

BEYOND THE PERIMETER FENCE: OIL AND ARMED CONFLICT IN CASANARE, COLOMBIA

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Introduction

This paper is about the complex relationship between oil and armed conflict and the role of the national and local state, multinational corporations, armed and civil actors. It focuses on the Department of Casanare, Colombia, where one of the largest discoveries of crude oil reserves in Latin America in two decades was made in 1991. It uses data from three field trips by the author in 1997, 2001 and 2002. It draws on other primary research on the impact of oil discoveries in the neighbouring Department of Arauca in the 1980s. The paper is a case study which illustrates the importance of detailed, empirically-based research and analysis as a complement to conceptual propositions in the field of resource and conflict studies. It contributes to the discussion on responses of multinational oil corporations to the complexity of contemporary armed conflict and why and how one corporation, British Petroleum, began to look “beyond the perimeter fence”.

A number of interesting propositions have been put forward in recent years by economists working on the complex correlations between resources and conflict and within these, the particular role of oil in conflict. A consensus is emerging that natural resources and conflict are positively correlated¹. Additionally, some argue that opportunity rather than motivation can account for the existence of either for-profit or not-for-profit rebels², and that oil as a non-lootable but obstructable commodity is likely to increase the duration and intensity of conflicts³. These propositions need further exploration through case studies. The emphasis of this case study is that it was not inevitable that oil should play the role it has ended up playing in the Colombian conflict. There were contingent contextual moments when appropriate action might have prevented the transformation or intensification of conflict as a result of the presence of oil. This chapter identifies some of those key moments in two oil-rich regions of Colombia: Arauca and Casanare. It argues that policy failure can account for opportunity as much as the presence of the resource⁴.

Colombia, unlike many regions of the South where oil is found, has a relatively sophisticated level of institutionality, a constitutional framework and a significant middle class and professional sector. It therefore offers possibilities for action which are inconceivable in some contexts. Once the predation capacity of armed groups reaches a certain point, patterns of conflict can be transformed very rapidly beyond the control of even the most sophisticated policy interventions. The challenge is whether it is possible to prevent the rise of organised

predation through extortion before it becomes more the norm than the exercise of authority by civilian institutions, and in turn contaminates and undermines those institutions.⁵

This case study of Casanare illustrates the dilemmas that confront multinational oil companies when they enter a region without full knowledge and understanding of the socio-political environmental context. They can contribute unwittingly to the escalation of the predatory dynamics already in play as a result of prior policy failure. In the course of the 1990s, oil companies operating in Colombia have been forced to acknowledge the importance of these socio-political environmental factors and seek options for manoeuvre in the midst of deepening violence. British Petroleum in Casanare was one of the first to recognise that they needed to recognise early mistakes and look “beyond the perimeter fence”.

The case of BP in Casanare illustrates the shift that has begun to take place, albeit unevenly, in multinational oil company thinking and behaviour. It illustrates how one multinational oil company is confronting and adapting to the instability and dangers of extraction in the post-Cold War world. This in turn raises issues around local-nation state-global economic dynamics. In regions once known as the “Third World”, the state and nation building project remained incomplete just as economic forces were liberated from the direction of the state both in ideological/discursive as well as real policy terms. The dominant economic philosophy has since been to stress the positive contribution to national and global economic growth when markets allocate resources freely and the private sector pursues its interests without interference. Subsequent thinking has brought the state back into the picture for governance purposes, but the task of “good governance” has proved very elusive in contexts where the normative basis for co-existence in a territory are weakly developed ie there is no positive value invested in building the conditions for living together. The failure of the national and local state in Colombia to build, promote and defend a basis for co-existence, allowed the oil resource of first Arauca and then Casanare to interact with its socio-political environment in a way that contributed to decomposition rather than articulation of social forces around a governance project. Ineffective and undemocratic local, national and international regulatory institutions do not foster legal forms of economic accumulation and much less so in situations of war⁶. The lack of a central redistributive authority acting in a recognisable sense in terms of the “common good” of the society, has had a profoundly negative impact on conflict in the South,⁷ and in Casanare enabled oil to contribute to the multipolar militarization of the territory rather than its integration around a development project for the good of everyone.

In situations like these, multinational companies in the extractive sector where location is determined less by the market but by the terrain and its mineral deposits, have to adapt or face the consequences. Unwilling to get dragged into complex political and violent environments, many have chosen the easier route of appeasement through dollars with few questions asked. Oil multinationals have often relied on this approach and/or a local militarised state to provide stability at whatever cost in human rights. International monitoring has begun to make this a very costly path in terms of public relations and image, while national armies, where they exist, have proved less and less effective in the face of self-financing armed groups⁸. The more difficult route has been to explore the world “beyond the perimeter fence” in a serious way and to develop policies that will involve engagement in that risky environment. The danger is of slipping through default into “state-like roles”⁹. Should or can a multinational oil company, accountable not to the citizens of the country of operation but to overseas shareholders and for its economic not political performance, take this path? Is it the only one available and what can it deliver in terms of a multinational’s goals and objectives? The BP corporate responsibility programme in Casanare, Colombia, is a systematic and strategic approach to extracting oil in the midst of violent conflict and one of the most innovative available. It enables us to explore some of these questions.

The first part of this paper will focus on the role of oil in the political economy of war in Colombia and how it should be analysed in relationship to the Colombian armed conflict. It will do this through the national picture as well as the local picture in Arauca, the home of the Caño Limón field and pipeline, and a more detailed study of Casanare, where the Cusiana-Cupiagua bonanza is located and which has seen the growth of armed conflict throughout the 1990s. The second part will explore how BP strove to overcome its early mistakes in Casanare. This will show how the multinational responded to criticisms of its role in the region and developed a sophisticated programme of engagement with the socio-political reality around it based on ethical principles and commitments. The chapter will ask whether this case-study is anything more than a particular response to a particularly complex situation, or whether it is paradigmatic of the dilemmas facing oil multinationals in the increasingly common context of weak or collapsed states in poor, war-torn economies of the South. It will argue that rather than focus our attention only on the dynamics of the economisation of conflict, we should also look at actions that might at different contingent moments in particular contexts have prevented or could mitigate this economisation. Predatory and militarised dynamics often provoke and are used in turn to justify, escalating militarised responses from the state which drag in international actors where the state is too weak. This is happening today through US government training and financing of the Colombian pipeline protection brigade. Such responses also cost the lives of civilians and can seriously impede

their participation in democratic state-building and ultimately the protection of civil over uncivil social dynamics. At present, the Colombian oil industry and BP has begun to see security in terms of what happens beyond as well as behind the perimeter fence. An effective judiciary able to defend citizens rights is more of a guarantor of security than a cordon of heavily armed soldiers with a poor human rights record. Can this vision be sustained against the argument for military solutions?

The Dynamics of “Boon and Burden”: Oil and the Political Economy of War in Colombia

“Over almost a century and a half, oil has brought out both the best and worst of our civilization. It has been both boon and burden. Energy is the basis of industrial society. And of all energy sources, oil has loomed the largest and the most problematic because of its central role, its strategic character, its geographic distribution, the recurrent pattern of crisis in its supply – and the inevitable and irresistible temptation to grasp for its rewards....Its history has been a panorama of triumphs and a litany of tragic and costly mistakes. It has been a theatre for the noble and the base in the human character. Creativity, dedication, entrepreneurship, ingenuity and technical innovation have coexisted with avarice, corruption, blind political ambition and brute force...Much blood has been spilt in its name. The fierce and sometimes violent quest for oil – and for the riches and power it conveys – will surely continue so long as oil holds a central place”¹⁰

OIL AND CONFLICT IN COLOMBIA: THE BACKGROUND

Oil and conflict have attracted each other in Colombia since the 1920s when oil workers confronted the US Tropical Oil Company and in 1923 founded their trade union, the Unión Sindical Obrera (USO). The USO workers launched what became a mythic struggle both to defend their labour rights but also the right to discuss and propose on the way Colombia’s oil should be exploited and its energy policy developed. Between the founding of the Union and the Second National Oil Congress in April 2002¹¹, the USO has represented a militant, politically active workforce, whose struggle to defend the national interest has cost many oil workers lives¹².

The USO played a leading role in the late 1940s when Tropical’s De Mares concession was about to run out, to ensure that it reverted to the State. This is what happened, and in 1951, the State Industrial and Commercial Oil Company, Empresa Colombiana de Petroleos (ECOPETROL) began operations. The debate around the appropriate relationship between the state oil company and foreign oil multinationals has raged ever

since. But the stakes in the debate were raised exponentially when in August 1984 Mannesmann AG, a German company, was contracted to build a 184 mile pipeline from the new Caño Limon field to the trans-Andean crude oil pipeline at Rio Zulia by the first week of December 1985, a huge challenge. Three months after the work began, the company suffered the first of four guerrilla attacks on their installation. In the course of this and subsequent attacks, four employees were killed, four kidnapped and a series of local civic strikes were organised in the Sarare region of Arauca, an important base of the ELN guerrillas¹³. Mannesmann gave in despite public denials¹⁴, and Occidental agreed to allocate an annual sum to the Church for social projects. From then on, the ELN began to harass other oil companies exploring in the area. The payments from these and from Occidental, enabled the guerrillas both to increase their fighting force and their political influence in the area. At the end of 1986 it launched a campaign entitled: “Awake Colombia...they are stealing the oil” and between early 1988 and mid 1989 damage to the pipeline cost the government an estimate US\$400 million in lost oil revenues¹⁵. It agreed to halt the attacks on the pipeline after the Minister of Mines was forced to resign and the government agreed to the First Energy Forum in 1989.

The precedent had, however, been set. Oil was a potentially very lucrative source of revenue for the armed struggle at the same time as the nationalist case provided a legitimizing discourse for this form of extortion. By bombing the pipeline, the ELN also claimed it was representing the interests of the local communities as the aim was to make the company pay for social programmes in the area. The nationalist case was a real concern for many on the legal left who were ambivalent towards or completely rejected the armed struggle, thus confusing what was for many a genuine cause with an unacceptable means to pursue it¹⁶. The following sections will distinguish the two ways in which oil plays a role in the Colombian conflict. Firstly, as part of the nationalist debate, both a real and valid discussion for Colombians and as a legitimizing discourse for armed action. Secondly, it will analyse the role of oil as a generator of income for waging war, a role that escalated hugely in the course of the 1990s. It will then explore the two most important oil producing regions of Colombia over the last two decades. It will trace how oil interacted with other social and political dynamics, and argue that action could have been taken to prevent oil becoming such a major player in Colombia’s armed conflict.

OIL AND THE NATIONALIST DEBATE

This discussion will not attempt to adjudicate on this debate, but to show why it has been such an important legitimizing discourse for attacks on the oil industry. The reason, it is

argued, is that there are genuinely contentious issues about energy policy and the aspiration, most cogently articulated and defended by the oil workers union, to promote an energy policy able to meet national and social needs. In an interview in March 1988, I spoke with Pedro Galindo, at the time a spokesman for FEDEPETROL, the federation of all the oil workers organisations. He argued:

“We are an immensely rich country in natural resources, in gas, in coal, in oil and water. But by the end of the century there will be a million peasant houses without light....We must use our natural resources not in terms of how many dollars it will generate for us, but in terms of how many jobs and how much industrial development they will bring...We believe that the energy policy of the country has to be redesigned in its entirety. We believe that the Association Contracts harm national sovereignty; there is no technology transfer, no social gain either in coal or oil. We believe energy policy can be redesigned to meet social needs, to make a social profit”¹⁷

The “nationalist” argument is part of a broad vision for Colombia that comes not just from the left, but from Latin American structuralist-reforming, populist as well as Marxist thinking and which has looked to the creation of strong, interventionist states to take forward a process of redistributive and nationally oriented development. These ideas have been overtaken in most parts of the world by the logic of globalization in which generating export earnings through exploiting comparative advantages has replaced national industrialisation as an objective of economic policy. But a significant sector of the Colombian opposition continues to argue that government oil policy has betrayed the national interest. Key areas of critique are in the association contracts that oil companies sign with the Colombian government and the role of ECOPETROL, the state oil company.

The nationalists argue that the state has always favoured transnational interests over those of building an effective national oil industry. Oil reserves, for instance, are extracted at the rate that suits the short-term interests of multinational companies not according to a national interest aimed at meeting internal needs over the long period¹⁸. Studies by authors such as Jorge Villegas and more recently Carlos Guillermo Alvarez¹⁹, have had an important influence on the arguments of the nationalist left, tracing the history of oil companies that once paid royalties of less than 10% for Colombia’s oil through concessions granted under questionable circumstances. By the 1970s, Colombia was facing a difficult situation of having to import oil just when the oil price hikes of 1973 saw the world price rise dramatically. It needed to attract foreign investment on new terms, but on terms which would also improve the return to the country. In 1974, the government of Lopez Michelson

changed the concession approach to oil contracts and in Decree-Law 2310 of 1974, gave Ecopetrol the exclusive competence over exploration and exploitation either directly or through association contracts with private companies which last 28 years. In the latter, the risks are assumed exclusively at first by the private associate and in the exploitation phase when there is a commercially exploitable well, Ecopetrol provides half the costs in exchange for an equal proportion of production after the royalties of 20% have been deducted. Given the high international prices, foreign capital returned to Colombia and the discovery of Cano Limón in the early 1980s created expectations that oil was to play a considerable part in the country's economic future.

Colombia became an oil exporter once again in 1986 when Caño Limón came on stream, boosted in 1992 when the Cusiana field began producing and Caño Limón had begun to decline. In 1989, modifications in national oil policy, led to the introduction of a scale in the contract, with the aim of enhancing Ecopetrol's role in production in large fields ie as production rose so did the return to Ecopetrol, up to a maximum of 70% for the state and 30% for the associate. These modifications coincided with the ELN's pipeline bombing and pressure for the debate on oil policy. But while production from the large fields of Caño Limón and subsequently Cusiana Cupiagua generated optimistic ideas of Colombia's oil potential, the reality was of a very poor exploration record and great uncertainty about Colombia's future as an oil supplier. Seismic activity reached a peak of 13,000 Kms in 1985 and fell to 2,300 in 1996²⁰. Only 16 exploration wells were drilled in 1995, compared to 11,008 in Canada in the same year²¹.

The nationalist case argues that Colombian governments have systematically limited the capacity of Ecopetrol to develop an autonomous national energy policy, which would include serious investment in exploration. This is despite the fact that with 45 years of experience in oil, Colombia has well trained technicians and technological capacity to manage its own reserves²² Ecopetrol is compared unfavourably with other state oil companies in Latin America:

“While other Latin American oil states have strengthened themselves and have privileged roles in the world concert, Ecopetrol has become a mere manager of association contracts, with a poor participation in them and with no rights to carry out operations. The company produces scarcely 18% of Colombian oil...The strategy to increase the exploration of hydrocarbons in Colombian territory consists, paradoxically, in preventing Ecopetrol carrying out exploration. Even with the bonanza derived from the good prices of crude in 1999 and 2000, the state limited itself to obtaining information to be

handed over to private companies. It will be the latter and not Ecopetrol that drills the wells to discover the national oil. According to the government, Colombia cannot afford the luxury of spending 40 million dollars in the exploration of a well in order to find out that it is dry. Nevertheless, when the Brazilian state company, Petrobrás, the contract operator, discovered the Guandó field in el Boquerón, within the jurisdiction of Melgar, of which it is said there are 200 million barrels, they had invested less than five million dollars in the drilling, which Ecopetrol could have easily done”²³

From the government of Cesar Gaviria (1990-94) onwards, the state’s main concern has been to improve the country’s global competitiveness and attract foreign investment to Colombia, and it has modified the association contracts accordingly. The first modification was in 1994, when what is known as Factor R (earnings divided by expenditure of the Associate) was introduced. Factor R is applied after 60 thousand barrels have been produced and after discounting the 20% royalties. It meant that a mathematical formula for the division of the production sets in once the accumulated costs of investment, exploration and operation are taken into account, in other words taking account of the economy of the project and not the accumulated production. This formula was made more favorable to the Associate in October 1997 under President Samper. This created more distinctions between the risks involved, whether the fields are small, the pace of production, quality of the hydrocarbons etc.²⁴ The former Minister of Mines and Energy, Margarita Mena de Quevado, asked the question in her contribution to the Symposium on Oil and Peace in 1999, “How much corresponds to the Colombian state and how much to the associate company in terms of the benefits of oil, of each barrel of oil?” Before the Factor R adjustment of 1997, she calculated that the State’s share oscillated between 80 and 85% of production. Following the adjustment, her conclusion is that “the improvement for the companies must be significant, since with the changes, Ecopetrol aims to stimulate investment. The State has ceded in favour of the multinationals, a sad thing, which is explained by the lack of confidence in the country and the excessive violence which surrounds the activities of the oil industry. A very high economic price that we are paying in order to explore in the present conditions.”²⁵ In 1999, the Government of Andres Pastrana introduced the New Factor R, which in effect guaranteed the associate partner an improved return, through a new sliding royalty scale, in which 20% would only be an upper limit and 5% the lower limit depending on the production field size.

The former Minister went on to argue that the weakness and weakening of Ecopetrol’s financial base would eventually reduce the state company to “an oil contract management office”. She called for a new consensus aimed at strengthening the company based on the principles of “competitiveness and defence of national interests”²⁶. The Colombian

Petroleum Producers Association argues, however, that Colombia has no choice but to improve the terms for foreign investors. Colombian oil represents a geological risk, of every five wells that are dug, four are dry²⁷. The insecurity surrounding the wells, the delays in giving permits and environmental licences, lack of clarity around consultations with minority ethnic groups, are all factors, it argues, that reduce the country's competitiveness and need to be addressed²⁸.

Other arguments that have persistently questioned the role of the transnational oil companies, are those of environmental groups and indigenous groups who have been impacted by oil exploration. There are many important issues raised by both, but they will not due to space be the main focus here.²⁹ It is important to mention that despite the armed conflict and the dangers of social activism in Colombia, environmental groups have been very active in monitoring oil companies, including in Casanare. This is partly due to the legislative legitimacy and protection granted these efforts by the 1991 Constitution and the establishment of regional environmental watchdog bodies.³⁰ The most famous of the stories around indigenous land rights and oil in Colombia, is that of the Uw'a who successfully resisted the efforts by Occidental to explore oil in their sacred lands in Samoré, Arauca³¹.

The methods used by the ELN to pursue its attacks on the oil industry and which it has tried to legitimize through its nationalist discourse on oil, should not direct attention away from the existence of a serious debate around national energy policy, environmental issues and indigenous rights. Indeed it is this which enabled the ELN to win tacit sympathy for its strategy of oil pipeline destruction from those who would not otherwise support armed struggle. This sympathy has been gradually dissipating with the environmental damage they have caused and with the appalling loss of life in Machuca, when in 1998, 70 villagers lost their life after the ELN attacked the oil pipeline. Efforts to promote dialogue on the role of oil between a range of actors, suggest that it is still important to distinguish the substantive issues around national oil policy, from oil as a funding mechanism for war and violence. As the latter has escalated however, the argument in favour of offering more favourable terms to foreign companies has gathered in strength. On the other hand, it could be argued that if the Colombian state had had a serious policy towards the development of its oil sector in the past, it might not have faced the urgency to encourage foreign investment in exploration in the 1990s, when conditions were so adverse.

The debate on oil ultimately reflects long-standing and highly contentious themes in economic development, particularly the tension between ownership and control of national mineral resources and dependence on transnational companies to take the exploration risk, thus justifying their gains from subsequent exploitation. While it appears to be the story line of “old wars”, the argument that Colombia should have a strong national and state directed energy policy has certainly not disappeared in Colombia. And while there is an ideological dimension to the discussion³², there are also a serious set of real issues which relate to the prospects for peace in Colombia. At the core of these is the broad question of what kind of state will emerge from this period of intense war in the country and whose interests will it promote? The ability of the Colombian state to stand back and above the particular interests that lay claim to it is an historic deficit. This has prevented it developing legitimacy in the eyes of the society as a whole, particularly amongst those living in marginal rural regions or marginal neighbourhoods of large cities. In both situations, power and wealth have been won through the ability of brokers to mediate between a local clientele and state patronage and/or through the gun. Oil is only one theme in the debate about what kind of state would best meet the needs of Colombian citizens. But it is one whose high profile made it an attractive target for creating a legitimising discourse by left armed groups. Its legitimising force derived from the real ongoing debate about Colombian state and nation building.

OIL AND THE COLOMBIAN ECONOMY IN TIMES OF WAR

How important is oil to the Colombian economy? This question became important in the course of the 1990s and into the 2000s as the armed conflict intensified while the economy entered recession.

