Trócaire Development Review, Dublin, 2003/4, pp. 87-103, ISSN 0790-9403

Integrated approaches to peacebuilding in Africa's petro-states

● Geraldine McDonald and Ian Gary

Using the example of Africa's petro-states, this article provides solid evidence to support the idea that oil fuels conflict and poverty. Peacebuilding needs to address both the nature and the root causes of conflict and in Africa's petro-states that means addressing the role that oil companies, the state, international financial institutions and others play in perpetuating conditions which allow oil to have nefarious effects. The article then turns to the question of how civil society can contribute to peacebuilding in these contexts. We present examples of the kind of alliances that are being developed between Northern and Southern activists that enhance the moral, intellectual and financial resources of all groups. Like the oil industry, civil society must be vertically integrated from the local to the global stage; action must take place at different levels and locations simultaneously to have the best chance of success.

Introduction

Since the late 1990s there has been a flood of research into the relationship between natural resources wealth (oil, minerals, gemstones, timber), civil war and conflict. Much of the analysis has focused on the idea that the pursuit of war may be economically rational for some of those who participate in it. This is the central greed hypothesis in what has become known as the debate between greed and grievance.[1] Whilst the studies on natural resources as *determinants* of conflict are inconclusive, there is good evidence that oil increases the likelihood of conflict, particularly secessionist civil wars.[2]

Using the example of Africa's petro-states, the first part of this article examines the idea that oil fuels conflict and poverty. Following the evidence and analysis of the facts, the article explores a practical example of how this problem can be addressed, with particular emphasis on the role that civil society can play in oil-rich states through alliances between Northern and Southern activists that enhance the moral, intellectual and financial resources of all groups. Just like the oil industry, civil society must be vertically integrated from the local to the global stage; action must take place at different levels and locations simultaneously. Peacebuilding interventions must be designed to address the nature of the conflict and the root causes of the conflict. It is in this way that civil society organisations will improve the prospects for an effective contribution to peacebuilding and long-term development in oil-rich states.

Oil – fuelling conflict and poverty[3]

> How can one understand that during the last three decades, the frequent discovery and start-up of oil wells, always important, has not been accompanied by any kind of visible sign of economic transformation or rectification of the social situation of our population? Our oil must be an instrument for the life and not the death of our people.
>
> *Catholic Bishops of the Republic of Congo, 1999*[4]

The experience of oil-exporting countries in the developing world over the past several decades tells a story which differs radically from the promise of petroleum.[5] When taken as a group, all oil exporting developing countries dependent on oil exports have seen the living standards of their populations drop and have been beset by conflict and civil war.

For most countries, including Algeria, Angola, Congo, Ecuador, Gabon, Iran, Iraq, Kuwait, Libya, Peru, Qatar, Saudi Arabia, and Trinidad Tobago, this development failure has been very severe, plunging real per capita incomes back to the levels of the 1970s and 1980s.[6] For a few, most notably Nigeria and Venezuela, the failure to develop has been catastrophic; in these cases, real per capita income has plummeted to levels not seen before 1960. Study after study demonstrates that, as a group, countries dependent on oil as their leading export have performed worse than other developing countries on a variety of economic indicators; they have performed worse than they should have given their revenue streams; and poverty within their borders has been exacerbated rather than alleviated over the past two decades.[7]

The successful management of any mineral-based economy is especially difficult, but petroleum may be the hardest resource to utilise well. Because profit margins are so huge, the rents generated by oil generally overwhelm all other revenue sources. Thus, oil-led development has a strong tendency to concentrate both production and revenue patterns and this occurs in countries where economic and political power often is already very concentrated. The result is what economists call a vicious development cycle based on rent seeking. Rent seeking is widespread behaviour aimed at capturing petrodollars through unproductive and even corrupt means. In most oil-rich countries, there are few if any counter-pressures to check this behaviour.

Home governments of oil companies, such as the US, France and the UK, acting in perceived national security and economic interests, moreover, have formed strong alliances with authoritarian rulers who happen to sit atop oil deposits and have winked at their records of human rights violations. At the same time, they have failed to insist that multinational oil companies operate with the same standards abroad that they are held to at home.

