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Enhancing the Governance of Africa's Oil Sector

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ABSTRACT

This paper evaluates several important international governance initiatives in the African oil sector, including the Extractive Industries Transparency Initiative, Publish What You Pay, Transparency International and Global Witness. What are the lessons we can learn from their successes and failures? Is there really a resource curse? Why does it hit some countries harder than others? Case studies of eight African oil-rent-dependent states (Angola, Cameroon, Chad, the Republic of Congo, Equatorial Guinea, Gabon, Nigeria and Sudan) are tabulated for comparative analysis. These are followed by several two-variable correlations of oil-rent dependency (independent variable), which analyse poverty, corruption, governance and violence (dependent variables). In conclusion, various moral lessons are drawn concerning the present-day realities of the oil-governance initiatives.

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ABBREVIATIONS AND ACRONYMS

BPI	Bribe Payer's Index
CIA	Central Intelligence Agency
CPI	Corruption Perception Index
EITI	Extractive Industries Transparency Initiative
GCB	Global Corruption Barometer
IACC	International Anti-Corruption Conference
JEM	Justice and Equality Movement
MEND	Movement for the Emancipation of the Niger Delta
MPLA	Popular Movement for the Liberation of Angola
NEITI	Nigerian Extractive Industries Transparency Initiative
NGO	non-governmental organisation
OPEC	Organization of the Petroleum Exporting Countries
PWYP	Publish What You Pay
TI	Transparency International
UFDD	Union des forces pour la démocratie et la développment

'OIL IS THE DEVIL'S EXCREMENT'[1]

In 2005 activist-writer, John Ghazvinian, 'with a suitcase full of notepads and malaria pills, and a sweaty money belt stuffed with $100 bills' spent six months travelling through 12 African countries from Sudan to the Republic of Congo to Angola. He talked to politicians, economists, warlords, diplomats, aid workers, oil-company executives, local journalists, activists, priests, political prisoners, crude-oil bandits, cab drivers, soldiers, missionaries, bureaucrats, technocrats, scientists, rebel-militia leaders, historians, oil-rig workers, lawyers and bankers. And in his best-selling book *Untapped* (2007), he described the Niger Delta like the pages of a demented Dr Seuss book, or an Old Testament catalogue of ordeals:

> Thousands of miles of pipelines crisscross the mangrove creeks of the delta, broken up by occasional gas flares that send roaring orange flames into the already hot, humid air. [...] Occasionally oil has been spilled into those creeks, and fishing communities disrupted, dislocated or plunged into violent conflict with one another over compensation payments. [...] Heaps of burning garbage, some as tall as buildings, sent flames and smoke and swirling ash into the already stifling air of the car. Lepers wrapped in bandages — ostracised from their villages and unable to obtain work — rushed up to passing cars, waving crude handmade flags to warn of potholes, in the hope that motorists would fling loose change at them before they got too close. As for the road, it was little more than an endless stretch of stray boulders, man-sized craters and rivers of open sewage, punctuated every few hundred yards by semi-official 'roadblocks' — generally just two rubber tires, a pile of sticks and a pair of policemen wielding mangrove branches and shaking down motorists for loose change.[2]

The moral of this story is that Nigeria, especially its 'oil-rich' Niger Delta, is really very poor. Despite 60 years of oil production, the Niger Delta is underdeveloped, polluted and unsafe. Scholars have called this the 'paradox of plenty'.[3] 'When taken as a group,' writes Ian Gary of the Catholic Relief Services, 'all "rich" less-developed countries dependent on oil exports have seen the living standards of their populations drop — and drop dramatically.'[4] According to Gary and Karl, countries that depend upon oil exports, over time, are among the most economically troubled, the most authoritarian and the most conflict-ridden states in the world today.[5]

Such grim results are not inevitable. But negative development outcomes associated with petroleum and other minerals are well captured by the idea of a 'resource curse'.[6] This syndrome can be described by its symptoms: oil booms raise expectations and increase appetites for spending; governments dramatically increase public spending, based on unrealistic revenue projections; booms reduce the quality of public spending and encourage rent-seeking; the volatility of oil prices hinders growth, distribution and poverty alleviation; booms encourage the loss of fiscal control and inflation, further hampering growth, equity and the alleviation of poverty; foreign debt grows faster in oil-exporting countries, mortgaging the future; productive activities unrelated to oil, such as manufacturing and agriculture, are adversely affected by the oil sector in the phenomenon called the 'Dutch Disease'; petrodollars replace more stable and sustainable revenue streams, exacerbating the problems of development, transparency and accountability;

oil-based governments often rely on repression to keep themselves in power; petrodollars support authoritarian rule; and oil becomes a rationale for starting and/or fuelling civil wars.[7]