Colombia is not a major player in the international oil market nor is it a petro-state. Its world share of proven reserves at the end of 2001 was a mere 0.2% and these are due to run out in just under eight years at present rates of production³³. Its production rose from 430 thousand barrels a day in 1991 to a peak of 838 a day in 1999, declining to 627 in 2001³⁴ when it contributed 0.9% to world production³⁵. At current rates, Colombia will be a net importer of crude between 2008 and 2010. While it is a marginal oil producer internationally with serious danger of disappearing from the tables altogether if the country’s potential reserves are not further explored and exploited in the near future, the oil sector has played a very significant role in the country’s economy, particularly over the last ten years. It made a contribution of 3% to GDP in 1999 and provided in that year 32 % of exports; coffee, the traditionally leading export, provided only 9%. While oil

became a vital area of the Colombian economy in the 1990s, Colombia is not an oil economy as such³⁶. The rising importance of oil was due to the discovery of two large fields: Caño Limón in Arauca which began producing in 1986 and the Cusiana and Cupiagua fields in Casanare, which began producing in 1992 and 1995 respectively and represented 50% of Colombia's total oil production in 1999³⁷. Cusiana and Cupiagua are operated by BP on behalf of a group of companies³⁸, and are one of the most important oil finds in Latin America in recent times, although they are now on the decline³⁹. Caño Limón is also near depletion. Colombia urgently seeks to expand exploration and exploitation of other reserves. Its challenge is attracting foreign investment when many reserves are in the midst of war zones and when the oil sector is a target for extortion, kidnapping and installation damage.⁴⁰

Oil revenues made a major contribution to public finances in the 1990s, compensating for the decline in international coffee prices and reducing the public sector deficit. In 1999 alone they generated a US\$2 billion net income for the country, around 25% of government revenues⁴¹. Revenues such as these also represent a great opportunity for economic modernization and development in Colombia, and like other better endowed oil producing states, the debate on the relationship between oil wealth and development is a very live one⁴². This debate is particularly heightened in Colombia at the time of writing, given the economic recession of the late 1990s and the intensification of the armed conflict in the course of the decade and beginning of the 21st century. Rather than a contribution to development, however, oil has been mostly seen hitherto as crucial to macro-economic stability⁴³.

Economic stability and growth are critical to the success of President Alvaro Uribe's (elected in August 2002) political project of enhancing state authority over the country and the armed groups. Economic prospects will impact on political support for the government project as well as state resources and capacity to deliver. The continued generation of oil revenues and how they are used are therefore extremely important to the war/peace effort of the Colombian state. Foreign investors have to be persuaded to develop potential oil reserves and guarantee future production and oil revenues in the face of armed conflict, a serious challenge for oil policy makers. Some feel that they have received little help from the Colombian government so far. Despite the importance of the sector to its economic survival, the government has taken relatively little interest in the security of oil production, leaving it mostly to the armed forces funded in the 1990s by a "war tax" on oil companies⁴⁴. Oil producers with the support of their Association have been left to find their own strategies towards the conflict around them, which have come

to rely much more on good relationships with the local community than on armed defence. In this sense, the decision by the US government to train a counter-terror unit to defend the Coveñas oil pipeline, represents a significant shift in approaches to oil industry security in Colombia. US involvement will strengthen the case of those who argue that US strategic oil interests are playing an increasingly central role in the Colombian conflict.⁴⁵

OIL AND THE WAGING OF WAR: THE ECONOMISATION ARGUMENT

Many question whether the debate around national oil policy discussed above, is still a serious motivating force behind the ELN and FARC activities in Colombia, or that motivation rather than opportunity causes armed conflict in any case. There is little evidence of political rather than military considerations in the FARC's increased attacks on the oil industry in the late 1990s. In addition, paramilitary right groups with little interest in the nationalist debate have also emerged and by the late 1990s were also funding their armed activities indirectly and sometimes directly from the oil industry. In this sense, it appears that the oil industry has become just one more source of war funding. The new resources driven logic appears to have set in and be transforming the conflict. It becomes harder to argue that substantive topics for debate persist in the midst of the violence, or that there might be unresolved state and nation building tasks that are equally significant explanations for why war is prolonged in Colombia. Table 1 summarises the forms in which oil directly and indirectly funds war in Colombia.

Would the war have evolved differently in Colombia without oil? A lootable resource such as drugs, which can also benefit poor communities, has arguably played a more critical role⁴⁶. The table nevertheless illustrates that **left-wing armed groups** have benefited considerably from oil, and one in particular, the ELN, was virtually rebuilt after a massive defeat through its relationship with Mannesmann and Occidental in Arauca. Since then, it has used kidnapping and extortion of oil companies to sustain and expand its activities. The Coveñas pipeline had been bombed 460 times by 1996, an escalation due to Occidental's decision to halt the war tax payment first granted by Mannesmann, and 24 oil workers were kidnapped that year.⁴⁷ Between 1986 and 2001 the pipeline has been attacked a total of 911 times (see table) at a cost of US\$141.2 million⁴⁸. At the same time the ELN has used these actions to justify and to publicise its political goals. Oil has been an instrument for a wider political project for the ELN, while the FARC have taken a far more military approach to the oil industry reflecting their greater commitment to winning territorial control over the focista guerrilla tactics favoured by the ELN. Oil

revenues from the municipalities it came to control has enabled the FARC to compete with the ELN in Arauca and ultimately wrest influence from it. This impacted on the attitude towards the pipeline bombing which has been criticised in the past by the FARC. The ELN blew up the pipeline enough to guarantee the continued flow of royalties and to publicise their legitimising discourse around oil. They did not aim to stop the flow of oil. But this is what happened in 2001 after the FARC became the dominant force in Arauca. The Caño Limón pipeline was bombed a record 170 times in 2001, about 14 times a month, although it fell in the first four months of 2002 to five times a month⁴⁹.

Oil is a politically strategic commodity for the ELN, but one more military target and source of funding for the FARC. The military and political weakening of the ELN, and the discrediting of ELN's tactics following the Machuca massacre have played a role in the dynamics around oil and conflict, and at the same time, the FARC's fortunes have strengthened. In Casanare, the FARC offensive in the region aimed to give it an important corridor between its areas of control in the South West and Arauca and the Venezuelan frontier, and its attacks in the Department escalated at the end of the 1990s and early 2000s. Elsewhere in Colombia, the exploration of new fields has become the target of more frequent attempts at extortion and attacks. As the war has escalated, these attacks have become more frontal. Hocol for instance, mining in FARC territory in Huila, only experienced one attack in 1992, and then two in 1999 and 2001, of which the latter was very sophisticated, involving 100 armed men who knew where to cause most damage, setting fire to the most productive wells⁵⁰. At the same time, through the FARC's Law 002 it announced that every business worth over one million dollars would be subject to a "war tax."

The **paramilitary** have been able to indirectly benefit from oil through taxing local contractors and extortion from local businesses, as well as accessing revenues from municipalities. This increased considerably in the course of the 1990s as the war intensified and more funds were needed to wage it⁵¹. These "taxes" by armed groups are known in Colombia as the *vacuna* or the vaccination, as they are supposed to guarantee some form of protection. In Casanare, the paramilitary have manipulated the tensions between communities and incomers from outside Casanare, over the lack of jobs in the oil industry, particularly as it enters the least labour intensive phase, in order to build social and political ties. There are two NGOs in the region reputed to have been set up by the paramilitary to channel funds for social purposes⁵².

The **armed forces** of the state have expanded their operations in oil producing zones because of the war tax from oil companies. This has not protected the civilians population of Casanare. Evidence that the army colludes directly or indirectly with paramilitary groups in human rights violations has undermined faith in the state to offer security⁵³. While pressure from the international human rights movement seems to have resulted in a shift in any institutional policy of collaboration with the paramilitary, the common purpose of defeating the guerrillas still creates de facto bonds and often practical collusion. In Casanare, it is the police, underfunded and understaffed who combat the paramilitary if anyone does, not the army and they pay the cost in terms of reprisals.⁵⁴. The police post often manned by a handful of men is usually also the first target for guerilla attacks.

Criminally motivated actors exploit opportunities in the interstices of the political violence, creating confusion and greater fear amongst civilians while contributing to the overall climate of disorder and breakdown of social norms. The stealing of oil from the pipelines to resell is a growing enterprise in Colombia. It is not, of course, easy to prove that this is criminally motivated rather than linked with the war.

Nor should the focus on the armed groups in the conflict detract attention from the way some civilians, including **civilian elites**, gain electorally and materially from alliances with armed groups. Those civilians who might have backed a more serious developmental project are often killed, exiled or terrorised. Election to office often comes with the price of an alliance with one or other armed group, a price accepted by some in search of maintaining the traditional institutional and civilian space but who find subsequently that the space has diminished and their freedom of manoeuvre gone. Gradually, the incentives for accepting the new authority of armed power increase over commitment to civilian authority, and a situation emerges which is very difficult to reverse.

Oil has transformed conflict dynamics in the producing zones of Colombia in qualitative ways. It has intensified and probably prolonged it, through the resources it provides for armed groups to recruit, purchase weapons and food and carry out military actions. But it is not inevitable that it should have done this. Unravelling the contingent contextual factors it is argued, is as important to understanding the relationship between oil and war as the way oil transforms, intensifies and prolongs conflict, because this enables us to identify any action or policies that might have intervened to prevent the escalation. In complex contemporary conflicts where there are multiple poles of attraction between armed men, understanding the detail can be critical to understanding the whole.

TABLE 1: OIL AND WAR: SUMMARY OF ACTIONS AND EFFECTS

Armed Group	Oil-related action	Effect on Armed Conflict
ELN	<ul style="list-style-type: none"> • Blowing up oil pipeline • Kidnapping oil workers • “Taxing” oil contract workers and local people • Siphoning oil revenues from municipalities through ELN backed elected representatives • Attacks on oil installations eg wells, exploration sites, oil company helicopters 	<ul style="list-style-type: none"> • Ransom and extortion money from Occidental has financed ELN expansion and ongoing operational costs • Extortion from companies repairing the oil pipeline. • Social Fund that ELN forced from Occidental enhanced social base of ELN in Arauca • Targeting oil industry enabled the ELN to construct a legitimising discourse for armed struggle. Pipeline bombed in name of extracting money for local community. • Economic weakening of government (cost of pipeline damage estimated at US\$141 million between 1986 and 2001) • Publicity for cause • Funding operational costs
FARC	<ul style="list-style-type: none"> • Siphoning of oil revenues from municipal authorities, Extortion of local businesses • Attacks on oil installations particularly since late 1990s, on wells, throwing bombs over the perimeter fence, shooting at helicopters, and larger scale military attacks • Late 1990s, involved in oil pipeline bombing. 	<ul style="list-style-type: none"> • Political/ military control over municipalities and access to revenues • Social influence and political representation to guarantee territorial control (Arauca) • Financing operations • High profile targets for military advantage
PARAMILITARY	<ul style="list-style-type: none"> • Abducting and murder of oil union members (an estimated 165 were killed in Colombia in 2001) • Massacres and selective murders of social activists and suspected guerrilla sympathisers in oil producing regions • Extortion from businesses, contract workers and municipal authorities increasing since late 1990s. • Exploiting tensions within communities over local access to jobs in oil industry 	<ul style="list-style-type: none"> • Extra-judicial executions of social activists controls and terrorises population. Further erodes climate faith in rule of law • Direct and indirect assistance from armed forces of state erodes legitimacy of state security apparatus • Financing operations, paying recruits • Enhancing control over population and territory as war aims
CRIMINAL NETWORKS	<ul style="list-style-type: none"> • Extortion from contract workers and local businesses 	<ul style="list-style-type: none"> • Fluidity between criminal and political violence contributes to overall sense of disorder

	<ul style="list-style-type: none"> Stealing oil from perforations in pipelines to sell as cheap fuel. 	<ul style="list-style-type: none"> Opportunistic violence and accumulation in midst of war, further degrades norms of society
ARMED FORCES	<ul style="list-style-type: none"> War tax paid by multinational companies in 1990s Collusion / “blind eye” approach to paramilitary Human rights violations 	<ul style="list-style-type: none"> Protects oil installations Army accused of protecting oil not people Loss of legitimacy of state

OIL AND THE WAGING OF WAR: THE CONTINGENT CONTEXTUAL FACTORS

The case of Arauca in the 1980s was a warning of the potential impact oil might have in Casanare in the 1990s. The Arauca case illustrates the importance of two qualities of oil that are particularly relevant to its potentially negative role in local and national conflict situations. The first is that given its international significance as an energy source to modern society, it generates a large amount of revenue. The second is that it is a resource that has a fixed relationship with territory, requiring specialised infrastructure to be removed from that territory, the “obstructability” dimension referred to by Michael Ross⁵⁵.

In the Arauca case these two elements were extremely important in the context of the country’s first large scale oil find in Caño Limón in 1983, ie a sudden influx of a large amount of funds to an impoverished territory and a commodity requiring a long pipe-line to transport it to the market⁵⁶. These interacted with the agendas of relatively weak leftist guerrilla movements at the time and a pattern of political practices and competition for power amongst local elites. The size of the Caño Limón field, like that of Cusiana-Cupiagua in Casanare in the 1990s, generated huge expectations as well as real wealth. The role of oil in the Colombian war cannot be fully understood without analysing the particular way the dynamics of large oil discoveries and local political cultures intersected. This section will use two case studies, one based on Andres Peñate’s field study of Arauca in the late 1980s, and the other on my own field visits to Casanare in 1997, 2001 and 2002 to explore these dynamics⁵⁷

The Case of Arauca in the 1980s

Colombian legislation gives the province and the municipality where the oil well is located a 9.5% and 2.5% respectively share of the royalties⁵⁸. Arauca is a huge territory with a very small population of around 100,000 people when oil was discovered in

1983.⁵⁹ When Caño Limón came on stream in 1986, it generated a bonanza for a very poor and very sparsely populated region, calculated at 195 million dollars over five years for the regional government or *Intendencia* at 1980s⁶⁰ prices, as well as royalties for the municipalities where the oil is located. This large amount of resources became available to a territory where politics was still a struggle for personal accumulation of wealth and power based on relationships with vote-delivering clients.

Arauca, is located like Casanare, in what were known as the National Territories, those regions of Colombia on the Eastern frontier with Venezuela. While historians argue over the relative importance these regions have played in the national “story”⁶¹, there is agreement that the central part of that narrative has been the densely populated Andean highlands and not in these regions which between them held only half a million of Colombia’s population in 1985. These frontier zones have been historically and economically backward and until the 1980s of relatively minor interest to the central State. A common thread in these regions is the pattern of colonization, particular in the 1950s to 1980s. In Arauca, this expanded in the 1970s when the region became part of a more concerted effort by the State to facilitate settlement, through the Colombian Institute of Agrarian Reform (INCORA). This led to an influx of an estimated 8,000 families (60,000 people) between 1970-1976⁶² to the Sarare, Andean foothills or *piedemonte* region, altering the traditional balance of local power politics and the competition amongst traditional political leaders of the lower plains region for power and patronage at the national level. Electoral competition shifted in favour of winning the vote of the new towns and population centres of the foothills⁶³. The two Senate and one House of Representative seats which Arauca was critical in electing⁶⁴ were invaluable for the patronage they gave ie key appointments to local state bodies and access to their resources. They were traditionally controlled by the large landowners of the Plains or *Llanos*⁶⁵. Control over the expenditure of INCORA and other government bodies was essential to win electoral support, particularly amongst the poor and struggling settlers of Sarare. The efforts of these increasingly militant and organised colonizers to keep the resources and support from INCORA flowing is one of the key dynamics of the region. In the absence of a state to mediate between their needs and the interests of the dominant, traditional elite of the plains area with strong ties into the national party structures, the settlers organised direct action, such as civic strikes. Into the power and patronage competition amongst Arauca’s traditional political elites of the lower plains and the struggles of peasant colonisers to build their livelihoods with any support they could muster⁶⁶, came two new forces: the FARC and the ELN guerrilla movements.

The ELN, much depleted after major defeats in the 1970s, shifted its remaining 36 combatants from Santander into the Sarare jungle of Arauca in 1979⁶⁷ and established the Domingo Lain front. It was still influenced by the *focista*⁶⁸ theory of revolution. In the meantime, the FARC guerrillas had decided to expand their operations to the new areas of colonization and in 1982 set up their tenth front in Sarare, the “Guadalupe Salcedo”. Shortly afterwards, in 1984, the FARC entered into a peace agreement with Belisario Betancur and out of this emerged a new political party, the Patriotic Union (UP). The UP was to be a broad left alliance capable of challenging the traditional domination of Colombian politics by the Liberal and Conservative parties. In the Sarare foothill region of Arauca, a very particular scenario was being played out which reflected the local rather than national project of the UP and in which the FARC strategic objectives towards the region aimed at expanding its territorial influence, played a major role. At the same time, the ELN began to compete with the FARC for a social base in the settler towns of the Sarare, facilitated by the social programmes that it had won from Mannesmann as ransom for the release of its employees and for being allowed to complete the pipeline on time.

Between them, the two guerrilla forces began to manipulate the political rivalries of the region between the traditional Conservative and Liberal Parties (the latter by far the most dominate in Arauca as in the rest of the Plains or Llanos region) and between factions of the Liberal Party. Equally, rising political elites turned to the armed groups in their battles against traditional elites and amongst themselves. Armed power supplemented the clientelist relationships of traditional politics, and a rising number of politically motivated killings was the outcome⁶⁹. This coincided with the arrival in 1986 amidst widespread expectation, of oil royalties to the region following the completion of the pipeline in January of that year. Political control of the key bodies that distributed revenues became a very high prize, and the elections of 1986 and 1988 when the direct election of mayors took place for the first time, were key moments.

One of the contingent contextual factors here was the relationship of the National Territories to the state, both formally through the constitution and institutional structures, as well as informally through the party clientelism that link local and national politics in Colombia irrespective of the weakness of the state in particular regions. The National Territories at this time were quite centrally controlled by the government through the *Intendente* (a presidential appointee) or governor of the Territory and DAINCO (Departamento Administrativo de Intendencias y Comisarías), the official government body which gave final approval to the budgets of the Territories. This system was open to considerable abuse from political manipulation, particularly if the same party or faction

controlled the *Intendencia* and DAINCO. On the other hand, despite their lack of appropriately trained officials and administrative capacity, the municipalities were given fiscal autonomy. This raised the stakes in the battle for control of the small municipalities of Arauca, particularly in the Sarare region of highest population growth, .

Oil revenues in Arauca came on stream when existing budgetary mechanisms were inadequate and open to political manipulation and corruption, and where no planning had been invested in preparing for the large influx of funds. ‘The royalties’ argues Peñate, ‘which resulted from the discovery of Caño Limón began to alter the political life of Arauca even before Ecopetrol had sent the first cheque to the provincial treasury’⁷⁰ He shows that in the fiscal year before revenues came on stream, the budget of the region was just 715 million pesos, its government was only able to spend 500 million that year⁷¹. By April 1987, a year and a half after the completion of the pipeline, the regional administration had a surplus of over 1,000 million pesos. The demands from the organised communities of Sarare far exceeded what even this could deliver, but the lack of mechanisms to ensure a fair distribution of the revenues in the interests of the “common good” encouraged every interest group and sector to fight for its share of the pie.

The Sarare settler communities began to challenge the traditional elites of the plains, who still maintained political control of the regional bodies responsible for distributing resources. Peñate’s calculations show that through political manoeuvres, the towns of the plains received half of Caño Limón’s municipal and regional royalties although only one third of Arauca’s population live there⁷² . In the meantime, the organised communities of the Sarare, launched a series of civil strike and popular protests demanding more resources. When the provincial government agreed to more public investment, protest action grew as each town and village where the investment was intended demanded control over who built the project. At the same time, contracted companies often had to pay money to the guerrillas if they wanted to complete the works.

Oil royalties intervened in this political battle between the settlers and the Plains elite, but in turn, there was the further schism caused by competition between independent members of the traditional Liberal Party and the UP, backed respectively by the ELN and the FARC, for control of the municipalities of the Sarare region. While both groups were allied against the Plains elite, they were at loggerheads for political control of the Sarare. The Intendente of Arauca gave an interview to Peñate in 1990 which should have been a clear warning for Casanare:

‘in the *Intendencia* you don’t do things but things are done to you. Pressures and gossip everywhere. Watch out for so and so, he’s a friend of the guerrillas, so and so steals resources...Everyone asks for something, everyone wants everything now. They give you advise without being asked, and you don’t know who to believe nor who to trust’

Peñate concludes that the basic pattern of political life as a transaction around a vote in exchange for a material benefit, was not altered by oil royalties in an “unpredictable or radical manner”⁷³. In other words, it would have been possible to foresee how a massive influx of resources might have interacted with the clientelist culture of politics. In the absence of appropriate intervention, oil royalties and extortion of the oil industry, began to transform the conflict in Arauca, militarising the political conflicts and power struggles. Oil failed to bring serious benefits to the people of Arauca⁷⁴ There are at least four key actions that might have avoided the process through which social co-existence in the region became mediated by armed actors indirectly funded by the oil industry:

1. Adequate state protection of the new pipeline and oil installations to avoid the Occidental/Mannesmann deal with the ELN carried out by security forces trained to respect human rights.
2. State action to build effective political institutions, promote political and social adjustments to demographic change and land pressures, protect the space for citizen action against corruption and challenge the clientelist political practices which preserved the dominance of traditional parties and political/landowning elites.
3. Promotion of effective judicial institutions capable of implementing the rule of law and protecting citizens threatened by armed groups.
4. An action plan for the proper use of royalties within the context of the developmental needs of the region and implemented by legitimate political authority capable of rising above particularist interests and basing itself on what could be recognised as a commitment to a “common good”.

