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The Paradox of Plenty: Understanding the Link Between Natural Resources and Corruption in Developing Countries

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Abstract

Countries with abundant natural resources are often trapped in a resource-curse paradox, where natural wealth triggers corruption, inequality, and institutional failure. Indonesia rich in nickel, coal, and palm oil illustrates this risk, as do Nigeria, Venezuela, and the Democratic Republic of Congo (DRC). This article analyzes the relationship between natural resource wealth and corruption levels, and compares Indonesia's position with other resource-rich countries. A comparative qualitative approach uses secondary data from the Corruption Perceptions Index (CPI) 2018–2024, World Bank reports, and UNDP. The analysis compares indicators of corruption, governance, and economic performance across four countries. Indonesia's CPI score is 34/100 (rank 115), higher than Nigeria (25/100), Venezuela (13/100), and the DRC (20/100). Yet public perceptions of corruption remain high due to the contrast between natural wealth and development outcomes. Across cases, common patterns emerge: weak institutions, rent politics, and elite dominance in resource management. The resource curse is not determined solely by the volume of natural wealth but is strongly shaped by institutional quality and governance. Indonesia can still improve resource governance by strengthening regulations, enhancing transparency, and accelerating economic diversification to avoid a deeper resource-curse trap. Policy priorities include institutional reform, transparent management of natural resources, and a strong anti-corruption framework to ensure that natural wealth becomes a foundation for sustainable development.

Keywords: Resource Curse, Corruption, Natural Resources, Governance, Indonesia, Comparative Studies

INTRODUCTION

Natural resource wealth (SDA) is often seen as strategic capital for a country's economic development. Theoretically, a country that has large reserves of oil, gas, minerals, and forest products should be able to improve the welfare of its people through foreign exchange receipts, infrastructure development, and poverty alleviation. However, in practice, the phenomenon known as the resource curse shows the opposite paradox: the wealth of natural resources often goes hand in hand with high corruption, weak institutions, and development failures (Sachs & Warner, 1995; Savoia, 2021). This paradox has become a central concern in development economics and political economy, as it challenges the conventional assumption that natural resource endowments automatically translate into prosperity.

Indonesia is a clear example of this paradox. With abundant reserves of coal, nickel, palm oil, and tropical forests, Indonesia has the potential to become the world's energy and food hub. However, the Transparency International report (2024) puts Indonesia at a score of 34/100, ranked 115th out of 180 countries, far below Singapore (84) and Malaysia (50). Furthermore, Indonesia Corruption Watch (ICW, 2023) documented that the natural resources sector accounts for potential state losses of Rp 28.2 trillion annually due to corruption in mining permits, forest management, and palm oil exports. Similar phenomena occur in other resource-rich countries such as Nigeria, Venezuela, and the Democratic Republic of Congo (DRC), which despite having high-value oil and minerals, remain entangled in systemic corruption and economic stagnation (Nondo, 2025; Cai, 2024). These countries collectively demonstrate that natural resource abundance without strong institutional governance can lead to what economists term "extractive institutions" that perpetuate elite capture and hinder broad-based development.

Governance quality mediates the resource–corruption nexus: resource types shape corruption patterns (Mondjeli et al., 2024), international anti-corruption rules raise local benefits (Christensen et al., 2024), and economic complexity plus effective management can reverse the curse (Chairul, 2025). Conversely, Venezuela’s state oil monopoly entrenches patronage and corruption (Hammond, 2011), DRC mining links to conflict and development failure, and resource rents incentivize authoritarianism and elite rent-seeking (Jiang, 2024).

Despite extensive work on the resource curse in Africa and Latin America, comparative studies that include Indonesia remain scarce; most focus on a single region or commodity, obscuring cross-country patterns under differing political and institutional contexts (Narh, 2023). This leaves key gaps: why similar resource endowments yield divergent development outcomes, and which institutional mechanisms mediate the resources–corruption link across regimes. This study addresses those gaps by comparing Indonesia with similarly resource-rich, corruption-prone countries and identifying factors that distinguish its development path.