LITERATURE REVIEW

Empirical studies have shown that oil-dependent countries are more likely to suffer from civil wars motivated by 'grievances'[8] or 'greed'[9] — and this is particularly true for states in sub-Saharan Africa.[10] Moreover, resource abundance and dependency are frequently associated with 'corruption', 'weak state institutions',[11] 'rentier states',[12] 'authoritarian rule'[13] and 'poverty'.[14] Is there really an 'oil curse'?[15] And if so, why does it afflict some countries worse than others? The literature review of the major theories can inform our analysis of the empirical data. Looking back at the scholarly debates of the Cold War, there were clear antecedents to the 'resource curse'. Three dominant traditions of thinking in the 1970s about extractive industries from what is now referred to as 'development studies' postulated negative outcomes from oil exports. Firstly, dependency-and-underdevelopment theory; secondly, dependent development; and thirdly, the theory of the rentier state. These are discussed in the following sections.

THEORIES OF OIL AND UNDERDEVELOPMENT

Dependency-and-underdevelopment theory[16] criticises the emergence of a capitalist 'world system'[17] conceptually divided into a developed 'core' and an underdeveloped 'periphery'. Historically, the periphery was dominated by the core through discovery, conquest and colonialism. In this model, historically formed economic, financial, technological, military and cultural dependence on the core countries continued after decolonialisation and has resulted in underdevelopment. For example, a great accumulation of wealth in Europe derives from the exploitation and impoverishment of black Africa. The word 'underdeveloped' can also be used as a verb, as in 'How Europe Underdeveloped Africa'.[18] The problem with this early theory, however, was that it did not foresee the rise of rich OPEC emirates, or the rapid development of the newly industrialised countries.

Dependent development[19] challenged the notion that dependency necessarily produces underdevelopment. Looking at newly industrialised countries, which were then termed 'semi-peripheral' by dependency theorists, dependent-development theorists argued that capital was in reality being accumulated in the periphery and that economic development was stimulated in the process. They focused on big states that achieved development under conditions of dependency, which also became known as 'dependent development'. The growth of high-technology petroleum industries in Brazil, Mexico and Indonesia allowed these states to expand control over important sectors of the economy. As Evans termed it, a 'triple alliance'[20] developed between the state, local capital and foreign corporations. The real challenge, according to this line of reasoning, was how to generalise, consolidate and improve the triple alliance. But African so-called 'big men' in neo-patrimonial systems where 'public authority has been made an object of appropriation by officeholders, functionaries, politicians and military personnel'[21] made some observers sceptical of any triple alliance as mere collaboration. Another problem with this early attempt to reform dependency theory is that it advocated a nationalist mythology that was misleading and dangerous. Capitalism did not have to be an instrument of nationalism to be an agent of development. Many countries adopted import-substitution policies in the name of national economic independence, only to abandon them later for export promotion. For such states, if the solution to dependency was autarchy, then the solution to underdevelopment was trade.

The theory of the rentier state[22] concerns the patterns of development and the nature of states in economies dominated by external rent — particularly oil rent. A rentier state lives on unearned income. Mahdavy defines a rentier state as 'any country that receives on a regular basis substantial amounts of external rent'.[23] What happens to such states? First, oil rents allow the financial autonomy of the state. Government becomes autonomous from domestic taxpayers: it does not depend upon them; nor is it accountable to them. It becomes an 'allocation state'; in other words, it concentrates on spending its oil wealth.[24] Getting access to the oil rents becomes cardinal. This cultivates a culture of dependency and a rentier mentality in the elite.