The case of Casanare in the 1990s.

British Petroleum began exploration in Casanare in 1987 and the Cusiana⁷⁵ and Cupiagua fields in the municipalities of Tauramena and Aguazul were discovered in the following two years⁷⁶. The two municipalities are within 7 kilometers from the

processing facilities. Commercial production of oil from Cusiana began in September 1992. BP had very little experience of drilling in populated regions with a weak state presence and a history of violence and conflict. During the years 1990-1998, the company made a number of critical mistakes in their approach to the region. The company has embarked on a very distinct strategy since then, but it is very difficult for a high profile multinational to recover its reputation after mistakes, while the conflict in the region has been transformed in favour of armed power of all kinds. The oil company extracted only the surface story of the Arauca experience rather than the complex underlying sub-plots. However, even if it had fully appreciated these, it would not have helped the company to simply read off the situation in Arauca and “apply the lessons” to Casanare. In addition, the Arauca situation had already reached a certain point by 1990. The presence of the oil industry had transformed the character of the conflict in the region, a corrupting process from which few could remain immune, and many who tried, lost their lives⁷⁷. The situation in Arauca would inevitably have consequences for Casanare, but Casanare had many of its own particularities, and knowing these well was probably the only way to manage the impact of oil.

There are two parts to the Casanare case study that follows. The first will trace the rise of what is called a process of multipolar militarization in Casanare and its relationship to territorial claims, rent seeking and wealth accumulation. The second explores how this militarization interacted with civil life and institutions, particularly after the arrival of oil. By 1998 the interaction between the two had resulted in a situation reached by Arauca in 1988, ie armed domination of civilian political and social life, although in Casanare this took forms of its own.

Territory, Rents and Accumulation: Economic factors in the Multipolar Militarization of Casanare

BP drew the lesson from Arauca in the early 1990s, that it should not make any deals with the guerrillas. It turned to the Colombian armed forces with a long history of human rights violations for protection⁷⁸. But an important additional lesson from Arauca which was not embraced, was the way oil interacted with the pre-existing patterns of political and social life. In Arauca, guerillas had manipulated these patterns and forged implicit and sometimes explicit alliances with competing political elites in order to gain de facto control over oil revenues. The particularities of these pre-existing patterns would be different in Casanare, but the particularities needed to

be taken into account in terms of the way the discovery of a huge oil field would impact on them.

The war in Colombia evolved in new ways in the 1990s. On the one hand the ELN and the FARC enjoyed a new lease of life, the ELN through its strategic focus on oil and the FARC through its involvement in drugs. The rent seeking element was vital for both, and by the end of the 1990s would become more critical than its strategic worth for an ELN struggling to survive militarily. The FARC saw rent seeking as a means to further its territorial claims and respond to the paramilitary expansion in the 1990s. The paramilitary had their origins in private armies which were formed in the 1980s to enable elites to defend themselves from guerrillas in the face of what was seen as the failure of the armed forces⁷⁹. These became known as self-defence groups. In Arauca, the first such group appeared in Saravena in 1993, a vigilante group known as the Saravena Self-Defence or *Los Encapuchados* (The Hooded Ones). It targeted unionised workers, particularly members of the peasant organisation, ANUC and political opposition leaders⁸⁰. A number of local and regional self-defence groups emerged at this time in different conflict zones, including Casanare. They were facilitated by the legislation in 1994 to authorise the Convivir, civilian armed groups that were supposed to support the army in preventive, defensive and intelligence work. The abuses committed by these groups led to the revocation of this legislation, but by then self-defence or paramilitary groups had multiplied. In most cases, the armed forces colluded if they did not actively encourage these groups⁸¹.

At this time, BP like the Colombian state, saw the threat to oil extraction in Casanare as coming exclusively from the guerrillas whose presence was not as strong as in Arauca but which was clearly growing. The position was understandable given the experience of Arauca, the fact that the ELN had publicly declared that the oil industry was a military target, and that the guerrillas were clearly enemies of the Colombian state. But it misjudged the complexity of politics in Casanare, and that the ELN would be only one of a number of armed actors with interests in the region and only one of the problems the oil industry would face. While the paramilitary right did not formally target the oil industry, its abuse of the civilian population and criminal extortion of local BP contractors had serious implications for BP and the militarization of Casanare. In the course of the 1990s, oil interacted with a variety of agendas of at least four organised armed groups seeking territory, rents and accumulation for a number of distinct purposes.

Casanare, like Arauca with which it shares a border, is part of the Orinoquia region. It is a frontier zone and province of Boyacá until it became an administrative district or Intendencia like Arauca in 1973, and a Department in 1991. The Department is a disarticulated territory, whose central economic axis and identity had not been formed before the arrival of oil. The region is normally divided, rather like Arauca, into a Plains area, the llanos proper, and the foothills or Piedemonte region, itself divided between the Andean slopes or cordillera above 1,000 meters and the foothills themselves. Like Arauca, the foothills are the most densely populated area. Eleven of Casanare's nineteen municipalities are located there.⁸² In the Llanos, extensive cattle ranching predominates, in the piedemonte small peasant farming. The Cusiana-Cupiagua field is located right in the midst of this piedemonte. In the South around Villanueva, there is an important agro-industrial area based on african palm and rice production as well as a traditional ranching and an illegal drugs processing economy,

In Casanare each of these socio-economic spaces has a story to tell with respect to the war, independent of as well as interacting with the arrival of oil. Another "reading" of Casanare is an ongoing process to determine the "Casanare identity" which would shape the future of the Department. This had never emerged clearly from the natural topography, dispersed settlement patterns or from a commodity capable of generating wealth through commercialisation to outside markets. Cattle ranching in Casanare has never been a highly productive and lucrative sector, partly because of the poor communications and difficulties of transporting cattle to national markets and general lack of investment. The one road since the 1930s between Aguazul, Yopal and Sogamoso (Boyaca) was only passable in the summer. Ranchers from the South sought alternatives; the road to Villavicencio via Barranca de Upía once the bridge over the river Upia was built, linked them to the Meta and ultimately a route to Bogota⁸³. In the late 1970s, african palm gave a new economic impetus to Villanueva and set it further apart from other areas of Casanare. Just over a decade later, oil shifted the centre of gravity towards the central region and Yopal. Oil was not a commodity owned by local interests, but a source of rents, around which the political elite could develop a Casanare project "a la Yopaleño"⁸⁴. But this has not gone unchallenged. The South maintains its own project, which is being built through various forms of illegal accumulation and a paramilitary army that has sought to build its social base amongst the population of the area. The growth and consolidation of Yopal with the rise of oil has meant, however, that it cannot be ignored, and at least part of the logic of the paramilitary expansion of the 1990s is about control over the

Department's future not just about the defeat of the guerrillas. The following sections looks at the rise of each of the armed groups of Casanare.

The cattle ranching families of the llanos dominate the landowning structure of Casanare which consists primarily of large and very large properties: 492 properties or 1.8% of all properties, own 48% of the total land of the area in farms over 1,000 hectares. In contrast, 90% of properties own only 22% of the land area; 28% of properties own less than ten hectares.⁸⁵ These families, which one historian calls “dynasties”⁸⁶ form a llanera culture characterised by a long history of violent expulsion and subjugation of the Indians who originally inhabited the region and which continued into the twentieth century.⁸⁷ Some Indians may have survived by accepting acculturation and joined the growing mixed or mestizo population of daily paid workers on the estates, or landless poor. These were the foot soldiers, argues Pérez Ángel, of the violent conflicts of the Llanos, of which the civil war or Violencia of the 1950s was the most bloody⁸⁸. During and after the Violencia, a wave of colonisation of small farmers from Boyaca came to Casanare in search of land and peace. They found neither. Most of the colonization to Casanare was spontaneous, and unlike Arauca, there was no systematic INCORA programme of support and land titling. The peasants arrived in a region where state presence and infrastructure were minimal, settling in the higher Andean slopes and the foothills, wherever they could find a piece of land.

The FARC guerrillas began visiting communities in the Piedemonte of Casanare in the mid 1980s and the ELN established its armed presence in the municipalities of the cordillera, such as La Salina, Recetor and Chámeza⁸⁹ a few years later. The guerrillas came to control some of these population centres and the people learnt to regard them as the authority in the town. Today, displaced people from these municipalities are murdered simply for their place of origin in their identity card⁹⁰. These locations were chosen partly because of their isolation and their importance as a logistical rearguard, partly because of the focista vision of acting as a catalyst to mobilise the poorest peasants against their servitude and partly because of the ELN's strategic interest in the oil industry⁹¹. From its strongholds in communities it controlled, the ELN began its attacks on BP's exploration and production facilities in the region in the early 1990s. The ELN's Jose David Suárez and Jose Domingo Laín Saénz Fronts also infiltrated the social and political life of many other municipalities of the Piedemonte, turning them into spaces that would be contested by all the armed groups of the Department.

The idea of "Araucanizing" Casanare may have been a tactical vision of the ELN, but it would prove more complicated in Casanare, a Department twice the size of Arauca with a distinct history and socio/political composition and relatively more diversified economy. Although oil came to dominate the Casanare economy, the Department never became an oil enclave like its neighbour⁹². The ELN was unable to build a tactical alliance with independent politicians within the dominant Liberal Party, although like all the armed groups it has infiltrated the electoral processes in order to access municipal and regional revenues through successful candidates. Even its military actions against the oil installations were containable by mid-1997-98.⁹³ The mass civic actions of Arauca could not be replicated amongst the less organised peasants of Casanare, although the ELN probably tried to intervene in some of the land struggles and community struggles against BP that took place in the early 1990s⁹⁴. As the ELN grew militarily weaker in the late 1990s, it directed its attentions to its need for funds, primarily kidnapping and extortion of oil contractors, and taxing local businesses and individuals.

The FARC established three of its 33 Fronts in Casanare in the mid 1990s, the 28 and 45 Fronts in the north and the 38 in the south. This was less out of interest in the oil industry than for the drug trading corridors that linked the producing areas it controlled in the Meta to markets. It was forced out, however, of Monterrey, Villanueva and Sabanalarga. But its interest in the strategic territorial importance of Casanare which connects strong areas of FARC influence in the Meta and Arauca, increased. There is a rumour that the FARC commander Mono Juyo ordered his troops to rescue Casanare in the late 1990s after it had virtually fallen under paramilitary control. The FARC escalated its military presence and actions, displacing the ELN from some areas of the Piedemonte, challenging paramilitary control and organising regular Paros Armados (lit. armed strikes) when no traffic on the vulnerable main communications thoroughfare through Yopal was permitted. It also blew up the electricity pylons and twice left Yopal without electricity for long periods in 2001 and 2002⁹⁵.

The paramilitary of Casanare have their origins in the cattle ranching families of the llanos, who have traditionally controlled land and wealth in the Department, with strong family links with Boyaca. During the post-Violencia years, lawlessness, cattle theft and land invasions of estates were rife. Protecting estates of sometimes 10,000 hectares was very difficult without state security forces. This led the ranchers to

create their own armed guards⁹⁶. In the 1980s, a rural force of the Colombian intelligence service, the Departamento Administrativo de Seguridad (DAS-Rural) was created in Casanare, and its training school in Aguazul specialised in cattle theft. The men whose livelihoods centred on defending the cattle ranches were probably the subsequent basis of what one Casanareño described to me as paramilitarismo criollo (creole paramilitarism).

The paramilitary project in Colombia grew out of the sense that “if you have land you have rights”; Castaño, founder of the united paramilitary group the AUC, refers in his book to the many fiefdoms with armed power in the regions, among them “el de los ganaderos de Yopal” (the one belonging to the ranchers of Yopal, the capital of Casanare)⁹⁷. The links between paramilitary groups and large landowning interests is very clear. The municipalities where 80-99% of the land is in the hands of large and very large properties, are today heartlands of paramilitary power in Casanare: Orocué (99%), San Luis de Palenque(96.2%), Trinidad (94.8%) and Maní (89.5%), while Paz de Aríporo (89.6%), and Hato Corozal (97.20%)⁹⁸ are strategic municipalities close to the border with Arauca where the FARC launched a major offensive in 2000⁹⁹. The extensive territory controlled by the paramilitary in the plains through their relationship to the ranchers has given them a strong base from which to erode and eliminate guerrilla influence in the Piedemonte foothills, and they rapidly became the ascendant force in Casanare which only the FARC seriously contested by the late 1990s.

The paramilitary are not however a united front in Casanare. There are at least two, perhaps three paramilitary groups¹⁰⁰. The Autodefensas Unidas de Colombia: Norte y Centro del Casanare are supported by Castaño’s own paramilitary group, the Auto Defensas de Cordoba and Uraba. It is a kind of mercenary army of people from outside the Department and linked into the great national conflict, seeking resources to help them with this larger scale project and preventing the FARC expansion into the territory. They operate in the northern open territory and frontier region with Arauca. They are reported to have a presence in 11 of Casanare’s 19 municipalities, including a strong presence in Yopal, and their aim is to take control of La Salina, Sácama, Nunchía and Támara, where the guerrillas have strong influence¹⁰¹.

The other paramilitary group is the Autodefensas Campesinos del Sur de Casanare. reputed to have been founded by emerald dealer and drug smuggler, Victor Carranza, in the South of Casanare around Villanueva, Monterrey and Tauramena. Carranza had

local links with traditional cattle ranchers of the region, and young men from the area went to work in the emerald mines and the coca laboratories of Guaviare and Vichada in the 1980s, investing their money in land and laboratories back home having absorbed some of the most violent cultures in Colombia. Private armies were set up to guard these acquisitions. These municipalities of the South are reputed to have some of the largest cocaine laboratories in Colombia. Carranza himself began buying land in various municipalities of Casanare in the 1980s. Alejandro Reyes has calculated that 43% of Casanare's municipalities have seen land purchased by drug traffickers¹⁰². Some traditional ranchers were happy to sell up given the situation in the region, particularly at prices that drugs traffickers were willing to pay. The boundary between legal and illegal economic activities was gradually erased in the South and a semi mafia type economy emerged. The new mafia elite was ready to confront the growing guerrilla threat in the region.¹⁰³ These were the origins of the Autodefensas del Sur, formally founded in 1995 but with antecedents in the late 1980s¹⁰⁴. Carranza himself has been in prison for a number of years and his relationship with the paramilitary group he helped found is not clear. It is known that a major internal dispute and change of command took place within the Autodefensas del Sur in 2000 and which led to the murder of Victor Feliciano, drug trafficker and landowner, together with his entire family¹⁰⁵ and the subsequent rise of the much feared paramilitary commander known as HK.

Local people see the paramilitary as criminals and killers and they create an atmosphere of terror¹⁰⁶. Where criminality begins and ends with these paramilitary groups is not easy to judge, and a number of criminal gangs also operate in Casanare. But the levels of violence and crime in the Department increased notably from 1990 and particularly after 1998. There is possibly a correlation between the shift to a qualitative and quantitative escalation in the violence around 1998 shortly after the completion of the Cupiagua CPF and the end of major employment opportunities in the oil industry's construction works¹⁰⁷. In 1996, there were 231 murders in Casanare and 21 kidnappings, 41 in Yopal, and 73 in Aguazul¹⁰⁸; in 1997 the figure was 262, with 46 kidnappings and 217 displaced people. The Defensor described the situation in an interview with the author in 1997 as a "dispersed massacre", in that killings were selective and individual, disguising the growing numbers. By 1998, the figure reached a new peak of 322, declining only slightly to 257 in 1999 and 309 in 2000, making a total of 888 for the three years 1998-2000¹⁰⁹. Twenty nine of these killings were considered to be massacres in that they involved multiple murders; ten of the massacres were attributed to the paramilitary and two to the guerrillas. Seventeen

were carried out by “unknowns”. The number of kidnappings over the three years were 147, of which the guerrillas were responsible for 97 and the paramilitary for 26, and common criminals for 24. An indication of the rise in combat in these years, is the estimated figure of 4,084 displaced over the three years, with the figure doubling every year.¹¹⁰

By the end of the decade, civilian authority and civilian space in Casanare struggled to maintain room for manoeuvre in the face of the territorial and rent-seeking competition of the armed groups. The 16th Brigade of the armed forces was mostly engaged in the defence of the oil industry; the police were in the frontline of guerilla attacks in municipalities, and in the capital had to deal with the paramilitary presence and were swamped by the everyday violence and criminality. All the armed actors are present in Yopal, although the paramilitary dominate. A growing number of displaced people from the conflicts in other municipalities also arrive destitute to the capital, a number have been the victims of land seizures by paramilitaries¹¹¹. While 80% of displaced people are from within the Department, a further 20% come to Yopal fleeing the conflict elsewhere in Colombia. There are few places of safety anywhere in Colombia today.

CIVIL INTERACTION WITH THE MULTIPOLAR MILITARIZATION OF CASANARE

What role did the discovery of oil play in the militarization of Casanare? At one level, that story has been told. It offered the opportunity for rent-seeking. However, that doesn't explain the contingent contextual factors that enabled this rent-seeking to take place, and how military actors were able to absorb, marginalise and eliminate civilian democratic ones. A distinction also has to be made between the fact that the arrival of oil can generate conflict for a number of reasons, but this doesn't make it a source of armed conflict, except in exceptional circumstances. In Casanare the social conflicts generated by oil and the misuse of oil revenues by weak local institutions ran in parallel with the rise of armed groups. The latter began to overwhelm the fragile but by no means non-existent civilian and democratic dynamics. Poverty and inequality had created resentments in Casanare long before the oil industry arrived; by 1995, the average income per capita was US \$930 compared to US\$ 1850 for Colombia as a whole, and 47% of the population did not have their basic needs met¹¹². It took a surprisingly few number of armed men to intervene in this environment and re-shape it, reinforcing the importance given here to their interactions with civilian processes. Although statistics are by no means reliable and the figures are only indicative, the

study by the Corporación Excelencia de Justicia in 2001, cites an approximate number of 340 armed insurgents of the FARC and around 100 for the ELN¹¹³ in Casanare; the police of Yopal quoted a figure of 500 paramilitary members¹¹⁴. The army, on the other hand, has around 3,000 troops in Casanare..

This section will look at how civilian life has become militarized through these interactions. A prevention strategy for Casanare would have had to prioritise unequivocally the strengthening of its civilian, judicial and democratic forces. While the Colombian national government began to decentralise in the late 1980s and took some steps to open up participation in the 1991 Constitution, these initiatives were not accompanied by a simultaneous programme of institutional strengthening.

Oil had a clear impact on the demographics of Casanare, whose population was 89,186 in 1973; the largest town was Yopal with a population of 24,517¹¹⁵. By 1994 it had reached 150,000 and Yopal 27,499 and by 2001, the population was calculated to be 300,000 and Yopal's 79,521¹¹⁶. An estimated 47% of population growth was concentrated in the two oil municipalities, Tauramena and Aguazul, and Yopal. A population that was 70% based in rural areas in 1990, was only 53% rural in 2001¹¹⁷. Yopal's rate of growth is similar to that of Arauca, and those of Aguazul and Tauramena comparable to Arauca and Cravo Norte in the neighbouring oil producing Department¹¹⁸. The process of constructing an oil production facility is the most labour intensive period for the oil industry, in which infrastructure is built and services required for skilled and unskilled labour. Labour requirements decline considerably once production starts. The key years for Casanare were 1993-1998 when the final phase of the extension of the installations (Centro de Facilidades de Producción or CPF) of Cusiana took place and the completion of the CPF in Cupiagua. The expectations of a bonanza in Casanare were created through headlines in the national newspaper, *El Tiempo* (June 1993), such as "The bonanza of Cusiana begins. Municipalities and departments will receive US \$3,500 million in eleven years"¹¹⁹ An estimated 12,000 jobs were created between 1994 and 1996 and at this time some 80 people a day were arriving in Casanare. In the first six months of 1996 6,000 people arrived in Yopal, 1,800 in Aguazul and 2,300 in Tauramena¹²⁰. By 1996, 58% of the population of Tauramena, 20% of Aguazul and 14% of that of Yopal were working directly for the oil industry and many others were indirectly associated, though services in restaurants, hotels and domestic labour¹²¹. A great deal of the unskilled labour is hired on 28 day contracts, and the fence-hangers or malleros hang outside the perimeter fence competing for these contracts.¹²²

Salaries in the oil industry were so much higher than elsewhere¹²³, that the 28 day system was one of a number of rationing mechanisms for labour, in this case you would not be allowed to reapply for a contract for three months. Similar rationing occurred amongst contracts for services and this was in the hands of the neighbourhood councils or Juntas de Accion Communal. Numerous conflicts have arisen around these service and labour contracts.¹²⁴ One of the tensions has been between the native population and the incomers. Fedesarrollo's study of the impact of the oil industry on Casanare found that the migrant workers in Casanare tended to come from higher socio-economic strata than most migrants to the large cities of Colombia, and to have a higher level of education than the native population¹²⁵. The migrants were able to gain access to any work requiring higher skills than the local population generating huge resentments and demands for access to more skills training locally. These resentments grew considerably after the completion of the construction phase of the installations and the decline in job opportunities, and it is at this moment that the paramilitary have tried to intervene and support the "communities". A migrant oil worker for Petrobrás, the Brazilian company with a small well in Mani, was found dead with the words: "muerto por sapo" (killed for being a grass), but people believe he was killed in 2002 by the paramilitary as a message to other migrant workers¹²⁶. Local politicians have begun to talk of the "Casanarization" of the region ie that jobs should only be for local born people. A decline in employment prospects has another potential impact on the armed conflict in the potential recruits for the armed groups amongst the unemployed. The armed groups offer subsistence and the paramilitary offer regular payment.

