Committee: Economic & Social Council (ECOSOC)

Issue: Addressing the issue of Natural Resource Curse in LEDCs

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INTRODUCTION

Since the foundation of the United Nations in 1945, one of the organization's main goals has been to improve the quality of people's lives. Currently, in the 21st century, 47[1] countries are still classified as less economically developed and the majority of the civilians in such countries live beneath the poverty line.

Unexpectedly, numerous countries classified as LEDCs, actually have rich deposits of diamonds, gold, oil and gas. "While one might expect to see better development outcomes after countries discover natural resources, resource-rich countries tend to have higher rates of conflict and authoritarianism, and lower rates of economic stability and economic growth, compared to their non-resource-rich neighbors"[2]. Examples of this are Venezuela, Nigeria, Angola and Brazil.

Having found rich resources, such countries relied too heavily on the easy wealth originating from them and did not invest in developing other sectors of their economy. This led to the underperformance of key sectors like health, education, justice and therefore set a barrier to prosperity. The successful utilization of natural resources is extremely challenging, because of the volatility of their price and production. This unpredictability can be financially catastrophic in cases where there is no alternative income stream. Moreover, being a non-renewable source means that the existing resources are limited and will eventually run out.

Low-income countries often suffer from poor governance and present high levels of corruption and extortion. "There are twenty-three countries in the world that derive at least

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[1] "UN List of Least Developed Countries." UNCTAD, www.unctad.org/en/Pages/ALDC/Least%20Developed%20Countries/UN-list-of-Least-Developed-Countries.aspx.

[2] The Resource Curse, Natural Resource Governance Institute, Mar. 2015, https://resourcegovernance.org/

60 percent of their exports from oil and gas and not a single one is a real democracy,"[3] observes Larry Diamond of Stanford University. Therefore, there is a clear correlation between having rich reserves and evolving as a nation.

It is evident that changes need to be implemented to ensure the prosperity of such vulnerable nations. Attempts to solve the issue at hand have already been made. Two great examples are Publish What You Pay and the Equator Principles, organizations created to ensure transparency of expenses and adherence to environmental laws.

DEFINITION OF KEY TERMS

Natural Resource Curse

In 1993, British Economist Richard Auty coined the term "resource curse", while investigating the reasons why countries with less economic growth, struggling to develop well-functioning communities are actually the richest ones in natural resources. Such resources are raw materials derived from Earth, such as oil, gas and minerals. This phenomenon (also known as the paradox of plenty) was first observed back in the 1950s.

Resources

Resources are defined as "stock or supply of money, materials, staff, and other assets that can be drawn on by a person or organization in order to function effectively."[4] Countries use them to support themselves and become wealthier.

LEDCs

LEDC is an abbreviation for Less Economically Developed Countries. Such countries are vulnerable and struggle with poverty (e.g. Venezuela, Kenya, Uganda). They were previously widely referred to as "Developing" or "Third world" countries.

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[3] "Exorcising the Resource Curse: Some Innovative Ideas." Council on Foreign Relations, Council on Foreign Relations, www.cfr.org/blog/exorcising-resource-curse-some-innovative-ideas.

[4] "Resource: Definition of Resource by Oxford Dictionary on Lexico.com Also Meaning of Resource." Lexico Dictionaries | English, Lexico Dictionaries, www.lexico.com/definition/resource.

Non-renewable

Non-renewable materials are those “existing in limited quantities that cannot be replaced after they have all been used”[5]. Such examples are oil, natural gas and coal. The fact that they exist in predetermined amounts, means that, once these resources have been used, there is no way of recovering them.

GDP

GDP is an abbreviation for Gross Domestic Product. In relation to the population of a country, it is an indicator of the country’s wealth.

Minerals

Minerals are valuable, useful chemical substances (e.g. quartz, sulfur, clay, gold, diamonds) that have undergone geological processes.

Figure 1: Mineral Map of the World Wang, Ying. The Natural Resource Curse, neaef.org/public/neaef/files/documents/publications_pdf/young_leaders/5th/Wang%20Ying.pdf.