The urgency of this research is underscored by several critical factors. First, Indonesia's dependence on natural resource exports remains high at approximately 30% of total exports (World Bank, 2024), making the country vulnerable to the resource curse trap. Second, the ongoing global energy transition creates both opportunities and risks for resource-rich developing countries, as demand patterns shift and governance failures become more costly. Third, recent cases of large-scale corruption in Indonesia's mining and plantation sectors

demonstrate that existing institutional safeguards are insufficient, threatening both economic development and environmental sustainability. Finally, the comparative perspective is essential because Indonesia's democratic institutions, though imperfect, differ significantly from the authoritarian regimes in Venezuela and the political instability in Nigeria and the DRC, offering insights into whether democracy alone can mitigate the resource curse.

The novelty of this study lies in the cross-continental comparative approach, which links Indonesia's case with Nigeria, Venezuela, and DRC. This perspective expands the literature by highlighting how variations in institutional quality, regulatory capacity, and political structure determine whether natural resource wealth is a blessing of development or a curse that deepens corruption. Unlike previous studies that examine resource curse within single countries or regions, this research provides a systematic comparative framework that identifies both common patterns and country-specific variations in the natural resources-corruption nexus. Furthermore, this study contributes to the theoretical discourse by integrating multiple frameworks Resource Curse Theory, Rent-Seeking Theory, Institutional Theory, and Political Settlement Theory to provide a more comprehensive understanding of the phenomenon.

This study aims to (1) analyze the link between natural resource wealth and corruption across resource-rich countries, (2) compare Indonesia with Nigeria, Venezuela, and the DRC within the resource-curse framework, and (3) identify institutional and political factors that drive divergent development paths. Theoretically, it advances the political-economy of resources; practically, it offers Indonesia context-specific reforms institutional redesign, transparency mechanisms, and anti-corruption strategies to avoid deeper traps. Policy guidance emphasizes evidence-based governance that prioritizes long-term sustainable development over short-term rent extraction. More broadly, the resource curse is not deterministic but contingent, and can be mitigated through deliberate institutional design and sustained political commitment to transparency and accountability.

METHODS

Research Design

This study uses a comparative qualitative approach with an explanatory-descriptive design. This design was chosen because the main purpose of the study was to elucidate the relationship between natural resource wealth (SDA) and the level of corruption by comparing the cases of Indonesia, Nigeria, Venezuela, and the Democratic Republic of Congo (DRC). This approach allows for an in-depth analysis of the institutional, political, and economic variations between countries that are equally rich in natural resources but show high levels of corruption.

Population and Sample

The research population includes the world's resource-rich countries. From this population, four countries were selected as a sample case study:

1. Indonesia (such as coal, nickel, palm oil, gas, tropical forests).
2. Nigeria (Africa's largest oil and gas exporter).
3. Venezuela (has the world's largest oil reserves).
4. Democratic Republic of Congo (DRC) (major producer of cobalt, copper, and diamonds).

The sample selection was carried out using purposive sampling techniques based on the following criteria: (1) having significant natural resource wealth, (2) high corruption levels according to *the Corruption Perceptions Index (CPI*), and (3) experiencing a gap between natural resource potential and development achievements.

Data Source

This study relies entirely on secondary data gathered through systematic documentary analysis, drawing on (1) Transparency International's Corruption Perceptions Index (CPI) 2018–2024, (2) World Bank governance and development indicators, (3) UNDP Human Development Reports, and (4) peer-reviewed articles and research (2019–2025) on the resource curse, corruption, and governance. Credibility is ensured via triangulation each claim is verified against at least two independent sources and checked for temporal consistency while prioritizing peer-reviewed studies and official international reports with rigorous methods. Data collection instruments comprise structured coding sheets for document review, comparative matrices for cross-country analysis, and a thematic framework to identify recurring patterns.

