networks and market channels. They are the result of a specific relationship between political and economic organisations, in which the rulers blur the division between the public and private spheres and use patronage as a means of political control (Reno 2000). The specific dynamics of armed struggle in collapsing “shadow states” may resemble the evolution of violence in Arauca. Violence is central in collapsing shadow states, because the incumbents and the challengers need to secure their economic environments and they do it through the use of force (Reno 2000).

The most obvious mechanism proposed by the literature that may be addressed is the *state-as-target* mechanism, according to which the oil revenues accrued by the state increases the value of seizing the central government by armed groups. Therefore, the prospective of seizing these oil revenues motivates rebellions that aim at overthrowing the incumbent national government (onset) and incentivises increased investments in power struggles which lead to an escalation of the conflict (intensity). The difference between the *state-as-target* mechanism and the proposed *subnational-government-as-target* mechanism is not simply the level of government that is involved. The first mechanism deals with the incentives to rebel or to use armed force: the future control of oil revenues once the government is defeated. Hence, the “prize” is not available before nor during the conflict and, therefore, the oil revenues may motivate armed groups but do not enable (finance) them to fight. The mechanism proposed in this thesis goes beyond the motivations offered by a future booty, it also pertains to the actual seizure of the oil revenues during the conflict. The *subnational-government-as-target* mechanism implies that before toppling the national government, the armed groups can achieve a “second best” objective: capturing the subnational government, controlling its oil revenues and using the funds to wage, intensify and endure their war.

Second, the *feasibility* channel describes how oil wealth can increase the financial viability of armed groups. It is similar to the *subnational-government-as-target* mechanism in the sense that it also explains why oil increases the opportunities for financing the rebellion. However, the *feasibility* mechanism identified by the literature focuses on the capture of the natural resource in itself. The seizure may be direct, when armed groups hold control of a territory and are able to exploit oil or when the armed groups steal fuel and control its sale. The extraction of income from oil can also be

indirect, for example, when the armed groups extort the companies that operate the oil fields. However, the processes by which the *subnational-government-as-target* and *feasibility* mechanisms operate are different. The latter involves mainly the use of coercive strategies and may be carried out independently by the armed groups. The former requires both the use of coercive and non-coercive means and cannot be carried out without partnering with local politicians. Thus, looking back to the thesis' cases, the *feasibility* mechanism may explain the (coercive) strategies used by the ELN to extort oil companies and related businesses, but it does not explain the combination of coercive and non-coercive strategies used by the paramilitaries to seize oil royalties in Tolú and Coveñas.

Furthermore, the seizure of oil royalties through the political capture described in this section involves incurring in additional costs linked with the extraction of the revenue in itself (e.g. implementing mechanisms to divert the public funds). Additionally, while the extraction of oil income through violent actions may produce quick outcomes, there is a lag of time between the efforts to capture the subnational government and the actual seizure of oil royalties. Finally, the feasibility mechanism does not explain why the armed groups expand the array of victims (politicians, social leaders, journalists) when these organisations target oil royalties.

In sum, the thesis' case offer evidence in support of some of the mechanisms identified by the literature on the oil – conflict relationship. However, these mechanisms do not account for the processes triggered by oil revenues at the subnational level in Colombia. Based on the empirical evidence drawn from the cases, the thesis proposed a new mechanism termed *subnational-government-as-target*. The following section examines whether the main arguments about the mechanics of this mechanism may be generalised.

3. Generalisability of the proposed mechanism

Does the *subnational-government-as-target* mechanism contribute to explain the links between oil revenues and internal armed conflicts in other countries different than Colombia? Is it useful to explain the association between other resource revenues and armed conflict in Colombia and elsewhere? To answer these questions, I first present a stylised description of the contexts in which the mechanism ought to operate based on the lessons drawn from the Colombian cases studies.

First, the *subnational-government-as-target* mechanism may only operate in countries where the government is decentralised (politically, fiscally and administratively) and where subnational governments control a significant share of the oil-driven windfalls. Second, the flow of revenues accrued by the subnational governments should conform to three distinctive characteristics of oil revenues, discussed in chapter 3 of the thesis: (i) large sums of revenues, thus an attractive source of income for armed groups (scale); (ii) generated by the extraction of the resource and paid by private and/or state companies (source); and, (iii) a flow of income that is difficult to trace, generating opportunities for diverting the resources (opacity). These three characteristics may be shared by other types of resource revenues, such as the ones generated by large-scale operation of coal, nickel and gold mining. Third, the mechanism entails that the occurrence of electoral malpractices are feasible (e.g. vote buying, coercion of voters), hence the mechanism will operate in contexts with democratic institutions but weak electoral integrity.⁴¹⁷ Finally,

⁴¹⁷ While the concept of “electoral integrity” encompasses different aspects of the quality of elections, this thesis follows Norris’s (2018, 494) broad definition: “whether electoral procedures meet agreed-upon international conventions and global norms, applying universally to all countries worldwide through the election cycle, including during the pre-election period, the campaign, polling day, and its aftermath.”

due to the high costs of extracting oil revenues from the subnational governments, the mechanism will most likely operate in contexts where armed conflicts are already ongoing. In other words, the *subnational-government-as-target* mechanism may work in countries in which the capacity to use organised violence already exists, whether in the areas where oil is discovered or in other areas of the country.

3.1 Mineral royalties in Colombia

Before examining other countries with such a context, let's first consider whether there is evidence that the mechanism operated in Colombia with regards to other resource revenues that share the main features of oil revenues (scale, source and opacity). The answer is yes: the revenues generated by large-scale coal and nickel exploitation appeared to trigger similar processes of subnational capture by armed groups with the objective of seizing mineral royalties.

The *subnational-government-as-target* mechanism operated in municipalities with open-pit coal extraction located in Cesar department. Barrera (2014) reported that the incumbent armed groups, mainly ELN and AUC, contested the seizure of mineral royalties since the late 1990s. According to Barrera (2014), both armed groups interfered with the subnational electoral processes and partnered with local politicians, contractors and public officials to embezzle the public funds. In particular, Barrera (2014, 310) mentioned the case of Jagua de Ibirico where “the abundance of royalties transformed the municipality into an invaluable booty destined to fill the coffers of the unit's commanders and the local politicians, and above all to strengthen the paramilitary structures.”⁴¹⁸ A report of the National Centre of Historical Memory (CNMH 2016b), concluded that the

⁴¹⁸ Sánchez, Mejía & Herrera (2005) offer a similar account on the diversion of royalties to armed groups through a political capture.

paramilitaries established a “system” to embezzle the mineral royalties in complicity with politicians and businessmen in Cesar department.⁴¹⁹

More recently, Quiroga (2018, 220) also reported with respect to Cesar department, that the paramilitary groups partnered with local politicians, subsequently captured subnational governments, and “systematically plundered coal royalties”. According to Quiroga (2018, 221), a former leader of the paramilitary group that operated in Cesar department stated: “The only mayoralty that interested us and was worth it was the one of Jagua de Ibirico, because it was where money was managed, and from there we could finance.”