[5] “NON-RENEWABLE: Meaning in the Cambridge English Dictionary.” Cambridge Dictionary, www.dictionary.cambridge.org/dictionary/english/non-renewable.

Critical raw materials

Critical raw materials (CRMs) are "basic materials or substances used in today's industrial production"[6]. They are hard to replace and contribute to a great extent to our everyday lives. Different countries vary in terms of classifying raw materials as critical or non-critical. Nowadays, China is by far the biggest supplier of CRMs, followed by the USA, South Africa and Brazil. Europe, due to its low reserves of raw materials, mainly relies on imports from the above-mentioned countries. Some commonly accepted CRMs are bismuth, helium and phosphorus.

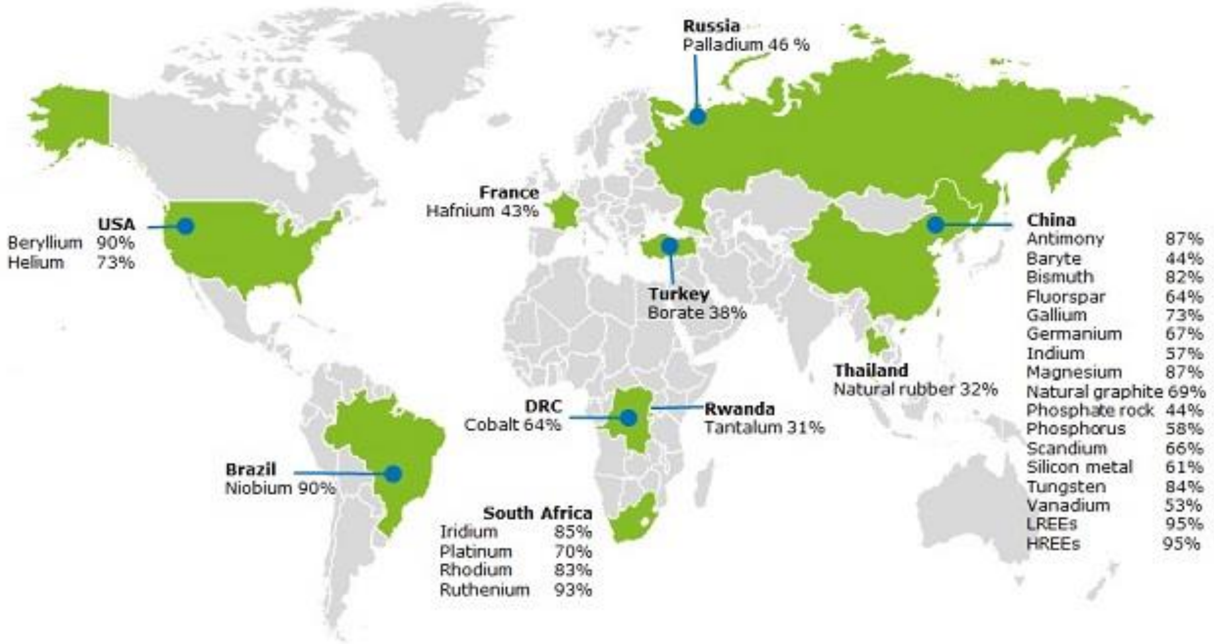

Figure 2: Map of countries accounting for the largest share of global supply of CRMs "Critical Raw Materials." Internal Market, Industry, Entrepreneurship and SMEs - European Commission, 30 Aug. 2017, ec.europa.eu/growth/sectors/raw-materials/specific-interest/critical_en.

[6] Srećko BevandićSrećko Bevandić is a Geologist with an interest in mineralogy, and Srećko Bevandić. "What Are Critical Raw Materials?" European Training Network for the Remediation and Reprocessing of Sulfidic Mining Waste Sites, 22 May 2019, www.etn-sultan.eu/2019/05/22/what-are-critical-raw-materials/.

BACKGROUND INFORMATION

When measuring poverty, inequality and deprivation, the countries that struggle the most are actually the ones with the greatest natural resource endowments. Instead of experiencing growth, peace and stability, countries rich in natural resources tend to be underdeveloped in many sectors and have a lower quality of life, a theory that has been named "Natural Resource Curse".