Finally, International Financial Institutions also support oil's perverse development cycle by routinely encouraging development strategies based on the comparative advantage of petroleum, thereby helping to lock countries into a perverse pattern. At the same time, they support lending to deeply-indebted oil-exporters, along with private commercial banks, even when it is clear that debt only supports unproductive activities or papers over rent-seeking behaviours. Such practices prolong the ability of governments to mismanage their oil resources and help to defer critical but painful development decisions necessary to bring about change.

Where business lacks transparency, governments are accountable to none, economies are weak, administrative capacity lacking and participation absent or wanting – yet investments and lending continue to pour in without restrictions – rent-seeking and corruption result. Over time, earnings are squandered, a precious asset is depleted and widespread poverty remains.

More than any other group of countries, oil and other mineral exporters demonstrate the perverse linkages between skewed economic performance, poverty, injustice and conflict. Countries dependent on oil and other mineral wealth are far more likely to have civil wars than their resource-poor counterparts and war disproportionately harms the poor.[8]

The gap between expectations and the dismal economic performance of oil-exporting countries is politically explosive. Because oil governments funnel petrodollars to their own friends, family, military and political supporters, social class, ethnic or religious groups,[9] their populations see foreigners and favourites getting rich, but their own lot does not change–those outside the "oil game" seethe or live lives of poverty with quiet resignation in the shadow of wealth.

Militarising oil countries: As petrodollars fail to keep pace with demands, oil-based governments often increasingly rely on repression to keep themselves in power. Not surprisingly, then, oil dependence is closely associated with militarisation. As a group, oil exporters spend much more money and a greater percentage of their revenues on their military and security forces than non-mineral dependent countries.[10]

The extent of militarisation is considerable.. In the decade from 1984-94, for example, OPEC (Organisation of Petroleum Exporting Countries) members' share of annual military expenditures as a percentage of total central government expenditures was *three times* as much as developed countries, and *two to ten* times that of the non-oil developing countries. From the perspective of poverty alleviation, the sheer waste of this military spending is staggering.

Petrodollar support for authoritarian rule: Not surprisingly, given this pattern of spending, oil rents have tended to impede democratisation and have sustained a long line of authoritarian rulers[xi] – from the Shah of Iran to Nigeria's Abacha to the House of Saud to Saddam Hussein. These regimes prohibit the types of organisations that provide a voice for the poor, create an informed civil society, and permit their people to influence the management and allocation of oil wealth. Furthermore, dependence on oil tends to impede democratisation and it may even erode democratic rule where it previously existed, as demonstrated by the dramatic case of Venezuela. This is especially unfortunate because democracy, when combined with merit-based civil services, reduces the corruption and mismanagement often associated with oil dependence.[12]

Oil and civil war: Disputes over oil revenues become the reason for ratcheting up the level of pre-existing conflict in a society and oil may even become the very rationale for starting wars.[13] This is especially true as economies move into decline. Petroleum revenues are also a central mechanism for prolonging violent conflict, and only rarely a catalyst for resolution.[14]

War and oil in Africa

The experience in African petro-states confirms the global trends described above. The control of oil revenues has frequently been at the centre of African conflict. While sometimes not the *cause* of a conflict, the competition over oil rents has sometimes been a catalyst for conflict or served to exacerbate pre-existing conflicts.

Angola

In Angola, oil companies have operated profitably for decades alongside a recently ended civil war between the government and UNITA rebel forces – fuelled by the country's mineral wealth. On the one hand, Angola's strategic significance as an oil industry hotspot and the continent's second largest producer is undeniable. With reserves of over seven billion barrels, reputed to be larger than those of Kuwait,[15] it has been the most successful non-OPEC country in the world for oil exploration: its reserves increased fourfold in the 1990s alone.[16] More than 40% of its oil is exported to the US and production is projected to increase to 2 million barrels per day by 2008.[17] On the other hand, Angola ranks close to the bottom in the UN Human Development Index, an abysmal 161 out of 173. Average life expectancy is 45 years (30% lower than in most developing countries), 68% of Angolans are below the poverty line and 66 percent do not have access to safe water.

