The present article examines the recent advances reported in the literature regarding the mechanisms underlying the “resource curse” in developing countries. By analyzing the Rule of Law Index, we investigated how the institutions responsible for allocating hydrocarbon royalties can help minimize the effects of the resource curse. We used a qualitative methodology based on case studies. The results show that evidence of legal violations on the part of these institutions and the lack of tools in resource-rich developing countries to uphold basic social and economic rights are associated with the resource curse. Our findings suggest that strengthening the institutions, closer monitoring of oil revenue allocations, and public participation can help to alleviate the resource curse.