My interviews to a representative from a mining business association, a legal advisor of coal mining companies in the north of Colombia, a researcher who conducted fieldwork in Cesar, a former DNP’s senior official, and a civic leader from Jagua de Ibirico municipality also suggest that armed groups instrumented a political capture in the coal mining municipalities of Cesar with the objective of seizing mineral royalties.⁴²⁰

Aside from coal, the mineral royalties generated by the large-scale production of nickel in the municipality of Montelíbano, in Córdoba department, also appeared to have an incidence on the dynamics of the armed conflict. According to Bernal (2018, 278), these royalties “nurtured the complex relationships between the political class and the illegal armed groups.” The testimonies and press reports collected by Bernal (2018) suggest that the paramilitaries partnered with local politicians with the objective of capturing the

⁴¹⁹ In Spanish, the acronym CNMH stands for *Centro Nacional de Memoria Histórica*.

⁴²⁰ Interviews 6, 15, 47, 59 and 68.

subnational governments and diverting mineral royalties to the coffers of the armed group.

In sum, the mineral revenues generated by large-scale production of coal and nickel in Colombia also appeared to trigger the *subnational-government-as-target* mechanism.⁴²¹

Is the mechanism generalisable to other contexts different than Colombia? The following sub-section addresses this question.

3.2 Oil revenues in other countries

In Nigeria, subnational governments accrued significant oil revenues during periods of time when internal armed conflicts were active.⁴²² The secondary literature suggests that in the last two decades the *subnational-government-as-target* mechanism may have operated in Nigeria. Since its independence in 1960, Nigeria became a federal country with a centralised fiscal framework. The bulk of the oil revenues were controlled by federal government, but the latter transferred a sizeable share of oil revenues to states of producing and non-producing regions (Bird 2012; Wantchekon and Asadurian 2012).

Since the 1970s, the subnational governments in Nigeria have been highly dependent on this source of income. Although the formulas used to calculate these transfers have been modified several times over the last four decades over half of the oil revenues were shared

⁴²¹ The reason why the gold sector is not included in this list is because its contribution to royalties and, in general to taxes, is very small in comparison to coal and nickel. The bulk of Colombia's gold production is not formal and illegal extraction of this precious mineral, linked to organised crime, is growing (Rettberg and Ortiz-Riomalo 2016). According to the Mining Census of 2010, around 87% of the gold exploitation units operate without complying with minimum legal requirements, such as operating with a mining title (Defensoría del Pueblo 2010).

⁴²² The first two post-independence insurrections in Nigeria were secessionist attempts that occurred between 1966 and 1970. The armed struggles took place in two oil-rich areas, Biafra and the region of the Niger Delta.

with state and local governments (Ahmad and Mottu 2002; Bauer et al. 2016; Bird 2012; NRG 2017; Wantchekon and Asadurian 2012). However, between 1970 and 1999, the country lived during long periods of time under the rule of military juntas rather than in democracy. Hence, in this context, the *subnational-government-as-target* mechanism would not be expected to operate since the channel involves the interference with local electoral processes.⁴²³

With the enactment of the 1999 Constitution, democracy returned to Nigeria and also the elections of state and local authorities (P. Collier and Vicente 2014). However, the elections of local government councils have been conducted irregularly, not periodically, by the state governments. According to Kyburz (2017), state governors have withheld local elections with the objective of appointing “caretaker committees” and, subsequently, controlling local oil revenues. Furthermore, Kyburz (2017) concluded that the “political capture” of local governments by the state’s governors supported the presence of a “local political resource curse” in Nigeria.

Aside from the opportunistic behaviour of state governors, were subnational oil revenues linked with processes of violence in Nigeria? Since the late 1990s, new outbreaks of violence occurred in the Niger Delta region, generated by armed groups that engaged in sabotage, extortion of oil companies and oil bunkering (Le Billon 2013; Nwajiaku-Dahou 2012; Tantua, Devine, and Maconachie 2018).⁴²⁴ Aside from the mechanisms that lead to the direct capture of oil wealth, the new armed organisations that emerged in the Niger Delta were also involved in “electoral violence”. According to Le Billon (2013, 81):

⁴²³ However, other channels identified by the literature did operate in Nigeria during that period of time, as it was briefly mentioned in chapter 2 of the thesis.

⁴²⁴ However, Nwajiaku-Dahou (2012) rightly argued that the rebellion in the Niger Delta cannot be explained solely by the presence of oil. She argued that the violence in this oil-producing region was multi-causal, which included the repressive strategies of the Nigerian state.

“This shift to (particularly youth) militancy was exacerbated by intra- and inter-community conflicts, particularly over access to oil revenue, through territorial and chieftaincy claims, and a move to democracy in 1999 that brought in electoral violence in which competing politicians hired (and later protected) militant groups.”

The case study by Tantua et al. (2018) on oil governance in the Niger Delta, also reported that militias and local politicians coalesced in elections: the armed groups used violence to interfere with elections, to benefit their political partners, in exchange of opportunities to access oil resources. Tantua et al. (2018, 5) concluded: “With guns and money often received from political elites in exchange for other favours such as electoral support, militant leaders are in a strong position to venture into new spaces of power and governance.” Similarly, Watts (2007) and Nwajiaku-Dahou (2012, 306) also reported that “politicians have sponsored and armed militant groups for electoral and rent-seeking purposes”.

Beyond the Niger Delta, other studies have also found an association between oil and conflict in other areas of Nigeria. Drawing from an econometric based study that exploited Nigeria’s subnational variation, Fetzer and Kyburz (2018) also reported that oil revenues (rather than oil production itself) was positively associated with (low intensity, selective) political violence.⁴²⁵

⁴²⁵ However, they also found that areas where local governments were appointed, rather than elected, were less prone to this type of violence. Their interpretation of this outcome, based on anecdotal evidence, is that “when local governments are appointed, these appointments are skewed towards the ethnicity of the state governor” (Fetzer and Kyburz 2018, 6).

The literature offers mixed evidence on whether the violence mostly came from incumbents or from the opposition. Based on a field experiment and surveys carried out just before Nigeria's 2007 national and state elections, Collier and Vicente (2014, 347) argued that "political violence may be more closely associated with local contests – indeed, a large share of the Nigerian oil revenues are channelled to state-level budgets managed by governors." Furthermore, Collier and Vicente (2014) reported that an anti-violence campaign (the treatment of their experiment), benefited more the incumbent politicians rather than their contenders. Based on these results and on anecdotal evidence, they interpreted that the political intimidation practices were predominantly linked to non-incumbent (marginal) political groups, while incumbents relied on vote buying and vote miscounting. In contrast, the qualitative study of Onapajo (2014) which examined the 2007 elections and the 2009 elections in the state of Ekiti, reported that incumbents were more associated to the use of violent and non-violent strategies to rig elections. Onapajo (2014, 46) concluded that the "incumbent party was more associated with pre-election and election-day violence, which had the capacity to influence elections, while the opposition led in terms of post-election violence".