Research Variables

Key variables: (1) Natural Resource Wealth: measured through the main indicators of natural resource reserves (oil, gas, minerals, coal, palm oil) and their contribution to GDP; (2) Corruption Level: measured by the CPI score (0 = very corrupt, 100 = very clean). Supporting variables: (1) Institutional Quality (rule of law, corruption control, government effectiveness); (2) Economic Outcomes (GDP per capita, inequality, economic growth).

Data Analysis Techniques

This study uses a three-stage analytic sequence: Comparative Descriptive Analysis to tabulate and graph CPI scores, GDP per capita, and resource contributions for cross-country comparison; Thematic Analysis via open, axial, and selective coding of policy documents, governance reports, and academic literature to map similarities and differences around rent-seeking, institutional weaknesses, and political patronage; and Critical Analysis to interpret these patterns through resource-curse, governance, and corruption theories, clarifying causal links between resources and corruption outcomes (Christensen et al., 2024; Mondjeli et al., 2024).

Ethical Considerations

This study uses secondary data from official and public sources, so it does not directly involve human subjects. The principles of scientific integrity, data transparency, and academic accountability are maintained during the process of processing and reporting research results. All data sources are properly cited, and the study adheres to academic standards for attribution and intellectual property rights.

RESULTS AND DISCUSSION

Natural Resources Wealth and Corruption Levels in Indonesia

Indonesia is known as one of the countries with the largest natural resource wealth (SDA) in the world. Reserves of coal, nickel, copper, gold, oil, gas, as well as oil palm and tropical forests make Indonesia potentially a global energy and food center. The sector's contribution to the

economy is significant; World Bank data (2024) shows that more than 30% of Indonesia's exports are still dominated by natural resources-based commodities. However, the abundance of natural resources is not always directly proportional to the welfare of the community, because corrupt practices in resource governance often cause economic leakage and reduce the potential for sustainable development.

Based on the 2024 CPI, Indonesia scores 34/100 (115/180), indicating systemic corruption—especially in natural-resource extraction and management. Cases in mining licensing, forest management, palm-oil exports, and energy distribution often involve political and bureaucratic actors. Indonesia Corruption Watch (2023) records the natural-resources sector among the top three contributors to corruption, with potential state losses of Rp 28.2 trillion. These rents fuel rent-seeking and entrench political patronage networks at central and regional levels.

When compared to the potential of natural resources, Indonesia's achievements in reducing corruption are still relatively low. Regulations and institutional reform efforts have indeed been carried out, for example through sustainability reporting obligations, digitization of the mining licensing system, and strengthening the role of the KPK. However, the effectiveness of this policy has not completely closed the gap for abuse of authority. Political dependence on natural resources-based funding also adds to the complexity, as the sector functions as what civil society organizations term a "political ATM" for powerful actors seeking campaign financing and patronage resources.

This condition shows that Indonesia is in a position of "resource abundance with moderate corruption." This means that although corruption in Indonesia is not as bad as countries with weak institutions such as Venezuela or the DRC, public perception of corruption feels heavier because of the contrast between the large wealth of natural resources and the welfare of the community that is not optimal. Thus, one of Indonesia's main challenges is to ensure that natural resource governance is carried out in a transparent, accountable, and sustainable manner, transforming natural resources from instruments of elite enrichment into foundations for broad-based development.

Table 1. Indonesia's Natural Resources Wealth and Corruption Index (2024)

Key Indicators	**Data Indonesia**
Key Resources	Nickel, coal, palm oil, gas, tropical forests
Natural Resources' Contribution to Exports	±30% of total exports
CPI Score 2024	34/100
Global CPI Rankings	115 of 180 countries
Corruption Issues Related to Natural Resources	Mining permits, palm oil exports, coal mafia, forest management

Source: Transparency International (2024); World Bank (2024); ICW (2023)

Weaknesses of Rent-Seeking Institutions and Practices in Indonesia

Institutional weaknesses explain why Indonesia’s natural resource wealth has not translated into broad prosperity. Despite regulations such as the Mineral and Coal Mining Law (Law No. 3/2020), the Forestry Law, and green sukuk policies, weak enforcement, overlapping rules, and bureaucratic discretion enable rent-seeking, making resources a source of elite rather than public benefit.