Dutch Disease

"The Dutch disease refers to the problems associated with a rapid increase in the production of raw materials (like oil and gas) causing a decline in other sectors of the economy. When the raw materials run out, the economy can be in a worse position than before." [7] The term first appeared in 1977, when the Netherlands faced a crisis after discovering natural gas deposits in the North Sea in 1959. This huge wealth resource led to a rise in the exchange rate of the Dutch currency, but rendered exports of all non-oil products less competitive in the world market. In the long term, the impact seemed to be overall negative, as investments in the country dropped and unemployment rose. In general, a country with rich natural resources will tend to have an appreciation of its currency's exchange rate due to the resource effect. On one hand, this makes imports cheaper, but in the long-term other export industries become uncompetitive, due to higher exchange rates and higher wages.

As previously mentioned, the unstable nature of natural resources renders it impossible to have a precise estimate of the revenue a nation will collect from the resources. Enormous changes can occur from year to year, due to the volatility of price and production.

Countries with rich natural resources specialize in this industry and are less incentivized to diversify their economy. Therefore, sectors such as export-based manufacturing and agriculture become less competitive. Being reliant on a single, volatile commodity has been proven to be a mistake, as when the commodity's price falls, profit is insufficient, leading to a financial deficit and government planning is derailed

. There is yet to be a country that completely has run out of natural resources; however, it is estimated that the majority of the ones dominating the oil industry do not have

[7] Pettinger, Tejvan, et al. "Dutch Disease." Economics Help, 14 Jan. 2018, www.economicshelp.org/blog/11977/oil/dutch-disease/.

many extractive years left. At current levels of production, Colombia, Angola, Malaysia and other countries seem to have less than 15 years left. The fact that no countries' natural resources have elapsed already does not mean that the issue should be undermined. In the near future, this will most definitely create problems, much bigger than that of the Natural Resource Curse, thus preparation is vital.

Additionally, health, education and other social services underperform since investments and workforces are diverted mainly to the resource-sector. In the long term, illiteracy rates become high and exactly because citizens have not been properly educated, they are unable to judge what is in their country's best interests and they become more vulnerable to corrupt politicians and foreign exploitation.

When revenues are high, countries also seem to overspend on unproductive expenses (e.g. monuments, government salaries) instead of investing in other sectors of the economy that could counteract the losses when revenues from natural resources decline.

Conflict

The mere presence of natural resources within LEDCs can more often than not exacerbate the risk of internal conflict, because of the large number of people wishing to be in control of them. Oil-producing countries have been twice as likely to suffer civil wars compared to non-oil-producing countries during the last three decades[8]. The Democratic Republic of the Congo, Iraq and Angola are examples of this. Diamonds, silver and gold are the minerals creating the most competition.

Counties rich in oil also tend to become targets of international conflict. A typical case that proves this point is the one concerning Iraq and the Kurds. While the Kurds have been given the right to create their independent state where the majority of them live, which is between Iraq, Iran, Syria and Turkey, Iraq refuses to allow the creation of such a state. This happens because one of the cities the Kurds would inhabit is Kirkuk, a city well-known for its wealthy oil resources. Should Kurds gain independence of that area, the already existing conflicts would be exacerbated.

Furthermore, there have been many indications as well as proof that the control of territories rich in natural resources, such as diamonds and petroleum, has been the goal of

[8] The Resource Curse, Natural Resource Governance Institute, Mar. 2015, www.resourcegovernance.org/sites/default/files/nrgi_Resource-Curse.pdf.

terrorist groups. When this is achieved, their ability to finance their operations is multiplied, leading to expansion and prolongation of conflict. A recent example of this has been the illegal exploitation of oil on land controlled by ISIS. This has allowed this terrorist organization to acquire heavy weapons used on the battlefield in the Middle East, as well as to fund attacks in western countries.

Natural resources do seem to cause conflict and turmoil not only inside a country's borders but also with its neighboring nations. Wars and conflicts break out to the detriment of an economy; thus, they pose a significant threat to the financial stability and development of a nation.

