

The phenomenon of Oil (Resources) Curse and its direct impact on the local population

Isaac Yak Repha Tutdel

Abstract

Various countries primarily from the third world region that are endowed with natural resources are known of bad governance, underdevelopment, poor economic policies and civil strife. Symptoms of resources curses are perceptibly relating to the management of revenues generated from the national wealth, and leaders of those countries pay less attention to addressing such symptoms by the way of translating the finite natural resources into long lasting values. Nations gifted with petroleum or other mineral resources often tend to miss an opportunity to diversify their economies at the time of the resources boom. Huge income/revenues accruing from natural resources at a time of high prices misled policy makers of fault economy and bred a reluctant behaviour.

The content of this paper is narrowed down to the direct impact of the resources curse on the local population with particular emphasis on the Republic of South Sudan, the younger nation of earth which is in dire need of quality institutions to manage its natural resources to evade the phenomenon of resources curse and Dutch disease. It has been demonstrated that resource-rich countries are less democratic, are more vulnerable to economic shocks, more prone to armed conflict and with low human capital.¹ However, further studies invalidated evidence against the existence of the resources curse. For instance, it has been established that an endowment of oil can have a positive effect on growth without the occurrence of armed conflict and can increase the accumulation of human capital.

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¹ Christian Ebeke, Luc Desire Omgba, Rachi Laajaj. Oil, governance and the (mis) allocation of talent in developing countries, 2015.

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1. Introduction

A general overview of the petroleum sector in South Sudan.

The petroleum industry in South Sudan was inherited from the continuing Sudan and sustains long historical records. South Sudan is endowed with significant non-renewable natural resources that would have an enormous positive transformational impact on the South Sudanese communities if polices to exploit them were for the benefits of such communities. These non-renewable natural resources comprise oil as the leading resource, uranium, copper, diamonds, gold, iron ore, mica, silver, zinc and others.²

Although a sizeable reserve of these minerals have been proven to exist, a comprehensive exploration has not been conceded to and undertaken throughout the country due to protracted political conflicts between the North and the South that predate Sudan’s independence in 1956.

The Addis Ababa Peace Agreement of 1972, which ended the first Sudanese civil war between the Southern Sudan and the Khartoum government, made it possible for oil companies to explore oil in the south of the country. The American oil company Chevron made the first discovery of oil the in the late 1970s and 1980s. However, Chevron could not continue with the exploration and production because of the break out of Sudan second civil war in 1983. Sudan by then was lacking strong institutions coupled with low human capital and the scramble for resources was very high. The vast disparities in capacity suggest that these new hotspots- with fragile public institutions and finance and human resource gaps sometimes exacerbated by years of conflict- should seek approaches that better fit their own circumstances³.

This paper is organised into five sections. Section 2 provides the general theories of resources curse

symptoms; Section 3 provides the operational linkages between the oil companies and the local population in the areas of economic benefits such as: i- Employment, ii- Provisions of social benefits in term of education, health services, infrastructure, iii- fair and reasonable compensation and; iv- environmental protection; Section 4 provides the institutional relation between the local population and the institutions governing the oil sector; and Section 5 provide concluding remarks and recommendations.

2. The symptoms of resource curse theories.

Voluminous works extensively discussed what could be term as the symptoms of the resource curse. It is worthwhile noticing that, each writing on resource curse is influenced by a particular situation at the time of writing that paper. Different situations at different times at different places possess unique circumstances that require special attention and different findings. Henceforth, the below resource curse symptoms command a unify support among the various writers of resource curse literature.

2.1 Mismanagement of Rent.

Resource extractive industries, particularly petroleum and mineral resources, are characterized as boom/bust industries due to the volatility of global

Specifically, there is a strong correlation between economic ‘booms’ or sudden increases in wealth and the following: (1) Increased public spending⁶ (2) Inefficient allocation of resources⁷ (3) Bad economic decision-making⁸ (4) Rent-seeking behavior⁹.

markets for those commodities⁴. Various literature about the resource curse argued that complications be ascribable to the apathy that comes of sudden treasure from resource extraction.