The mining sector illustrates this clearly. Licensing of coal and nickel mines is often linked to bribery, document manipulation, and involvement of regional and ministry officials. Indonesia Corruption Watch (ICW, 2023) reported that the sector ranks in the top three for corruption cases, with potential state losses of Rp 28.2 trillion. This reflects that governance problems are structural, rooted in political-economic relations and elite capture. Political patronage further undermines governance. High electoral costs drive politicians to finance campaigns through resource rents, turning mining permits, oil palm plantation rights (HGU), and forest concessions into "political commodities." As a result, natural resources function as political ATMs, while community welfare and environmental sustainability are sidelined.

Bureaucratic complexity also fuels illegal levies. Although the OSS (Online Single Submission) system was introduced, its field implementation is weak. Face-to-face interactions remain common, creating space for transactional practices and informal fees, showing the gap between digital reform and regional reality. Institutionally, Indonesia's weakness is evident in the stagnant corruption control index of the World Governance Indicators (2023), with scores between -0.5 and -0.7 (scale -2.5 to +2.5). This indicates that despite transparency rhetoric, law enforcement remains inadequate for meaningful reform in natural resource governance.

Table 2. Examples of Natural Resources Corruption Cases in Indonesia

Year	Sector	Main Cases/Modes	Actors Involved	Potential Losses
2019	Oil and gas	Bribery for project procurement at Pertamina	State-owned & private offices	IDR 250 billion
2021	Coal	Illegal mining permits in East Kalimantan	Regional and corporate heads	IDR 1.8 trillion
2022	Oil palm	Manipulation of CPO (palm oil mafia) export quota	Ministry officials	IDR 3.5 trillion
2023	Minerba	Bribe for the extension of nickel mining permits	District offices and operators	IDR 2.1 trillion
2023	Forestry	Conversion of protected forests	Regional Heads and Investors	IDR 800 billion

Source: ICW (2023), KPK (2022–2023), World Bank (2023)

Political Economy *Resource Curse* in Indonesia

The phenomenon of resource curse in Indonesia cannot be separated from the dynamics of political economy that structure the relationships among natural resources, political actors, and state institutions. Since the New Order era, natural resources have been used as the main source of income for political financing and power consolidation. Revenues from oil and gas in the 1970s to 1980s, for example, were used to support development while strengthening political patronage. The legacy of this practice persists today, even though Indonesia's political system has undergone democratic transformation, suggesting that formal institutional change alone is insufficient to alter deeply embedded rent-seeking behavior (Tadjoeddin 2007; Robinson 2006; Davidson 2015; Savoia 2021).

In the context of electoral democracy, the exceedingly high political costs in Indonesia encourage politicians and parties to seek financing sources from natural resource rents. The ICW report (2023) shows that in many cases, mining permits and oil palm plantation concessions are

granted in return for political support or campaign financing. This pattern reveals how natural resources have become instruments of political finance, where state assets are allocated based on electoral calculations rather than sustainability considerations or public welfare optimization.

Furthermore, post-reform decentralization has opened new spaces for corruption in natural resources. Regional autonomy grants broad authority to local governments in issuing mining, plantation, and forest permits. Instead of strengthening accountability, this policy fragments rents across government levels, with many regional heads exploiting it for personal or group gain. This is evident from the rising corruption cases in Kalimantan and Sumatra.