But what makes Angola stand out especially among oil-exporters is the more than 4.3 million people who have been displaced by its oil-stoked civil war and who need some form of humanitarian assistance. More than 2 million of these depend entirely on this humanitarian assistance. Unless the government uses more of its estimated $5 billion in annual revenues for social spending, poor revenue distribution could lead to increased grievances and perhaps renewed conflict.

Congo-Brazzaville

Civil war – fought in part over petroleum rents and centred on control of the capital – has also devastated Congo-Brazzaville

(Republic of Congo). Multiparty competition in 1993, largely over which political force would control petrodollar profits, plunged the country into conflict, destroying large swathes of Brazzaville. Over 800,000 Congolese, nearly 30% of the population, fled their homes during renewed fighting in 1998-99 and much of Congo's business and administrative infrastructure was destroyed. The French oil company Elf-Aquitaine reportedly backed the winning side by providing former (and now current) President Denis Sassou-Nguesso with loans to purchase arms and militia support in exchange for future access to oil under his government.[18]

The war exacerbated the country's already terrible poverty. It effectively cut off the capital from much of the country, especially Pointe Noire, the oil capital, because National Route 1 has turned into a largely impassable dirt track. Intrepid drivers wistfully refer to the forlorn patches of tarmac that remain as "little Switzerland" in reference to a former president's claim that oil wealth would turn the nation into such a place. Train travel is subject to frequent bandit attacks. Food and reconstruction materials are perilously expensive in Brazzaville because of high transport costs.

More than 70% of the population of this resource rich country lives on less than $1 per day and half do not have access to clean water. Given the country's exceptional revenues, infant mortality is unusually high and life expectancy is around the relatively low sub-Saharan average.[19] As military expenditures increase, medical equipment and structures fall into disrepair and medicines are not always available due to budgetary shortfalls. There have been parallel consequences for education: schools suffer from lack of maintenance and many were damaged during the civil conflict. While the need for debt relief may, in the short term, partially commit the Congolese government to carrying out some reform measures that might benefit the poor, it remains to be seen whether pressure from the Catholic Bishops of Congo-Brazzaville, who have recently launched an effort to improve oil revenue management and from other allies in and outside of the Congo, is strong enough to hold the government to its word.[20]

Sudan's oil: fuel for a fire

> Our country is poor and in need of economic development. However, oil is not contributing to the development. We witness this displacement of our flocks from their

homelands, driven away by helicopter gunships, Antonov bombers and government troops and militias in order for oil companies to work in relative security. Private companies, like any other organ in the society, are obliged to abide by and promote respect for the principles of the Universal Declaration of Human Rights.[21]

Catholic Bishops of Sudan, 2001

The exploitation of long known oil reserves in Sudan has only added fuel to the fire of the country's long running civil war. Over 2 million have died and 4 million have been displaced during the last 20 years of war between the government of Sudan and the main rebel movement based in the south, the Sudanese People's Liberation Movement/Army. During the 1990s, Africa's newest producer has, controversially, attracted some Western oil companies as well as Malaysian and Chinese concerns. (US companies are barred from doing business in Sudan because of US government sanctions.) Activists have especially targeted Talisman, a Canadian oil company, which, under pressure from NGOs and Churches, recently sold its shares in the Greater Nile Petroleum Operating Company.[22] As *The Economist* noted in 2000, the "ugly truth is that Talisman is helping the government extract oil, and oil is paying for the war."[23]

Sudan earned over $300 million from oil in 2000 and greater sums still in 2001 and 2002. Government take in certain blocks is as high as 80%. Over the next 20 years, the PFC Energy consulting firm estimates that the Sudanese government may receive up to $30 billion in revenues.[24] Oil revenues have allowed the government of Sudan to at least double its military spending, according to its own admission.[25] A Canadian government assessment mission and a Canadian/British independent human rights research team have both reported that Sudanese military gunships have used oil company airstrips to launch attacks against rebels and civilians in or near oil concessions.[26] The message of the Sudanese Churches to oil companies, the government and the international community has been unequivocal, clear and consistent – because oil revenues fuel the war, stop exploiting the oil until a just peace is negotiated.