Taxation

According to Jeffrey Frankel from Harvard University "...countries (in those climates originally suited to fishing and small farms) developed institutions based on individualism, democracy, egalitarianism, and capitalism"[9]. Contrary to that, countries rich in natural resources have remained authoritarian and corrupt during the last 30 years and have not succeeded in democratization. One explanation for this lies in taxation. It has been proven that governments which engage the most with their civilians are more likely to become democratic. Taxation is one of the most direct ways citizens contribute to the development of their nation. Countries with poor natural resources rely heavily on citizen taxation for their budget revenue. Since, in such countries, the civilians themselves devote part of their personal income to the nations' budget, they are more encouraged to keep track of the national expenses and make sure that the taxes they pay are being well spent. As a result, government spending is closely monitored and unnecessary expenses are limited. Optimizing the use of the nation's wealth handled by the government allows the country to develop financially.

On the other hand, when countries collect large revenues from the extractive industries that deal with the nation's large natural resources, the civilians themselves are less likely to show interest in scrutinizing the government's spending habits. This leads governments to huge, unaccounted expenses, even corruption, and thus unavoidable financial problems. Furthermore, with the sudden inflow of profit, the government itself is

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[9] "WORLD TRADE ORGANIZATION." WTO, www.wto.org/ENGLISH/res_e/publications_e/wtr10_forum_e/wtr10_15june10_e.htm.

disincentivized from closely motoring their expenses and, in the long term, becomes less responsible.

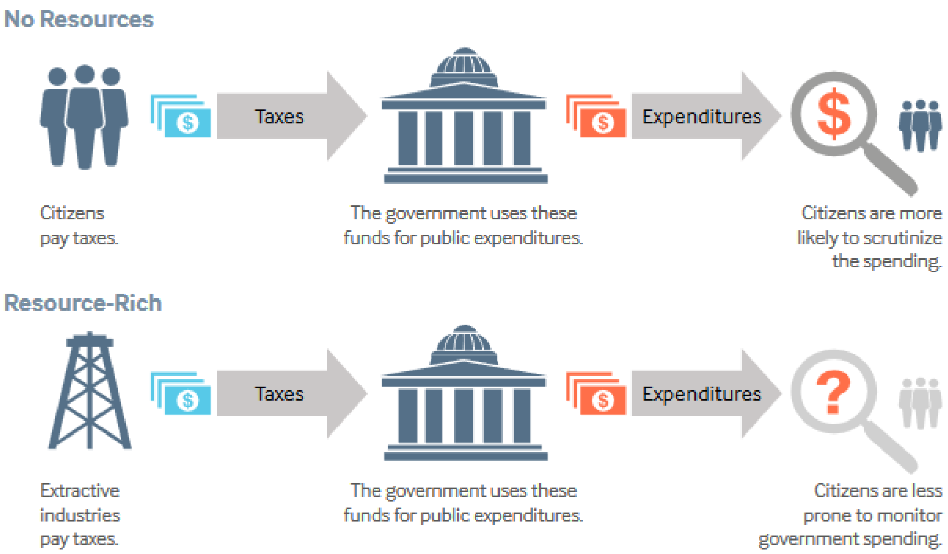

Figure 3: Incentives in resource-rich and resource-poor countries.

The Resource Curse, Natural Resource Governance Institute, Mar. 2015, resourcegovernance.org/sites/default/files/nrgi_Resource-Curse.pdf.

Income Inequality

Oil, gas and mineral extractions can bring a lot of wealth to a country, but that does not mean that money is evenly distributed within the society. Landowners are often the only ones experiencing the advantages of exploiting such soil, meaning that this huge income does not translate into higher living standards for most of the population. The fact that the counties' GDP might rise, does not actually indicate financial growth, as there is only a limited number of people that benefit from the extractions, yet the majority of the civilians still struggle with poverty.

This problem appears to be even greater in LEDCs, as there are cases such as Angola and, Trinidad and Tobago, where the terrain is developed by global multinationals, like De Beers diamond mining, Shell, BP and Esso. This means that only a small proportion of the production value stays in the country, whereas the majority of the profit is divided between foreign shareholders. Although mining companies provide employment, the percentage of earnings going to workers is low. To attract investment, LEDCs often set resource taxes too low. This restricts even further the profit of the country itself.