The resource curse in Indonesia is reinforced by weak transparency and accountability in managing state revenues. Despite initiatives like the Extractive Industries Transparency Initiative (EITI), revenue reporting from mining and energy remains only partially open, limiting civil society's ability to monitor whether revenues support sustainable development.

Politically, the nexus between natural resources and political financing consolidates Indonesia's economic oligarchy. Business elites in mining and plantations strongly influence legislation and policymaking, producing policies that serve corporate interests over public welfare or environmental sustainability. Thus, Indonesia's resource curse is best seen as an oligarchic phenomenon, where natural wealth sustains elite dominance in both politics and the economy.

Table 3. Political Economy Dynamics of Natural Resources in Indonesia

Aspects	**Key Characteristics**	**Impact on Natural Resources Governance**
Political System	Electoral democracy at a high political cost	Natural Resources are used as a source of campaign financing
Decentralization	Authority of natural resources permits at the regional level	Rent fragmentation, rampant local corruption
Political–Business Relations	Mining & palm oil business oligarchs dominate parliament & executive	Pro-corporate bias policies
Transparency	EITI & OSS initiatives have not been running optimally	Limited public access, prone to manipulation
Law & Enforcement	KPK weakens after revision of law (2019)	Low deterrent effect, relatively immune elite

Source: ICW (2023); World Bank (2023); Transparency International (2024)

The Impact of Development and *Resource Curse* in Indonesia

The phenomenon of resource curse in Indonesia manifests not only in high corruption practices in natural resource governance but also in unbalanced development outcomes. With abundant natural resources, Indonesia should have strong fiscal capacity to accelerate infrastructure, education, and health development. However, empirical evidence shows that much of the potential from natural resources is dissipated through corrupt practices and mismanagement, limiting the sector's contribution to improving community welfare.

From a macroeconomic perspective, Indonesia has experienced relatively stable economic growth, with an average annual GDP of 5% over the past decade. However, the contribution of natural resources to growth has not been optimal. According to the World Bank (2023), the mining and energy sectors account for about 11% of GDP, but their impact on job creation is relatively small due to the capital-intensive nature of the industry. Consequently, natural resources-based

economic growth is not inclusive, failing to significantly reduce social inequality or generate widespread employment opportunities.

Human development indicators also reveal a similar paradox. UNDP data (2023) puts Indonesia in the "high" Human Development Index (HDI) category with a score of 0.707, but it is still below ASEAN countries with more limited natural resources such as Malaysia (0.803) and Thailand (0.800). This indicates that Indonesia's natural resource wealth has not been effectively translated into improvements in education quality, health outcomes, and living standards for the broader population.

In addition, the impact of resource curse is evident in persistently high inequality levels. Indonesia's Gini Index has been stagnant in the range of 0.38-0.40 for the past five years. One primary cause is the concentration of natural resource ownership among a small number of business-political elites, which reinforces economic oligarchy and widens the gap between rich and poor. This phenomenon is exacerbated by corrupt practices in the allocation of public funds, so that the lower class does not fully enjoy the benefits of natural resources revenues.

At the environmental level, the exploitation of natural resources without adequate governance causes ecological damage that deteriorates the quality of life for communities. Deforestation due to oil palm expansion, water pollution from coal mines, and waste from the nickel industry indicate that ecological losses often outweigh short-term economic benefits. This strengthens the argument that the resource curse in Indonesia encompasses not only economic dysfunction but also a crisis of development sustainability that threatens long-term prosperity.

Thus, the development impact of the resource curse in Indonesia can be summarized as follows: (1) moderate but not inclusive economic growth, (2) stagnant quality of human development compared to neighboring countries, (3) high social inequality, and (4) significant environmental damage. This condition underscores the urgent need for comprehensive natural resource governance reform to ensure that natural resources function as instruments of sustainable and equitable development rather than sources of corruption, inequality, and environmental degradation.