In summary, the secondary literature on Nigeria suggests that the dynamics between oil revenues, politicians and armed groups were similar to the mechanics of the *subnational-government-as-target* mechanism proposed in this thesis. However, confirming this proposition requires further study of the Nigerian case. Other countries that coupled active internal armed conflicts and decentralised management of resource revenues, such as India and Indonesia, merit further investigation as well.⁴²⁶

⁴²⁶ In the case of India, Hoelscher et al. (2012), Kennedy (2015), and Mahadevan (2012) reported that the Maoist guerrillas extorted companies that exploited natural resources, particularly large mining companies (especially since the mid 1990s). In Indonesia, oil wealth played a key role in two secessionist conflicts that occurred in the provinces of East Timor and Aceh (Collier & Hoeffler, 2002; Le Billon, 2013; Ross, 2005). According to Le Billon (2013, p. 73), the presence of oil was had "an important role in the political imaginary of secessionist groups as a means of securing the economic independence of their future state."

Conclusions

The first section of this chapter discussed the main findings and insights derived from the cases with regards to the association between oil revenues and the onset, intensity and duration of armed conflict at the subnational level in Colombia. While oil revenues were not the main driver of the emergence (funding) or the arrival of armed groups into the oil territories, the evidence suggests that the availability of this source of income had an incidence on the strategies pursued by armed groups. More specifically, the armed groups used armed force against civilians to interfere with the local electoral processes and access oil revenues.

With regards to conflict intensity, the pursuit of the oil revenues managed by subnational governments through the political capture of the municipality appeared to diversify the number and types of civilian victims targeted by armed groups. The strategy of political capture of the municipality, instrumented by the armed groups in partnership with local politicians through a combination of coercive and non-coercive strategies, had a negative effect over civilians who were participated in electoral processes (politicians, brokers, voters) and with civilians who directly or indirectly involved in the management or oversight of oil revenues (public officials, civil society leaders, journalists). Additionally,

In the case of East Timor, the secession struggle started in 1975 and finalised in 1999 with a province-wide referendum that decided its independence (Ross, 2005). In the province of Aceh the outbreak of the struggle for independence in 1976 was directly linked with a controversy over an contract to exploit the natural gas discovered in 1971 (Collier & Hoeffler, 2002; Ross, 2005). However, the first insurrection was weak and lasted only until 1979. However, in two new waves of the separatist conflict (since 1990 and 1999, respectively) the armed group was able to extract funds from extorting the extractive companies (Ross, 2005). The management of oil revenues in Indonesia was totally centralised until 2000. In 2001, decentralisation reforms came into effect and since then significant revenues have been transferred to the subnational governments. Moreover, the region of Aceh (and other producing regions) benefitted from special arrangements with the national government that secured its subnational government 70% of oil revenues from 2002-2011 and then 50% from 2012 onwards (Ahmad & Mottu, 2002; Bauer, Gankhuyag, Manley, Venugopal, & Halling, 2016).

the presence of multiple armed groups in the territory led to an escalation of the conflict due to the contestation of the political capture.

The cases, however, did not provide support for a clear association between oil revenues and the nature of violence (selective or indiscriminate). Also, other factors that were unrelated to oil appeared to have a stronger incidence on the conflict's severity than oil revenues. Hence, the evidence discussed in this thesis suggests that the association between oil revenues and the conflict's intensity was tenuous.

The evidence on the impact of oil revenues on the duration of the armed conflict at the subnational suggested that its effects were mixed. On one hand, the oil revenues sustained the activities of the armed groups in the oil areas and financed their expansion into other regions. Moreover, the access to oil revenues through the political capture of the armed groups appeared to incentivise the appearance of local dissident groups that opposed the national peace processes between their organisations and the national government. On the other hand, the availability of this source of income did not bar the implementation of peace-making processes and subsequent demobilisation of the majority of the fighters. Additionally, oil revenues also contributed to finance the strengthening of the state's public forces, which intervened with greater power at the subnational level in oil-strategic areas, thereby contributing to tilt the balance of power in favour of the state.

The second section of this chapter explained the mechanics of the *subnational-government-as-target* mechanism and why the pathways previously theorised by the literature fell short at explaining the association between oil revenues and the dynamics of the internal armed conflict in Colombia. In short, the proposed mechanism consists on a political capture of the subnational government carried out by coalitions of armed

groups and local politicians. The sub-state capture is instrumented through a mix of violent and non-violent strategies that interfered with the supply- and demand-sides of local politics. The partnership operated in a *quid pro quo* basis: the armed groups facilitated politicians to reach office in exchange of having influence or even controlling the municipality's public investment management (with the ultimate objective of diverting public funds).

The final section of this chapter discussed the generalisability of the *subnational-government-as-target* mechanism. First, the section argued that coal and nickel royalties, a source of income that shares similar features with oil royalties (scale, source and opacity), appeared to generate similar dynamics in Colombia as the ones identified with respect to the *subnational-government-as-target* mechanism. Then, the section discussed the secondary literature of the Nigerian case, where internal armed conflicts took place in a context in which subnational governments accrued windfalls of oil revenues. In Nigeria, the partnership between local politicians and armed groups with the objective of rigging elections and accessing oil revenues seemed similar to the mechanics of the *subnational-government-as-target* mechanism. Further investigation of Nigeria and other resource-rich countries, such as India and Indonesia, is required to reach more convincing conclusions about the generalisability of the mechanism proposed in this thesis.

The “resource curse” literature has explored the impact of natural resource abundance and dependence, including its incidence on the onset, intensity and duration of internal armed conflicts. However, much uncertainty exists on the pathways that explain the association between oil wealth and armed conflict. This thesis contributed to this scholarship by unveiling the processes that underlie the oil-conflict relationship at the

subnational level. Additionally, this thesis aimed at revealing the political processes behind that connection.

What's new about the approach undertaken to carry out this doctoral research? To the best of my knowledge, none of the published qualitative works on the political economy of oil in Colombia fulfilled concurrently the following characteristics: (i) a comparative case study design coupled with process-tracing, (ii) scaling down the unit of analysis to the municipal level, (iii) analyse novel qualitative data collected through fieldwork in the studied areas, and, (iv) examine cases beyond the main oil producing area of Colombia (*Los Llanos*).

The main contribution of this thesis consists on explaining how oil revenues triggered the proposed mechanism and why the processes associated with it contributed to explain the incidence of oil revenues on the onset, intensity and duration of the armed conflict at the subnational level in Colombia. Additionally, this thesis hypothesised the operation of a new mechanism that that contributes to explain how oil revenues may have an incidence – through the dynamics of the armed conflict – on the public policy and management at the subnational level.

In sum, the *subnational-government-as-target* mechanism, as a channel that may explain the oil-conflict relationship, may be pertinent for contributing to filling gaps of the resource curse literature. Furthermore, it may also shed light on the formulation and implementation of policies for managing resources revenues in countries with on-going armed conflicts or that have recently achieved post-conflict. The last chapter of the thesis discusses main policy implications that may derived from this thesis.

Chapter 7 – Policy implications

Introduction

The policy debate on the governance and management of natural resource revenues is still active and pertinent in Colombia. Moreover, the internal armed conflict has not entirely muted. This thesis offers a cautionary tale about decentralisation of resource revenues and their concentration in producing areas while an armed conflict is still ongoing. Building on the main findings presented in the thesis' empirical chapters, this chapter offers policy implications about the decentralised management of natural resources and, more generally, about sub-state capacity, public management and accountability.

