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## EXAMPLES OF THE CURSE OF RESOURCES AT WORK

**Mark Jenkins, Prospect Energy**

Nigeria and Egypt are two good examples of countries suffering from the effects of the Curse of Resources.

### **The Curse of Resources in action – Nigeria**

Since Nigeria achieved independence in 1960 it has experienced a civil war resulting in the death of over one million people, military rule for thirty years, and four failed and six successful military coups.

Corruption has been endemic. It has been estimated that Nigeria's rulers have stolen somewhere between \$400 billion USD in the period between 1969 and 2000.

Illegal bunkering has stolen between 5–10% of the country's oil produce. Bunkering is the process whereby pipelines are illegally tapped in order to fill plastic jerry cans with crude oil, which is then shipped abroad.

In the meantime the country's economy has shrunk, despite the wealth of the country's resources. Despite the fact that Nigeria is the world's seventh biggest producer of oil, 57% of its population live on less than \$1 USD a day. In the Niger Delta, the area producing 100% of Nigeria's on-shore oil, local residents do not have either electricity or running water.

The environmental damage caused by oil production has been massive. More than 1.5 million tons of oil has been spilled in the Niger Delta over the course of fifty years of oil extraction. Combining the effects of this with the toxic effect of gas flaring, it is not surprising to see that the Niger Delta has become one of the most polluted places on the planet.

The situation in the Niger Delta is a classic example of the destabilising security consequences of Dutch Disease.

Prospect Energy Ltd | Regus House, Pegasus Business Park, Castle Donington, Derbyshire  
DE74 2TZ

[www.prospectenergy.co.uk](http://www.prospectenergy.co.uk) | [info@prospectenergy.co.uk](mailto:info@prospectenergy.co.uk) | +44 (0)203 427 5955

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## **Destabilising security conditions**

The Movement for the Emancipation of the Niger Delta (MEND) is a terrorist grouping which sees itself as fighting on behalf of the *Ijaw* tribesmen of the Niger Delta. MEND's leader has said he is fighting for:

*“..the economic emancipation of the people of the Niger Delta, who have suffered decades of criminal neglect, brazen theft and damage to their environment by the Nigeria state and the oil majors. The problem in Nigeria has a very simple solution. Let the people of the Niger Delta control their resources. Our enemies comprise anyone, state or corporate body standing in the way of that.”*

Let us now turn our attention to another country where the Curse of Resources has caused huge damage – Egypt.

## **The Curse of Resources in action – Egypt**

Egypt's oil production peaked in 1996 and since then has declined by approximately 26%. Since the 1960s Egypt has moved from complete food self-sufficiency to excessive dependence on imports subsidised by oil revenues. Egypt currently imports 75% of its wheat.

Declining oil revenues have increasingly impacted food and fuel subsidies. Food prices are generally underpinned by high oil prices because energy accounts for over a third of the costs of grain production. This has further contributed to surging global food prices.

Food price hikes have coincided with devastating climate change impacts in the form of extreme weather in key food basket regions.

Since 2010 there have been droughts and heat waves in the US, Russia and China leading to a dramatic fall in wheat yields, on which Egypt is heavily dependent. The subsequent doubling of global wheat prices directly affected millions of Egyptians who already spend approximately 40% of their income on food.

In many ways Egypt is a microcosm of current global challenges. In a time of climate extremes and population growth there will continue to be increases in food prices,



particularly when oil prices are not cheap. For the last few years the food price index in Egypt has fluctuated above the critical threshold for probability of civil unrest.

Bearing this in mind it is not unreasonable to assume that the civil unrest that drove the Arab Spring was precipitated by hunger, rather than high-minded philosophical musings about the supposed benefits of western democracy.

Resource rich countries that depend, like Egypt, on imports to maintain their food supplies will suffer, unless they take as many proactive measures as they can to protect their agricultural sector.

### **Introduction to Prospect Energy, Prospect Law and Mark Jenkins**

Prospect Energy is an energy specialist technical consultancy firm based in London and the Midlands of the UK. It is a sister company of Prospect Law. The two firms provide advice on energy development projects and energy related litigation for clients in the UK and internationally.

Mark Jenkins advises clients on how to achieve commercial resilience in high-risk/non permissive environments. Among Mark's specialist areas of expertise are the management and motivation of traditional communities such as Bedouin tribesmen in the Sinai Desert, Somali Muslims in NE Kenya and Eastern Orthodox Christians in remote parts of Eastern Europe. He has a particular interest in Islamic culture and has worked on the staff of HRH Prince Ghazi bin Muhammed bin Talal, Special Advisor and Personal Envoy to HM the Hashemite King of Jordan. Other interests of Mark's include renewable energy, especially solar power, and economic solutions which are based on the principle of sufficiency, rather than consumption.

For more information please contact us on 01332 818 785, or by email on: [info@prospectenergy.co.uk](mailto:info@prospectenergy.co.uk).