

# An African Resource Curse?

## The World Bank and Resource Extraction

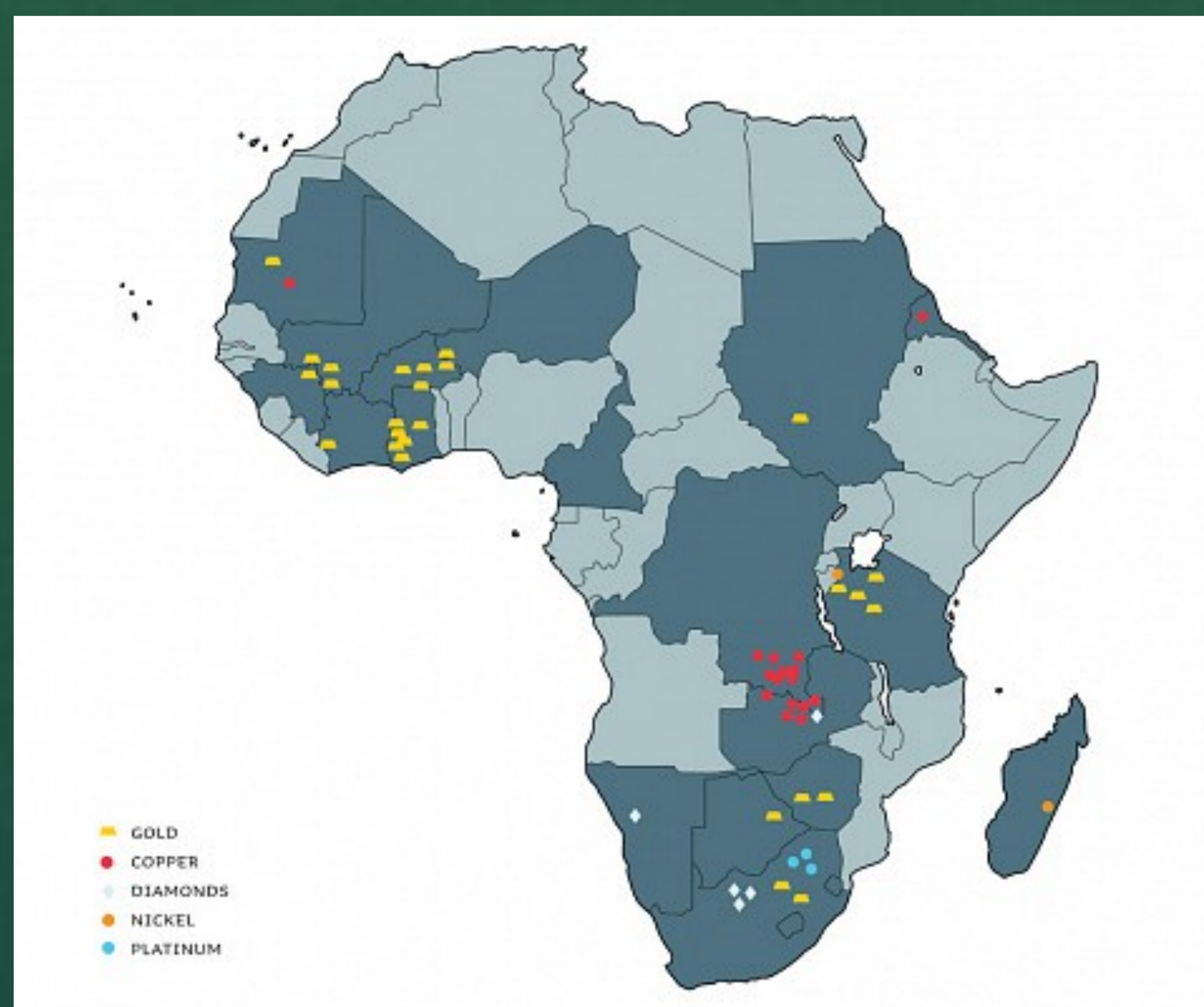
### Introduction

The realm of resource extraction in sub-Saharan Africa has often been defined as being “cursed”. Specifically, foreign investment in the African extractive industry has commonly resulted in political instability, corruption, and violence, made worse through the use of non-state private security firms. To what extent has the relationship between mining corporations and private security companies exacerbated the *resource curse*? The relationship is not wholly understood, and the research I was involved with sought to “fill this knowledge gap by investigating the role and impact of private security in resource extraction.”<sup>1</sup> The relevance of this topic to Canada is evident, as 17% of the Canadian mining industry is located in Africa (map below).

My involvement in this research focused specifically on the involvement of the World Bank in extractive industries in Ghana, Madagascar, and Nigeria. Through this research, I was to determine how the World Bank supported resource extraction industries and if such action was seen as a catalyst for development.

### Methodology

The research methodology I used in order to complete this project was searching in-depth on the World Bank website to create a comprehensive archive of projects involving resource extraction in Ghana, Madagascar, and Nigeria. Once documents were extracted, it was necessary to review and prioritize them based on relevance to the research project as a whole. This involved analysis of project abstracts and results publications to determine if the project aligned properly with information necessary to complete this research.



Map of Canadian mining companies in Africa, sorted by location, type, and volume

By: Stéphane Thibodeau  
Faculty Sponsor: Dr. Michael Williams



Cover of the October 2011 edition of The Globe and Mail 'Report on Business'

### Results

The World Bank was involved in Ghanaian, Malagasy, and Nigerian extractive industries in a variety of ways. Recent projects supported government actors as they attempted to govern the extractive industry and enhance transparency and accountability. These ‘governance’ projects also sought to promote private and foreign investment, open and liberalize markets to allow free trade, ensure environmental sustainability, and strengthen government agencies through policy development. Efforts prior to 2000 focused on private sector rehabilitation, especially towards ailing mines that were capable of continued operation, but simply needed additional technical assistance or investment. Additionally, trends showed that the amount of monetary resources devoted to these projects decreased over time, despite the expressed importance of extractive industries to state economics.

### Conclusion

The World Bank cited the importance of extractive resources industries in Ghana, Madagascar, and Nigeria as justification for involvement and support. By enhancing GDP growth through economic expansion, governments could initiate efforts towards poverty reduction and other development practices, demonstrating that proper involvement in the extractive industry was indeed good for development.

My research with this project provides perspective on the World Bank’s relationship in the mining industry and how such involvement affects the private security firm-mining corporation dynamic. The manner in which the World Bank operated, the trends in funding, the evolution of project focuses over time, and the importance on governance also provides a foundation upon which further research can be conducted.

### Literature Cited

<sup>1</sup> Williams, Michael. Project Overview. 2011

### Acknowledgments

Research Team Supervisors:  
Dr. Michael Williams and Dr. Rita Abrahamsen