Secondly, oil revenues received by the government have very little to do with the production processes of their domestic economies, so despite the sudden enrichment of oil-producing countries by rising oil prices, the petroleum sectors themselves tend to be economic enclaves, i.e. industries lacking either backward or forward linkages to their domestic economies. Enclaves result in the emasculation and displacement of traditional economic elites. Village 'big men' become small economic actors. Local businessmen pale in comparison to multinational corporations. Thirdly, and worst of all, since oil rents are paid directly to the government, 'the temptations for a government bureaucracy to turn into a rentier class with its own independent source of income are considerable'.[25]The dangerous character trait of such a ruling class is that it is not driven by any notion of the ethical superiority of work.

THEORIES OF OIL AND CORRUPTION

The governance crisis in the Gulf of Guinea[26] is fuelled by oil corruption. This is because illicit behaviour flourishes when government agents have exclusive power over something; when they have at their disposal a wide margin of discretionary power; and when they are not held accountable for their acts.[27] Certainly, when measured by Transparency International's (TI) Corruption Perception Index (from highly corrupt [0] to highly clean [10]), African oil-exporting countries are perceived as corrupt (e.g. Gabon, 3.3; Cameroon, 2.4; Angola, 2.2; Nigeria, 2.2; Republic of Congo, 2.1; Equatorial Guinea, 1.9, Chad, 1.8; and Sudan, 1.8). But are these countries really corrupt and, if so, just how bad is this corruption? In the 1960s Samuel Huntington and Joseph Nye, working with a modernisation framework, saw corruption as cultural and possibly fulfilling a positive function in developing countries.[28] But since then, a 'new economics of corruption' has demonstrated negative effects of corruption on investments, demand and costs and a progressive erosion of confidence in the state.[29]

One kind of corruption relates to the work ethic of the elite. Insulated by the surrounding comforts that massive and sudden oil wealth provides them, the elite acquire a rentier mentality that isolates both position and reward from their causal relationship with talent and effort. Instead of attending to the task of expediting the fundamental transformations of their country, a rentier class devotes itself instead to conspicuous consumption and to jealously guarding the status quo. Prosperity arrives without effort, breaking the work-reward linkage, so that 'reward becomes a windfall gain, an isolated fact'.[30] Another form of political corruption is financial. The literature on African oil is replete with examples of this. London-based Global Witness has published several prize-winning investigative reports on the corruption of African oil-exporting governments, including rampant plunder by the regimes of Angola (1999; 2002), Republic of Congo (2004) and Equatorial Guinea (2004). In Nigeria, 'oil revenue allocation formulas stimulate a rentier approach to politics'.[31] The late Mongo Béti, writing about Cameroon, described Elf as a 'mafia of gangsters, godfathers, whores, all grand thieves ... the malediction of central Africa, its gangrene.'[32]

A common view is that the point of departure for any antidote to corruption is transparency and good governance, and non-governmental organisations (NGOs), like TI, Global Witness and Publish What You Pay (PWYP), have all proposed governance initiatives to fight corruption in the African oil sector. Moreover, the World Bank generated a set of indicators to measure voice and accountability; political stability; government effectiveness; regulatory quality; rule of law; and control of corruption (see Tables 5–10).

THEORIES OF OIL AND CONFLICT

Finally, there is another correlation between oil and conflict that suggests causation, but it should be noted at the outset that the databases we use to study such causality are not entirely reliable, as much data goes unreported. Three major counter-examples — Botswana, Namibia and South Africa — are mineral-dependent African countries that do not suffer from this symptom.[33] Moreover, the big success stories of rich oil-producing countries like Norway, the United Arab Emirates and the Sultanate of Brunei, seem to prove that the oil curse does not always materialise. Finally, some of these sub-hypotheses of the resource curse theory are not true in Africa's biggest oil producer, Nigeria. No single factor like oil can ever be sufficient to explain the complex social phenomena of an entire nation: 'The natural resource curse is not destiny.'[34] However, there are several theories about how oil fuels conflict that emerged out of large-number quantitative studies that found strong correlations between oil dependency and various kinds of violence. These are discussed in the following sections.