Governments may perceive a lesser need for sound economic management and institutional quality⁵. Sudden increases in wealth can also lead

² Ziada I. S.H (2006) Sudan oil Industry. Available at <http://www.oilindustryinSudan.Pdf>

³ Patrick R.P. Heller and Dr. Valerie Marcel. Institutional Design in Low-capacity Oil Hotspots, 2012

⁴ Brenda L. Parlee. Avoiding the Resource Curse: Indigenous Communities and Canada’s Oil Sands, 2015

⁵ Gylfason, T. Natural resources, education, and economic development, 2001.

to consumption rather than an investment of resource rents at individual and institutional levels. Specifically, there is a strong correlation between economic ‘booms’ or sudden increases in wealth and the following: (1) Increased public spending⁶ (2) Inefficient allocation of resources⁷ (3) Bad economic decision-making⁸ (4) Rent-seeking behavior⁹.

2.2 Entrenchment of undemocratic regimes

Attached to the argument concerning the centralisation of natural wealth is that, resource boom retards political change and entrenches regimes. The members of the government-industry group are collectively termed ‘rentier elites’, who ‘capture’ natural-resource rents and use them to create patronage networks that consolidate their power¹⁰. It is argued that these elites have strong vested interests in maintaining the status quo and thus act to suppress criticism and potential political challengers¹¹.

Other studies make the distinction between the ‘developmental’ and ‘predatory’ state: both may be authoritarian, but the former has a bureaucratic structure and an elite that will develop the country while the latter has an elite that is organized around sucking out the state’s wealth and resources and thus makes little attempt at development¹².

2.3 Resource rents are flowing out of the community and region.

Leakages of resource rent are a widespread practice

in the countries endowed with natural resource and constitute a major symptom of the resource curse. Essentially economic growth is slow because revenues leave the region/country rather than are reinvested in economic diversification or social goods¹³. In addition to the above assertion is the aspect of social and economic sustainability. Other studies rather focused on the effect of absentee ownership on well-being in the rural communities where extraction is taking place which is severely restricted and deprived to freely access their ancestral lands and are not benefiting from the new development of resources in form of human and physical infrastructures and lack of economic development opportunities¹⁴.

2.4 Crowding out of other sectors/weakening of human capital.

The best example of crowding out was coined the Dutch disease; a boom in Holland’s domestic revenue following the discovery of offshore oil led to un-competitiveness in other sectors of the economy particularly manufacturing¹⁵. Inflation caused by large foreign exchange generated by exports was a key problem that went unaddressed by the Dutch government. Absolute failures to create a productive and efficient

High wages offered by resource sector industries can serve to draw away scarce labor from other sectors of the economy, making it difficult for them to compete . The same high wages can create disincentives for education, entrepreneurship

⁶Ross M. L. The political economy of the resource curse, 1999

⁷ Corden, W. M., & Neary, J. P. Booming sector and industrialisation in a small open economy, 1982

⁸ Sachs, J. D., & Warner, A. M. The curse of natural resources, 2001.

⁹ Mehlum, H., Moene, K., & Torvik, R. Institutions and the resource curse, 2006.

¹⁰ Paul Stevens, Glada Lahn and Jaakko Kooroshy. Energy, Environment and Resource, the Resource Curse Revisited, August 2015.

¹¹ Beblawi, H. and luciani, G. the rentier state, 1987.

¹² ibid

¹³ Auty, R. Resource abundance and economic deveelopment, 2001.

¹⁴ Gaventa, J. The political economy of land tenure: Appalachia and the Southeast. Madison, WI: Land Tenure Center, 1995

¹⁵ Note 6, pp 10

economy promoted rentier society and enhanced unnecessary dependency on the government¹⁶.

An associated problem in Holland and in other economies experiencing the resource curse is brain/skill drain¹⁷. High wages offered by resource sector industries can serve to draw away scarce labor from other sectors of the economy, making it difficult for them to compete¹⁸. The same high wages can create disincentives for education, entrepreneurship, and innovation in other sectors effectively degrading the pool of human capital that may be necessary to develop other sectors of the economy¹⁹. Weak governance and institutional infrastructure may have a direct negative effect on growth by lowering productivity²⁰. It is often argued that natural-resource production impede development by creating a market or institutional failures²¹. Experts also suggest that high revenue from oil bonanza have negative impacts for economic performances. A number of studies within the so-called 'resource curse' literature argue that high public revenue derived from natural resources has perverse effects for economic efficiency²².

2.5 Increased conflict in society.

Civil wars and social unrest especially in the developing countries endowed with natural resources are associated with the discovery of natural resources. Large resource revenues create a pot that is worth fighting for since whoever is in power is better to plunder that pot²³. Revenues accruing from oil/other minerals can be used to finance the Defence unit to protect the governing elites. No matter how the conflict can be deadly with

enormous humanitarian disaster, the ruling group's interest is often driven by maintaining the status quo and thus employed a brute forces to suppress any critics and potential political challengers and the result is the breed of bad governance in its strongest meaning. The ongoing conflict in the Republic of South Sudan is also associated with the control over the resources particularly oil. When the war broke out on 15th December 2013²⁴, two major oil producing blocks were captured and shot down by the rebels' forces within the first week of the war.