Environmental and health impact

The main way to extract natural resources from the soil is mining. Countries that base their whole economy on this industry, tend to exploit the Earth in ways that are not sustainable. Firstly, the extractive methods can contaminate water and therefore transmit potentially fatal illnesses (e.g. cholera, typhoid). Additionally, they cause dust accumulation, which can cause trivial health problems, like sneezing and coughing, but also serious ones, such as "Miners Asthma", a lung disease common among miners, irritation of the eyes and hay fever, a type of nose inflammation. Extractive techniques also alter the landscape. Not only does it come to the detriment of the landscape's aesthetic appeal, but it can even render an area uninhabitable. Seismic disturbances can also be caused.

Furthermore, noise pollution is created. Prolonged exposure to noise from process operations can cause several health issues ranging from "stress, poor concentration, productivity losses in the workplace, and communication difficulties and fatigue from lack of sleep, to more serious issues such as cardiovascular disease, cognitive impairment, tinnitus and hearing loss"[10]. Lastly, especially in LEDCs like Yemen, where water is scarce, using excessive amounts of water for extraction purposes can even cause drought, alongside minimizing the fresh water available for the civilians.

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

Venezuela

"Ten years from now, twenty years from now, you will see: oil will bring us ruin... Oil is the Devil's excrement," said Venezuelan politician and founder of Organization of the Petroleum Exporting Countries (OPEC) Juan Pablo Pérez Alfonzo in 1975. Nearly half a century later, the nation still struggles financially because of its rich natural resources. Their main reserves include coal, gold, iron ore and oil.

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[10] Carruthers, Tom. "Health Effects of Environmental Noise Pollution." Curious, 8 Dec. 2017, www.science.org.au/curious/earth-environment/health-effects-environmental-noise-pollution.

"Prior to the 1980s, Venezuela was hailed as the richest country in South America. Now, some four decades later, it is on the brink of total collapse."[11] The Natural Resource Curse has led to severe shortages of basic consumer goods, including water, food and medicine. The economy has failed to such an extent, that most Venezuelans struggle to afford one meal a day and almost 90% of the population lives below the poverty line[12]. The lack of funds to finance the health sector, caused a return of deadly diseases, such as malaria, diphtheria and measles. According to the United Nations High Commissioner for Refugees (UNHCR), these conditions have sparked a refugee and migrant crisis, with over 4 million Venezuelans fleeing into neighboring countries and the number keeps rising.

Most people blame Venezuelan President Nicolas Maduro for the county's downfall. The previous president Hugo Chavez had managed to avoid the curse, but after his death, the country suffered from a financial meltdown. The new government's poor governance and political repression led his opponent Juan Guaido to declare himself interim president (January 2019). This ongoing battle of power is still a burden on the nation.

[11] staff, Published By : BER. "Venezuela's Resource Curse." Berkeley Economic Review, 15 Oct. 2019, www.econreview.berkeley.edu/venezuelas-resource-curse/.

[12] "The Facts: Venezuela's Humanitarian Crisis." Mercy Corps, 5 May 2020, www.mercycorps.org/blog/quick-facts-venezuela-crisis.

Figure 4: Political statements related to Venezuela from countries worldwide "Venezuela and the 'Resource Curse.'" K7 Bulletin, 7 Mar. 2019, k7bulletin.no/venezuela-and-the-resource-curse/.

The United States of America has adopted a primary role in the Venezuelan crisis. Since 2017 US President Donald Trump has repeatedly stated that regarding approaches to solving the Venezuelan crisis "all options are on the table" and in 2018 even plans to seize power from the Venezuelan government by military invasion had been formulated. After being strongly advised not to do so, the US did not go forward with this plan. Instead, in January 2019, the US imposed sanctions on Petróleos de Venezuela, S.A. (PDVSA), a state-owned oil and natural gas corporation on which the economy of Venezuela heavily relies. These sanctions deter American companies from doing business with PDVSA and prohibit any company from working with both the US and Maduro. At the beginning of 2019, Venezuelan oil imports to the US averaged on 500,000 per day, but after the sanctions were imposed, they were reduced to zero[13]. Having been Venezuela's largest trade partner, the US appears to be an irreplaceable importer, therefore the placed sanctions pressure the nation's economy by significantly limiting profits from this industry. With this approach, the US aims to ensure that Maduro does not benefit from the exploitation of oil and mining state operations and is forced to step down from government. Should this happen, PDVSA would be relieved from sanctions.