The chapter has two sections. The first one draws policy implications from the research on three areas: (i) decentralisation processes in contexts of internal armed conflicts, particularly with regards to the management of natural resources; (ii) sub-state strength, particularly regarding public investment management; and (iii) local accountability and electoral integrity. The last section of the chapter describes the limitation of the research and proposes future avenues of research.

1. Addressing the roots of the problems

Epicurus said, over 2,300 years ago, that “being rich does not alleviate our worries: it changes them.”⁴²⁷ Something similar may occur with oil bonanzas: the expectations of benefitting from the riches that oil exploitation may bring, are often clouded by new

⁴²⁷ Cited by Montaigne (1991, 66).

problems linked with economic, political and social dynamics that are unleashed even before the first barrel is extracted. The early literature on the “resource curse” depicted the problems generated by natural resources, especially oil and minerals, in a deterministic way. More than two decades later, this vision has been succeeded by a vigorous flow of works that reported convincing evidence on the conditional effects of the abundance and dependence on natural resources.

The discovery oil wealth often generates new challenges and burdens for societies and governments, but the negative effects can be mitigated and are not inevitable. Something similar may be said about the oil-conflict relationship. This section presents the policy implications derived from the main findings of the thesis’ cases.

1.1 Decentralised management of resource revenues

The trajectories of the cases studied in this thesis depict the risks of transferring large sums of resource revenues to subnational governments in areas where armed groups are active. After these governments started controlling oil royalties, armed groups shifted their efforts towards the seizure of public funds by taking over local democracy. Researchers like Eaton (2006), Sánchez and Palau (2006), and Rettberg and Prieto (2018), also warned about the downsides of the decentralisation process in Colombia with regards to the armed conflict.⁴²⁸ In sum, they argued that decentralisation appeared to intensify the dispute of local political power by armed groups in areas where the national state did not have the monopoly of force. The concrete risk, identified by the cited researchers and

⁴²⁸ Recent research on the nature and causes of violence in Latin America and the Caribbean, contended that new forms of violence emerged with the democratisation and decentralisation processes. In certain contexts, like the Colombian one, these processes favoured criminal groups that captured local resources and power (Hilgers and Macdonald 2017a).

also reported in this thesis, was that the transfer of political and economic resources to subnational governments may motivate armed groups to attempt the seizure of those revenues to sustain their armed struggle.

However, the evidence on the pitfalls of political, fiscal and administrative decentralisation does not necessarily mean that oil revenues must be managed directly by the central state. The central state should accompany the subnational management of oil revenues and, as in Colombia, can participate in some stages of the sub-state investment processes.⁴²⁹ Restricting or denying oil regions the opportunity to develop their local democracies and the much-needed funds would probably be counterproductive. Instead, these regions need further support from the central state to protect their local democracies from armed groups and build-up sub-state capacities to turn the resource booms into blessings. The evidence from this research suggests that the subnational governments of oil areas have to deal with burdens that are directly and indirectly caused by the exploitation of natural resources in their regions. The specific challenges generated by natural resources justify that central states implement tailor-made policies for oil rich subnational governments.

What should be done? Most of the literature has focused on proposing policies that are directly related with the decentralised management of resource revenues. Tighter controls and greater transparency in the management of oil and mineral revenues, for example, are the type of policy recommendations that supra-national and civil society organisations have promoted for resource rich governments. In fact, over the last three decades, the Colombian central state has attempted to increase the control of the use of these revenues

⁴²⁹ The World Bank (2014) argued that the recent reforms that recentralised the management of natural resource revenues, particularly in Latin American countries, does not necessarily “damage” subnational governments. The argument was that in these cases, the re-centralisation was not coupled with the reduction in the share of funds accrued by subnational governments.

at the subnational level through successive reforms that granted powers of oversight to at least three different national agencies.

However, the main policy insight drawn from this doctoral research points elsewhere: central states should not overlook the basic blocks that sustain the rule of law and democracy in oil rich areas. Let me explain this policy implication through an analogy about learning how to swim. Breathing is one of the greatest challenges that a beginner faces: getting enough oxygen is essential to stay afloat. It may seem apparent that breathing properly requires to focus mostly on the position of the head and angle of the mouth. However, an efficient breathing technique demands more than focusing on the intake of the “resource”: the swimmer must also control his or her body position, posture, stroke, and leg kick to avoid sinking and facilitate the lifting of the head to find air. Conversely, the decentralised management of natural resources requires sound policies regarding the collection, distribution, and deployment of resource revenues. But ensuring that these revenues are adequately used by subnational governments and preventing the diversion of public funds to armed groups demands more than creating ad-hoc controls and management systems for royalties. The challenges faced by the subnational governments in oil areas require the strengthening of the fundamental elements of local democracy and the rule of law.

One of the main findings from 2017’s Resource Governance Index (RGI), supports the point made in the preceding paragraphs: there is a significant gap between the requirements established by regulations on the management of natural resources and what governments actually implement (NRGI 2017). In other words, countries often fail to follow their own rules and, perhaps not surprisingly, the biggest gaps are exhibited by countries that had the worst overall governance scores (NRGI 2017, 15). This finding

must be assessed carefully. It does not necessarily mean that resource abundance and/or dependency generates weaker institutions. An alternative explanation, convincingly supported by the evidence presented by Ross (2012), is that the policy failures of oil states are not the result of weaker institutions but rather that these states require stronger governments than usual. Oil states, have more arduous and onerous tasks than non-oil producers, particularly regarding the management of oil revenues.

This also explains why subnational governments of “oil areas” should receive additional support from the central state. The majority of natural resource abundant countries and regions face a “catch-22” type of challenge: those who need the most robust economic and political institutions to deal with abundance, are precisely the ones who will be least likely to strengthen their institutions due to the additional burdens generated by oil and mineral wealth. Ross (2012, 231–32) terms this paradoxical situation the “irony of oil wealth”.

In sum, the cases of this thesis suggest that Colombia, and countries with analogous contexts, should pay special attention to the basic building blocks of local democracy and the rule of law. To prevent the capture of subnational governments and their oil revenues by armed groups requires the protection and reinforcement of the sub-state autonomy and capacity, horizontal and vertical accountability, and integrity of elections. The remaining pages of this section address these policy challenges based on the insights from the cases.

1.2 Sub-state strength: autonomy and capacity

In the cases studied in this research, two dimensions of the sub-state’s “strength” or “stateness” were particularly imperilled by the armed groups that sought to seize the oil

revenues: the *sub-state autonomy* and *sub-state capacity*.⁴³⁰ These two dimensions of stateness appeared to be negatively affected by the failure of the national state to impose its monopoly of force. The efforts of the Colombian national state focused on protecting the oil infrastructure rather than consolidating its presence in the territory. The weak reach of the central state's public forces often left the subnational public officials, politicians, social leaders and journalists, at the mercy of armed groups. These civilians were threatened and murdered by armed groups that aimed at controlling, militarily and politically, the oil areas. Protecting the civilian leaders should be a top priority of the national state, particularly in places where it is riskier to participate in public affairs, such as the oil areas.

With regards to the specific dimension of the *subnational state's autonomy*, this thesis contends that the armed groups attempted (and often succeeded) at coercing, influencing, co-opting or even capturing the subnational governments. This interference appeared to undermine the sub-state's capacity to carry out its public investment processes autonomously. In other words, the cases suggest that oil areas face a higher risk that violence captures local politicians and that the interests of armed groups are imposed at the subnational level.