This was done for two primary reasons, first to deny the government from generating the revenues from oil to finance the war and, second to boost the negotiating power of the rebels since they post a significant threat to the national oilfields. The annual oil production in South Sudan was brought below 50 percent within the 22 months war. The civil war in South Sudan has reduced the country's annual oil production by some 30 percent since December 2013. --when in December 2013 South

The destruction of livelihoods of the local community and degradation of their surrounding environment is another symptom of the resource curse.

Sudan was on the brink of civil war, the NGO Global Witness sent out a press release stating that 'historically, South Sudan's oil fields have been a target for rebel

movements, raising concerns that competition over resources could be a key driver of the unfolding crisis²⁵

¹⁶ Note 5, pp 428

¹⁷ Note 6, pp 428

¹⁸ ibid

¹⁹ ibid

²⁰ Amany A. El Anshasy, Marina Selini Katsaiti. Natural resources and fiscal performance. Does good governance matter? 2013.

²¹ Alexander James. The resource curse: statistcl mirage?, 2015. Available at www.elsevier.com/locate/devec

²² Lars-Erik Borge, Pernille Parmer, Ragnar Torvik. Local Natural Resource curse?, 2013.

²³ ibid

²⁴ Jennifer G. Cooke, David L. Goldwyn. Africa's New Energy Producers. Making the most of Emerging opportunities, 2015.

²⁵ Jeroen Cuvelier, Koen Vlassenroot, Nathaniel Olin. Resources, conflict and governance: A critical review, 2014. Available at www.elsevier.com/locate/exis

2.6 Degradation of the environment and human rights.

Extraction of natural resources beings petroleum or other minerals temper with environmental and human rights issues. The destruction of livelihoods of the local community and degradation of their surrounding environment is another symptom of the resource curse. Issues related to the loss of land through uncompensated displacement, destruction of subsistence sources of living, destruction of wildlife habitats and the unprofessional disposal of heavy substances, results in long-term impacts of social nightmare and immense pollution. If an extractive project is controversial or takes place in a conflict-ridden area, security for the industry and its labour force provided or supported by the central government may lack accountability and may ultimately be responsible for abuses of human rights²⁶.

3. The relationship between the oil companies and the local population in the areas of economic benefits such as:

i) Employment

From the start-up of the contract, foreign oil companies are allowed to employed expatriate on administrative and other technical professional positions. The technical and professional personnel are engaged together with local staff in preparation for taking over within predetermine timeframe. A contractor is often mindful when selecting professionals and technical staff who are expatriate because the contract obliges the contractor to give top priority to the employment of the qualified Sudanese national. Henceforth, the general requirement is that employment of expatriate is effected only if there are no qualified nationals at the time when they are needed. Article 27 of block E contract oblige the contractor to employ

qualified nationals and state: (*the contractor shall give top priority to the employment of qualified Sudanese nationals including skilled drivers and nurses*)²⁷. The contractor is not allowed to hire unskilled non-Sudanese labor as expatriate employees under the same article. Contractor is moreover bound to have minimum proportion of Sudanese nationals excluding unskilled labor, as its employees in Sudan of up to sixty (60%) percent after five years of the effective date and up to ninety 90% percent after ten (10) years from the effective date.

Such policy was less felt by the local population before the separation of South Sudan from Sudan in 2011. Employment of local population in the oil companies has significantly improved in recent years after the separation from South Sudan. Employment is a part of the local content in the petroleum industry and serves as a social license to win the confident of the surrounding communities. Local content encourages the employment of locals by multi-national companies (MNCs), but also recognizes that resource extraction-particularly oil and gas-is an enclave industry that will never be a significant employer in its own right without linkages to the services sector and beyond²⁸. Henceforth, extraction of oil in South Sudan before the separation was term as a curse because of the exclusion of the employment opportunities.

ii) Corporate social responsibility (CSR);

The provisions of social services such as schools, health facility, clean drinking water and roads represent the vital part in the smooth implementation of extractive contracts. Strict observance of CSR in the areas where oil or gas are produced, built healthy relations between the oil companies, local population and the government and guarantees stable operations. Corporate social responsibility enriched community involvement and participation in the projects that concerns

²⁶Note 6, pp 11

²⁷Exploration and Production sharing agreement (EPSA). This agreement is for block "E". This block straddle between the South Sudan and Sudan. It was signed in August 2010. This block is still at the exploratory stage. However, the local content provisions requirement in the blocks are identicals with other operational blocks without any slight difference.