Angola

Despite having an abundance in oil, Angola is beset with inequality, low life expectancy, a non-diversified economy and corruption. "Since the end of its ruinous 27-year civil war in 2002, oil has been the driving force behind Angola's recovery, generating $468 billion worth of revenues, which have funded huge infrastructure and construction projects around the country."[14] However, the country struggles in building non-oil sectors.

Although a few privileged citizens have managed to profit through access to financial opportunities, many more live on less than $2 a day.

[13] "U.S. Relations With Venezuela - United States Department of State." U.S. Department of State, U.S. Department of State, 6 July 2020, www.state.gov/u-s-relations-with-venezuela/.

[14] "Alaco." Angola Attempts to Escape the 'Resource Curse' | Alaco, www.alaco.com/our-insight/intelligence/angola-attempts-to-escape-the-resource-curse.

Angola's hopes now lie in attracting investors from Europe and the United States. Concerted efforts have been made to expand the country's non-oil sectors through investments in gold exploration, ethanol, sugar and steel production, the results of which are apparent, as rates of unemployment are falling.

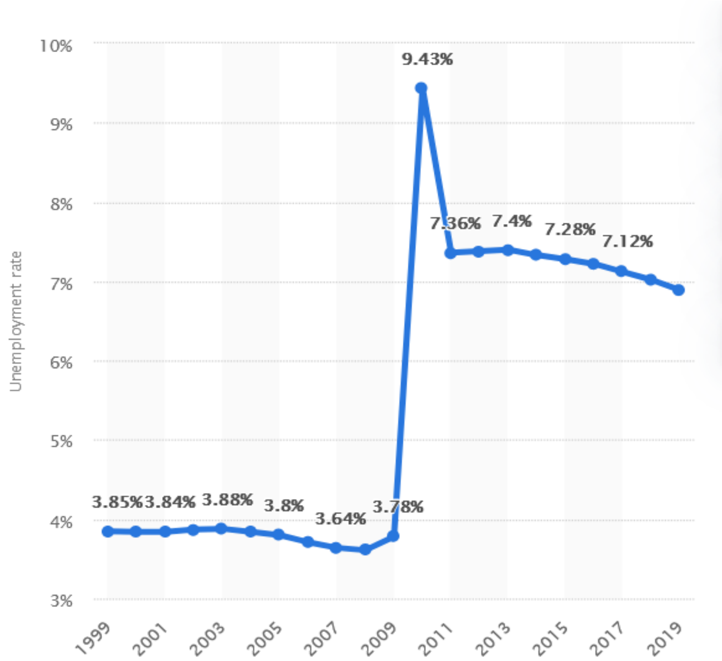

Figure 5: The unemployment rates in Angola

"Angola: Unemployment Rate from 1999 to 2019." *Statista*, www.statista.com/statistics/808219/unemployment-rate-in-angola/.

Nigeria

The 40.1% poverty rate proves that plentiful petroleum, iron, ore, coal, lead and other natural resources are not enough to ensure economic development in a nation.

Nigeria's main issue is dealing with violence, as "oil has indirectly boosted the risk of violent conflicts through a further distortion of the national economy." [15] This conflict-triggering factor has led to human rights violations, internal conflicts, as well as violent state repression.

1963	1965	1970	1981	2000	2006
11%	26%	58%	97%	99%	98%

Figure 6: Petroleum exports as a percentage of total national exports "Fuel Exports (% of Merchandise Exports) - Nigeria." Data, data.worldbank.org/indicator/TX.VAL.FUEL.ZS.UN?locations=NG.

[15] Mähler, Annegret. "Nigeria: A Prime Example of the Resource Curse? Revisiting the Oil-Violence Link in the Niger Delta." SSRN, 25 Jan. 2010, www.papers.ssrn.com/sol3/papers.cfm?abstract_id=1541940.