Behind these resentments is the transformation of a time-honoured if impoverished form of life by the arrival of oil. A study in 1995¹²⁷ of socio cultural transformations in Tauramena, records how in the 1980s "it was once a town lost in the llanos" with only seven streets and a park. The author of the study watched while four discotheques were set up in two months and musical tastes of young people shifted to rock. The diet of the people began to change towards tinned food, the traditional platano no longer found a local market and began to be imported¹²⁸. Rural dwellers began to drift from the land. Prostitution increased and shook a region known for its conservative family structure and values, and the migrants were also blamed for this. In a public forum in the early 1990s to discuss the impact of oil, the peasants association, ANUC, complained to the Ecopetrol representative about the "attack on and destruction of the family unit by the floating population known as the twenty-

eighters, who are brought in by the oil companies instead of giving jobs to people native to the area. This results in the introduction of depravity, drugs and immorality, the effects of which have been seen with the first Aids cases in Yopal hospital"¹²⁹The rise in alcoholism, crime and violence in the early 1990s in the context of an ineffective judicial system, would have contributed to the sense of uncontrolled social change and insecurity.

In addition, there is evidence of a very high level of intrafamily violence that also contributed to the generalised insecurity and breakdown of affective relationships. This cannot be traced directly to the oil industry, but may have some connection with the generalised rise of fear and violence in the Department and its impact on masculine identities, in particular. In 1997, the Instituto Nacional de Medicina Legal y Ciencias Forenses (National Institution of Legal Medicine and Forensic Sciences) carried out a survey which put Casanare in the ranks of the highest levels of intrafamily violence in the country. It had 171 cases for every 100,000 inhabitants, compared with 144 on average at the national level, with a very high level of matrimonial violence. By 2000, this was 151 cases per 100,000 inhabitants, in which Aguazul was between 3 and 3.9 times the national rate and Yopal, 2.0 and 2.9 times¹³⁰

Daily life changed for the people in the oil towns of Casanare and by the early 1990s, social action to complain at disruptions and potential damage to community life was mounting. The mishandling of these social protests was to cost BP its reputation locally, nationally and internationally and it has found it hard to recover. It remains exposed to further claims arising out of these years and subsequently, by individuals and groups who realised that a multinational can be vulnerable to reputation. It is here that the oil multinational becomes an actor in the conflictive processes that inevitably emerge when oil is found in a poor and peripheral region such as Casanare. A company of such size and power becomes the focal point of a myriad distinct complaints, some justified and others not.

Social organisation was weak in Casanare in the 1980s in contrast to the mobilisations of the settlers in Arauca, but it was not non-existent. By the 1990s, the peasant associations ANUC had an estimated 35 organisations at the village and municipal level in Casanare¹³¹. While it helped organise a number of land invasions, it did not have the mass base it built in some other regions¹³². Between 1989 and 1993, there were efforts to revitalise it through the leadership of Carlos Arrigui. This

coincided with the rise of the oil industry in the region, the growing ELN presence in the Piedemonte, the establishment of the 16th Brigade of the armed forces charged with defending the oil industry, and the appearance of an organised response from the right. Another form of social organising which grew stronger in these years were the Juntas de Acción Comunal, or neighbourhood councils. These grew from 502 in 1988 to 888 in 1998, excluding the juntas of Villanueva¹³³. The Juntas would become one of the main mechanisms for BP's relationship with the communities. In addition, the idea that oil would bring new developments to communities and that BP were willing to help with social projects, led a number of communities to organise their own community development associations. These associations also became involved in protests about the impact of oil on their environment. An example would be Asoccocharte, an organisation of 12 hamlets in the village of Unión Charte, between Aguazul and Yopal¹³⁴. Another is that of the Asociación Comunitaria para el Desarrollo Agroindustrial de El Morro(ACDAINSO, the Community Association for the Agroindustrial Development of El Morro).It is interesting to note that while the armed groups discussed above are dominated by male actors, women figure prominently in the arena of the Juntas and the community associations¹³⁵. The erosion of safe public space to participate in Casanare, has been a particular loss for women's voices.

The difficulty for poor communities struggling around legitimate social demands in Casanare as elsewhere in Colombia, was not only that the guerrillas tried to infiltrate and influence these struggles, but that the armed forces and right wing paramilitary groups did not distinguish between such legitimate social struggles from sympathy for the guerrillas. In the political culture of Colombia, powerless and vulnerable communities have great difficulty forging strong and independent organisations. They are quickly seen as a clientele for the electoral purposes of political leaders, and as the militarization of Casanare progressed, for the interests of armed groups. In turn, these communities often seek interlocutors and mediators who can help them pursue and present their demands. Community action can be easily discredited in these conditions. Community organisation is often weakened through the divisions created and the murder of community leaders leaves a lasting legacy of resentment that can lay the basis for ongoing conflicts, particularly when the murder goes unpunished. The murder of Carlos Arrigui in April 1995 is an example; the murder came just over a year after he had led El Morro in a civic strike against BP. Although the Procurator General investigated the circumstances surrounding Arrigui's murder¹³⁶, the report does not reflect a very thorough investigation. It concluded that the murder was

probably the responsibility of the security forces and a result of Arrigui's community activities, and indeed an army intelligence officer, Luis Alfredo Soler Gomez, was arrested. The officer was later seen "living comfortably" in the army barracks in 1998.¹³⁷

BP's relationship with ACDAINSO and the community of El Morro, is an example of the complexities and risks surrounding social organisational dynamics in Colombia and which needed to have been better understood by the company. Around 1993, the community of El Morro, which is situated in the midst of La Floreña, a small field in an early phase of exploration at this time, began to protest at damage to the road used by the community from the machinery and trucks driving up and down to reach the wells and the seismic tests taking place in the area. The report of the Defensoria into the case, wrote that the main complaints from the people were that "the dynamite is placed around the rivers, ravines and springs, drying up, in many cases, the water source, fracturing the earth, felling the forests and affecting the fauna"¹³⁸. It also found that the community was facing other problems, such as the location of an army base in its midst to defend the wells, and that the army was responsible for water contamination and leaving rubbish in the peasant's fields. It also points out that the communities themselves originally upset the fragile ecosystem of the area when they deforested the land in order to settle it and clear it for farming..¹³⁹

The El Morro community is a corregimiento of Yopal, a community of 6 hamlets with a population of 1,500 people. The community are mostly colonisers from one of the poorest municipalities of Labranza Grande in Boyaca. The Colombian think tank, Fedesarrollo included El Morro in its study of the impact of oil on Casanare and identified it as a community in a "poverty trap". Despite considerable infrastructural development since 1994 and the tarmacking of the road following an agreement with BP, El Morro stands out today for the exceptionally low level of education of adults and children and the high levels of child labour, around 20%¹⁴⁰. The hopes of this community that oil could offer for a way out of this poverty trap, its frustrations as such hopes failed to materialise and its sense of powerlessness in the face of large scale and poorly understood transformations around them, were behind the civic strike that took place in January 1994.

BP made a critical mistake at a key point in the evolution of the conflict of Casanare of failing to understand the wider implications of the actions of this very small community. Its relationships with the community at this time were based on an old

fashioned benevolent paternalism¹⁴¹ while it concentrated strategically on the security of the enterprise. This was in the hands of the Colombian armed forces and a private, security company Defence Systems Colombia, part of the multinational security company, Defense Systems Limited. Following the civic strike, a number of community leaders were threatened. It was alleged that BP security employees were filming and photographing community leaders and meetings and handing these to the army. These allegations together with the murder of Arrigui came to the attention of the British press. Between 1996 and 1998, BP became headline news in the UK press, the subject of at least two major television documentaries, a visit from a European Parliament delegation, human rights protests against it in the UK, a debate in the House of Lords and a report by Human Rights Watch¹⁴². An investigation by the Public Prosecutor or Fiscalía and published in 1998 found no evidence to substantiate the allegations against BP and the company was exonerated.¹⁴³ Several new allegations were made against BP and DSC in 1998, around police training and the security of the OCENSA pipeline¹⁴⁴ and against BP for environmental infringements. An inter-agency group of UK NGOs (Save the Children Fund, Oxfam, Christian Aid, CAFOD and CIIR) was set up to engage in a dialogue with BP around these allegations.

The international focus on BP's role in Casanare contributed to a major rethink in the company around its handling of the situation (see below). In the meantime, the armed groups extended their predatory advances. A qualitative shift in the conflict took place, as growing paramilitary control led to the FARC offensive, while the ELN's military decline led them to extend their efforts at extortion through kidnapping and "taxing" local contractors.

The main political actors in Casanare were traditionally a political elite whose expectations were to control electoral positions in the key municipal and departmental offices and make the personal gains that accompanied this. It was not a respected institutionality, but it was the only one there was and enjoyed some legitimacy for that reason alone, better some institutionality than none at all. In the late 1980s, the Colombia government promoted a decentralisation process aimed partly at opening up political participation. This included the direct elections of mayors in 1988. But it was a decentralisation to weak institutions and to a political sphere characterised by the patron-client relationship that was easily manipulated, as we saw in the case of Arauca. This did not mean that all who attempted to represent their communities were caught up in corruption. An emphasis on contingent contexts is that they require, in

this discussion of the political arena, discrimination between those committed to a public interest, those who would be committed if the incentives are right, and those with only personal interests in mind. In Casanare, there are examples of all of these. But what is clear, is that the space to be neutral and act for the public interest became more and more restricted as armed actors increased their power over civilian ones, now in charge of the oil revenues that started flowing to Casanare from 1993. The precise relationship between the rise of armed groups, oil revenues and the agendas of political elites is not easy to untangle. In order to get elected, candidates have to make deals with armed groups, particularly the paramilitary but also the guerrillas in the municipalities they control. These deals involve access to the revenues of the municipality after the election and refusal to comply means death. Two mayors of Aguazul have been murdered and many live under permanent threat. Many politicians, up to and including the Departmental Governor, live in a state of ambivalence between a wish to carry out their political duties and their need to appease the armed groups around them¹⁴⁵ Oil royalties, it can be argued, weakened rather than strengthened Casanare's fragile political institutional.

Oil produced very high levels of growth in Casanare.¹⁴⁶ Between 1995 and 1998 Casanare received 33% of the total royalties distributed to oil producing regions, compared to 28% to Arauca, and 7% to Meta, Huila and La Guajira; by 2000 Arauca's share had declined to 12% compared to a rise in those of Casanare to 35%.¹⁴⁷ Between 1994 and 1998, the aggregate value of the Department's contribution to National GDP increased to 2% while in Arauca it declined from 1.1% to 0.7%¹⁴⁸. The structure of production was transformed; agriculture and cattle diminished considerably their economic contribution to GDP, but african palm production and cattle remained significant economic activities. The contribution of agriculture and cattle to the Departmental GDP decreased from 10% and 50% in 1985 respectively to 9% and 11% in 1993, while oil rose from 12.5 % to 45%.

The Fedesarrollo study of the impact of oil on public finances in Casanare illustrates the potential and the dangers of the income the region began to receive, particularly the municipalities of Aguazul and Tauramena.¹⁴⁹ These municipalities came to depend on royalties for 45% of their income, compared to the dependence of between 65 and 90% of income from the national government of non oil producing municipalities of a similar size. At the departmental level, the contribution of royalties within total income was even more significant than at the municipal level, rising from 70% in 1996 to 74.% in 2000. In addition to the royalties, the rise in

commerce between 1991 and 1996 was very high and became an important source of municipal and departmental taxation revenue (and indirectly, for extortion by armed groups). Casanare ended up with the highest investment resources per capita in the country, 30 times those of the poorest departments of Chocó and Vichada and similar to that of a relatively wealthy department such as Cundinamarca with 9 times its population. Considerable infrastructural investment was made with these royalties and Fedesarrollo found that public services and educational coverage were by 2002 not very different to those of other large towns in the country. The quality of education remains a problem and the informal nature of much unemployment has affected affiliation to the national health programme and pensions. But while provision and access to basic services has improved markedly, these soon become taken for granted as people search for improved employment and income. Casanare has not achieved sustainable human development despite its oil bonanza. "There is no development, only infrastructure", was the view of a group of grass roots women I interviewed in Yopal.¹⁵⁰ And even with the improvements in infrastructural development, Casanare cannot officially account for the massive US\$800 million it has received in royalties from Cusiana/Cupiagua between 1993 and 2000.

The audited royalties accounts for the Department for 2001 prepared by the Contraloría de Departamento, are very revealing on the investment profile. The municipality of Aguazul for instance spent 41.3 billion pesos in 2001, of which 7.6 billion went on roads, and 5.2 billion on debt servicing, compared to 3.1 billion on the agriculture and production sector. The armed forces, it is interesting to note, receive a 5% cut on road building due to the security importance of this investment¹⁵¹. Another problem in the expenditure on infrastructure is the quality of the works and the tendency for companies to charge much higher costs. It is never clear whether these costs include the vacuna or tax to one or other armed group, as is often claimed to justify these costs. Corruption undoubtedly accounts for a considerable loss in royalty revenue. Fedesarrollo found that with the resources it received, the municipalities of Casanare could have easily achieved a 100% coverage of health, education and basic sanitation investing only the resources of the years 1998 and 1999¹⁵²

In addition to corruption and the siphoning of resources to armed actors, there is an economic bottleneck which emerges when a sudden influx of oil revenues reaches a Department with a weak existing resource base. The fiscal bottleneck is due to the increase in current account expenditure at a greater pace than the total resources or existing savings. Increased revenues from royalties ironically led to greater

indebtedness at the municipal and Departmental level and an inability to generate savings which might reduce the ever greater dependency on royalties. Any major downward shift in oil prices could create a major problem of short term insolvency, which in the climate of Casanare could be very dangerous.

The 1998 Plan for Casanare produced by the Departmental Planning Administration acknowledge the profound institutional weakness in the Department, “The Department currently lacks a functioning and accountable structure which would enable it to provide the decision-making processes for planning and management”¹⁵³. Yet while this was acknowledged in 1998, that year marked an escalation in the levels of violence and extortion. Interviews in 2001 and 2002 with the main institutions charged with introducing accountability and legality into Casanare¹⁵⁴, found them all under tremendous pressure from the volume of cases and from the threats they received from armed groups. The Defensor or people’s ombudsman, had to go into exile in October 2000 after a bomb was placed under his car. In May 2001, the paramilitary ordered two Fiscales or prosecutors to present themselves in Tauramena. After they failed to do this at the second demand, they were told that one of the Fiscales would be shot.¹⁵⁵ The Procurator General was in despair at his inability to investigate all the cases that came to him, and even when he did carry out investigations he could not gain a prosecution, due to threats on him or the Fiscal.

Civilian authority had been greatly undermined by the late 1990s in Casanare. Nevertheless, there were still voices and organisations that were trying to keep the civilian space open. This paper has argued that there were contingent moments when institutional and social decomposition might have been avoided or at least mitigated. To achieve this, it would have been vital to support those voices and organisations from the very beginning of the discovery of oil.

By the late 1980s, there were a generation of young professionals who were concerned with the development of the region. They were prepared to act independently of the traditional elite political families and challenge their clientelistic political culture. Some founded NGOs, such as Cemilla in Yopal and the Fundación para el Desarrollo de Upía in Villanueva. The latter had proposed a participatory regional approach to the development of Casanare in the early 1990s to overcome disarticulation and fragmentation. A space for participation from different social sectors and organisations would it was argued at the time, offer a strong local interlocutor to the oil industry, as “the weaker the community, the worse is the impact

of oil”¹⁵⁶. The Barco government’s Programme Nacional de Rehabilitación(National Rehabilitation Programme or PNR) which targeted the conflictive areas of Colombia, had arrived in Yopal in 1991, and had been supportive of participatory approaches. The Governor at the time had supported the idea and Consejos de Participación (Participation Councils) had been set up between 1992 and 1994 but had been closed by the next Governor of the Department, as was the PNR by a later national administration.

Many of this generation of professionals have come to occupy key roles in the institutions of government as well as in the private sector and the Chamber of Commerce. They have remained committed to the Department despite the war, and could, they argue, have been the core of an alliance to construct a more sustainable institutionality based on a region-wide development strategy. Many feel that the national state undermines rather than strengthens such capacity. The Contraloría in charge of investigating corruption finds that rather than greater support for him to exercise his investigative role, the government cuts his budget and seeks to establish a new outside body to audit the Departmental Contralorías. “Strengthen Us”! he lamented in an interview.¹⁵⁷ A strategic national plan of institutional strengthening in Casanare, would have also prioritised the judiciary and included regular support from national teams when local people are threatened. Impunity positively fosters violence.

A serious pre-emptive plan for Casanare should have involved a recognition of the importance of the grass roots developmental, womens’ and environmental groups to the democratic process in the Department. This required effective security for citizens and measures to ensure that the security forces, in particular the armed forces, were themselves accountable to the rule of law not above it. The widespread belief and considerable evidence that the army has colluded with the paramilitary in cruel actions against social activists and prioritised the defence of the oil industry over the civilian population, has created a great deal of cynicism towards the security forces of the state. Civilian security is guaranteed for no-one, and those who try to keep an independent voice frequently risk their lives. Nevertheless, there are still social activists in Casanare who dare to do this. The march to the central square in Yopal in November 2001 by some 50 women to commemorate the International Day of Non-Violence against Women, illustrates that despite the militarization of Casanare, some are prepared to defend the civilian space no matter what.

Finally, regional institutions should have been prepared for the influx of royalties and transparent and democratic mechanisms of accountability and decision-making established. The royalties have been a major source of indirect predation by armed groups and the weakening of local authority structures. The government intimated in 2002 that it would consider re-centralising control of the royalty payments. The proposal would guarantee central government expenditure on education, health and other local social and infrastructural expenditure. The initiative is a response to the evidence of corruption and ineffective local administration, but also question the high percentage of royalties that go to the oil producing regions. There is some logic to guaranteeing the redistributive and appropriate use of revenues centrally, although this depends on the capacity of the central government which must remain doubtful in Colombia. But this belated proposal is likely to create a renewed crisis in Casanare and my interviews in 2002 revealed that it was already provoking political unrest as local elites and professionals alike contested the erosion of power and room for manoeuvre it would imply. Casanare has not yet achieved anything resembling sustainable development, they argued. While there is considerable infrastructural development, royalties should now be redirected towards the productive sector¹⁵⁸.

This paper argues that policy failure at the level of the national government has contributed to the opportunities for predation by armed groups both in Arauca and Casanare . An antibiosis or antagonistic interaction emerged between the civil and uncivil processes in the regions, which led ultimately but not inevitably to the triumph of the latter over the former. On the one hand, a considerable financial boom took place in regions of weak and poorly prepared institutions, disarticulated territories and clientelistic political practices. Expected and real revenues created new socio-economic dynamics, which institutions could not handle. At the same time, armed groups began to make use of the opportunities for predation which opened up and interacted with the civilians who controlled the fragile institutions, made vulnerable by the lack of shared norms which underpinned them. Gradually the uncivil gained inroads into the civil world, corrupting political representatives, killing and threatening independent social activities and siphoning resources to strengthen armed confrontation. In an investigation into the judicial system in Casanare, the Department was described to a team of interviewers as in a state of “co-government” with armed groups¹⁵⁹. This was not a one-off but an evolving process, in which the national government might have intervened to prevent the outcome which by 1988 in Arauca and 1998 in Casanare had become clear: a level of militarization of civilian life which would be very difficult to reverse. But if one can attribute policy failure to

the national government, what might one attribute to the main multinational company operating in the region? And how has the oil industry responded to the dilemmas of extracting oil in a such a complex, militarised environment?