The division of future oil revenues has been a key sticking point in peace negotiations between the government and rebels. Even if a shaky peace comes to Sudan, equitable distribution of oil revenues beyond the two main warring parties will have to be at the top of the agenda in order to avoid renewed conflict.

Nigeria

In Nigeria, oil development has been accompanied by political decay, poverty and a rise in oil-related human rights violations and violence, most notably in the Niger Delta where most oil is produced. The national government has been highly unstable, fluctuating between military and civilian rule and there is a cycle of activism, militancy and repression linked to oil, as spills and other environmental problems result in loss of livelihoods for many residents. The international outcry at the hanging of Ken Saro-Wiwa and other Ogoni activists protesting the despoiling of their Niger Delta lands and other events have had bottom line impacts on the industry. Some estimates suggest that such militancy has cut onshore oil by a third, 700,000 plus barrels per day in 2001-3.[27]

Oil companies have become a target for communities who see little benefit from monies paid to federal, state and local governments. They complain of serious environmental damage and human rights violations and hold multinational oil companies partly responsible. Thus, security has become a major concern. In addition, organised criminal gangs have engaged in "bunkering", or oil theft, loading oil barrels on cargo ships and costing oil companies at least 20% of their production.[28] A Shell official stated: "I imagine if it goes on, the volumes will get to a level where it won't be possible to do business".[29]

Only a just distribution of revenues in Nigeria, both nationally and in the Niger Delta region, as well as concrete improvements in the lives of the poor in the Delta, will give hope for peace and security in Nigeria.

Root causes of conflict

There is growing consensus on the root causes of conflicts worldwide. Countries particularly vulnerable to violent conflict are poor, have unequal distribution of wealth and power, disregard human rights and lack effective political and legal institutions to manage change peacefully. As the examples from Angola, Congo-Brazzaville, Sudan and Nigeria show, when oil enters the equation in states characterised by these features, it tends to fuel poverty and conflict.

The focus of international measures to end such conflicts has tended to be on peace conferences, embargoes, reconciliation by means of war tribunals and capacity-building in conflict resolution techniques at the local level. But the measures to address the factors that have generated and contributed to conflict, such as deprivation, oppression, instability and the forces of unregulated globalisation, seldom receive the same attention.

This article argues that peacebuilding must be contextualised and must address the root causes of conflict. The evidence presented suggests that the role of oil in conflict in Africa's petro-states merits special attention. Peacebuilding endeavours should address the role that oil companies, the state, international financial institutions and others play in perpetuating conditions which allow oil to continue to fuel poverty and conflict.

It is not inevitable that oil has this effect. It is, after all, merely a thick, black substance. But through governments' misuse of it while lacking transparency, accountability and fairness, it does have negative effects. To mitigate these effects, policy environments will have to change.

Peacebuilding contextualised

In order to address the root causes of conflict, it is essential that the international community and local civil societies act together to encourage more transparency. This should be a first step in helping to foster the positive economic, political and social environments which are needed for sustainable peace. The alternative is grim. If natural resource wealth is not used to address poverty then poverty will continue to be an explosive social force that could endanger peace in large swathes of the African continent. The possible impacts of any resultant armed conflict are well known:

- large numbers of civilians maimed or killed in combat;
- a great deal of internally displaced people and refugees;
- damaged infrastructure and unstable economies;
- poor or non-existent basic services delivery;
- humanitarian crises;
- child soldiers traumatised by war.

A growing number of civil society organisations are convinced that part of the cocktail of measures needed to address the problem of conflict oil is full transparency of revenue payments made by extractive companies wherever they operate. If civil society groups can access information about the revenue coming into their country from extractive industries, then they should be able to use that information to assess whether money is being misappropriated, to lobby for full transparency in local government spending and to hold their governments to account. Knowing actual amounts of revenue is a first step to having a real debate on the use of this wealth.