The nation's dependence on petroleum exports is clear from the above table. Under-performance of other sectors of the economy has led to the need for many imports. The education sector has been neglected, institutions are not functioning properly and teachers are owed salaries.

Norway

Norway, on the other hand, has managed to avoid the paradox of plenty. The country had built a stable and equitable economy long before they discovered oil resources, so they have implemented a different approach. The country sets aside 100% of its oil earnings and every year “4% is taken out from this fund and used for public services”[16]. "We were put in the right mindset by knowing it was a long-term plan", said Prof Alexander Cappelen, from the NHH Norwegian School of Economics, the BBC World Service's Business Daily program.

British Petroleum Company Limited (BP)

This multinational oil and gas company founded in 1909, nowadays produces 3.8 million oil barrels per day. The company prides itself in its values for “safety, respect, excellence, courage and one team”[17]. Being one of the global companies that manage oil in places all around the world, a big part of some countries’ profits is taken away by them. They operate in Europe, America, Asia and Africa.

TIMELINE OF EVENTS

2002	**Publish What You Pay was funded**
2003	**The Equator Principles were formulated**
2007	**Stolen Assets Recovery Initiative was founded**

[16] “Four Countries That Beat the Resource Curse.” Global Risk Insights, 13 Oct. 2015, www.globalriskinsights.com/2014/04/four-countries-that-beat-the-resource-curse/.

[17] “Bp at a Glance: What We Do: Home.” Bp Global, www.bp.com/en/global/corporate/what-we-do/bp-at-a-glance.html.

2010	**The Natural Resource Charter was launched**
2010	**Dodd-Frank Wall Street Reform and Consumer Protection Act became law**

UN INVOLVEMENT: RELEVANT RESOLUTIONS, TREATIES AND EVENTS

The UN significantly contributes to the improvement of living standards in LEDCs, the transparency of governments and the successful trade industry, through resolutions, treaties, partnerships and events.

The United Nations High Commissioner for Refugees (UNHCR) is responsible for protecting refugees when their own countries will or cannot do so. For example, in cases like Venezuela (an LEDC that has been driven to financial downfall because of the Natural Resource Curse) citizens flee the country and seek asylum from neighboring nations. The UNHCR keeps track of such migrations and protects these vulnerable communities.

The Stolen Assets Recovery Initiative (StAR) is a partnership between the World Bank Group and the United Nations Office on Drugs and Crime. It facilitates cooperation between "governments, regulatory authorities, donor agencies, financial institutions, and civil society organizations from both financial centers and developing countries, fostering collective responsibility and action for the deterrence, detection and recovery of stolen assets."[18] It also supports countries' efforts to recover from corruption and establish strong institutions.

The UN's General Assembly has also contributed with resolutions, great examples of which are the "Strengthening transparency in industries", 11th of September 2008 62/274, and "United Nations Convention against Corruption", 31st October 2003 58/4. The latter is the only legally-binding universal anti-corruption treaty and its purpose is to reduce levels of corruption worldwide.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

There have been international initiatives designed to combat corruption and improve governance in countries that have fallen into the trap of rich resources.

[18] "Stolen Asset Recovery Assistance (StAR)." United Nations: Office on Drugs and Crime, www.unodc.org/unodc/en/corruption/StAR.html.

A tool available to countries worldwide is the Natural Resource Charter. It is "a set of principles for governments and societies on how to best harness the opportunities created by extractive resources for development".[19] It was created to prevent the mismanagement of resources and guide countries to their proper utilization. It was first launched in 2010 at the yearly meeting between the International Monetary Fund (IMF) (UN agency) and the World Bank (a bank whose main goal is to promote financial growth in LEDCs). The charter prioritizes countries in need of assistance. Currently, Nigeria, Uganda and Ghana are some of those.

Publish What You Pay (PWYP) campaigns work to ensure that profits from natural resources are properly invested and lead to development. They promote an "open and accountable extractive industry".[20] Transparency is definitely a prerequisite for proper wealth utilization. These campaigns have helped publish thousands of extractive companies' payments to governments, enabling society to be aware of what is actually happening with the nations' expenses.