Grievance theory

Grievance theory claims that 'segments of the population, or regions, might feel deprived of the benefits of resource-related income, while possibly carrying the ecological burden of production, and therefore take up arms'.[35] This may take the form of an indigenisation of the rentier space. The 'nigerianisation' of oil by Abuja in the 1960s, for example, was a nationalisation discourse against foreign oil corporations.[36] However, for the indigenous peoples of the Niger Delta, it was really a disguise for internal colonialism.[37] The presence of natural resources prolonged civil wars elsewhere in Africa.[38] Grievances of the Sudanese in the country's marginalised areas of the south, east and west have intensified with the development of so-called 'Sudanese' oil and exacerbated political mobilisations on all sides.[39]

Resource-predation theory

Resource-predation theory[40] challenges this idea, claiming that oil rebellions are really large-scale predations of productive activities, and are motivated by greed rather than true grievance. 'To my mind this looks more like a protection racket than outrage provoked by environmental damages', complained Paul Collier about the rebels in the Niger Delta. 'With an oil well,' he concluded, 'the protection racket is in business.' He claims that rebel movements in the Delta constitute '[g]rievance evolving, over the course of a decade, into greed'.[41] But this argument does not do justice to the real grievances of the Delta people. It oversimplifies their combatants as mere criminals.[42] It is better to add soldiers' greed to our analysis of civil wars than to substitute it for grievance, or ignore it.

Geographical-location theory

Geographical-location theory[43] posits that geographical differences in dispersion result in different violent outcomes. Since oil is not a geographically diffuse resource (like alluvial diamonds), but a geographical point resource (i.e. concentrated at wells), it only leads to coups or secessions — never successful civil wars. This argument has a weakness, however, in that oil is not always a point resource. For example, the Niger Delta oil basin is actually a diffuse resource of 300 oilfields, 5 284 wells, 7 000 kilometres of pipelines, 10 export terminals, 275 flow stations, 10 gas plants, four refineries and a massive liquefied natural-gas-producing region.[44] So it has fuelled rebellions by the Igbo (in the 1960s), the Ogoni (1990s) and now the Ijaw (2000s).

Lootability-obstructability theory

Lootability-obstructability theory[45] is the notion that oil is not 'lootable' in the way that alluvial diamonds are, but only 'obstructable', and only funds governments, not rebels. Rebels can attack an oil pipeline, but only governments get rent from it. This means that rebels cannot fund themselves with oil revenues (loot), but can only extort funding by threatening to shut down oil production (obstruction). This argument is invalidated, however, by the fact that oil is being looted in the Niger Delta by so-called 'oil bunkering'. From 200 000 to 250 000 barrels per day of crude oil have been looted this way in the Niger Delta.[46] Bannon, Collier and Le Billon's theories all show a pro-state bias. Moreover, a case study of the Movement for the Emancipation of the Niger Delta (MEND) contradicts their work. MEND has successfully attacked theoretically unobstructable offshore oil rigs with speedboats and bunkered theoretically unlootable crude oil:

> Unobstructable turns out to be obstructable (offshore oil platforms), the unlootable turns out to be lootable (oil theft), point resources can be seen to be diffuse, and the relation between geography and political outcomes is markedly under-determined.[47]

METHOD

Given the discussion above, the question is how best to analyse, understand and evaluate the resource curse. Moreover, we need a method to assess the successes and failures of governance initiatives pertaining to natural resources. Social scientists tend to turn concepts into variables, or factors so that a concept can be expressed in a form that is observable and includes some notion of the degree of difference. This quantification means setting up a standard amount of a thing and putting a label on it. This makes it possible to express abstract concepts — governance, poverty or conflict, for example — in a way that provides a common reference for observation. 'One of the distinguishing characteristics of a well-developed science is an array of quantifiable variables that are useful to people working in the field.'[48] Basedau argues that if we wish to understand variations in the resource curse (why it impacts some countries but not others) then we must first quantify the important contextual variables, such as the level of socio-economic development; the type of political system; and the behavioural patterns of actors, as well as the important resource-specific conditions, such as the resource type, its location, technical exploitation, degree of abundance and degree of dependency of the state or economy.[49] Fortunately, our concepts are measurable at all three levels, namely conflict (nominal), corruption (ordinal) and oil-dependency (interval).

Because established sources of data provide annual measurements, it is possible to arrange their data longitudinally over time, and thereby make diachronic inferences about the positive or negative changes. This method of evaluation entails making an inference that those positive or negative changes are attributable to the governance initiatives under consideration. It also presumes reliable reporting of data. Nevertheless, these measurable outcomes (dependent variables) have been scored as either positive (+) or negative (−), and cross-tabulated with the presence (+) or absence (−) of the oil-governance initiatives (independent variables).