Publish What You Pay Coalition

One group already active in promoting greater transparency is the Publish What You Pay (PWYP) Coalition, a network of more than 170 organisations. The Coalition calls for international regualtion requiring the disclosure of net taxes, fees, royalties and other payments made by companies to developing country governments in all countries where they operate. The campaign's objectives are fully consistent with, and a stepping stone towards internationally agreed objectives of promoting accountable government, corporate social responsibility, democratic debate over resource management and energy security through a more sustainable operating environment.[30]

The Coalition does not advocate that companies should tell governments what to do with money earned from extractives. But they do have a social responsibility to be transparent about their financial dealings so that citizens have access to information: companies that fail to disclose are complicit in the disempowerment of the people of the countries to which the resources belong. A number of proposals are being made that could compel companies to publish revenue payments including, for example, making such disclosure a requirement for listing on major stock exchanges where oil companies trade shares and raise capital.

The business case for transparency is also strong. In mid-2003 institutional investors representing $3 trillion made a statement highlighting revenue transparency as a critical factor for corporate governance, management of reputational risk and a sustainable investment environment.[31]

Coalition achievements to date

The PWYP Coalition has captured significant attention amongst governments, international organisations, the investment community, shareholders and the oil industry itself. The UK government has taken up the challenge of the PWYP campaign and announced in September 2002 its own extractive industries transparency initiative (EITI) which is a multi-stakeholder dialogue process involving extractive companies, governments and NGOs involved in PWYP. In June 2003, G8 countries endorsed the EITI process and announced an Action Plan on Fighting Corruption and Improving Transparency. A number of international extractive companies are already fully supportive of the EITI scheme and have stated their intention to cooperate fully with host governments to implement an effective framework for payments disclosure. These are Anglo-American, BP, Newmont, Rio Tinto, Shell and Statoil. A number of national governments have also indicated their readiness to pilot voluntary country-level agreements on transparency at national level.[32]

At the European level too, there is interest in inserting the need for transparency of revenue payments into financial legislation which is currently being considered by the EU (European Union). The legislation in question is called the transparency obligations directive, (TOD) and the Member of the European Parliament who is rapporteur on the directive is supportive of PWYP and asks to include the need for revenue transparency within it.

The Coalition has also influenced the World Bank's extractive industries review, an independent process designed to make recommendations for changes in World Bank policy on extractive industries. The final paper in this process (December 2003) contains strong recommendations on revenue transparency.

A prominent characteristic of the PWYP Coalition has been the way in which organisations from North and South have worked in tandem towards common goals. It is clear that once citizens have access to information about revenue payments, they must have the capacity to use that information to hold their own governments to account. Thus, strengthening the capacity of civil society to lobby local governments to publish what they earn and spend and to monitor public budgets, is an important corollary to working for disclosure of payments by oil companies.

Building regional and international alliances: the example of Congo-Brazzaville

In Congo-Brazzaville the development of a local "*Publiez ce que vous payez*" campaign is a good example of how alliance building can be used effectively. As a response to the context described earlier, the Catholic Justice and Peace Commission and the Congolese Observatory for Human Rights began a research and advocacy campaign to encourage the adoption of more transparent procedures for managing the nation's oil wealth and for directing the wealth to social spending priorities. In June 2002 the Congolese Bishops held a meeting and issued a statement calling on President Sassou-Nguesso and his new parliament to pass a new oil revenue management law that would determine how revenue is spent. The proposed law would create an oversight committee composed of representatives of the state, the Church and civil society; earmark funds for investment in priority infrastructures; and require the regular publication of oil revenues and financial activity of the SNPC, the national petroleum company.

The bishops appealed for solidarity from sister Churches in Europe and the US, and in response two Catholic development agencies, Secours Catholique (French Caritas) and CRS (Catholic Relief Services, USA) arranged an awareness-raising trip to France which gave the delegation the opportunity to meet with directors of Total, the largest oil multinational operating in Congo-Brazzaville. During the visit, Bishop Luis Portella commented that until the Church had spoken out, it was taboo to even talk about what was happening to oil revenue. However, he added that the climate of fear had now eased slightly, a space for dialogue was beginning to open and that people felt more able to discuss these issues in public. *African Energy* magazine commented that "the detailed nature of the Congolese bishops' recommendations shows civil society groups can play a significant role – provided they can get government and the oil companies to listen".[33]

The Congolese Coalition strategy is now focused on six main points:

- Public and media awareness raising of PWYP;
- Lobbying the International Monetary Fund/World Bank/EU on their concerns;
- Pressurising France and other Northern countries to support transparency efforts in Congo-Brazzaville;
- Parliamentary lobbying of MPs, including how revenues should be spent;
- Raising the issue of PWYP in the Central African Economic Zone;
- Monitoring oil issues, contracts and environmental cases.