BEYOND THE PERIMETER FENCE: THE OIL INDUSTRY AND NEW RESPONSES TO CONFLICT

FROM DEFENSE OF THE OIL INDUSTRY TO SECURITY OF THE OIL PRODUCING COMMUNITY

Policy failure in Colombia has often been about a policy vacuum as much as wrong or misguided policies. It could be argued that this is very evidently the case with respect to the oil industry. Occidental opted in the 1980s to take the easier but ultimately highly damaging route to defend its oil interests partly as a result of the lack of any state direction that would have made the company accountable to a national policy environment or provided alternative forms of security. By the late 1990s, individual companies and the Asociación Colombiana de Petroleo (Colombian Petroleum Association, ACP) had been forced to develop their own approach to the protection of their industry. In doing this, they have tried to make a distinction between defending the industry, and the security of the industry in its entorno or socio-political environment. This has involved them engaging actively with the communities and political structures around them.

The ACP was founded in 1965 but until the 1990s had not developed a clear set of strategies for the industry as a whole. Different policies were implemented in different regions and by individual companies, and a military and defensive approach dominated. The Association or Gremio as is it called in Colombia, is a relatively weak pressure group compared to the historic power of the coffee producers federation. As oil has overtaken coffee as the country's major export, it has not been able to replicate that power, which is partly explained by the number of foreign companies within the ACP and the sensitivities around such companies trying to exert political influence over areas of Colombian national policy. As the Colombian government has gone into overdrive to attract foreign investment, many new companies of varying size have come to Colombia; an estimated 70 were operating

by 2002¹⁶⁰. The capacity of these companies to deal with the violent environment in which exploration and production must take place in Colombia varies a great deal. BP Amoco cannot be compared to some of the small companies which do not have the resources to develop sophisticated monitoring of environmental impact or to afford the same level of security from the armed forces. But nor are they the same high profile target as a huge multinational such as BP. The ACP has begun to foster some coherence amongst the different kinds of companies operating in the sector.

The ACP has made serious efforts over the last five years or so to both persuade the State to develop a coherent security policy as well as forging its own. It was evidently not possible to protect the whole length of a 490 mile pipeline. It only takes 2-3 people to blow it up. In addition, when companies are asked to pay the armed groups, they need a strategy and a framework with which to respond¹⁶¹. The ACP has been trying to develop such a framework that can offer a coherent and shared ethical approach agreed across the industry including foreign companies, Ecopetrol, oil workers and contractors. Ecopetrol has developed its own parallel discussion, but worked closely with the ACP.

The ACP has promoted national forums¹⁶², and the establishment of regional Mesas de Trabajo (Work Tables) which bring together the different companies exploring and producing in particular regions together with Ecopetrol. In the course of the 1990s, but particularly in the years 1999-2002, they have been established with different levels of permanence¹⁶³. Companies have responded more as the situation has grown increasingly serious for the petroleum as well as the energy sector as a whole.

By 2001 in its first Forum in Paipa¹⁶⁴, the sector was recognising that it faced three serious threats from armed groups to the security of its employees and contract workers, its physical infrastructure and its profitability. The armed groups saw the industry as an opportunity for extortion, pressure and the expression of political demands. The industry considered itself in the middle of the confrontation between the guerrillas and self-defence groups for control of wealth production in the regions (oil, coca, opium, electricity generation, ranching, mining and industry), control of strategic corridors, and the means to pressure the government for specific demands, such as the destruction of electricity pylons and local armed strikes. The industry's costs have mounted in terms of the security of infrastructure and people, in repairs, in transport, in prevention and in legal services. Labour relations have deteriorated,

project implementation has been delayed and the economic competitiveness of the sector was deemed to be at risk.

The idea of regional committees emerged first in the Central and Alto Magdalena in 1991. Hocol was a leading player in the process in this region. This company is Colombian registered but with shareholders from Saudi Arabia and elsewhere. A change in ownership and control took place when Shell withdrew in 1992. It was this withdrawal that forced the company to face up to its environment in a new way. Under Shell, there was a feeling that it merely implemented a schema which had been developed overseas¹⁶⁵. Both this and the BP study to follow, reinforce the argument that when Colombian professionals are involved in the policy development process we are discussing, they have both more knowledge and more at stake in “getting it right”. Hocol had a long history of some forty years of operating in FARC controlled territory in Huila. Local people had been incorporated into the business from early on, so that the company had a fairly strong acceptance in the region before conflict escalated. In 1991 during the discussion around the new constitution, the company began to accept the idea of business ethics, at the same time as it recognised the need for a state of law in Colombia and its own obligations towards that. Hocol’s outreach to the community had emphasised leadership training, which had created political formation in the community and enabled the local people to resist manipulation by third forces, from the FARC to party political bosses. A reasonable co-existence had been forged in which the autonomous civilian space appears to have maintained more integrity than is the norm in Colombia. The situation began to deteriorate when the FARC got involved in the drugs industry and when rather than a group of armed peasants, its members began to appear in uniform and evolve into an army. The company had to develop a policy towards extortion and other threats. But while in 1992 when the company suffered its first armed attack it was easily able to resist it and the community themselves marched against the increase in violence, by 1998, the situation had evidently worsened, and the company was attacked in 1999 and again in 2001, when 100 armed men broke into one of the most important installations. Although the FARC predominate in the territory, by this time the paramilitary were regularly invading, common crime and violence were mounting amidst rising unemployment and population displacement .

In the meantime, the company had begun to shift its social outreach. It began to develop a programme with its contract workers and to involve the community as a stakeholder in strategies to deal with the militarising dynamics. It did not wish to

work with the army or the police and as a small company it could not afford a costly arrangement with the state security forces anyway. It did seek more help from the state. In the absence of such help, it has sometimes taken the decision to wait rather than go into production, a decision recently taken about an exploration bloc in Caqueta, in the heartland of FARC territory. The company does not have a security department, but analyses scenarios. It has developed a cultura de auto cuidado or a culture of self-awareness and protection amongst its employees, to encourage sensitivity to the security situation and anticipation of dangers, such as that of kidnapping. It has identified some critical principles: a non paternalistic approach, working with the community, not substituting for the state, the goal of sustainability, and a tripartite strategy between state, community and company¹⁶⁶. The company has spent a year preparing to operationalise a new bloc in Casanare, which has involved an almost anthropological approach of “getting to know how Casanare thinks”¹⁶⁷.

These ideas have fed into the evolving strategy of the ACP which has taken the form of a tripartite scheme between the state, the community and the company. The strategy is different from the “social works” approach of the past, in which the company built what it thought the community wanted, such as a school. It might then find that the state would not or could not provide teachers. The new framework of gestión social or social management aims to involve the community as well as other local actors in all stages of the process of defining local needs. This framework should not, argues the ACP, be a tool for improving security. It should be a genuine effort to promote peaceful coexistence in cooperation with all the communities in the area of oil exploration or production.

The success of the strategy nevertheless, argues the ACP, still depends on the State. The petroleum sector cannot divorce itself from national processes and the work of Regional Committees and Ecopetrol is heavily dependent on the evolution of the war and the peace process. An Arab company that debated between a strategy based on gestion social only, the army and police only, or both, opted for the former. Sixteen of its employees were subsequently kidnapped. The company has sought to involve the departmental Governor in a protection strategy.

As kidnappings, attacks, bombs and dynamiting have increased, the issue of physical protection alongside the community outreach and partnership building strategy remains a critical one for the industry. Without the rule of law, effectively administered by state institutions, the industry remains very vulnerable. It has

urgently sought action from the government, to support beleaguered institutions operating in the midst of the conflict and to provide the objective conditions for security. Each oil producing region varies according to the degree to which its local institutions function. Huila retains some institutional infrastructure while Arauca has lost much of this and what remains has been severely affected by the loss of royalties due to the pipeline damage. “We can’t replace the state, but the state must give protection” argues Alejandro Martínez , Executive President of the ACP¹⁶⁸. But without an appropriate response from the state, the oil industry feels it has to act on its own. However, while the industry now has its ethical practices, its regional committees working with Ecopetrol, and its gestion social approach, it lacks a plan for security which will depend on effective state institutions. The aspiration is that improved and genuine relationships with communities will to some extent defend the companies that work with them, but the risks remain high. The ACP is convinced, despite the risks, that the security of the oil well cannot be divorced from the security of the community as a whole. Oil wells cannot be protected through military means; a greater guarantee is that judges are able to do their work and that there are institutions to control corruption.

Efforts to persuade the national government to focus on this institutional effectiveness as a guarantor of security, have led the oil industry association into a broader political role, despite the tensions that arise, both with the foreign companies in its midst and from its own historic weakness as an association. This shift towards such advocacy of its interests, suggests that business in Colombia is having to change its traditional assumptions that the State was there to provide the macro-economic stability and order to allow the private sector to get on with its tasks of accumulation. This led it to allow the political class to control the state apparatus through the clientelistic practices that we have already explored. The evident weakening of the traditional political parties in Colombia has eroded that distancing mechanism for business interests. The business sector has had to become more pro-active in proposals for overcoming the crisis, and present its views on the future of Colombian society, just as the guerrillas and paramilitary and other civilian associations do. Whether the Association will be able to develop further this engagement is uncertain. It was not consulted about the issue of US protection of the pipeline and recognises the danger that the US is seen to come into Colombia to protect its own, making it more legitimate to attack the oil industry as a whole. The strengthening of the armed capacity of the State with US assistance and the pursuit of a military solution to Colombia’s war, also runs the danger that the State will confuse and weaken the other

agenda of restoring legitimacy and effectiveness to Colombia's institutions, the agenda that the ACP at least identifies as the priority need for the country and for the oil sector in particular.

For the ACP security for the industry has come to mean more than its defence. A proactive, sincere and ethical engagement with the world outside the perimeter fence has been seen as a vital component of operating in a climate of violence. How far this nuanced and sensible strategy for the longer term vision of a democratic and equitable Colombia will survive if the US and the Colombian government succeed in strengthening the military responses of the State without simultaneously strengthening the civilian ones, remains a question mark. The last section looks at how BP have dealt with this dilemma in the context of Casanare.

BRITISH PETROLEUM IN CASANARE: FROM "SPLENDID ISOLATION" TO STRATEGIC PARTNERSHIP

BP was forced by the mid-1990s to recognise that however unjust it felt the accusations against its role in Casanare to be, as a huge and powerful multinational in a poor and violent region, it would be held responsible for much of what happened there. To its credit, it has had a serious rethink of its entire strategy and acknowledged mistakes. The Chief Executive, John Browne concluded in his 1998 Elliott Lecture at St Anthony's College, Oxford:

"...we've been accused in the last couple of years of being associated with serious human rights and environmental problems in Colombia. We've taken these allegations very seriously and gone through a very thorough process of investigation, internal and external. Having been through that process I'm convinced we were not guilty of the sort of wilful misconduct of which we've been accused. We made mistakes, but I don't believe they were deliberate and we've learned from them. One of the things we've learned is that we can't stand aside from the problems of the communities in which we work. We can't try to operate in splendid isolation and cut ourselves off from local realities behind a security fence"¹⁶⁹

The Inter-Agency Group of Oxfam, Christian Aid, CIIR and CAFOD which also investigated the events surrounding the allegations against BP in 1998, did not find

evidence of “wilful misconduct”. However, it concluded that BP had allowed its security concerns to dominate its understanding of the dynamics of the region, it “chose not to know what is happening in Casanare and listened to apparently “natural allies” such as the armed forces and political elites. Reluctance to acknowledge that their own security personnel might have been too close to the armed forces or that intelligence operations amongst civilians to protect a pipeline might result in extra-judicial killings, have exposed BP to charges of complicity in abuses”¹⁷⁰. BP may have been ill-advised also from the British Foreign Office, which until the latter part of the 1990s did not acknowledge the importance of army and paramilitary violence in Colombia. As the Financial Times wrote: “The oil company sees the guerrillas behind many protests; while local people see BP protected by fortresses and behind armed guards and working with the army”¹⁷¹

The company had never ignored its social responsibility in the region, but this had been based on a rather benevolent paternalism which involved it responding to social demands without any strategic vision and trying to build good relationships with local politicians and professionals through invitations to London. An evaluation visit by a team of three people from the World Bank in 1998, reviewed how BP had factored social concerns into the development of its operations¹⁷². It found that as early as 1992, the company was facilitating communities to identify their development needs and priorities. Since 1993, it had “robust Community Affairs Policy dealing with interactions between the company and its stakeholders in Casanare”¹⁷³ A community affairs budget of US\$29 million between 1993 and 1997 financed a wide range of social investment activities to meet community expectations and at its peak in 1997, the company employed some 32 people to deal with community affairs. BP and its partner oil companies had established a local NGO, Amanecer to administer credit and other social programmes. Nevertheless, the evaluation recognised that not all the approaches in Casanare to develop a relationship of mutual benefit to the company and its stakeholders have been successful”¹⁷⁴. The evaluating team particularly emphasised the importance of BP building “effective partnerships between government, BPXC and civil society”¹⁷⁵

Internally, BP was going further than this evaluation. It extracted four important lessons¹⁷⁶:

- The company cannot work in isolation from the rest of the region and offer direct investment only in the areas of operation.

- The Department's long-term sustainable development can only be achieved by effective planning and better-trained leaders both in the community and the local governments
- As a member of the community, BP cannot extricate itself from the conflict that affects everyone in Casanare. In sum, BP's security concerns to hand and hand with those of the community.
- Ecopetrol as the state partner of the operation has a role to play. BP should embrace that interest

By 1998, BP was downsizing its community affairs staff in post within Casanare and devolving responsibility for community affairs to operations managers so that it became central to their concerns. The World Bank evaluation team warned about the need to maintain a team capable of communicating with local people and partners. BP did in fact appoint a particularly strong Bogota and Casanare team to take forward their new approach to the Department. A notable feature of this team is that as well as individuals with particular knowledge and experience in Casanare, it includes people with considerable prior experience of working with the PNR rehabilitation programme for conflict zones introduced by President Barco in the late 1980s. This Colombian team has a deep knowledge of the country and a strategic vision which reflects their understanding that as well as working for BP they are citizens of Colombia, with responsibility to their country as well as the multinational they work for. " We are talking about our children's patrimony" , as BP's Manager for Corporate Affairs expressed it.¹⁷⁷

This team presents its strategy in terms of four levels of activities. The first is the establishment of a base-line of reliable and up to date data. It commissioned a study by the Colombian "think tank" Fedesarrollo, on the evolution of the social and economic development of Casanare which was published in 2002. The second is the creation and implementation of strategic partnerships; the third is managing the conflict and the fourth, preparing for the future.¹⁷⁸ The latter refers to exploration in Niscota which will effect the municipality of Nunchia in Casanare, an even poorer municipality than Aguazul and Tauramena when oil was discovered, as well as Paya in Boyaca. BP is making a serious effort not to repeat its errors with Cusiana-Cupiagua, and if oil was discovered in Nunchia will be its test for its new approach to working in conflict.¹⁷⁹ These four levels reflect also a statement of longer term commitment by BP to Casanare and its recognition that it must play a role in the future of the region from which it has profited through the extraction of oil. Rather

than extract the oil and abandon the region, BP has expressed its commitment to work with the state, community/civil society and the private sector to ensure that oil revenues are used for the development of the region and that it prepares for the reduction in those revenues:

"BP's future is inextricably linked to Casanare's. How the region manages the challenges of reduced revenues within a conflict zone in the coming years will impact on oil development, present and future. Given this scenario, it would not seem wise, both from a business and social perspective, to sit back and watch as the neighbourhood deteriorates"¹⁸⁰

The building of strategic partnerships has been one of the key means by which BP has sought to become a player amongst many players in the region. The oil industry should, in this conception, collaborate with others in building towards shared goals, rather than be the "cow to be milked" as it is often perceived. This attitude towards the oil industry has diverted attention and interest in state building locally and nationally. This strategic vision has led BP to promote what is known as the Grupo Gestor, a development task force involving key institutional actors in the region. The group meets to construct a consensus around a participative and sustainable development plan for Casanare and recovering democratic governance.¹⁸¹ To achieve this goal, BP is now working with some of the professionals referred to earlier, those that remain committed in some form to an integral human development approach and occupy important positions in local governmental and private sector institutions. It seeks to build a coalition of local leaders who could foster social consensus, a regional cultural identity and comprehend the multiple challenges at the economic, institutional, environmental, political and social level. In concrete terms, the Grupo Gestor began at the end of 2001 to discuss how a regional development plan or Plan de Ordenamiento Territorial, might be the focus for strategic thinking and cooperation between state, private sector and community, with an emphasis on enhancing transparency and efficiency of public investment.

At the same time, BP is working to strengthen the capacity within society to monitor institutions and to develop new leadership at other levels of society. It has supported a school for leadership, it has worked with women from Casanare through productive projects, women's rights and political participation, and with youth through music and theatre projects.. It has placed particular emphasis on the strengthening of the judicial system, and has promoted the Justices of Peace programme in Nunchia, Yopal,

Aguazul and Tauramena to develop legitimate ways for resolving daily conflicts which would take months in the formal legal arena. In the same spirit of improving relationships with local communities in oil producing areas , it has promoted a Neighbourhood for Development programme. BP continues to fund specific productive , health and infrastructural projects, but it has a strategic programme today rather than projects which respond to particular demands of the most vociferous communities and individuals.

In the process, there is evidence of some shift in the meaning of security compared to the past. The 16th Brigade still defends BP's infrastructure. Following criticism after the events of the mid 1990s, it has made explicit its concern with human rights protection and promoted training of the armed forces in International Humanitarian Law in the 1998 agreement between Ecopetrol and the Ministry of Defence for the protection of oil installations. It has taken the auditing of this agreement much more seriously and committed itself to greater transparency. Nevertheless, although accusations of human rights abuse against the army have declined, most believe that there is still tolerance of if not active collaboration with the paramilitary.

Events since the fieldwork for this paper were completed suggest that these security dynamics around oil exploration areas in conflict zones remain highly problematic. Mathew Gitsham describes the way BP opted to work with the army to create a 'military ring' around the village of Morcote, the chief beneficiary of any potential royalties from the Niscota exploration. This was to protect the communities from incursions from any armed groups. However, his interviews with Ecopetrol, revealed that there were neighbouring municipalities which hoped to benefit from royalties in Boyacá, such as Pisba Paya and Labranzagrande. Paramilitary groups have targeted these municipalities which are outside the military ring in an effort to gain a foothold in the area. BP could not persuade the Colombian government to extend the military ring model which is very expensive.¹⁸²

BP has recognised that reliance on the protection of armed men is not enough. It has begun to identify its own security with that of the security of civilians in Casanare. It has made this clear in statements such as "Violence against the community is a threat for everyone" ¹⁸³, a notable change from the 1990s when its priority concern was defence of the oil industry against guerilla attack. More than this it has publicly condemned violent actions, joining with others in Casanare and identifying itself as a co-citizen in this respect. This represents significant changes from the past,

particularly given the escalation in the conflict and that fact that BP personnel are often shot at when travelling in helicopters; contract workers have been kidnapped and executed, and it is impossible for them to safely have a cup of coffee in Yopal without some protection on hand¹⁸⁴

However, BP's new approach is not without its problems and contradictions. It is too early to judge whether the company can effectively become a partner in the development process of Casanare when other members of the partnership have been so severely weakened by the violence of the previous decade while it is seen as a very powerful actor still. This imbalance has created tensions in the idea of "partnership". It has tried to prevent itself being sucked into a state-like role by building relationships where possible with state institutions, such as the Departamento de Planeación or National Planning Department and to ensure that it works closely with the state oil company, Ecopetrol, in the region. But Ecopetrol still sees itself as the junior partner in many respects, that the power of the multinational to define an agenda in the region is much greater than theirs and gives the multinational a protagonism which should preferably be that of the state company.¹⁸⁵ A similar sense that BP promotes an agenda that should be rightly taken forward by local actors also weakens the partnership relationship BP is attempting to build with the local professional class. In the context of Casanare, many find it hard to see how the strategic and participatory departmental planning process that BP is promoting can be realised in practice while people still do not share a vision of "Casanare" as a space and violent armed groups are intent on fighting over the spoils the Department has to offer.

At the level of communities, BP has had a difficult task to overcome the mistrust generated from past mistakes although an opinion poll it commissioned in April 2001 suggested that it was now beginning to do so¹⁸⁶. It is still heavily criticised by environmental groups and by communities who are envisioning the end to employment opportunities. Associations of unemployed are emerging in some communities, while some of the women who led the struggles against BP and then learnt to negotiate with the company, have lost positions in the Juntas de Accion Comunal to a new leadership of individuals which aim to defend particular interests. The levels of fear are such that many no longer want to stand for President of the Juntas. A community leader from a rural community of Aguazul, explained how much had been gained from the negotiations with BP, but now recognises that some young members of the community became lazy waiting for their turn to get their

labour contract. She felt that the community had not shared its bonanza enough with other municipalities¹⁸⁷.

Violence and the climate of terror has torn apart the weak social fabric of Casanare and made BP's initiatives extremely difficult to implement. The company remains vulnerable to those wishing to damage its reputation, and it is extremely difficult to sort out genuine grievances from the opportunistic and malicious. However, it is also clear that BP has played a very important role in opening up space for those who are interested in building a more peaceful and equitable Casanare. Most people will also recognise that while there is some resentment towards the powerful multinational, its power has begun to be used also to open up opportunities for debate about the problems of the Department that it would be difficult to have otherwise.