A positive association of +1 tells us that, for instance, good governance is perfectly related to the presence of an oil initiative, and suggests that we can predict which country has good governance from the presence or absence of the oil-governance initiatives. A negative association implies an inverse relationship. Since other factors are present and play a role, we do not expect perfect associations. Therefore, Phi (Φ) will be used to calculate the equivalent degree of association (see Table 1 on page 11). Phi is a conventional measure of the strength of a relationship expressed by two or more sets of categorical data. Notice the difference between cases of necessity and sufficiency. In order to deduce that the oil-governance initiatives are a cause of better governance, all of the cases of improved-governance indicators should be the same where oil-governance initiatives are present (a sufficient cause), and all of the cases of bad governance should not have these initiatives present (a necessary cause). This method allows us to include counter-examples into our analysis.

Table 1: Method of evaluating effect of oil initiatives on oil governance

	Initiative signed (+)	Not signed (–)
Positive change (+)	Good governance Oil governance initiatives are sufficient for better governance.	Good governance Oil governance initiatives are not necessary for better governance.
Negative change (–)	Bad governance Oil governance initiatives are not sufficient for better governance.	Bad governance Oil governance initiatives are necessary for better governance.

OIL–GOVERNANCE INITIATIVES

Transparency International (1993)

Peter Eigen is the founder of TI. For most of his professional life he worked at the World Bank. He started as a legal advisor and eventually became the director of its regional commission for West Africa, East Africa and Latin America. For 25 years at the World Bank he was an eyewitness to corruption in those African countries where he was posted: Nigeria and Kenya. He also worked in Botswana, and was struck by how Seretse Khama managed to turn his country into a prosperous nation by fighting corruption. Over time, Eigen became critical of the World Bank, where the subject of political corruption was taboo. His criticisms resulted in his dismissal by the World Bank's director. So in May 1993 he founded TI, a professionally staffed, global NGO whose stated mission was 'to create change towards a world free of corruption'.[50] TI claims to have played a leading role in improving the lives of millions around the world by building momentum for the anti-corruption movement.

TI is active in all four stages of the policy process. First, it raises awareness of corruption and the need for transparency (agenda setting). Secondly, it advocates anti-corruption laws (policy formulation). Thirdly, it lobbies for the application of anti-corruption laws (policy implementation). Fourthly, it ranks and measures the changes in the perception of corruption over time (policy evaluation). TI has been successful at getting transparency onto the global governance agendas of many important institutions. It has also been successful at assisting policy formulation at the national level. TI works by teaming up with governmental and non-governmental actors (often the former are the 'whistle blowers') and gathering information on grand and petit corruption. It then founds national chapters in each country, run by the citizens of that country. These are self-governing autonomous bodies that are confederated into a global network. Only the headquarters of the confederation is located in Berlin.

In 1993 it created several tools for this purpose, including a National Integrity System, an Anti-Corruption Handbook, and a Corruption Fighter's Tool Kit. These teach ordinary citizens practical skills they need to fight corruption at the national level, such as how to analyse draft legislation, create integrity pacts and monitor public institutions. In 1995 TI established its now-famous Corruption Perception Index (CPI), a trademark product and a useful tool for evaluating any positive or negative changes in corruption. On the policy formulation level, TI helped draft the new UN Convention against Corruption in 1996 and helped create the OECD's Anti-Bribery Convention in 1997. Two years later, it created its Bribe Payer's Index (BPI) to get bribery on the global agenda. In 2003 it created a new Global Corruption Barometer (GCB) and co-authored the African Union Convention on Preventing and Combating Corruption, adopted by Nigeria in 2006. Every three years, TI holds an International Anti-Corruption Conference (IACC) that brings together national anti-corruption movements and at which it grants awards, to some posthumously.

Publish What You Pay (2002)

George Soros is a billionaire financier famous for running one of the world's biggest hedge funds, and who established the Open Society Institute, a network of philanthropic organisations now active in more than 50 countries, dedicated to promoting the values of democracy and an open society. The foundation network spends about $400 million annually.[51]

Soros's idea of breaking the link between oil and corruption by requiring corporations to 'publish what they pay' to the governments of oil-exporting countries has its intellectual origins in the writings of social activists, Patrick Alley, Charmian Gooch and Simon Taylor, the three co-founders of Global Witness in 1993. It was only upon reading Global Witness's prize-winning report on oil and corruption in Angola, entitled *A Crude Awakening*,[52] that Soros first became inspired to do something. In June 2002 he launched the PWYP campaign from his London headquarters of the Open Society Institute.