Whilst these strategies have emerged from a local reality, in particular from Pointe Noire, the coastal town where the impact of offshore oil is most evident, it is clear that they are of relevance at a national level and indeed far beyond the borders of Congo-Brazzaville. Activists are now forging alliances at a regional level and members of the Congolese Justice and Peace Commission have spent time in Angola, sharing experiences and knowledge with counterparts there. This led to an invitation to a Congolese bishop to travel to Angola and give an input to the Bishops' Conference on the Catholic Church's oil advocacy work in Congo-Brazzaville. This is significant because the Church has an influential voice in many oil-producing countries. Further, Church statements on oil revenue and even criticising governments for mis-management of these revenues opens doors for other actors in civil society to raise their voices.

From the local to the global: distinct and complementary roles

Elsewhere in Africa environmental, human rights, and Church-based organisations have developed a number of responses which range from projects monitoring the impact of pipelines, to targeting specific oil companies for their behaviour in particular regions, to training for the monitoring of budget expenditure, to the provision of basic information in easily accessible formats to local populations, to more sophisticated advocacy campaigns which target their governments and major international players to address the adverse impact of oil production on their communities. Groups such as Environmental Rights Action and the Centre for Social and Corporate Responsibility in Nigeria, the Centre for Environment and Development, Service Ecumenique pour la Paix (SEP) and FOCARFE in Cameroon, the Chadian Association for the Defence and Promotion of Human Rights, the Coalition for Reconciliation, Transparency and Citizenship in Angola, Oilwatch Africa and many others are working to craft local solutions whilst linking up with international counterparts such as NGOs, Church-based groups and investor communities to achieve maximum impact and effect.

Initiatives are also underway in the Caspian region and in Iraq, which aim to build the capacity of local organisations to work with information that comes from transparency. Programmes involve training in budget analysis, training of journalists on how to report on these issues, working with companies and setting up citizen advisory councils. There are plans to expand these programmes to Latin America and South-East Asia.

It is clear that, like the oil industry itself, civil society has to be vertically integrated and action needs to take place at a number of levels and locations simultaneously. Southern organisations can provide information and support for local populations, can push for open political spaces and use any such space to criticise, monitor and contribute. Northern organisations can also assist in providing information and analysis, support capacity-building, provide much needed resources for monitoring work, provide access to and engage with key decision-makers in companies, governments and international financial institutions and also help open up spaces. The roles are distinct, but complementary.

Conclusion

Conflicts are embedded in socio-economic, political, cultural and historical contexts which will always affect the suitability of different peacebuilding approaches. Using Africa's petro-states as examples, this article has explored one particular economic dimension of conflict - the way in which oil has fuelled poverty and conflict. But it is not inevitable that oil will play such a role. Had all the major players in the oil story behaved differently earlier – had international companies, their home governments, and banks insisted upon transparent and fair revenue management, had governments and domestic private sectors been required to be more accountable to their public and had the public been more organised and informed – then the outcomes could be different.

Peacebuilding needs to take these factors into account. It needs to move beyond the local level and become embedded in the contextual dynamics which impact on the prospects of sustainable peace in the long-term. In Africa's oil states that includes addressing the role that oil companies, national oil exporters, northern governments and international financial institutions play in perpetuating the conditions which allow oil to continue to fuel poverty and conflict.