If organised violence captures local politics, it is likely that this will have a negative incidence on public management at the subnational level. The process of sub-state capture identified in this thesis, may contribute to explain why public management in oil areas, particularly regarding public spending, underperformed with respect to their non-

⁴³⁰ By "state autonomy" I refer to the state's capacity to define and implement public policies autonomously from economic, social and other non-state groups (e.g. such as armed groups) (Giraudy 2012; Skocpol 1985; Mazzuca 2012). Additionally, I follow Skocpol's (1985) broad definition of "state capacity" as the capacities of states to implement policies. There are other dimensions of stateness such as the state's territorial reach (Giraudy 2012; Kurtz and Schrank 2012), the state's legitimacy (Kurtz and Schrank 2012; Mazzuca 2012), and the monopoly of force (Kurtz and Schrank 2012).

producing sub-state peers. Recall that when the *subnational-government-as-target* mechanism operates, the dyad *politicians – armed groups* work as a joint venture whereby each side cooperate to pursue a strategic objective. While the former aim at gaining competitive advantage in elections, the latter seeks to increase its capacity of extracting rents in the territory, particularly oil royalties. Once politicians reached office the armed groups expect the former to meet their end of the deal: tolerating or facilitating the interference of the armed group in the sub-state's public administration processes and decisions. The influence or interference of armed groups in public management decisions operated through, at least, two mechanisms that were linked: the appointment of key public officials and the processes to invest public resources. In practice, both interventions affected the selection of contractors in public procurement processes. The influence of armed groups on these aspects of public management enhanced their capacity to capture oil revenues.

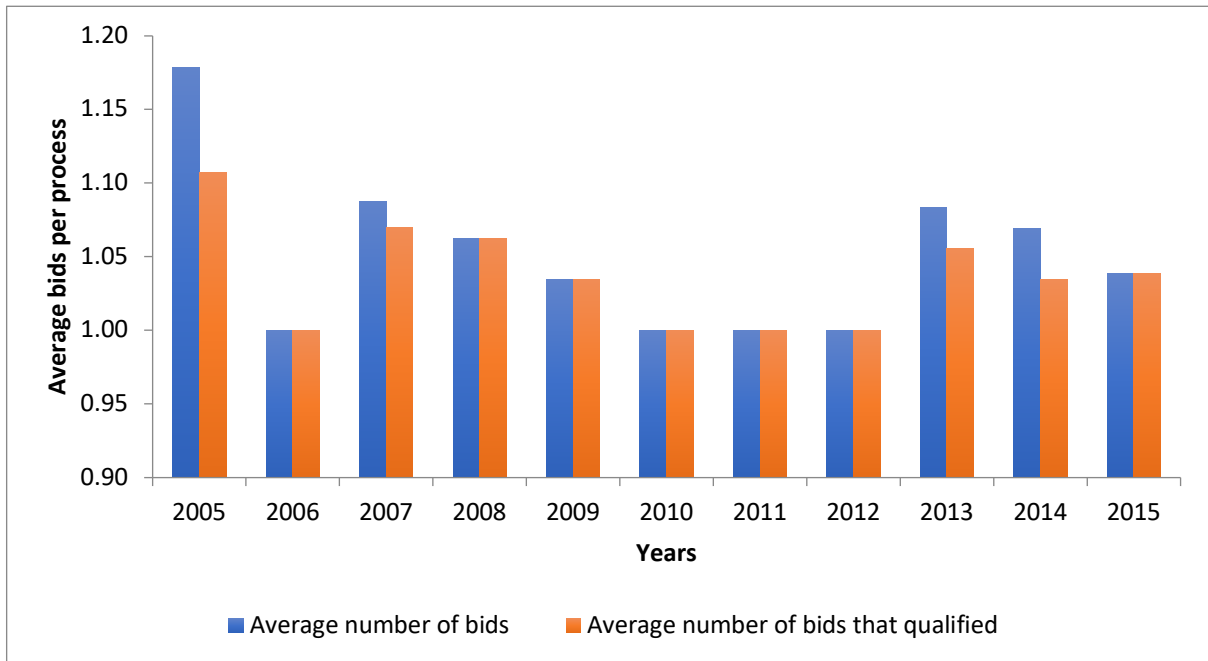
In addition to diminishing the state's autonomy, the strategy of armed groups in oil areas also appeared to curtail the *sub-state capacity*. In particular, the process of political capture may have contributed to hinder the improvement of the subnational state's capacity to invest. More specifically, the interaction among politicians, subnational government's contractors armed groups may have an incidence on the sub-state's capacity to build capabilities for public investment projects. When the cases studied in this research received their oil-driven windfall, their municipal government had little or no experience in public investment management. A sound management of the oil revenues required strengthening this sub-state organisations. But pursuing this objective was more difficult in a context where the armed groups, factions of politicians and some contractors webbed a vicious circle whereby each leveraged the other to get a "slice" of the oil royalties.

As it was explained in the empirical chapters of the thesis, it was not uncommon that the procurement processes carried out by the subnational governments were influenced or interfered by the armed groups. Public procurement processes are a key mechanism, for any state, to maximise the use of government's revenues; the basic aim of these processes is to obtain the best value for the resources deployed by governments. One indicator of the quality of such processes is the competitiveness among potential contractors that participate by presenting bids. The cases of this thesis exhibit lack of effective competition among contractors in the subnational governments' procurement processes.

For example, between 2005 and 2015, the open bidding processes (*licitaciones públicas*) carried out by Arauca's municipal government appeared to be a mere formality rather than an instrument to promote competition among bidders. In 310 bidding processes that took place between 2005 and 2015, the average number of offers per process was 1.05 and the highest average in a single year was 1.18 (**Figure 47**). The figure is even smaller, if one only considers those bids that "qualified" according to the standards of the mayoralty: 1.04.⁴³¹

⁴³¹ In the case of Arauca, there is very small variation in the yearly average number of bids per procurement process covered in this period (which covers three different mayors). Furthermore, there is only one observation in which three offers were submitted to the mayoralty of Arauca in an open public bidding process (and one of the offers was unqualified). Hence, in practice, the concurrence of bidders was extremely limited and there was almost no competition in a decade of open public bidding processes in Arauca. Furthermore, a recent study from the *Colombian Chamber of Infrastructure* (CCI) found that in 2016, Arauca had the lowest average number of bids per open bidding process (1 bid) among the capitals of Colombian departments (El Espectador 2017).

Figure 47 – Average number of bids per open public tendering procurement processes in Arauca, 2005-2015



Source: Own calculations based on CCE (2017)⁴³²

The competitiveness of open public bidding processes in the other cases were not significantly better: the average number of bids that qualified, between 2007 and 2015, in Coveñas was 1.42.⁴³³ Additionally, the qualitative evidence suggests that procurement processes were not always used to attract and select the most suitable contractors through competitive processes. The judicial rulings, press reports and testimonies from interviewees suggested that the rigging of the procurement processes was not infrequent.