The Extractive Industries Transparency Initiative (EITI) works to improve revenue management in resource-rich countries. However, while trying to be adaptive and ambitious, EITI has yet to create a strategic approach based on theory and analysis. Additionally, it is argued that transparency alone is not enough of an anti-corruption measure. Several vulnerable countries like Brazil, Angola, Equatorial Guinea, South Sudan and Venezuela have not joined EITI.

The Equator Principles (EPs) is a "risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects".[21] Today, 38 countries adhere to the EPs and the impact is apparent. Labor

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[19] Natural Resource Charter, Natural Resource Governance Institute, www.resourcegovernance.org/sites/default/files/NRCJ1193_natural_resource_charter_19.6.14.pdf.

[20] Busingye, Nelly. "Homepage." Publish What You Pay, www.pwyp.org/.

[21] The Equator Principles, www.equator-principles.com/about/.

standards and environmental practices have improved and so has engagement with local communities.

The Dodd-Frank Wall Street Reform and Consumer Protection Act is a law signed by former US president Barack Obama in 2010. It consists of regulations aiming to protect consumers and prevent major economic crises. Regarding extractive companies, they have to report any payments made to the US or a foreign government. Some argue that the strict criteria it poses to US banks make them less competitive on a global scale and thus impede economic growth.

Even though these initiatives have been important, they are voluntary and non-universal. Enforceable, global methods have to be implemented if we wish to see real change.

POSSIBLE SOLUTIONS

This issue has proven to be not only financial but also social and political. Despite multiple attempts of international organizations and companies to help, change needs to come from within a nation. Since there are countries like Russia, Canada and Norway that have managed to avoid the paradox of plenty and thrive using their natural resources, there is still hope that LEDCs will accomplish the same.

Eliminating corruption would be a huge step in this direction. For that purpose, Publish What you Pay and other similar campaigns must be implemented worldwide. Scrutinizing government expenses would significantly limit bribery, extortion alongside ensuring that profits are being well-spent. Disclosure of information, open communication, accountability and free press is vital. However, transparency alone is not enough. Once government expenses and operations are available to the public, citizens should be incentivized to actively monitor this activity.

Countries should always take into consideration that they have to compensate for environmental damage. For extractions to be sustainable, joining the EPs and other institutions ought to be universally mandatory. Additionally, contracts between governments and extractive companies should clarify whose responsibility it is to manage these impacts. Independent monitoring bodies could ensure that all parties involved abide by the rules.

LEDC's resources are sometimes exploited by financially stable countries or international corporations. International advisory boards and legal bodies could assist LEDCs in decision-making, ensuring that vulnerable communities are not being taken advantage of.

It is critical for governments to adopt a long-term approach to resource utilization. Countries would benefit from following Norway's footsteps and setting aside, if not all, a percentage of their annual extraction profit. This would allow them to diversify their economy and become more competitive in the global market of different industries, as well as create many working positions. Furthermore, it would provide a future stable income stream.

It would also be beneficial for extraction profits to be mandatorily invested in education, healthcare, justice and other public services, as these are the sectors affected the most by the Natural Resource Curse. Their proper functioning would contribute to a great extent to the development of LEDCs. Additionally, it would attract citizens that fled to other countries back, adding to the nation's population and work power.

The Natural Resource Curse is not inevitable. Should adherence to the law, protection of human rights, wise investment of profits and diversified economy be achieved, LEDCs would have a fighting chance in achieving prosperity.

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Figures and Graphs

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Figure 2: "Critical Raw Materials." Internal Market, Industry, Entrepreneurship and SMEs - European Commission, 30 Aug. 2017, www.ec.europa.eu/growth/sectors/raw-materials/specific-interest/critical_en.

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Figure 5: "Angola: Unemployment Rate from 1999 to 2019 ." *Statista*, www.statista.com/statistics/808219/unemployment-rate-in-angola/.

Figure 6: "Fuel Exports (% of Merchandise Exports) - Nigeria." Data, www.data.worldbank.org/indicator/TX.VAL.FUEL.ZS.UN?locations=NG.