A first step towards this is to build transparency. The Publish What you Pay Campaign provides one tool to help inform civil society about revenues from natural resource wealth so as to hold governments to account on revenue expenditure. It is an example of where local and international organisations of civil society have come together to pressurise the oil industry and others to modify their behaviour so that the conditions in which oil can fuel poverty and conflict are no longer possible. The fact that the campaign has achieved so much attention and support is a tribute to the sharp focus and strategic interventions of members of international civil society. Alliance-building and moving from the local to the global stage have enabled people to ask critical questions and propose concrete policy changes that could address root causes of conflict and poverty in Africa's petro-states. But the hard work of holding governments to account on revenue expenditure in the long-term and enabling natural resource wealth to be utilised for the good of all, is just beginning.

Footnotes

1. Under the auspices of the World Bank Paul Collier and his team undertook a statistical analysis of all civil wars since 1965 which explored a range of variables to determine which were most salient to the risk of violent conflict. They concluded that where there are accessible natural resources and a mass of ill-educated youth, rebel movements have a powerful incentive to use violence to acquire wealth and the opportunity and means to do so: Karen Ballentine and Jake Sherman (eds, 2003), *The Political Economy of Armed Conflict Beyond Greed and Grievance,* London, Lynee Rienner Publications, pp.3-4. See also Paul Collier, "Doing well out of war" in Mats Berdal and David Malone, *Greed and Grievance*: pp.90-111; Paul Collier and Anke Hoeffler (1998), "On the economic causes of war", *Oxford Economic Paper 50*, no.4, October, pp.563-73; Paul Collier and Anke Hoeffler (2001), "Greed and grievance in civil war" (2000), *Policy Research Working Paper 2,355*, Development Research Group, Washington, World Bank, May.
2. See Michael Ross(2003), "What do we know about natural resources and civil war?", *Journal of Peace Research*, August.
3. This section draws upon Ian Gary and Terry Lynn Karl (2003), *Bottom of the Barrel: Africa's Oil Boom and the Poor*, Baltimore, Catholic Relief Services; see www.catholicrelief.org/africanoil.cfm
4. Catholic Bishops of the Republic of Congo (1999), Les Evêques du Congo parlent dans *Collection Sagesse no.18*, "Et le pétrole?"
5. Unless otherwise cited, the argument in this section and the statistics on the performance of oil exporting countries is from Terry Lynn Karl (1997), *The Paradox of Plenty: Oil Booms and Petro-States* Berkeley, University of California Press, or Terry Lynn Karl (1999), "The impact of oil booms on oil-exporting countries: reflections on *The Paradox of Plenty*," in *Fuelling the 21st Century: The New Political Economy of Energy*, special edition of *The Journal of International Affairs*, vol.53, no.1 Fall 1999. These works should be consulted for a more complete explanation of the oil phenomenon described here.
6. Indonesia was the only large less developed oil exporter avoiding this pattern, but this too changed after 2000.
7. In addition to works cited above, see Richard M. Auty (1993), *Sustaining Development in the Mineral Economies: The Resource Curse Thesis*, London, Routledge; Jeffrey Sachs and Andres Warner (1995), *Natural Resource Abundance and Economic Growth*, Development Discussion Paper no 517, Cambridge, Harvard Institute for International Development; Michael Ross (2001), "Extractive sectors and the poor," *Oxfam America Report*; Richard M. Auty and Alan G. Gelb (2001), "Political economy of resource abundant states," in Richard M. Auty (ed.), *Resource Abundance and Economic*

Development, Oxford, Oxford University Press, pp.126-144; Paul Collier and Anke Hoeffler (2000), *Greed and Grievance in Civil War*, Policy Research Working Paper 2355, Development Research Group, World Bank, May 2000.

8 Both statistieal work and case studies are clear on this point. See, for example, Paul Collier and Anke Hoeffler, *op.cit.which one*. This study shows that states dependent on the export of oil and minerals face a risk of civil war of 23% for any five year period, compared to a risk of 0.5% for a country with no natural resouree exports.

9 In some years, for example, subsidies in the Persian Gulf have run as high as 10 to 20% of GDP: Amuzegar, Jahangir (1999) *Managing the Oil Wealth: OPEC's Windfalls and Pitfalls*, London:, I.B. Tauris. p.101.