Table 4. Development Indicators and Resource Curse in Indonesia

Indicators	Indonesia Data (2023–2024)	ASEAN Comparison	Main Notes
Average GDP growth	±5% per annum	Malaysia 4.5%; Vietnam 6.0%	Stable, but the natural resources are not optimal
Natural Resources contribution to GDP	±11%	Nigeria ±20%; Venezuela >40%	Relatively moderate
HDI	0.707 (high category)	Malaysia 0.803; Thailand 0.800	Left behind despite abundant natural resources
Gini Index	0,38–0,40	ASEAN averages 0.35	Inequality is quite high
CPI Score	34/100	Malaysia 50; Singapore 84	Relatively high corruption
Environmental Issues	Deforestation, illegal mining	Philippines (lower natural resources)	Natural Resources → ecological degradation

Source: World Bank (2023); UNDP (2023); Transparency International (2024); BPS (2024)

Comparative Implications and Policy Lessons for Indonesia

The comparative analysis of Indonesia with other resource-rich countries Nigeria, Venezuela, and the Democratic Republic of Congo (DRC) yields critical insights about the role of institutional governance in determining whether natural resources become blessings or curses. Indonesia is indeed in a relatively better position than Nigeria, Venezuela, and the DRC, with a 2024 CPI score of 34/100, higher than Nigeria (25/100), Venezuela (13/100), and DRC (20/100). However, this relative advantage does not immunize Indonesia from resource curse risks. On the contrary, Indonesia remains vulnerable because similar symptoms rent-based corruption, oligarchic dominance, and development inequality persist within its governance system.

From an institutional perspective, Indonesia has the opportunity to avoid extreme traps like those experienced by Venezuela and the DRC. Both countries demonstrate that absolute dependence on natural resources, without economic diversification, can precipitate economic and institutional collapse. Indonesia, with its more diverse economic structure (manufacturing, services, agriculture), has significant capital to mitigate these risks. However, for this potential to be realized, fundamental reforms in natural resource governance are imperative, particularly in transparency of licensing processes and state revenue management.

The primary policy implication is that strengthening transparency and accountability must be the highest priority. Initiatives such as the Extractive Industries Transparency Initiative (EITI) need to be expanded, by requiring open publication on state revenues from natural resources and their distribution. In addition, full digitalization of the mining and plantation licensing system must be accelerated to eliminate opportunities for illegal levies and transactional practices. Strengthening anti-corruption institutions is also absolutely necessary, because without strict law enforcement, natural resource governance reform will only become a normative policy with no real impact.

Another crucial lesson concerns the importance of economic diversification as a long-term strategy. Over-reliance on natural resources makes countries vulnerable to global price fluctuations, which ultimately encourage corrupt behavior in efforts to maintain fiscal revenue. Indonesia needs to strengthen the industrial sector based on natural resource downstreaming and encourage transformation towards a technology-based economy and innovation. Thus, natural resources can function as transition capital for economic transformation, not as sources of permanent dependency.

Finally, the comparison with Nigeria and Venezuela demonstrates that high political costs are at the root of the natural resources corruption cycle. Indonesia can learn that without political funding reforms, natural resources will continue to be sources of rent to finance the patronage of power. Therefore, transparency of campaign funds and limiting the influence of business oligarchs in politics are essential prerequisites for ending the resource curse cycle.

By taking lessons from other countries, Indonesia has the opportunity to escape the resource curse trap. However, this opportunity can only be realized if natural resource governance reform is implemented consistently, accompanied by strong political commitment and sustained institutional capacity building. Without these elements, Indonesia risks replicating the patterns of resource-rich countries trapped in cycles of corruption, inequality, and development failure.

