



Natural Resource Governance and Conflict Prevention

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1. Introduction
2. Natural Resources and the Risk of Civil War
3. Conflict Prevention
4. Conclusions



1. Introduction

Cost of civil war \$64 billion

Human Cost

Economic Cost

Regional Spillovers

Global Impact

Copenhagen Consensus



Characteristics of post-conflict societies:

- High risk of reversion to conflict (44%)
- Poverty
- Powerful military lobby
- Poor Governance



Collier-Hoeffler Model of Civil War

Aim:

model and estimate what factor make a country more prone to large scale violent internal conflict

Theoretical Model

Empirical Tests

Method:

Global panel data study (cross-country, 1960-99)

Greed and Grievance in Civil War, OEP, 2004



2. Natural Resources and the risk of Civil War

- Economics
- Political Science
- Sociology
- History
- Geography



Conclusions

- Little evidence for grievances as a sufficient determinant of conflict
- Ethnic and religious diversity reduces the risk of conflict
- Economic factors are important (level, growth and structure of income, sources of finance)
- Natural resources considerably increase the risk of conflict (average 11.5% - double 22.2%)



Duration of War

- Duration is not determined by the same variables as the initiation
- An Increase in natural resource prices tends to increase the duration of war



Incidence of Civil War in Africa

Is Africa Atypically Prone to Civil War?

- duration of civil wars and fragility of post-conflict peace
- Social characteristics make Africa safer
- Economic characteristics make the region more dangerous
- Deterioration in Africa's Economic Performance resulted in an increased risk of civil war during the past decade
- Economic development, including diversification are important factors in reducing this risk



3. Reducing the Risk of Civil War

Conflict Prevention

Shortening Conflicts

Reducing Post Conflict Risks

- Aid
- Improved Governance of Income from Natural Resources



Improving governance of income from natural resources

Certification

Transparency

Smoothing Income Flows



Diversification

US: AGOA

EU: Everything but Arms

Japan: no initiative



4. Conclusion

- Natural resources contribute considerably to the risk of civil war
- Improved governance of natural resource income will reduce the risk of conflict
- Certification, transparency, smoothing income flows
- Diversification