However, a robust conclusion about the causes for the low concurrence of bidders and low competition in procurement in oil areas requires additional research. The level of

⁴³² The data on the procurement processes at the subnational level is only available after 2005. Processing the data of Arauca and Coveñas required coding, manually, each of the procurement processes. To process the data of the other thousand municipalities would require hiring an “army” of coders or using algorithms (*web scrapping*) to capture and process literally millions of minutes of procurement processes that state the number of bids that were presented in each proceeding. The latter is not possible due to technical barriers of CCE’s platform.

⁴³³ Own calculations based on CCE (2017).

concurrency in the procurement processes of the cases appeared to be lower than the municipal average. However, it is worth noting that reports from state agencies, the media and civil society organisations suggest that low contestability in open public bidding processes is a nation-wide problem, particularly at the subnational level (Meléndez 2015). The Society of Colombian Engineers published data on a sample of open tendering processes in Colombian municipalities during 2014 and reported that only 61 of them (mostly capital cities) had an average number of bids (per public bidding process) that was equal or above to 2.0 (SCI 2015). There are other alternative explanations that merit further inquiry. For example, it is likely that the awareness of the uneven and dangerous conditions for bidders to participate in the procurement processes carried out by the subnational governments of the cases, prevented companies from other regions of Colombia to concur. Additionally, the oil producing areas are more distant from the main cities of Colombia and in some cases their road connections to the economic centres of the country are very poor. This generates a barrier of entry to the bidding process, both in terms of the participation in the process itself and the higher costs of providing goods and services for companies located outside the oil area.

The challenges of public investment management in oil rich regions justify the implementation of a programme that aims at strengthening local capabilities and preventing irregularities in the procurement processes at the subnational level. More specifically, the strategy should be designed and jointly implemented by the national competition authority (in charge of investigating bid rigging), the national government organisation that promotes the efficiency in procurement processes (CCE), the directions of the National Planning Unit (DNP) in charge of overseeing the management of oil royalties, and national judiciary and non-judiciary (CGR and PGN) watch-dogs.

1.3 Local accountability and electoral integrity

In the cases studied in this research, the use of organised violence by armed groups against politicians, civil society leaders, journalists and the harassment of oversight authorities threatened *horizontal* and *vertical accountability*. Often the attempts of civilians to control subnational power, particularly regarding the management of oil royalties, were countered with sabotage, threats and murders. Furthermore, the political capture of the local democracy involved the interference of electoral processes through violent and non-violent means, thereby undermining electoral integrity at the subnational level. In sum, the attacks of the armed groups constrained the strengthening and operation of formal and social accountability organisations in the oil areas.

With regards to *horizontal accountability*, this section focuses on the role of the judiciary. The judicial rulings of Colombian courts were a key source of qualitative evidence used in this research. The rulings reconstructed how the armed groups operated in oil rich areas, their partnerships with local politicians, and the victimisation of civilians. In brief, the decisions of the criminal courts offered key evidence on the operation of the *subnational-government-as-target* mechanism in oil regions. The fact that this source of evidence was available suggests that the central state was not absolutely absent in the cases studied in the research. In fact, several regional politicians who partnered with guerrillas and paramilitaries were captured and sentenced to prison by Colombian tribunals.

However, there were two notorious shortcomings in the enforcement of the law in the studied oil areas. First, the intervention of the judiciary was often not timely and, therefore, did not prevent that political associates of the armed groups to reach office or

embezzle public funds. In spite of the early alarms and denunciations, the majority of the investigations were initiated years after the wrongdoings had been committed. For example, the criminal processes against politicians of Arauca due to their links with armed groups only lifted off in the early 2000s, at least a decade after this type of conspiracies had started.

Additionally, most judicial decisions against the mayors or governors who were found guilty were effective after their respective term had finished. In fact, most of the judicial processes on conspiracies between politicians and armed groups finalised many years after the deeds occurred. The investigations of other national oversight agencies, such as the PGN and CGR, against the public officials that were involved in irregular activities, related to the management of oil revenues, also lacked celerity. Hence, the deterrence and prevention of the processes that led to the capture of local democracy and subnational governments require timely interventions of the judiciary and non-judiciary oversight authorities.

The second important shortcoming of law enforcement in the studied cases was that some of the local politicians who were jailed and sentenced to prison, due to their links with armed groups and/or embezzlement, continued influencing the local electoral processes. These powerful local politicians promoted their candidates and gave instructions to their political associates. Thus, the weakness of the penitentiary system undermined the effectiveness of the judicial punishments. In practice, the judicial rulings that established prison punishments did not prevent that the political networks who were or had been linked to the armed groups from maintaining their influence over local democracy.

In sum, the tardiness of the judicial system and the weak controls in jails, appeared to decrease the deterrence of criminal of punishments. Since the judicial and prison systems are centrally organised in Colombia, the national state was entirely responsible for improving these key components of the rule of law. This is another aspect in which the Colombian central state fell short in supporting the oil areas, which were particularly vulnerable. The increased vulnerability of oil areas justifies a greater investment in the capacity of judiciary and non-judiciary organisations in charge of law enforcement in these territories.

With regards to *vertical accountability*, the remaining pages will concentrate on the integrity of local electoral processes. In theory, informed citizens can collectively punish an incumbent government, politicians and/or political party through their voting decisions. This is one of the main theoretical arguments in favour of political decentralisation, especially regarding the direct election of the top executive authorities of subnational governments. However, resource windfalls may undermine the motivation of citizens to monitor public budgets and penalise incumbents who underperform (Laura Paler 2013).

The cases of this research did not support the hypothesis that citizens in oil-rich contexts are less informed and less interested in government performance than the citizens in non-producing areas. Instead, the qualitative evidence suggests that the population did care about the destination given to oil royalties by their subnational governments. The secession of Coveñas from Tolú is an extreme example of such interest. Ross's (2012, 69) conclusion on the topic resonates with my own findings: "Anyone familiar with oil-rich countries knows that their citizens care passionately about getting their fair share of these revenues."

The cases suggest that the challenges regarding vertical accountability in oil areas where the *subnational-government-as-target* operated were more complex than a mere lack of willingness to hold governments accountable. First, the violent interference of armed groups with electoral processes and their links with local politicians meant that the citizens' freedom to participate in public affairs was highly restricted. The use of coercion by armed groups occurred before, during and after electoral processes. In such a context, citizens are less capable of acting collectively to punish an incumbent involved in mismanagement or linked with armed groups. Hence, the protection of voters from the use of organised violence to influence the results of local electoral processes should be a priority.

Another important shortcoming of the electoral processes was the participation of the armed groups in local elections. Particularly, their involvement as political brokers in partnerships with local politicians. The concept of *armed clientelism* was first used by Peñate (1991, 1998) to describe the ELN's strategy to capture the political power in Arauca that consisted on combining the distribution of private benefits to communities with violent coercion.⁴³⁴ Subsequently, this concept was explicitly used by scholars who studied the Colombian armed conflict.⁴³⁵

However, Peñate (1991, 1998) did not develop a definition of the term that could transcend the specific case of the ELN in Arauca. Later, Rangel (1997, 56) defined armed clientelism as “the private appropriation of public goods through threat of arms.” Despite

⁴³⁴ While Peñate (1998) stated that the term was coined due to the suggestion of Malcolm Deas, his thesis advisor, the former attributes the idea to Peñate (Deas 2016) [personal communication].