²⁸Jesse salah Ovadia. Local content and natural resource governance: The cases of Angola and Nigeria, 2014.

them at local levels. CSR moreover contribute to the capacity building of locals to develop their skills to work in the industry. For example, financial contribution to University Scholarship Award Schemes are reported to government authorities as part of compliance with local content requirements and at the same time communicated in CSR reports as wider contributions of (IOCs) to empower indigenes from communities where petroleum production activities are located to develop skills to work in industry²⁹.

Contrary to best practices and principles of CSR around the globe, extraction of oil in South

The operational petroleum contracts and the existing regulatory regimes have no explicit provisions regarding the corporate social responsibility.

Sudan has brought negative impacts on the indigenes. Services in the form of Schools, health facilities, clean drinking water and

roads were not provided so far. The operational petroleum contracts and the existing regulatory regimes have no explicit provisions regarding the corporate social responsibility. Oil companies sometimes initiate CSR through marginal and non-sustainable projects to buy their social license. Such projects have less positive impacts in the lives of the local population who maintains high expectations during the period of extraction of oil. Oil producing countries in Africa are known for corruption, bad governance, brutality and gross mismanagement of the country's wealth. Having increased 'local content' in each multi-national high tech industry will raise the mean standard-of-living of the continents population³⁰.

Effective provisions of social services like education, clean drinking water and health facilities improve

the social conditions of local populations and minimize disease spread. Experts of resource curse argue that many countries that are dependent on natural resources wealth have less attention in meeting the people demands for various social services including health. Countries dependent on natural resources wealth, such as oil, are likely to suffer from governance failures and thereby suffer lower quality public health³¹.

iii) Fair and reasonable compensation and;

The history of oil exploration and extraction in South Sudan is associated with massive forceful displacement without equitable and reasonable compensation. Such a phenomenon was witnessed because of the protracted civil war at the time of exploration and productions. The civil populations around the oil fields were accused of collaborating with the rebels and were therefore forcefully displaced without a replacement to their living standards of an already impoverished community. Displacement has caused massive damages and human suffering in the oilfields.

The government carries the primary responsibility for protecting the lives and the properties of its citizens and is to be blamed first. Oil companies can be blamed on the ground for complicity. European Coalition on Oil in Sudan (ECOS) concludes a study through the satellite analysis that two-thirds of the populations of Block 5A have faced forced displacement at least once. Assuming that the population stood at 240,000 in 1999, ECOS estimates that 160,000 people have been forcibly displaced in Block 5A, often multiple times³². As of the date of writing this paper, there are many pending compensation claims from the local populations against both the government and the oil companies that are not addressed.

²⁹Michael Zisuh Ngoasong. How international oil and gas companies respond to local content policies in petroleum-producing developing countries. A narrative enquiry, 2014

³⁰H. U. Nwosu, I.N. Nwachukwu, S.O.T. Ogaji, S.D. Probert. Local involvement in harnessing crude oil and natural gas in Nigeria, 2006

³¹Indra de Soysa, Theodora-Ismene Gizelis. The natural resource curse and the spread of HIV/AIDS, 1990-2008. Available at www.elsevier.com/locate/socscimed.

³²Unpaid debt, the Legacy of Lundin, Petronas and OMV in Block 5A, Sudan 1997-2002. ECOS Report June 2010.

These claims require serious attention from the government to avert the dissenting voices instead of calling oil a blessing, but a curse. Central government must demonstrate the needed respect for human lives and put solid structures based on a formidable system with effectively accountable measures and avoid fractionalization. Indeed, when the level of fractionalization is high, indicating a weak government, oil revenues appears to be fully wasted³³.

The right for Compensation for Persons affected by the development of petroleum resources in South Sudan was first acknowledged in Comprehensive Peace Agreement (CPA) which was signed in 2005 through articles 3.1.6 and 4.5 respectively. Article 3.1.6 states: ‘persons enjoying rights in land are entitled to compensation on just terms arising from acquisition or development of land for the extraction of subterranean natural resources from the area in respect of which they have rights’³⁴.

Article 4.5 states: ‘persons whose rights have been violated by oil contracts are entitled to compensation’³⁵. These provisions were adopted in two interim constitutions and were never realized during the interim period till the time when South Sudan seceded from Sudan in 2011.