10 Where the average developing country spends about 12.5% of its budget ou the military, Eeuador in contrast spends 20.3%, and Sandi Arabia spends a massive 35.8%: Michael L. Ross, (2001), *Extractive Sectors and the Poor*, Boston:,Oxfam America, October 2001.

11 See Terry Lynu Karl (1997), *The Paradox of Plenty: Oil Booms and Petro-States*, Berkeley, Uuiversity of Califoruia Press and Michael Ross (2001), "Does oil hinder demoeraey?" *World Politics* 53, April, pp.325-61

12 See Terry Lyun Karl (1997), *op.cit.* and Riehard M. Anty (1997), "Natural Resourees, the state, and developmeut srrategy," *Journal of International Development*, 9, pp.651-63; and Richard M. Auty and Alan G. Gelb (2001), *op.cit.*, pp.126-144.

13 Pipelines are the speeial focus of violence, as events in Burma, Indonesia and Colombia demonstrate.

14 See James D. Fearon, "Why do some eivil wars last so much longer than others?" paper presented to "Civil Wars and Post-Conflier Transition", University of California, Irvine, 18-20 May 2001. This study includes data from 122 civil wars between 1945-99.

15 Jessica Lawrenee, Department of Stare, *Washington File*, "Commeree Assistant Seeretary for Energy briefs prcss from Angola", 4 December 2002

16 Tony Hodges (2001), *Angola: From Afro-Stalinism to Petro-Diamond Capitalism*, Oxford, James Currey, p.126

17 Produetion is nearing 1million barrels per day, of which 325,000 are sold to the US. Produetion is slated to reaeh 1.5 million barrels per day by 2005 and perhaps 2 million by 2008: Martin Quinlan (2003), "A million barrels a day in sight", *Petroleum Economist*, February.

18 See Paul Collier (2003), "The market for civil wars", *Foreign Policy*, May/Juue, p.42. Also, The Center for Publie Integrity/International Cousortium of Investigative Journalists (2002), "Making a killing: the business of war", 28 Oetober: www.ieij.org/dtaweb/icij_bow.asp

19 World Bank, *Congo Poverty Assessment*, 1996

20 This experience is explored more fully in the second part of this arricle.

21 Statement of Catholie Bishops of Sudan, I Seprember 2001, at eouclusion of plenary mecting in Nairobi, Keuya.

22 "Talisman pulls our of Sudan", BBC News, 10 March 2003

23 Sudan's oil: fuelling a fire", *The Economist*, 2 Seprember 2000

24 PFC Strategic Studies, August 2002 presentation, "Sudan: projected oil production and revenues", on file with authors

25 Eric Reeves (2001) "Oil development in Sudan," *Association of Concerned African Scholars Bulletin*, no.60/61, Fall. See also, Human Rights Wateh (2003), *Sudan, Oil, and Human Rights*, November.

26 Georgette Gagnon and John Ryle (2001), "Report of an investigarion iuto oil

development, conflict and displacement in Western Upper Nile, Sudan", 16 Octobcr.

[27] UN Integrared Regional Information Network (IRIN, 2002), "Nigeria: focus on shift towards offshore oil production", Lagos, 4 July; also, "Oil theft hits Nigeria," *Upstream*, 16 May 2003

[28] BBC News, "Shell Nigeria closures continue", 24 March 2003: http://news.bbc.co.uk/go/pr/fr/-/2/hi/business/2880955.stm

[29] *Upstream*, "Oil theft mounts in Nigeria", 16 May 2003

[30] See www.publishwhatyoupay.org for more information.

[31] See *Investors' Statement on Transparency in the Extractives Sector*, June 2003, available from www.isisam.com.

[32] In November 2003, Nigeria, the largest oil producing country in Africa, announced irs readiness to publicly disclose all the revenues its government receives from oil and gas. Nigeria has been dogged in the pasr by massive misappropriation of oil wealth by stare officials. The recent announcement is significant because the move will require companies there individually to publish rheir payments to srate agencies. This scts a precedent for other oil-producing counrries.

[33] Thalia Griffiths (2003), "Church weighs into Gulf of Guinea oil debate," *African Energy*, no.53, August