BP has taken a risk by coming out from the perimeter fence. Some would argue that it has had no choice. International monitoring has forced it to look at its role differently. The weakness of the national government has left it no choice but to build its own agendas for the Department in cooperation with other actors. Ultimately it is defending its commercial interests in a more appropriate way. However it is infinitely preferable that in pursuing its commercial interests a multinational assumes some responsibility for the territory it profits from. It is a marked advance from backing corrupt and repressive regimes as the oil industry once did. It is also an advance from "choosing not to ask questions" as BP did in its first period of engagement with Casanare.

The danger is that the strategy will not produce quick results. It is a strategy that involves patient and time-consuming daily contact with a large number of individuals and groups. It requires a sensitivity to the conditions in which most people struggle to survive and ability to distinguish the genuine from the opportunistic collaboration. It depends on the local people gaining greater confidence, overcoming fear and mutual distrust in order to rebuild the social fabric and take back the power appropriated by the armed groups. It involves humility on the part of BP, that ultimately the future of Casanare will depend not on its vision but on the emergence of a new civil order, based on locally determined social and political process.

In the meantime, the pursuit of military solutions by the national government supported by the United States, might offer another option to this painstaking work begun in Casanare. It can only be hoped that the vision of oil company security based on stronger

and effective institutions and democratic participation and partnerships will become more real before the temptation to pursue a military and authoritarian path overcomes it. A military solution to the problems of Colombia has been the road taken by President Alvaro Uribe since 2002, with considerable backing from the UK as well as US governments, alongside efforts to strengthen Colombian institutions. A process of negotiations with paramilitary groups was begun in 2003, but significantly, this has been resisted by the paramilitary of Casanare. In April 2004, Uribe went to Casanare for a Security Council meeting in Yopal provoked, it seems, by the failure of the paramilitary of Casanare to comply with the paramilitary ceasefire as well as formal complaints that they were extorting money and jobs from Casanare's municipal authorities. He met with the Governor, the 17 mayors and the *Defensor* of Casanare. *El Tiempo* reported that 'it is the first time that there has been a denunciation concerning the pressure by paramilitaries on mayors and local authorities in order to obtain jobs and participation in municipal budgets, a practice common amongst the guerrillas, which even forced the Government to freeze royalties to Arauca last year and to establish a rigorous monitoring of public finances in that Department'¹⁸⁸.

This paper has documented the long history of paramilitarisation of Casanare, and the collusion of local landowners and the armed forces of the state in that process. It has shown that the paramilitary have been systematically eroding civil political processes in Casanare for many years. The violence and extortion of other armed groups, notably the left guerrilla movements has also been discussed, although their influence was much weakened, at least in Casanare, by the beginning of the new millennium. The unwillingness of the paramilitary to negotiate with the state, the ongoing human rights abuses (115 persons were selectively killed in Yopal between January and March 2004¹⁸⁹) and the fear which grips the population¹⁹⁰ is the outcome of accumulated policy failure at best and collusion at worst by the national state of Colombia. The impact of this failure/collusion is felt most intensely by the civilian population. In April 2004, Amnesty International published its report on the human rights situation in Arauca, which since the history discussed at the beginning of this paper has deteriorated into one of the worst situations of violence in a violence-torn country¹⁹¹

In focusing just on the armed actors, the national policy context is not factored in and the changes demanded of the Colombian state by human rights organisations working on Colombia for nearly two decades are ignored. A major multinational oil corporation, BP, has begun to recognise the complex nature of the conflict in Casanare and the complex solutions it requires. They have moved away from a simplistic attribution of all the

region's problems to the guerrillas of the left, while not underestimating the problem that they also represent. They have recognised the significance of supporting local civilians willing to work against corruption and for the rule of law. Will the Colombian state do the same?

CONCLUSION

This paper has argued that a detailed case study of the interactions between oil and its socio-political environment can reveal much more about the relationship between oil and armed conflict than a focus on armed actors alone. With its relatively sophisticated institutional development and highly educated policy makers, the Colombian case, illustrates that policy failure or even policy collusion at the national level can play a highly significant role in the escalation of violence around a valuable natural resource. The corollary is that oil and armed conflict are contingent variables. Each context can reveal important moments when policy choices might have avoided the escalation of armed conflict to the point where it is almost impossible to reverse and in which oil provides the economic opportunity for the prolongation and intensification of that conflict.

This case study is also important for what it reveals about the learning capacity of multinational oil corporations. Increasingly sensitive to reputation, seriously affected by the incapacity of national and local governments to provide solutions to situations of complex conflict in the zones they are working, wary about taking on state-like roles but increasingly having to confront their responsibilities as corporations, they are having to learn fast. BP responded to the adverse international media attention of 1996-1998 and to its mistakes on the ground and have come to develop a nuanced, ethical as well as commercial approach to the oil producing region of Colombia where they have worked since the end of the 1980s. They are not the only oil company to do this. In Colombia, Hocol was already developing a new approach to security rooted in community in the early 1990s; the Association of Oil Producers of Colombia has actively sought to develop new approaches also. But BP Amoco, with size and resources on its side, has been able to drive forward its approach so that today it can be claimed as a 'new model of corporate social responsibility, where private corporations work in voluntary partnership with civil society organisations and government authorities in a joint effort to manage social issues and to contribute to sustainable development'¹⁹².

It is always dangerous, nevertheless, to get too attached to models in complex and evolving social situations. This paper is not itself putting forward the BP example as a 'model'. Rather it is drawing attention to the innovative learning process in the corporation, to the commitment of its Colombian team on the ground in Casanare, and to its willingness to risk looking 'beyond the perimeter fence'. The success of its new strategy remains fraught with daily problems and challenges and is also contingent. Amongst the contingencies is the willingness of the Colombian state to take its responsibilities to the broader citizenship of its country seriously, rather than the defence of an elite. It is likely that the paramilitary of Casanare will seek one day to legitimate wealth accumulated through violence and extortion in order to join that elite. Ethical corporate social responsibility requires an ethical, legitimate and law promoting national and local state to be truly effective.

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METHODOLOGICAL NOTE

This paper is based on three field visits to Casanare. The first, in 1997, was by invitation of the UK's Inter-Agency Group involved in a dialogue with BP. I was a "participant observer" in this dialogue process and in a workshop in Aguazul in 1998 with all the actors in the region to discuss the impact of oil. I also subsequently and alongside the inter-agency group brought findings from the field visit in Casanare to the attention of BP personnel in Colombia and London. For the second visit in 2001, I was offered support by BP. I stayed in the BP base for security reasons but I organised my own programme and members of the company were not present when I interviewed people. The third visit in 2002, I stayed independently in Yopal. In the course of these three visits I have sought to view the problem from several angles. It was not possible for me to travel into rural communities, but I met many people from these communities in Yopal. I have conducted over 80 individual interviews, and several group interviews. I am indebted to the help and support of many people in Casanare and Bogota for making this field research possible.

¹ Paul Collier and Anke Hoefler, Greed and Grievance in Civil War October 21 2000, World Bank <http://www.worldbank.org>

² Ibid. Natural Resources provide opportunities for armed actors in countries where primary commodity dependence is high, where there are low foregone earnings to act as a disincentive to armed rebellion rather than employment seeking, in situations where the population is dispersed and rebels can gain a military advantage. While opportunity is consistent with greed or grievance as a motivation,

the authors argue that the “grievances that motivate rebels may be substantially disconnected from the large social concerns of inequality, political rights and ethnic or religious identity”. Ibid op cit pg 17

³ M.Ross, Oil Drugs and Diamonds: how do Natural Resources vary in their impact on Civil War 5 June 2002

⁴ Indra de Soysa has argued for the importance of disentangling “the complex relationship between the “honey pot” effect, Dutch Disease, dysfunctional politics and conflict” in ‘The Resource Curse: Are Civil Wars Driven by Rapcity or Paucity’ D. Berdal and Malone (eds) (2001) Greed and Grievance: Economic Agendas in Civil Wars. Boulder Co. Lynne Rienner

⁵ The emphasis in this paper is on multinationals, particularly BPAmoco, but ECOPETROL and the Colombian Oil Producers Association have also played a significant role in this shift of thinking.

⁶ This is in contradiction to some traditional assumptions that private sector interests, particularly those of foreign companies, might best be protected by authoritarian even repressive national regimes

⁷ Eric Hobsbawm has suggested that the redistributive function of the modern state is its most indispensable function even today when globalization has questioned so much about the state: “It is to this day the main mechanism for social transfers, that is to say for collecting an appropriate fraction of the economy’s total income, usually in the form of public revenue, and redistributing it among the population according to some criterion of public interest, common welfare and social needs”, E.J. Hobsbawm, (1996) *The Future of the State, Development and Change* Vol 27, 267-278 pg 276

⁸ Campaigns by Global Witness and Transparency International have been particularly effective in this regard

⁹ By “state-like”, I mean, tasks of promoting development, conflict resolution, local dialogue between private sector, voluntary associations, and municipal authorities and new approaches to security. In other words, functions that might be expected to be promoted by a central (democratically elected) authority of some kind.

¹⁰ D. Yergin, The Prize, London: Simon and Schuster 1991 : 788

¹¹ The USO presentation at the Second Congress, talked of the Union’s “patriotic struggle” which in recent years it has tried to promote through a series of national debates on oil policy: The First Energy Forum in Barrancabermeja in 1985, and the First Oil Congress in July 1994 . It called on the delegates to participate in the debate with the intention of knowing the reality of the strategic industry and Ecopetrol so that “ it will add to the torrent of Colombians who struggle with us for an autonomous and sovereign development, which requires as a priority a nationalist oil policy which directs the exploitation of the vital resource towards the development and welfare of the nation” Ponencia de la Unión Sindical Obrera. Presentada al Segundo Congreso Nacional Petrolero, Bogota, 23, 24,25 April 2002, mimeo pg 4. Other forums were held as a result of the ELN making them a condition to halt its attacks on the oil pipeline and which began in 1989.

¹² In 2001 alone, 165 USO members were assassinated in Colombia, mostly by paramilitary right groups. EIA Country Analysis Briefs, May 2002, <http://www.eia.doe.gov/emeu/cas/Colombia.html>

¹³ Andrés Peñate, Arauca: Politics and Oil in a Colombian Province Unpublished M.Phil thesis, University of Oxford, St Anthony’s College, mimeo May 1991,pg 38-39

¹⁴ Journalists estimate that it paid US\$50 million, others around US\$ 3million. Peñate, op cit. pg 39

¹⁵ J. Pearce. Colombia:Inside the Labyrinth, London: Latin America Bureau, 1990: 283

¹⁶ The extent to which the means has been considered unacceptable varies, given the commitment to the nationalist cause. The political profile of USO leadership has been a major factor in this. But it is evident that the USO’s rejection of the strategy of blowing up the oil pipeline has grown more overt in recent years particularly when the political debate became subsumed under the priority of extortion to accumulate funds for the armed struggle.

¹⁷ J. Pearce, (1990) op.cit. pg 102

¹⁸ Ponencia de la Unión Sindical Obrera (2002), *op.cit.* pg 9. The ELN has made the argument in this way: “While Japan prioritizes investment and the US reduces its production by 18% when it can import cheap crude in order to inject it into its dry wells (an energy conservation strategy) in Colombia exploitation is accelerated in an irrational and anti-technical way as is the case of Caño Limón from where 400,000 barrels are extracted a day and the Cusiana field which will extract 800,000 barrels a day.” Una Propuesta Energética del ELN (1999) in Mandatario Ciudadano por la Paz, La vida y La Libertad, Petróleo en las Conversaciones de Paz Bogotá pg 188

¹⁹ J. Villegas, (1982) Petróleo, oligarquía e imperio Bogota: El Áncora Carlos Guillermo Alvarez, (2000) Economía y Política Petrolera, Indepaz. Bogota

²⁰ Fernando Gómez et al, (1999) Energía y Minas, Realidad y Propuestas in pg 13 -32 in Mandato Ciudadano por la Paz, la Vida y la Libertad , Petróleo en Conversaciones de Paz, Bogotá

²¹ Ibid pg 19. The comparison with Canada has been made by others. In a comparison between the two countries, Robert Tissot oil economist of the Canadian Energy Research Unit points out that Colombia has relied too heavily on the big oil discoveries, whereas Canada has kept up production by facilitating the exploration of small or marginal fields. He argues that Colombia is failing to exploit its potential in terms of the number of smaller fields it has. One reason is the rent seeking attitude of the Colombian state, which is content to see the big returns from the larger fields. Another factor is that while smaller and medium size foreign companies might be interested in exploiting these marginal fields, they are more vulnerable to political risks than the larger companies R. Tissot, (1997) Operación y Mantenimiento de Campos Marginales y Otros Servicios Ofrecidos por Compañías privadas: El Caso Canadiense in Pontificia Universidad Javeriana, *Cambio y Globalización: Oportunidades y retos para la industria petrolera colombiana*, Bogotá

²² “We believe that Ecopetrol has experience, administrative, technological and financial capacity to assume responsibility in the subject of hydrocarbons. If it doesn't have it just now, it has enough time to acquire it. More than that, today the association contracts impose on the foreign partner the obligation to transfer technology to Colombian personnel, and despite the avalanche of changes we are debating here, this has not changed” David Turbay Turbay (ex-Comptroller of the Republic), (1999) El Petróleo o la Nueva Magia de El Dorado” in Mandato Ciudadano por la Paz, la Vida y la Libertad, op.cit. pg 179

²³ Juan Gonzalo Castaño Valderrama, (January 2001), En Colombia :Determinantes de la Política Petrolera, *Ruiría: El Grito del Petróleo* pgs 20-21

²⁴ Margarita Mena de Quevedo, (ex-Minister of Mines and Energy) (1999) La Paz y El Petróleo: De Puerta del Cielo a la Convención Nacional, in Mandato Ciudadano por la Paz, op cit. pgs 71-102

²⁵ Ibid pg 83

²⁶ Ibid pgs 85-86. The ex-Minister calculated (pg 85) from Ecopetrol's 1997 report, that in that year, Ecopetrol gave the government in the form of taxes, contributions and transfers, the sum of 709.002 million pesos; pension fund payments signified a drain of 662,141 million and are wroth altogether 2.8 billion. The operational loss of the company was around 128,578 million. The role of the pension fund is one of the controversial issues,

²⁷ Respuestas de la Asociación Colombiana del Petróleo, (1999) in Mandato Ciudadano por la Paz, La Vida y La Libertad, op cit. pg 159-167

²⁸ Further changes were made in the institutional structure of the Colombian oil industry in 2003 and to oil contracts in 2003, with the creation of the Agencia Nacional de Hidrocarburos (National Hydrocarbons Association, ANH). The new contacts will take into account the variations in risk of the investors in the regions they explore. The aims is to stimulate exploration in hitherto unexplored regions

²⁹ See for example the publication of CENSAT Agua Viva, *Ruiría* January 2001 for a discussion of the environmental impact of the oil industry in the Orinoquia.

³⁰ A great deal of controversy surrounds these bodies, or corporations. A complication process of representation, potential for corruption through the environmental licences they grant companies has limited the effectiveness of most, although the Corporation in Antioquia has won a good reputation.

³¹ Occidental argued that they were withdrawing because they had not found oil, however, it is widely believed that it was the campaign by the U'Wa which attracted considerable international publicity which stopped them

³² Many sympathetic to the nationalist argument, question the logic of ELN commander, Nicolás Rodríguez Bautista following the Acuerdo de Puerta del Cielo, an agreement between the government and the ELN in 1998 which led to a temporary suspension of attacks on the oil pipeline in return for a new debate on national oil and resource policy. He claimed: “I say it with pain from my soul. I prefer that oil be spilled on our land than that foreign companies take it away in the anti-patriotic manner they are doing” (quoted in Mandato Ciudadano por la Paz, op cit. pg91) In fact the environmental damage to the land from oil spills has been severe and hard to justify in any national interest. Then in 1999? The ELN blew up the oil pipe line in Segovia, Antioquia, and in the process killed 70 inhabitants of the village of Machuca. Many consider this to be a turning point in the ELN's fortunes and remaining credibility as a voice for national development and justice. The FARC drew up a government plan for discussion in the first dialogues in San Vicente de Cagúan under the Pastrana presidency which included the revision of oil policy in its 10 points.

³³ Although a marginal player, as part of the Andean region, which includes Venezuela, and as a non-Opec member, Colombia is an important supplier for the US in search of reliable sources of oil outside the Middle East.; 85% of Colombian oil went to the US in 2000 and 90% of the oil from Cusiana-Cupiagua goes to the US market. These two wells produce sufficient light sweet crude to meet 20% of

the requirements of the US. A.Davy, F. Sandoval and K. McPhail, (1998) BPXC's Operations in Casanare, Colombia, Factoring Social Concerns into Development Decision Making, Washington, mimeo June. According to the American Petroleum Institute, Colombia provided 2% of US oil imports in August 2002, compared to 17% from Canada, 14% from Venezuela, 13% from Mexico and 12% from Saudi Arabia. [www.http://api-ec.api.org](http://api-ec.api.org). Some argue that the increasing role of the US in counter-drugs and counter-insurgency in Colombia is partly motivated by the oil potential of Colombia. The Eastern Foothills region of Arauca and Casanare have been classified as one of the top ten sedimentary basins in the world over the last decade. In February 2002, the Bush government took the unprecedented step of asking US Congress to channel US\$ 98 million in FY2003 military aid to train an elite Colombia army brigade to protect the oil pipeline.

³⁴ The decline is partly explained by guerrilla attacks against the Cano Limón pipeline, which reached record levels in 2001 and halted production for several months.

³⁵ BP World Energy Review 2002 : 6. In contrast, Venezuela holds 7.4% of world reserves and produced 3,418 thousand barrels a day at the end of 2001 or 4.9% of world production. The quality of Colombian oil (lighter and sweeter than that of its neighbours) and Colombia's closeness to the US market have given it some competitive advantage, but on the negative side are the high costs of production and the geological, technical and political risks. A. Puyana and R. Thorp, Colombia: Economía Política de las Expectativas Petroleras, Tercer Mundo: Bogotá 1998:25.

³⁶ Departamento Nacional Planeación, Información Sectorial, Minas y Energía, <http://www.dnp.gov.co/02>, 4.11.02. This is still relatively small and does not make Colombia an "oil economy" in the strict sense, which implies something nearer a 10% contribution to GDP and 40% of exports, Puyana and Thorp op cit. pg 26

³⁷ BPAMOCO: Colombia Location Study pg 1

³⁸ Ecopetrol 50%, BPA 19%, Total 19%, Triton 12%, ibid

³⁹ More fields are under exploration in the Piedemonte in Casanare, which is still considered to have considerable potential and others are in the process of commercial development.

⁴⁰ The state oil company, ECOPETROL has identified 18 sedimentary basins in Colombia, seven of which are in commercial production and the rest under exploration following the launch of a new 5 year exploration cycle in 2001 aimed at maintaining self-sufficiency in oil production. Ecopetrol, Panorama de la Producción en Colombia Presentación a la Industria Petrolera: Bogotá, Enero 31 de 2002, mimeo. The expansion in exploration was preceded by reforms of oil policy (contracts, tax and royalty arrangements) in 1999, which made Colombia more attractive particularly for smaller companies. By May 2002, there were 137 contracts with 70 foreign companies in Colombia, 98 of them for exploration and 39 exploitation. Ecopetrol, Opportunities for Hydrocarbon Exploration and Production in Colombia <http://www.ecopetrol.com.cocolombia1/enl/foreign-investment.htm> Results as of 2002 were fairly poor, although expectations of potential remain high. Energy and Mines officials predict that production could exceed 850,000 bbl/d by 2010. One of the largest and newest finds is a Petrobras-Nexen joint venture with Ecopetrol, the Guando field in the Upper Magdalena Valley which could contain as much as 200 million barrels of crude. Oil production is also set to continue in Casanare through other fields. BP is operating the Niscota field, and a consortium led by Hocol has another concession in the piedemonte. The exact size of these fields is not under public discussion.