The legacy of non-implementation of compensatory provisions still exists within the existing regulatory structures governing the oil sector in South Sudan. Critics term the non-compliance as a lack of political will from the ruling elites who are more interested in revenue coming to the central government and pay less attention to the demands of the local populations. Fair and reasonable compensation can assist in alleviating the popular grievances and minimize social conflicts because it gives chances

to the local population to share the benefits of the extractions and avert the feeling of the resource curse. Government of resource-rich regions can play crucial roles in designing institutions and implementing policies to redistribute resource wealth as a strategy to cope with the resource curse³⁶.

The agreement which was signed between the government of South Sudan and the armed opposition acknowledged the rights for compensation to the people affected by the petroleum activity. Article 4.1.12 of the agreement states: “Persons enjoying rights to land are entitled to compensation on equitable terms arising from acquisition or development of land for the extraction of subterranean natural resources from the area in which they have rights”³⁷.

iv) Environmental protection.

Civilians living near oil facilities have blamed oil activities for causing diseases in cattle and humans besides causing miscarriages among women.

The extraction of petroleum resources in South Sudan is deemed to have fundamental social and environmental problems, and the government took no

necessary remedial measures. Scientific studies have linked oil exploration and extraction to polluting both the surface and groundwater in South Sudan. Civilians living near oil facilities have blamed oil activities for causing diseases in cattle and humans besides causing miscarriages among women. The government is known of squandering its responsibility to apply the laws that protect the environment and often channel the blame to the oil companies forgetting that the government is

³³Kjetil Bjorvatn, Mohammed Reza Farzanegan, Friedrich Schneider. Resource Curse and Power Balance: Evidence from Oil-Rich Countries, 2012. Available at <http://dx.doi.org/10.1016/j.worlddev.2012.03.003>

³⁴The comprehensive Peace Agreement between the Government of the Republic of the Sudan and the Sudan People’s Liberation Movement/Sudan People’s Liberation Army. Signed in Nairobi, Kenya, on the 9th January, 2005.

³⁵Ibid, pp 53

³⁶Ming Zeng, Jing Vivian Zhan. Sharing resource wealth for peace: A chinese strategy to cope with the resource curse, 2015. Available at www.elsevier.com/locate/exis.

³⁷Agreement on the resolution of the conflict in the Republic of South Sudan between the government of the Republic of South Sudan and the Sudan People’s Liberation Movement/Army, 17th & 26th August 2015, Addis Ababa, Ethiopia.

the regulator that supervise the implementation of sector laws. The government alleged that, Oil companies before and after independence have done nothing to stop environmental damage caused by oil extraction alleging that, environmental harm done by oil extraction in South Sudan began during the Second Sudanese Civil War because no environmental impact assessment was completed before production began. In the words of the first undersecretary of the Ministry of Petroleum and Mining in the Republic of South Sudan Mr. Machar Aciek Ader who said that “the Petroleum Act is not being implemented in letter and spirit concerning environmental protection”³⁸.

The Ministry admitted that, despite the existence of laws, they were not being operationalized in regard to the protection of the environment. The question which begs an answer is when are those laws going to be implemented?

The South Sudan Petroleum Act, 2012 have explicit provisions regarding environmental protection. Section 59 (1)³⁹ of the Act prohibits the Ministry of Petroleum to open up any area for petroleum activities before conducting any strategic environmental assessment. Oil companies are constrained to carry out any petroleum activities in the areas where environmental and social impacts assessments are conducted prior to their operations.

They are furthermore required to prepare an environmental management plan prior to the commencement of the petroleum activities in which failure to do so bear a liability for pollution damage. Section 55 of the same Act empower the government to suspend the petroleum activities where an accident or emergency may lead to or has resulted in loss of life, personal injury, pollution or major damage, or a negative effect on the livelihood of persons in the immediate vicinity of the accident.

One would wonder why the government is reluctant to impose such punitive provisions in responding to the call of the local population when need be! The Act has put the government in driving seat to protect the environment and turn the extraction into a blessing and minimize unnecessary frictions.

4. The relationship between the institutions governing the oil sector and the local population.

Article 173⁴⁰ of the Transitional Constitution of South Sudan, 2011, established the guiding principles for petroleum and gas development and management in South Sudan. Petroleum resources in South Sudan is owned by the people of South Sudan but developed and managed by the national government. The institutions governing the oil sector are all at the national level with distinctive roles and functions. These institutions are (1) the National Petroleum and Gas Commission (2) the Ministry of Petroleum and Mining and (3) the National Petroleum and Gas Corporation (national oil company).