⁴³⁵ For example, Castro (1998), Deas (2015), Eaton (2006), Pizarro Leongómez (2006), Rangel (1997), Rettberg and Prieto (2018), Rubio (2002), and Sánchez, Mejía & Herrera (2005), and Sánchez and Palau (2006), among others.

that some scholars have followed this definition (Eaton 2006, 535; Rubio 2002, 4), I will use a definition that builds on the broader concept of clientelism and that is complemented with the findings of my cases: *armed clientelism is a non-programmatic strategy of distributive politics in which armed groups operate as political brokers who offer positive and negative inducements targeted to voters with the objective of influencing their electoral behaviour.*

The effectiveness of brokers, in general, depends on their capacity to obtain detailed information about clients and to monitor their electoral behaviour (Stokes et al. 2013). The incumbent armed groups appeared to be particularly effective political brokers because they had the capacity of obtaining detailed information and appealing to people's needs (private benefits) and fears (coercion). Additionally, the negative or coercive inducements, which imply future losses for voters (including their own life), may be more powerful shapers of the voting behaviour than the offer of future gains (Mares and Young 2016). Hence, the politicians that partnered with armed groups had a significant advantage in elections. Moreover, since some local politicians used the armed groups to advance their own political objectives the relationship between the parties was symbiotic, rather than unilateral. Hence, the preservation of electoral integrity in these contexts requires that law enforcement agencies focus on cutting the links between armed groups and politicians. In particular, preventing the use of coercive strategies to influence voters and prosecuting the politicians that partner with armed groups that should be a top priority of law enforcers.

In sum, the local democracies and subnational governments of the cases studied in this research appeared to face specific challenges associated to oil-driven windfalls and the operation of the *subnational-government-as-target* mechanism. While there may be little

to do about the size of the “prize” sought by armed groups in oil areas (unless oil revenues were de-concentrated and/or re-centralised), the policy implications discussed in this chapter aim at increasing the costs of seizing the resources by armed groups and their political partners.

2. Limitations and future avenues of research

In the outset, this research aimed at examining questions about the quality of public investment management in oil-rich regions. However, the evidence collected and analysed during its early stages led me to follow another avenue of research: the mechanisms linking oil revenues and the armed conflict at the subnational level. The “empirical lantern” used in the thesis to address the research questions consisted on the close examination of Colombian municipalities that were struck by oil booms. Each case study included a detailed account of the context and history of the subnational unit before oil, a description of the characteristics of the oil windfall, a pre-post analysis of the use of violence by armed groups against civilians, and an interpretation of the mechanisms that linked oil wealth with organised violence.

This research does not escape the limitations of the small-N research, particularly through a case study approach. As it was thoroughly discussed in the first chapter of the thesis, case study research is better suited at generating hypotheses than testing them. Additionally, the researcher is less able to make strong claims about the generalisability of its findings (Gerring 2017). For example, this thesis does not allow us to learn whether oil revenues are a sufficient condition for armed conflict at the subnational level. Testing the analytical contributions presented in this thesis requires complementary large-N

studies that also scale down the unit of analysis to the subnational level and that are not limited to Colombia.

There is abundant room for additional research on the political economy of resource wealth and the armed conflict in Colombia. Further research could be done to investigate the association of oil revenues and the use of organised violence in other oil producing areas that have not been thoroughly investigated. This is the case of on-shore oil production in Putumayo department (in the south) and off-shore oil production La Guajira's department (in the north). Furthermore, as it was discussed in Chapter 6 of the thesis, the *subnational-government-as-target* mechanism appeared to operate in Colombian regions in which large-scale mining generated abundant mineral royalties.

Additionally, the findings of this thesis may be pertinent for other literatures beyond the “resource curse” scholarship. For example, with regards to the literature on distributional politics and clientelistic practices, further work is required to increase the “conceptual clarity” of the distinction between positive and negative strategies” and to examine the effectiveness of violent inducements (Mares and Young 2016, 284). A closer study of the role played by armed groups as political brokers in Colombian oil areas, and other regions of the country, could be a promising avenue of research.

The interference of armed groups in electoral processes is not an exclusive feature of resource abundant areas. The findings of this thesis resonate with recent developments of the literature on electoral integrity in the context of internal armed conflicts. For instance, this is the case of two novel concepts introduced by Staniland (2015): *militarised elections* and *electoral armed groups*. Staniland (2015, 695) defined militarised elections as “electoral environments in which at least two contenders for power use violence and

its threat to try to coerce or displace opponents, manipulate voting, and/or intimidate the press and other observers.” Additionally, he referred to electoral armed groups as “nonstate armed actors, linked to governments or oppositions, involved in militarized elections” (Staniland 2015, 695). Further research could be conducted to investigate the relationships between governments, politicians and armed groups that emerged in cases of “militarised elections” in Colombia.

More research could be useful to explain the relationship between politicians, internal warfare and corruption in resource-rich contexts. Reno (2000, 64) argued that in weak states governed through informal networks (“shadow states”), violence may “be integral to the exercise of power in a society.” In such contexts, especially when rulers relied on enclave economies, a patrimonial framework is created as a means of political control and violence is used to extract economic rents produced by enterprises and “ensure the continuity of assets and privilege to a group” (Reno 2000, 64).

Finally, the findings of this thesis are pertinent to the broader literature on the links between organised crime and politics. Recent research has identified processes that resemble armed clientelism in other countries, such as Brazil, Mexico and Jamaica. In these cases, economic rents different than oil and mineral revenues were at stake, such as the ones derived from drug-trafficking (Arias 2017; Hilgers and Macdonald 2017a; Ponce 2016). Further work is required to understand the political orders that emerge in contexts in which governance is shaped by the close links between criminal organisations and politicians and how the states may deal with this challenge.

Appendix 1 – Interviews

A. Preliminary fieldwork in Bogotá city

Interview Number	Description of the interviewee	Category	Date
1	Former Minister of Mines and Energy	Central government	05/12/2014
2	Former Director of the National Royalties Commission	Central government	13/07/2015
3	Former CGR official (mines & energy division)	National controlling agency	13/07/2015
4	DNP Royalties official	Central government	13/07/2015
5	Scholar	Scholar	15/07/2015
6	Mining companies' association representative	Extractive sector	17/07/2015
7	DNP Royalties official	Central government	17/07/2015
8	DNP Royalties official	Central government	21/07/2015
9	Oil transparency NGO staff	Civil society	21/07/2015
10	DNP Royalties senior official	Central government	22/07/2015
11	Scholar	Scholar	22/07/2015
12	NGO board of directors' member	Civil society	24/07/2015
13	Multilateral organisation senior staff	Multilateral	24/07/2015
14	Think tank staff	Civil society	27/07/2015
15	Legal advisor of extractive companies	Extractive sector	27/07/2015
16	Former director of coal mining company	Extractive sector	28/07/2015
17	DNP Royalties official	Central government	28/07/2015
18	Former director of the National Department of Statistics	Central government	28/07/2015
19	Former Minister of Finance	Central government	29/07/2015
20	DNP official	Central government	30/07/2015
21	Multilateral organisation worker	Multilateral	30/07/2015
22	Former CGR official	National controlling agency	31/07/2015
23	Former director of transparency NGO	Civil society	31/07/2015
24	DNP Royalties senior official	Central government	03/08/2015
25	DNP Royalties official	Central government	03/08/2015
26	DNP Royalties official	Central government	03/08/2015