⁴¹ Ibid

⁴² This was the purpose of the Puyana-Thorp study: "With the oil discoveries, Colombia begins a period of its history which constitutes an opportunity to solve some of its economic development problems. It has not suffered the crisis that has affected many countries of Latin America, but it has symptoms of economic deceleration, slow advance in competitiveness and accumulation of poverty. Elements of the constitutional reform, especially those related to decentralization are moving slowly and the credibility of the State is being weakened" op.cit pg 257. Their study seeks to warn of the potential impact of Dutch Disease on the capacity of oil revenues to deliver this promise. They identified (writing in 1998) early signs that the expectation of greatly increased revenues would produce spending pressures and impact negatively on traditional economic sectors, contributing to a rising fiscal deficit, increased public expenditure on day-to-day costs rather than investment, revaluation of the exchange rate, decelerating industrial and agricultural sectors and growth in unemployment. The rise in oil revenues coincided with the collapse in international coffee prices in Colombia making the task of this traditionally key sector to maintain its competitiveness very much more difficult. Government policy also shifted towards economic liberalization in the early 1990s and an accompanying exchange rate revaluation resulted in a loss of competitiveness of national goods in the external and national markets in the face of more competitive imports. Government spending grew from 24% of GDP in 1990 to 36% in 1998. This was partly because the government had increased

transfers to local government but not cut central government expenditure, as well as resulting from President Samper's spending spree in the mid 1990s in his battle for popularity in the face of allegation of drug related corruption, and partly it was due to the increasing economic affects of escalating armed conflict. (Economist 21/4/02). However, while unrealistic expectations around oil revenues will have contributed to these signs of economic distress, the difficulties experienced by the Colombian economy in the late 1990s cannot be laid entirely at the door of the Cusiana-Cupiagua bonanza. Indeed, following the worst recession in the country's history in 1998-99, a shallow, but perceptible recovery began. Rather than Dutch Disease, the oil bonanza has helped reduce the impact of the recession through its large contribution to government revenues at a critical moment, and it is in this sense that Puyana and Thorp's pessimism about the management of the bonanza in terms of the development needs of the country seem justified. While they recognise that Colombia's economy has functioned relatively well over the years, it did so much less in terms of poverty alleviation, encouragement of small and medium producers, long term infrastructural construction, educational advance, scientific and technological development and regional interests (pg 271). It is the opportunity to use the bonanza to promote Colombia's long term development needs rather than immediate macro-economic stabilization that appears to have been lost. And with oil revenues falling while unemployment remains high and war-related costs increase, there are serious dangers to sustained economic growth in the future. This is why new oil exploration and production is critical to medium term economic stability as well as to the state's capacity to gain some leverage over armed groups and (re) assert authority and legitimacy. Given, the high level of allocation of royalties to departments and municipalities, however, the local impact of the bonanza might have more to tell us about the potential economic distortions from oil revenues and this will be discussed in the text.

⁴³ The National Planning Department writes in its Mines and Energy Sector summary: "From the macroeconomic point of view, the commercial balance of hydrocarbons, the contribution of oil activity in taxes, national current account, total public savings and investment, mean that no other sector of economic activity has managed to contribute in such a significant manner to public finances" Departamento Nacional de Planeación, op cit. pg 2

⁴⁴ This was phased out by 2000

⁴⁵ Interview, Alejandro Martinez, 26/4/02. The Oil Producers Association were not consulted on this proposal, which will raise the stakes in the war around the oil industry, while the Association has been developing its own strategic approach to security which does not depend on the army and the police and tries to distinguish defence from security as broader concept involving oil producers and local communities. (see last section of paper)

⁴⁶ M. Ross, op cit makes this important distinction between drugs and oil in resource-related conflicts.

⁴⁷ Oil and Gas Journal, 9 June 1997

⁴⁸ Data from the Colombian Petroleum Association, August 2001 mimeo

⁴⁹ EIA.doe Country Analysis Briefs, may 2002, <http://www.eia.doe.gov/emeu/cabs/colombia.html>

⁵⁰ Personal Interview, Ramiro Santa, HOCOL, 26/4/02

⁵¹ The Comptroller of Casanare told me that he was subject to three kinds of auditing: the law, the guerrillas and the paramilitary. Each of the armed groups visit and phone him constantly to pressure him, accuse him of collusion with the Governor, and, interestingly, requesting action against corruption. The "armed clientelism" that has taken over Yopal, he summed up: "People don't got to lawyers but to armed groups" Personal Interview, Yopal, 29/4/02

⁵² These are Paz y Desarrollo (Peace and Development) in Monterrey and the Asociación para el Bienestar de Tauramenta (Association for the Welfare of Tauramena)

⁵³ Human Rights Watch (1998) Colombia: Human Rights Concerns Raised by the Security Arrangements of Transnational Oil Companies, New York, mimeo. Procuraduría General de La Nación et al./ (1995) Informe de la Comisión Interinstitucional sobre la situación de derechos humanos en los departamentos de Casanare y Arauca Bogota, mimeo, Julio.

⁵⁴ Personal Interview

⁵⁵ M. Ross (2002) op.cit

⁵⁶ There are five oil pipelines in Colombia, four of which connect production fields to the Caribbean port town of Coveñas, These include the 490 mile Caño Limón pipeline, the smaller Alto Magdalena and Colombia oil pipelines, and the 500 mile Orensa pipeline built to transport oil from the Cusiana and Cupigua fields and which has been built slightly deeper underground than Caño Limon and has been subject to much few successful attacks. The fifth, the TransAndino, transports crude from Colombia's Orita field in the Putumayo basin as well as Ecuadorean crude to Colombia's Pacific port at Tumaco.

⁵⁷ Empirically based studies on the situation in Arauca are difficult to come by given the problems of field work. Andres Peñate's unpublished Mphil dissertation was completed in 1991 before the escalation of the 1990s. A group from the University of Antioquia who tried to do some work in the department in 2001, were forced to leave after a few days. The context of my own field work in Casanare are outlined in the methodological note

⁵⁸ Colombia has a high distribution of revenues to oil –producing Departments and Municipalities. A calculation in February 2002 puts its revenue distribution on averages as 32.10% to Central Government, 42.7% to departments and Municipalities, 22.04% to National Royalties Fund and 2.55% to Social Support funds. Compared to Bolivia, Ecuador and Peru, Colombia has the highest allocation to Departments and Municipalities and lowest to Central government in the region. In 2001, there was an agreement that when production takes place on indigenous lands, a share of the royalties of the producing departments and municipalities will be allocated to projects benefiting those communities. , UNDP/World Bank, Energy Sector Management Assistance (ESMAP) *Population, Energy and Environment Programme(PEA), Comparative analysis on the Distribution of Oil Rents* , Washington, mimeo, February 2002 The allocation of royalties is intended to introduce some equitable distribution of benefits, and they must be spend on priority investment areas such as health and education. Those not distributed locally are allocated elsewhere to similar priorities through the National Royalties Fund.

⁵⁹ A. Peñate, op cit. pg 43, its territory is 23,818 square kilometres, roughly the size of Wales

⁶⁰ Ibid pg 46

⁶¹ See for example Jane Rausch, (1999) *La Frontera de los Llanos en la Historia de Colombia (1830-1930)* Bogota: Banco de la República/El Áncora

⁶² A. Peñate, op.cit pg 15

⁶³ By 1985, the Sarare region concentrated 65% of the region's population. Ibid pg 22

⁶⁴ Along with the population of other sparsely populated provinces of the Plains area

⁶⁵ Whereas in the foothills region, 70% of the land is made up of farms of less than 50 hectares, in the Plains it is concentrated in farms of over 1,000 hectares. INCORA had not undertaken land reform in Arauca, as similar to Casanare, the area was considered a zone of settlement. INFORA had successful distribution over 90% of the land titles in the foothills area in the course of the 1980s, but conflicts remained in the Plains areas, and land occupations were quite frequent, led by the peasant organisation, ANUC. Procuraduria General de la Nacion, et al, (1995) op cit pg 6)

⁶⁶ The settlers became very adept at organising civic strikes through the *Juntas Civicas* , civic councils, also the main vehicle for receiving resources in exchange for votes, A. Peñate op.cit. pg 56

⁶⁷ A. Peñate, op cit. g 54. By 1989, the ELN had 850 armed men and women according to army intelligence and 2,300 according to the national press, with most based in Arauca and Santander, ibid pg 40

⁶⁸ A guerrilla strategy heavily influenced by the Cuban revolution and writings of Che Guevara and Regis Debray that emphasised the importance of the guerrilla army acting as a focal point for setting off the revolutionary momentum in the countryside. It was quite a militaristic strategy

⁶⁹ Daniel Pecaut has coined the phrase “armed clientelism”, which draws our attention to the fact that Arauca is by no means unique in the way violence and electoral politics have meshed with each other. D. Pecaut, (19)

⁷⁰ Ibid pg 72

⁷¹ Peñate, op cit. pg 48

⁷² Ibid pg 80

⁷³ Ibid pg

⁷⁴ The inter-institutional commission that visited Arauca and Casanare to report on the human rights situation in 1995, commented “The new source of economic benefits and development of the departments, petroleum, has not yet brought beneficial results for the community. The most palpable case is that of Arauca, where the royalties for oil extraction and for the section of the Caño Limón-Coveñas pipeline passing through the Department have been spent in public works which are not priorities for the communities. In some municipalities expensive and unnecessary sports centres have been built, and cycle tracks that no relevance to the activity of the region, to mention some examples. But the investment in the improvement of infrastructure (communication routes and in basic public services has been minimal, above all if one takes into account the atmosphere of administrative corruption that has traditionally surrounded the execution of public expenditure in the said departments” Procuraduria General de la Nacion, et al (1995) op cit. pg 8

⁷⁵ Cusiana has reserves of around 1.5 billion barrels, and Cupiagua around 500,000 million. The smaller Volcanera-Floreña Pauta bloc near to El Morro was found to be commercially viable

at the end of 1997. The production facility of a further bloc in Niscota, near the municipality of Nunchia was under construction by 2002. These are the confirmed areas of interest of BP. Other companies are exploring a total of around 30 wells in the Piedemonte, as of 1999, and Hocol in a consortium of companies had signed an association contract to develop another bloc.

⁷⁶ Prior to these discoveries, Casanare had been producing oil since 1983 in small but not insignificant quantities that represented about 4.3% of national output. Dane/Instituto-Geografico Agustin Codazzi (1999) op.cit g 252, this oil was mostly located in the llanos, 39% in the municipality of Trinidad

⁷⁷ The human rights situation in Arauca has been well documented. See, for example, Amnesty International report on Arauca April 2004, *Laboratory of War*

⁷⁸ The Association of which BP was the operating company was required under a 1991 regulation (phased out by 2000) “Special contribution for the Reestablishment of Public Order, known as the War Tax, to pay the Colombian Treasury on a per barrel basis. It also had an arrangement with the police which began in 1992, for them to guard ever BP rig. The police bore the brunt of a lot of guerilla attacks on the oil installations. The Association also had a security agreement with the armed forces through the Ministry of Defence. This was formalised in 1995, when a three year agreement was signed worth US\$54 million in cash and kind payments to the army. J. Pearce, (1998) Development, Conflict and Corporate Responsibility: The Case of Casanare, Colombia Unpublished confidential report.

⁷⁹ The history of some of these groups goes back to the 1980s, when the drugs cartels allied with ranchers and businessmen and sectors of the armed forces and police to create death squads and private armies to eliminate guerrillas and social undesireables

⁸⁰ Between 1995 and 1997, the Autodefensas de Cordoba y Uraba (Cordoba and Urabá Self Defense Groups) under Carlos Castaño led the process of Castaño, (2001)Mi Confesión Bogotá: Editorial Oveja Negra building a united movement which on 18 April 1997, became the Autodefensas Unidas de Colombia (AUC)

⁸¹ The Colombian army has a long history of human rights abuse. It was deemed responsible in 1993 for 54% of political killings in Colombia according to the US State Department annual report on human rights in Colombia. Over the next few years it record apparently improved and by mid 1990s, only 4% of killings was attributed to it and 60% to paramilitary groups. Human Rights Watch and other organisations have traced the evidence on the way the army assisted operations of the paramilitary groups by for instance, allowing them through army blockades. Human Rights Watch (1996) Colombia’s Killer Networks : The military –paramilitary partnership and the United States New York and Washington. Evidence of army paramilitary collaboration was clear in Casanare in my field trip in 1998, and is recorded in my unpublished report, Development, Conflict and Coporate Responsibility: The Case of Casanare, Colombia op.cit. and the few who monitor the human rights situation in Casanare today argue that it still continues.

⁸² Calculations of the distribution of the population in these zones differ widely from each other. The DANE/Instituto Geográfico Agustín Codazzi, (1999) Casanare: Características Geogáficas Bogota estimates that 40% of the population live in the low lying plains which cover 82% of the territory and 60% in the rest.

⁸³ Interview with historian Ricardo Villamarin, 1/5/02

⁸⁴ A comment by Santiago Franco, advisor to the Governor of Casanare, in a meeting 30/4/02 of BP’s Group Gestor,

⁸⁵ Ibid pg 224

⁸⁶ Héctor Publio Pérez Ángel, (1997) La Hacienda Caribbare: Estructura y Relaciones de Mercado, 1767-1810 Villavicencio: Corpes Orinoquia

⁸⁷ Pérez Angel suggests that the Indian population declined from 89,048 in 1825, to 27,700 in 1897 Ibid pg 198. Jane Rausch cites other sources which calculated the Indian population of 1835 at 6,625, down to 3,000 in 1914, suggesting that statistics should be treated with caution!. Rausch, op cit. pg 430 . There does seem to be agreement that violent conflict between Indians, cattle ranchers and peasant settlers from Boyaca characterised this region after Independence. By the late 1990s there were estimated to be only 4,786 Indians in Casanare living in ten reservations. Dpartamento Adminstrativo de Planeación, Gobernación de Casanare (1998) Plan de Desarrollo. “Para Trabajar por Casanare Casanare, March, mimeo

⁸⁸ Peérez Angel op cit.

⁸⁹ By 2002, Recetor remained in the hands of the ELN and Chameza was controlled by the FARC. The guerrillas control everything in the town”, a priest who worked there for four years told me, “down to the peasant’s personal life”, Interview 28/4/02

⁹⁰ Interview, Red de Solidaridad, Yopal 4/02

⁹¹ The presence of oil in Casanare predated the large scale find of Cusiana and Cupiagua. In 1983,

⁹² A study by FEDESARROLLO of the impact of oil on the Casanare economy found that neither african palm oil production nor ranching had declined due to oil, although plaintain, potatoes and yucca had suffered a decline since 1994. The two former activities are in the hands of the large landowners, but their survival suggests that these powerful families did not look entirely to oil for their future.

Fedesarrollo: Petróleo y Región, El Caso de Casanare Bogota: 2002

⁹³ The 1997 report on human rights in Casanare and BP by the Defensoria del Pueblo (People's Advocate's Office) noted 30 complaints by BP of guerrilla attacks in 1996, which included the death of an engineer working for the Distral company. Other attacks included shooting at helicopters and during seismic tests. República de Colombia, Ministerio Público, Defensoria del Pueblo, Informe Derechos humanos en Casanare y BP (draft, mimeo, Bogota, September 1997). A Senior Security Advisor for BP's operations in Casanare estimated in 1998 that there were only about 200 guerrillas targeting the BP oil installations, Author's Interview, June 1998. by contrast the army presence in Casanare at the time was around 3,000 troops. Sophisticated electronic surveillance equipment strengthened BP's security enormously, enabling guerrilla movements around the BP installations to be rapidly detected.

⁹⁴ The fact that the ELN tried to intervene in these does not mean that they weren't legitimate social protests in which people participated for genuine reasons not in support of the ELN tactical vision. Confusing all social protest with guerrilla activities is a mistake often made by the Colombian armed forces and paramilitary groups, and one which has led to the killing of many social activists.

⁹⁵ In the elections of 2002, the FARC threatened to leave Casanare without electricity for four years if the people voted for Uribe Velez, the candidate favoured by the paramilitary, and clearly the front runner on my arrival in Yopal shortly before the elections in April 2002.

⁹⁶ Violence in Colombia generates its own vocabulary. In Casanare, the vocabulary around cattle theft is very rich. There is even a word for those thieves who had the task of altering the brand on the cattle: cachilapero. The private guards of the cattle ranchers were the camporolantes

⁹⁷ C. Castaño, op cit. pg 199 The Procurator General (Fiscalía) reported in January 1998 on the human rights situation while investigating allegations against BP, he stated "Certainly in this department there has been a rapid expansion of paramilitary groups or private justice groups. Since 1994, in other investigations based in places other than Yopal, that are located on the main roads across the department, this Procurator General noticed some of these illegal groups. They are sustained by ranch and land owners, who, considering the inefficiency of the state both politically and militarily to respond to the guerrilla presence, find in these unchecked associations a way to defend their interests. It is no secret that the self-named "Self-Defense of Cordoba and Urabá" have come into the region bringing with them all the barbarity and inhumanity of a conflict which has turned into a series of massacres and selective assassinations, using techniques of a more crazy and cowardly nature, such as cutting off limbs of defenceless citizens, than a normal armed response to a subversive group" Fiscalía General de la Nación, Unidad Nacional de Derechos Humanos, Fiscalía Regional Delegada, Bogota, mimeo, 10 January 1998, pg 30 my translation.

⁹⁸ DANE-Instituto Geográfico Agustín Codazzi, op cit pg 226

⁹⁹ There were 11 confrontations in 200; in April these took place between the AUC and the 28 Front of the FARC in Paz de Ariporo, resulting in the death of 30 AUC members and 18 guerrillas. Defensoria del Pueblo, (2001) Informe Relacionado con la situación de derechos humanos en el departamento del Casanare correspondiente al año 2,000 Agenda Para Casanare-Siglo XXI Bogota: mimeo. Sometimes the FARC operates with the ELN, at others they are in mortal conflict with each other.

¹⁰⁰ Contradictory information exists on the paramilitary. Most people talk of two groups, although the the police commander Teniente Coronel Alvarez Flores suggested there are three , the third one the Autodefensas Campesinas del Casanare that dominate the llanos and belong to the Bloque Oriental which includes Boyaca, Casanare, Cundinamarca and Meta.. Interview 24/8/01. The report of the Defensoria for the year 2,000 suggests that in October 2,000 the Frente Heroes de San Fernando, Bloque Centauros made an appearance in Nunchía, Pore and Paz de Aripora as well as a mobile company covering the region of Boyaca, Casanare, Cundinamarca and Meta. It is not surprising that the police chief acknowledged that he simply lacked the resources to deal with the paramilitary. "I have no people to arrest HK" he acknowledged . HK is a much feared member of the Autodefensas Campesinos del Sur, who is reported to have been arrested by accident by the army and mysteriously allowed to escape.

¹⁰¹ Corporación Excelencia en la Justicia (2001), Estudio para identificar las necesidades de justicia y la viabilidad de un programme de justicia alternative en el Departamento de Casanare, conrado por laBP

Exploration Company (Colombia) Ltd, con la Corporación Excelencia en la Justicia. Bogota: mimeo, November 21st, pg 16.

¹⁰² A.Reyes Posada, (1998) Regionalización de los conflictos agrarios y la violencia política en Colombia in Libardo Sarmiento Anzola et al Municipios y Regiones de Colombia: Una mirada desde la Sociedad Civil Bogota:Fundación Social, pg 279, and A.Reyes Posada (1997) Compra de Tierras por Narcotraficantes, in F.Thoumi et al, Drogas Ilícitas en Colombia. Su impacto económico, político y social Bogota: Editorial Ariel pgs 279-345

¹⁰³ It should be emphasised that even in the midst of this situation, there were those trying to build a different path. For instance, in the wake of major workers unrest on the african palm plantations, some local professionals municipality sought to prevent the violent polarisation that had accompanied agro-industrial sectors elsewhere in Colombia. An NGO, the Fundacion para el Desarrollo de Upia was set up in 1987 which aimed to build dialogue between the municipality, social groups and the private sector and attempted to develop a regional development approach, but could not persuade the Departmental Governor. It has survived with great difficulty and is now participating in BP's efforts to build partnerships for development in the region. Interview, Ricardo Villamarin 26/4/02

¹⁰⁴ A number of self-defense groups took advantage of the law in 1994 authorising the legalisation of Rural Security Cooperatives, known as CONVIVIR, to support the state security forces in preventive, defensive and intelligence functions. The Autodefensas were given legal recognition which enabled them to organize and act more openly. The human rights abuses that were committed by the CONVIVIR later led to their disbandment.

¹⁰⁵ These details are based on interviews with local people who must remain anonymous

¹⁰⁶ The paramilitary have engaged in some audacious acts of recruitment, such as the kidnapping of 200 young men from Villanueva in 2000, They have moved to create a network of informers. In 2001, all 500 taxi drivers of Casanare had been ordered to Villanueva and told they were expected to work with the paramilitary. They carry out "social cleansing operations" , while in Yopal in August 2001, they threw a bomb into a brothel. They are responsible for human rights atrocities against anyone suspected of guerilla sympathies or who come from guerilla influenced territories. They carry out kidnappings and extortion of local oil contractors and businesses.

¹⁰⁷ The data is not available to make the correlation proposed by Collier and Hoeffler about the positive relationship between low foregone earnings and conflict, as this would involve knowing how many young men of what age and what schooling level join armed groups in this period. However, the proposition is suggestive. P.Collier and A.Hoeffler, (2001) Greed and Grievance in Civil War, Washington: World Bank

¹⁰⁸ Yopal had 14 murders in 1988 and 79 by 1998, Aguazul had only 8 in 1988. Galindo and Juaregui (1998) op cit. pg 123.