The primary mandate of the petroleum commission is the policy-making body whereas the national petroleum and gas corporation is charged to run the commercial activities on behalf of the state. The ministry is positioned as policy regulator and to supervise the daily operations of the oil companies. The Ministry of Petroleum under Article 175 (f) of the Constitution is moreover designated to signed petroleum contracts in consultation with the affected communities, ensuring that, all petroleum and gas projects are subjected to environmental and social impact assessment. The other relation is the financial share of the indigenous population from the oil proceeds. Article 178 of the Constitution authorize the payment of 3% (three percent) derive from the net oil revenue to the communities where

³⁸Interview with Mr. Macar Aciek Ader. The First Undersecretary of the Ministry of Petroleum and Mining, Republic of South Sudan, 22nd September, 2015, Juba, South Sudan.

³⁹The Petroleum Act of South Sudan, 2012.

⁴⁰South Sudan Transitional Constitution, 2011.

oil extraction is taking place.

The existing legislation has not dared to create any direct linkage between the institutions governing it and the local populations. This legal vacuum represents a major gap in addressing the communities' grievances resulting from the oil activities. Community's problems arising as a result of petroleum activities are being solved through good-will procedures rather than an established statutory system that operates on its own. Community's grievances should not be confined to local or state governments which have no statutory role in oil sector since the national government governs the sector. The institutional linkage vacuum is causing frictions between the communities and the oil companies operating in their areas. This paper suggests a formation of the high-level ad hoc committee to address the community's grievances and compensation matters.

This committee should be called Community Grievances and Compensation Committee (CGCC). The primary mandate of this committee is to gather and assess the community's grievances and recommend the best and quick option in resolving those concerns amicably. Failure to resolve those concerns amicably could lead to arbitration or judicial proceeding with the competence court. The membership of the committee should comprise of affected community, petroleum commission, ministry in charge of petroleum, national oil company and the state and county governments. This committee shall serve as a ladder between the local community and the institutions governing the petroleum sector. Such linkage will give confidence to the local community who felt neglected for a long and can change their mindset of viewing petroleum resources as a curse instead of a blessing.

5. Conclusion and recommendations.

The paper explored the general principle of resource curse as vastly discussed by the experts on the topic. It then narrows down the discussion on the impacts of resource curse on the local population applying the situation in the Republic of South Sudan as a case study. The works, therefore, identified that oil extraction in South Sudan is not consistent with the sound and sustainable principles within the oil industry. The paper then recommends that national government should modify the management structure of the sector and correct the past negative impressions in the sector by the local population. Policy makers are furthermore advised to establish good governance that involves optimum contractual terms, revenue transparency, institution-building, use of stabilization funds and local capacity-building to service, and benefit from the sector. Revenues accruing from the oil must be re-invested in other sectors for the diversification of the economy to avoid the phenomenon of the resource curse.

It is worthwhile mentioning that some countries have escaped the resource curse phenomenon in which Malaysia and Norway are on records. The symptom for Malaysia to escape the curse includes the impressive growth record prior to the Asian financial crises, and its achievements on poverty alleviation and economic diversification. Malaysia clearly cannot be readily identified as having a classic case of the resource curse, particularly when compared to often cited examples of debilitating rent seeking behaviour and patronage⁴¹. Nor does it suffer from the Dutch disease⁴².

South Sudan still maintain the chance to translate its natural resources into lasting values to avoid the Dutch disease and uses these values in improving the lives of its impoverished people. Political leaders should avoid rent seeking tendency which leads to patronage character.

⁴¹Anita Doraisami. Has Malaysia really escaped the resource curse? A closer look at the political economy of oil revenue management and expenditures, 2015. Available at www.elsevier.com/locate/resourpol.

⁴²ibid

Recommendations.

- 1- The national government need to correct the past actions inflicted on the local populations as a result of oil exploration and productions to change their mindset.
- 2- Local population should be accorded all their rights and privileges as guaranteed to them by the petroleum contracts and the Sectoral Laws.
- 3- Local population must be educated in their duties and advice to adhere accordingly.
- 4- The national government must provide favourable conditions to foreign oil companies by fairly balancing their oversight supervision.
- 5- The national government should use the revenues accruing from the natural resources (oil) to finance the pressing developmental needs to alleviate poverty and diversify its economy to avoid rent-seeking patronage and Dutch disease.
- 6- The national government must develop sounds and sustainable policies to fit the meaning of good governance.

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