Table 5. Comparison of Policy Implications Between Resource-Rich Countries

Country	Resource Curse Pattern	Lessons for Indonesia
Nigeria	High oil dependence, NNPC corruption, local conflicts	Economic diversification and SOE reform of natural resources
Venezuela	Oil monopolies, institutional crises, hyperinflation	Avoid absolute dependence on commodities
DRC	Natural Resources conflict, elite corruption, extreme poverty	Strengthen the rule of law and accountability of receipts
Indonesia	abundant natural resources, moderate corruption, political oligarchy	Accelerate natural resource governance reform, downstream

Source: Transparency International (2024); World Bank (2023); ICW (2023); UNDP (2023)

Discussion

The findings confirm that abundant resources do not guarantee prosperity but often reinforce corruption and hinder development, in line with Resource Curse Theory (Sachs & Warner, 1995). Although Indonesia has a better CPI score than Nigeria, Venezuela, and the DRC, it still shows similar patterns: resources are exploited as political rents, corruption dominates mining, energy, and plantations, and contributions to human development remain limited.

From Rent-Seeking Theory (Krueger, 1974), natural resources emerge as key arenas for rent extraction. Coal and nickel mining licenses illustrate how elites use bureaucratic authority for personal gain, mirroring Nigeria's NNPC, Venezuela's PDVSA, and DRC's mining concessions. This supports the view that rents attract elites more than long-term development.

Institutional Theory (North, 1990; Acemoglu & Robinson, 2012) highlights the role of inclusive institutions in managing resource wealth. Indonesia fares better than Venezuela and the DRC due to its functioning democratic system, but weak law enforcement and limited transparency remain barriers. Formal democracy alone is insufficient without strong accountability and rule of law.

Political Settlement Theory (Khan, 2010) further explains how high political costs drive the use of resources as patronage finance. Like Nigeria's oil rents, Venezuela's authoritarian funding, and DRC's conflict financing, Indonesia's resource rents serve elite interests, showing that the resource curse is deeply political rather than purely economic.

Finally, Dependency Theory underscores reliance on commodity exports. Indonesia, Nigeria, Venezuela, and the DRC remain dependent on resource exports, exposing them to price volatility, fiscal crises, and heightened corruption risks. Economic diversification is therefore essential to reduce vulnerability and rent-seeking incentives.

Overall, the study confirms that Indonesia's resource curse symptoms align with multiple theoretical frameworks. Yet, its relatively stable democratic institutions create an opportunity to turn natural wealth into a development blessing through governance reforms, revenue transparency, and stronger anti-corruption institutions.

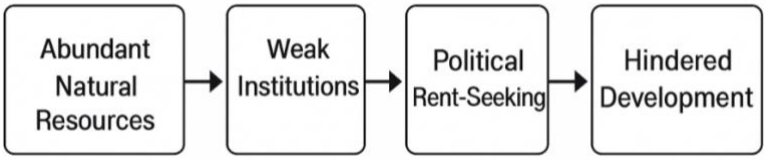

Figure 1. Natural Resources Curse Cycle

However, Indonesia's position that still has relatively more stable democratic institutions provides an opportunity to transform natural resources into a blessing of development, provided that governance reforms, revenue transparency, and the strengthening of anti-corruption institutions are carried out.

CONCLUSION

Indonesia illustrates the resource-curse dynamic: abundant natural wealth can trigger corruption, political patronage, and weak governance rather than a development blessing. Despite performing better than Nigeria, Venezuela, and the DRC, Indonesia's CPI is 34/100 far behind Malaysia (50/100) and Singapore (84/100) with estimated annual state losses of Rp 28.2 trillion from natural-resource corruption, non-inclusive growth, widening inequality (Gini 0.38–0.40), and severe environmental degradation, underscoring vulnerability to the trap. Comparative evidence shows outcomes hinge less on endowments than on institutional and political quality; Indonesia's diversified economy and functioning democracy offer an exit path, but only with urgent reforms: expand EITI and revenue transparency, restore KPK independence, fully digitize licensing to curb rent-seeking, accelerate downstreaming, and reform political financing to end "political ATM" practices. Future research should broaden comparisons, adopt longitudinal designs, and conduct sector-specific analyses to generate sharper, actionable policy recommendations.

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