¹⁰⁹ These are figures from the Defensoria op.cit. Figures from Medicina Legal quoted in the Corporación Excelencia report of 2001 op cit pg 19, are similar, a total of 917 murders between 1997 and 2000, a three fold increase, which made Casanare the fourth Department in the country for homicides, with an increase from 74 to 105 per 100,000 people between 1997 and 1998.

¹¹⁰ Defensoria 2001 pg 10

¹¹¹ Interview, Red de Solidaridad , Yopal 2/5/02

¹¹² Las Asociaciones, (May 1996) Casanare 2000: Una vision del futuro

¹¹³ Corporación Excelencia de Justicia, op cit pg 16

¹¹⁴ Interview August 2001

¹¹⁵ DANE (1986)Colombia Estadística, 86 Bogota

¹¹⁶ Gaviria et al (2002) Petróleo y Región: El Caso de Casanare Bogota: Fedesarrollo pg 27.

¹¹⁷ Ibid, given the evidence of the flow of internal displacement from rural area to municipal centres and Yopal itself, the impact on the conflict of this demographic shift should not be underestimated.

¹¹⁸ F.Dureau and C.Florez (2000) Aguaitacaminamos: Las transformaciones de las ciudades de Yopal, Aguazul y Tauramena durante la explotación Bogota: Tercer Mundo pg25

¹¹⁹ Ibid pg xviii

¹²⁰ Gaviria et al (2002) op cit pg 27

¹²¹ Ibid pg 28.

¹²² Alfredo Molano conveys the lives of the malleros in his oral history of Casanare: " I came home from Ibagué. There they told me about the Cusiana project. I went down there and to Tauramena...On the fence one suffers a lot. There are days that start without hope, others that go by without anything happening....Cusiana is a Disneyland, but few manage to shake hands with Mickey Mouse. At time goes by things become clearer: Cusiana is a vicious circle, a place from which people do not escape. Everyone talks of the 'boom' but if people are not living the boom, who is it for?As we are now, only

the trader achieves it; the opportunist is the only one that lives and enjoys it...But the other side of the boom, which is unknown, is that of suffering. Cusiana is also a sick worker who has to go to the well with a fever; it is the fifteen year old kid in love with the engineer; it is the boy hit by a tractor who is dying in hospital; it is the cheque sent to the wife each month so that she has everything she needs and then one day, he gets home and finds the clothes hanging on a peg because the lady has gone off with another man. Here, on the other side of the boom, you live off dreams and you hear everyone's regrets" A. Molana (1995) Del Llano llano, Relatos y Testimonios Bogota: El Áncora, pgs 106-108

¹²³ The salario petrolero or oil wage was worth around 13,000 Colombian pesos in 1997 together with various perks, compared the average agricultural workers wage of between 8 and 9,000 pesos.

Dane/Instituto Geográfico Agustín Codazzi, (1999) op cit pg 309

¹²⁴ During a workshop in Aguazul organised by Oxfam Colombia and the Colombian NGO, Censat, which I participated on 12 June 1998, it was clear that the population did not understand that employment prospects would decline when Cusiana became operational and had very high expectations.

¹²⁵ Gaviria et al, op cit. pg 20

¹²⁶ Interview Defensora del Pueblo, 26/4/02

¹²⁷ Interview with Gustavo Zarate, author of study 8/6/98

¹²⁸ Production of the two local agricultural crops, platanos and yuca have indeed declined significantly since 1994, Gaviria et al, op cit pg 22

¹²⁹ Quoted in Gilberto Guzmán Celis, (1994) Cusiana o La Bonanza al Revés Bogota: Promover Editores Ltda, pg 125

¹³⁰ Corporación Excelencia de Justicia, (2001) op cit pg 24

¹³¹ The Colombian peasants association, or ANUC was initially a government sponsored organisation which was set up in Yopal and Aguazul in 1970. Nationally it grew into one of the country's most radical social movements, in which the guerrilla organisations all tried to build influence.

¹³² P.Galindo León and Marta Jauregui B. (1998) Casanare:Sueños y realidades. Inter-Agencies Groups, Bogota: October 1998 pg 69

¹³³ P. Galindo and M. Jauregui, op cit.pg 81

¹³⁴ The community came together initially to protest about a problem with a nearby oil well. BP responded and the community, led by Edgar Ortiz decided to organise to press for improvements in the village infrastructure. In this period, BP responded in a rather ad hoc fashion to such demands, but it encouraged the peasants to maintain their Association and seek proper social investment from the municipality. In 1997, the leaders requested an interview with the Commander of the 16th Brigade, mediated by the Defensor del Pueblo. This meeting took place on 16 March, and the words of the community recorded by the Defensor articulate the dilemma facing independent efforts to organise in Casanare's poor communities: "In the meeting, the people explained to Lieutenant Colonel Gersain Sánchez Portilla, that the Municipal Administration's only response to their request for social investment was in some meetings to brand them as guerrillas and in others as paramilitaries. According to them, this situation made their lives even more difficult as the area was already classified as "red". They identified themselves as peasants, members therefore of the civil population, excluded from the armed conflict, but they feared the consequences of this stigmatization and the understandings that it could generate". The fate of Asoccocharte is emblematic of the militarization of Casanare and the closure of spaces for civil action. During local elections, the guerrilla moved into Union Charte and burnt the ballot boxes. This confirmed paramilitary and army suspicions that the village was working with the guerrillas. Around June 1997, paramilitaries entered the village and killed the driver of the local truck and owner of the local shop. In May 1998, the paramilitary returned. From evidence carefully collected afterwards by the Defensor, it appears that they arrived in the night, turning off the main Aguazul-Yopal road at the Rio Charte bridge and arrived at dawn to the village of Union Charte. They arrested Edgar Ortiz a companion, a local female police inspector and a mentally disturbed man who had fatally mistook the paramilitary for the FARC. These people were taken away around 10.30 in the morning when mysteriously the army blockade normally placed by the Union Charte bridge had been lifted to the surprise of local residents. The four were never seen again. Interview with Defensor del Pueblo, Yopal 12 June 1998

¹³⁵ While I cannot quantify this, the statement is based on numerous interviews with community organisations. Many of the women's leaders have not stopped acting, although a number have lost leadership positions in the Juntas, but they are now occupying other relatively safer spaces for social action such as the environmental movement. On 24 November 2001, some 50 women part in an unprecedented march to the main square in Yopal to commemorate the International Day of Non-Violence

Towards Women, during which they received much verbal abuse and hostility from the men in the town. Interview with women leaders, Yopal, 1/5/02

¹³⁶ To the best of my ability I have interviewed at length most of the actors involved in the complaints against BP and put their arguments to BP, and I have studied all the reports which have investigated BP's role in Casanare. There are still unanswered questions around the role of BP security staff in the 1994-1996 period, however, there is no evidence to suggest that BP was involved in the murder of Arrigui or the later murder in 1998 of Carlos Vargas, the President of Corporinoquia, whose murder as far as I could ascertain, was more likely to be linked to private family matters and threats from armed groups; Vargas was the brother in law of the Governor whose wife (his sister) had been kidnapped and later released by the ELN. He was a respected environmental campaigner whose election to the head of the Environmental Watchdog for the Orinoquia region, Corporinoquia. Vargas as head of Corporinoquia was involved in imposing fines on BP for infringements of environmental regulations, but there was no evidence of bad relationships between the two. It is extremely unlikely that BP would be prepared to collude with his assassination for these infringements. It had much more serious conflicts with other local leaders who have remained alive. But nor, after what happened around Arrigui's murder is it likely that BP would court further bad publicity. I could find no grounds for thinking that BP would be involved in the assassination of its opponents. However, the lack of an effective judiciary makes BP vulnerable to many accusations which can never be fully investigated. Lawyers brought into this situation may without deep local knowledge of the complex often mafia like nature of the violence, sincerely mistrust the multinational, but the most serious problem in the Department is the generalised climate of impunity.

¹³⁷ Interview with Defensor who had visited the barracks and seen Soler Gomez.

¹³⁸ Defensoria del Pueblo, (1998) Informe sobre la explotación petrolera en el Casanare y Problemas Ambientales Casanare, February

¹³⁹ The environmental impact of oil is a huge source of ongoing conflictivity in Casanare, in which genuine environmental concerns have become enmeshed in opportunistic agendas against BP. Oil does cause environmental problems which are a source of great concern for communities. But monitoring the environmental impact of an oil company is a skilled and difficult task. A number of serious NGOs have emerged to do this work but in very difficult circumstances. Many feel that the company does not take their complaints seriously while the company believes the complaints are due to lack of information and have promoted environmental training. BP has a very sophisticated environmental programme and a very serious investment in this area, but problems inevitably arise, and in the situation of Casanare these can create resentment and hostility towards the company. Interviews with CENSAT, Mata de Monte, Aguaviva, Rodolfo Puente, Mauricio Pozos. August 2001 and April 2002

¹⁴⁰ Gaviria et al. op.cit. pg 16

¹⁴¹ Interviews with Fanny Nuñez and other ACDAINSO leaders in 1998, 2001, 2002

¹⁴² Human Rights Watch, (1998) Colombia: Human Rights Concerns Raised by the Security Arrangements of Transnational Oil Companies New York: mimeo, April. The report concluded (pg6) "Oil companies that deploy security forces to protect their installations and personnel bear responsibility for the actions those forces undertake. In Arauca and Casanare, the army has dedicated entire brigades (the XV11th in Arauca and the XV1th in Casanare) to protecting oil production. The companies cannot ignore the human rights violations committed by those units; indeed the companies' dependence on the army and police for their survival gives them a tremendous moral responsibility. In both departments, the army unites –albeit to different degrees – have been allegedly involved in extrajudicial executions which have not been resolved"

¹⁴³ Fiscalía General de la Nación, Unidad Nacional de Derechos Humanos, Fiscalía Regional Delegada, Bogota mimeo, 10 January 1998. The report failed to find evidence to support or refute the allegations against BP, leaving a margin of doubt amongst those who still felt BP had been culpable directly or indirectly, or had used its power to influence the Fiscalia. Further investigation of the role of DSC in providing illegal training in lethal weapons to the police took place. It also exonerated DSC but was not made public.

¹⁴⁴ BP has a 15% share along with Total, Ecopetrol and two Canadian companies in this pipeline which was completed in 1997 and runs 800 kilometers to the coast. DSC was responsible for the security of the pipeline and set up an Ocesa security department headed by Roger Brown. In October 1998, the Guardian revealed that Brown had been sacked for his dealings with an Israeli security company, Security Shadow.

¹⁴⁵ The secretary of the present Governor was kidnapped in 2001 and has still not been released. It is rumoured that the paramilitary are holding her as some kind of hostage.

¹⁴⁶ CRECE, (1995) Construcción de un Sistema de Cuentas Economicas y Sociales para Casanare Informe Final, Manizales: December, mimeo, pg 4

¹⁴⁷ Ibid pg 35 The decrease in Arauca's production that year and in 2001 due to the pipeline bombing explains the sudden drop and reinforces the argument that the pipeline became much more a focus of strategic military activity and extortion of pipeline repair companies than for the revenues it could generate locally. Arauca plunged into a deep fiscal crisis as a result of the sudden fall in oil revenues on which it had become highly dependent.

¹⁴⁸ A.Gaviria (2002) et al, op cit. pg 21

¹⁴⁹ Gaviria et al, pgs 40-54

¹⁵⁰ Interview with Red de Mujeres Yopal, 1/5/02

¹⁵¹ Contraloría Departamental de Colombia, Inversion Regalias Departamental de Casanare. Yopal mimeo Feb 2002. Roads account for 21.7% of expenditure from royalties in the department as whole, compared to 4.7% for agriculture and production, and 10.5% for servicing the debt.

¹⁵² Gaviria et al 53

¹⁵³ Departamento Administrativo de Planeación, Gobernación de Casanare, Plan de Desarrollo. Yopal, 1998

¹⁵⁴ These include the Procuraduría General, the Defensoría del Pueblo, the Fiscalía de la Nación, and the Contraloría. My own findings echo the conclusions of the study of the Corporación Excelencia en la Justicia, op cit. of November 2001

¹⁵⁵ One Fiscal Delegado had been shot in front of state investigators and legal personnel in a school in Yopal in 1994

¹⁵⁶ Interview, Ricardo Villamarín 1/5/02

¹⁵⁷ Interview 29/4/02

¹⁵⁸ Interview, Santiago Franco, Advisor to Governor, 1/05/02

¹⁵⁹ Corporación Excelencia en la Justicia (2001) op cit pg 39

¹⁶⁰ Ecopetrol (2002) Opportunities for Hydrocarbon Exploration and Production on Colombia op cit.

¹⁶¹ An illustration of how this works is a story of an Ecopetrol manager in a village who was approached by the guerrillas who demanded that he handed over his vehicle. The manager refused as it was a company vehicle. Knowing that he would have to do so or lose his life, he responded that he would give it to the guerrillas as they had arms but not because they had authority. While this is a minor example that ended with the loss of a vehicle, the form of words contained a moral argument that left the company with a sense of dignity.

¹⁶² The first of these was in Paipa, 1 and 2 February 2001. This information is based on extended interviews with Alejandro Martínez, President of the ACP on 17/08/01, 26/04/02

¹⁶³ in the Llanos (Meta, Casanare and Boyacá), the Nororiente (Arauca and Norte de Santander), Magdalena Medio (Antioquia, Sur de Bolívar, Santander, Sur del Cesar), Centro y Alto Magdalena (Huila, Cundinamarca y Tolima, Sur-Occidente (Caquetá, Putumayo, Valle and Narino) and North (Caribe).

¹⁶⁴ Asociación Colombiana del Petróleo: Viabilidad de las operaciones frente a factores de riesgo socio-político Paipa, 1 and 2 de febrero 2001, mimeo pgs 14-15

¹⁶⁵ Interview with Ramiro Santa, Government and Community Affairs Team Leader, 26/04/02. I was unable to independently verify Hocol's history in Huila, although I have checked the claims in other interviews where possible.

¹⁶⁶ Asociación Colombiana de Petróleo, (2001) op cit. pg 18

¹⁶⁷ Interview with Ramiro Santa 1/5/02

¹⁶⁸ Interview, 26/2/02

¹⁶⁹ John Browne, (1998) International Relations: The New Agenda for Business The 1998 Elliot Lecture, St Anthony's College, Oxford, 4 June. An interview on 11 March 2004 by Oliver Balch with John O'Reilly, senior advisor to BP on security matters in Colombia in 1997 and with whom this author had much contact that year, also illustrates the impact of the international attention on BP and the discussions that emerged. O'Reilly states that his original position had been: 'As long as it wasn't BP itself committing the offences and we were obeying the laws of the country, then that's as far as our responsibility goes'. However, 'experiencing first hand what it is to do business where the rule of law is arbitrary and social infrastructure is almost non-existent...persuaded O'Reilly of his argument's shortcomings: "we're the intruder. We're going to change their (the local community's) lives more than any government will do. Therefore, although there's a responsibility on both sides, the responsibility on us the company is greater because we're the new ones in the equation'. O'Reilly went on to use the lessons from Colombia in a new role as senior vice president for external affairs, BP Indonesia. http://www.ethicalcorp.com/content_print.asp?Content!D=1768

- ¹⁷⁰ Inter-Agency Group op cit. pg 61
- ¹⁷¹ Stephen Fidler, *Financial Times* 8/10/96
- ¹⁷² A. Davy, F. Sandoval and K. McPhail (1998) BPXC's Operations in Casanare, Colombia: Factoring Social Concerns into Development Decision-making mimeo, June
- ¹⁷³ Ibid pg 21
- ¹⁷⁴ pg 29
- ¹⁷⁵ Ibid pg 30
- ¹⁷⁶ BP Corporate Affairs Management, (2002) BP in Casanare: Building the Future, BP pg2
- ¹⁷⁷ Interview, Mauricio Jimenez and Alfonso Cuellar 16/8/01
- ¹⁷⁸ ibid pg s 2-3
- ¹⁷⁹ An interview with the mayor of Nunchia 25/8/01 suggested that this strategy was bearing fruits. The Mayor was a man with 25 years of experience in public office, and an individual looking for support to maintain a commitment to the common good of his community and used to living in an area of ELN influence with increasing paramilitary incursions. He was studying the impact of oil on the other communities of Casanare, and was supportive of BP's new approach of lowering expectations around the potential impact of oil, developing a system of local peace judges to mediate conflicts, training and preparing leaders and the contract workers that would service BP. He was nevertheless, expecting that his municipality would gain some 700 jobs, but was aware that these jobs would not last beyond the construction of the CPF. In 2004, it was announced however, that the Nunchia well was dry; the impact of this on local expectations and local conflict dynamics remains to be seen.
- ¹⁸⁰ BP Corporate Affairs Management (2002) op cit. pg 10
- ¹⁸¹ Interviews with Maria Cecilia Lopez and Jorge Guzman in August 2001 and April 2002. Observation of meeting of Grupo Gestor, Yopal 30/4/02
- ¹⁸² M.Gitsham, *Corporate Social Responsibility in Practice: Action on the Ground by BP in Casanare, Colombia* Mimeo, London August 2003 pg27
- ¹⁸³ BP Corporate Affairs Management (2002) op cit pg 7
- ¹⁸⁴ Both events took place while I was in Casanare in May 2002: a helicopter with 13 civilians in was shot at but managed to land safely ,and a contract worker for the company who had been kidnapped by the ELN earlier was executed.
- ¹⁸⁵ Interview Pedro Rosas, Ecopetrol Casanare, May 2002
- ¹⁸⁶ BP Corporate Affairs Management (2002) pg 3
- ¹⁸⁷ Interview, 24/8/02 with community activists from Aguazul
- ¹⁸⁸ El Tiempo 26/4/04 *Denuncian que paramilitaries exigen cuotas burocráticas a alcaldes de Casanare*
- ¹⁸⁹ Semana 3 May 2004, quoted in L. Zandvliet and D.Reyes, *Looking at the Principles Behind the Practices:BP Operations in Casanare Department, Colombia*, Cambridge Ma: Collaborative Learning Projects, Corporate Engagement Project, April 2004, mimeo. This report states that there were over 70 homicides in Yopal in the month of January alone, mostly linked to killings between rival paramilitary groups fighting for territorial control. Ibid pg 10
- ¹⁹⁰ The field visit by Zandvliet and Reyes, found that "Fear seemed to be a non-issue until we asked why people are not able to hold the Government more accountable, knowing the amount of royalties that flow to the Government and its designated purposes. Unanimously, people said they fear being critical of the local authorities and the possibility of being targeted, allegedly by illegal armed groups2 op cit. pg 11
- ¹⁹¹ "The reality of war in Colombia is stark. But the department of Arauca has been particularly hard hit by the armed conflict, which has ravaged the country for four decades. And, as is tragically the norm in modern conflicts the world over, it is the civilian population that invariably bears the brunt of the repression and violence inflicted on it by the warring parties - the security forces and their paramilitary allies, and the armed opposition groups. This is the case in the oil-rich, north-eastern department of Arauca where economic interests, especially those associated with the control of Arauca's substantial oil resources - and the guerrillas' attempt to sabotage them and gain capital from extortion of the oil industry - have fuelled the conflict there for more than 20 years. The number of civilians killed in the department makes for chilling reading. Although the figures differ according to which source is consulted, estimates suggest that in the municipality of Tame alone, which has a population of only some 55,000,(3) at least 175 people were murdered in 2003, compared to 144 in 2002 and 86 in 2001.

Rather than shielding civilians from hostilities, recent government measures, which form part of its "democratic security" strategy, have exacerbated the human rights crisis in Arauca..The creation of a

network of civilian informants, some of them paid, and an army of "peasant soldiers" required to collaborate with the security forces has put civilians in danger of attacks by the guerrilla, while the approval in Congress of a law that grants judicial police powers to the armed forces is likely to facilitate the already existing practice of launching often spurious criminal investigations against human rights defenders and other civilians. These tactics are designed to tarnish defenders and social activists by accusing them of guerrilla activity, exposing them to heightened risk of violent attack by paramilitaries, regardless of whether or not investigations uncover evidence of criminal wrongdoing. With the military "policing" themselves, very few, if any, are likely to be investigated for human rights violations. Under the government of President Álvaro Uribe, human rights and social activists continue to be killed, "disappeared", arbitrarily detained, threatened and harassed. Moreover, while expressing an interest in maintaining dialogue with NGOs, in practice government, security force and other state officials are frequently and increasingly treating human rights defenders and social activists as subversives, labelling them as such in public statements and targeting them during intelligence and counter-insurgency operations. This has exposed many of them, including in Arauca, to threats and attacks by army-backed paramilitaries. On 8 September 2003, President Uribe attacked human rights non-governmental organizations (NGOs) describing some of them (without specifying which ones) as "political manoeuvrers ultimately in the service of terrorism who cowardly hide behind the human rights banner". Amnesty International 20 April 2004, *Laboratory of War: Repression and Violence in Arauca, Colombia*.

¹⁹² BP Exploration Company, Colombia, *Long-Term Regional Development in Casanare, Case Study, May 2003* http://www.bpd-naturalresources.org/pop_up/casanare/full/html/right1.html