Gustafsson, Maria-Therese: Stockholm University
maria-therese.gustafsson@statsvet.su.se
Authors: Maria-Therese Gustafsson, Stockholm University.
Martin Scurrah, Instituto de Estudios Peruanos.

Title: Strengthening Institutions for Sustainable Development in Resource-Rich States: Decentralized Planning in Peru

Weak institutions have been identified as a principal cause of the poor developmental outcomes of many resource-rich states. Research on such societies has largely focused on national-level institutions and governance, whereas their subnational equivalents remain understudied. Subnational governments, partially empowered by decentralization reforms, have, figured prominently in efforts to influence mining governance, sometimes with the purpose of strengthening sustainable development institutions, sometimes to protect elite interests.

Peru’s mining sector underwent major transformations in the last three decades, including neoliberal restructuring and rapid expansion, generating, as a consequence, rising social conflicts and environmental pollution. Poverty remains high in many mining regions. For fostering sustainable development in such regions, subnational actors, civil society and international aid agencies have proposed that ecological and economic zoning, and related land-use planning processes (LUP), need to be strengthened.

Drawing on debates on natural resource decentralization, this paper compares the implementation of (LUP) in three Peruvian mining regions between 2006 and 2016. The paper is based on original data collected during four field trips 2015-2018 (in total 4,5 months) and consists of written primary sources as well as 139 semi-structured interviews. Our study shows that even though the central government and companies have used different strategies to constrain LUP in a context of weak state capacity, regional governments have been able to use LUP to: 1) prevent conflicts; 2) block mining expansion; and 3) promote economic growth benefiting subnational elites. We argue that these divergent outcomes are largely explained by different political incentives, institutional capacity, and downward accountability.

Our findings add to debates about extractive governance by showing how subnational governments, without having formal authority over extractive governance, still play an important role in shaping the developmental outcomes of resource extraction. Our paper also provokes important questions regarding how subnational governments could be included in extractive governance and which mechanisms for reconciling different interests are likely to be most effective. All told, a better understanding of how effective and inclusive subnational institutions emerge and are sustained over time is crucial for transforming resource wealth into sustainable development.