



A Mixed Blessing: natural resources and development

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What some call “black gold”, others have called...

- The resource curse
- The paradox of plenty
- Flawed prosperity
- Economic indigestion
- The devil’s excrement



The record of oil exporting countries

- Lower economic growth
- Poor performance on human development
- Poor governance and corruption
- Militarization, human rights abuses, violent conflict

Economic Causes of the “Resource Curse”

- Dutch Disease
- Underemployment
- Commodity Price Shocks
- Deplete-able source of wealth

Political Causes of the “Resource Curse”

Legitimacy gained not by votes but by spending

→ *Resource windfalls prompt spending sprees:*

- Spending guided by patronage, not profitability
- Corruption
- Waste and delays
- Inflation
- Debt

Opportunities for USAID engagement

- Timing: outside influence wanes as resource revenues grow
- Encourage and assist countries to report their petroleum/mining revenues
- TA on best practices in expenditure planning and oversight
- Educate civil society on budgets