27	Scholar	Scholar	04/08/2015
28	DNP Royalties advisor	Central government	05/08/2015
29	DNP researcher (territorial studies)	Central government	06/08/2015
30	DNP researcher (territorial studies)	Central government	06/08/2015
31	DNP researcher (territorial studies)	Central government	06/08/2015
32	Think Tank researcher	Civil society	10/08/2015
33	Scholar	Scholar	11/08/2015
34	Former Minister of Mines and Energy	Central government	11/08/2015
35	Vice-minister of Mines and Energy	Central government	12/08/2015
36	Mining company staff	Extractive sector	15/08/2015
37	DNP Royalties official	Central government	19/08/2015
38	DNP Royalties official	Central government	19/08/2015
39	CGR senior official (royalties division)	National controlling agency	19/08/2015
40	DNP senior advisor	Central government	21/08/2015
41	DNP Royalties senior official	Central government	24/08/2015
42	Former advisor of the Minister of Justice	Central government	24/08/2015
43	DNP official	Central government	24/08/2015
44	Ministry of Mines and Energy Royalties official	Central government	26/08/2015
45	Ministry of Mines and Energy Royalties official	Central government	26/08/2015
46	Colciencias Royalties official	Central government	27/08/2015
47	Scholar	Scholar	27/08/2015
48	Transparency NGO staff	Civil society	30/08/2015
49	Extractive companies' association representative	Extractive sector	03/09/2015
50	Civil Service Department (DAFP) official	Central government	14/09/2015
51	Civil Service Department (DAFP) senior official	Central government	14/09/2015
52	Scholar	Scholar	14/09/2015
53	Journalist (national)	Journalist	17/09/2015
54	Former secretary of finance of a subnational government in Cundinamarca department	Subnational government	22/09/2015
55	Think Tank researcher	Civil society	23/09/2015
56	DNP Royalties official	Central government	24/09/2015
57	Former CGR official (royalties division)	National controlling agency	25/09/2015

58	Former CGR official (royalties division) / Former DNP Royalties official	National controlling agency / Central government	25/09/2015
59	Former DNP Royalties senior official	Central government	28/09/2015
60	Oil companies' association representative	Extractive sector	29/09/2015
61	DNP Royalties official	Central government	29/09/2015
62	Vice-minister (asked for confidentiality of affiliation)	Central government	01/10/2015
63	DNP Royalties advisor	Central government	01/10/2015
64	DNP Royalties advisor	Central government	01/10/2015
65	Advisor at oil co's business association	Extractive sector	01/10/2015
66	Journalist (national)	Journalist	02/10/2015
67	Think Tank researcher	Civil society	11/11/2015
68	Civic leader from Jagua de Ibirico municipality (Cesar)	Civil society	27/01/2016
69	Civic leader from Buritica municipality (Antioquia)	Civil society	29/01/2016
70	Civic leader from Buritica municipality (Antioquia)	Civil society	29/01/2016
71	CGR official (royalties division)	National controlling agency	16/02/2016
72	Oil company worker	Extractive sector	02/03/2016
73	Member of the National Congress (Opposition Party)	Member of National Congress	05/04/2016
74	PGN official (mining and energy group)	National controlling agency	11/04/2016
75	PGN official (mining and energy group)	National controlling agency	11/04/2016

B. Fieldwork in the municipalities of Arauca, Sincelejo and Coveñas

Interview Number	Description of the interviewee	Category	Date
Arauca			
101	DNP regional royalties senior official	Central government	02/02/2016
102	DNP regional royalties official	Central government	02/02/2016
103	Civic leader from Arauca municipality (citizen oversight)	Civil society	02/02/2016

104	President of business association in Arauca	Civil society	04/02/2016
105	Arauca municipality official	Subnational government	04/02/2016
106	Civic leader from Arauca municipality	Civil society	04/02/2016
107	Former municipal and departmental official	Subnational government	05/02/2016
108	Former Secretary of Planning of Arauca	Subnational government	05/02/2016
109	Arauca departmental official (planning secretariat)	Subnational government	05/02/2016
110	Political analyst who works in local media	Journalist	05/02/2016
111	Former Secretary of Planning of Arauca	Subnational government	06/02/2016
112	Former departmental official	Subnational government	06/02/2016
113	Advisor of oil trade union	Civil society	08/02/2016
114	Oil trade union leader	Civil society	09/02/2016
115	Former member of Arauca's municipal council	Subnational government	09/02/2016
116	Civic leader from Arauca municipality (citizen oversight)	Civil society	09/02/2016
117	Advisor of local university linked to projects funded with oil royalties	Civil society	09/02/2016
118	Priest from the Catholic Church	Civil society	09/02/2016
119	Local radio journalist	Journalist	10/02/2016
120	Local journalist	Journalist	10/02/2016
121	Local radio journalist	Journalist	10/02/2016
122	Secretary of government of Arauca's governorate. Former member of the national congress, member of the department's assembly and municipal councillor	Subnational government	10/02/2016
123	Former member of Arauca's departmental assembly	Subnational government	10/02/2016
124	Researcher from think tank based in Bogotá that has researched Arauca	Scholar	11/02/2016
125	DNP regional royalties official	Central government	29/02/2016

126	Researcher from think tank based in Bogotá that is specialized on Arauca's armed conflict	Scholar	02/03/2016
Sincelejo and Coveñas			
161	DNP regional royalties senior official	Central government	08/03/2016
162	DNP regional royalties official	Central government	08/03/2016
163	Civic leader from Tolu municipality (citizen oversight)	Civil society	09/03/2016
164	Local journalist	Journalist	09/03/2016
165	Oil company worker	Extractive sector	10/03/2016
166	Sucre governorship civil servant	Subnational government	10/03/2016
167	Sucre governorship royalties official	Subnational government	11/03/2016
168	Civic leader from Sincelejo municipality (citizen oversight)	Civil society	11/03/2016
169	Editor of LSV (political news website) for the Caribbean	Journalist	11/03/2016
170	Former Governor of Sucre, former member of the Congress	Subnational government	14/03/2016
171	Coveñas mayoralty official	Subnational government	14/03/2016
172	Civic leader from Coveñas municipality	Civil society	14/03/2016
173	Chief of the Reparo Torrente indigenous reservation (Zenú community)	Civil society	15/03/2016
174	Director of the music bands at the house of culture	Civil society	15/03/2016
175	Local radio host	Journalist	16/03/2016
176	Civic leader from Coveñas municipality	Civil society	16/03/2016
177	Former director of taxes at Coveñas mayoralty	Subnational government	17/03/2016
178	Chief of the Afro Community Council Benkos Biohó	Civil society	17/03/2016
179	Professor at the house of culture	Civil society	18/03/2016

180	Journalist at Meridiano de Sucre newspaper	Journalist	19/03/2016
181	Former DNP royalties official	Subnational government	26/08/2016

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