PWYP has been joined by an army of salvation. Its founding members include TI, Oxfam and Save the Children. Since then, Catholic Relief Services, Human Rights Watch and Secours Catholic have endorsed the initiative. The moral force of these stakeholders is important because there is little practical support for mandatory disclosures of payments and revenues in either the oil industry or the regimes. Therefore, it is not surprising to find that in oil-exporting Africa national coalitions of PWYP are only present in three countries: Cameroon, Republic of Congo and Nigeria.[53] The call for mandatory disclosures of what the oil companies are paying to the governments is perceived as a dangerously radical position in countries where oil money is central to the political economy.

Extractive Industries Transparency Initiative (2003)

Extractive Industries Transparency Initiative (EITI) is a globally developed standard that promotes revenue transparency at the local level. It focuses on revenue-resource transparency through the following measures: increased accountability; a reduced risk of corruption; fostering democratic debate; improving macroeconomic management; and access to finance. The first criterion enumerated in the EITI Sourcebook is the 'regular publication of all material oil, gas and mining payments by companies to governments ('payments') and all material revenues received by governments from oil, gas and mining companies ('revenues') to a wide audience in a publicly accessible, comprehensive and comprehensible manner'.[54]

The main author of this initiative was the then British prime minister, Tony Blair, who, in a speech at the World Summit for Sustainable Development in Johannesburg in 2002, told the delegates that Africa was a personal passion for him (his father had been a missionary in Sierra Leone) and that 'the world has a duty to heal the scars of the continent'.[55] Blair officially launched EITI in June 2003, and won the World Bank Group endorsement in December that year. His close diplomatic relations with George W Bush persuaded the United States to endorse EITI at the Sea Island G8 World Summit in 2004. The following year, at the Gleneagles G8 World Summit, Blair set up a Commission for Africa, one of whose goals was the implementation of EITI.

Since 2006 the international secretariat of EITI has been located in Oslo. The EITI works by accepting countries as 'candidates into the governance initiative'.[56] Once these countries pass through a verification process (for example, once they have published their oil payments and revenues) then they move to a 'verified' category and the international secretariat can begin measuring their progress. There are now 29 EITI candidate countries (including, notably, Norway) and in February 2009 Azerbaijan became the first country to reach full compliance. In oil-exporting Africa there are four candidate countries: the Republic of Congo, Equatorial Guinea, Gabon and Nigeria.[57] All four had publicly endorsed the initiative a few years before becoming candidates. But presidents Sassou-Nguesso of the Republic of Congo and Nguema of Equatorial Guinea are corrupt patrimonial autocrats, as was Bongo of Gabon, who died in June 2009 as the longest-serving African political leader. Consequently, in three-quarters of our cases, one must count their participation in EITI more as an act of diplomacy with their major foreign partners than a real commitment to revenue transparency (see Figure 1 on page 22).

Only one of the four African oil-rentier states, Nigeria, has allowed for the auditing and disclosure of its extractive industries' revenues. Similarly, only one of them, Nigeria, is democratic (see Table 2 on page 14). It was President Olusegun Obasanjo, a long-time anti-corruption activist during Nigeria's prebendal military rule, who launched a national division of EITI in February 2004, known as NEITI, or the Nigerian Extractive Industries Transparency Initiative. His successor, Umaru Yar'Adua, finally passed the Extractive Industries Transparency Initiative Act through the National Assembly after his victory in the presidential elections of 2007. Yar'Adua is widely perceived as a credible partner in the governance initiative, and Nigeria has a budgetary process that closely monitors the distribution of oil revenues. Given its close relations with the governments and oil corporations of EITI-supporting countries (Australia, Belgium, Canada, France, Germany, Holland, Italy, Norway, Spain, Sweden, United Kingdom and US), it is not surprising to find democratic Nigeria at the vanguard of oil governance. Yet Nigeria is ranked as one of the most corrupt countries in the world.

The democratic rulers of Nigeria are different from the autocrats of Françafrique, who came to power with the backing of France, and from those praetorian soldiers, too, who came to power by force of arms, both sets of whom are unlikely to embrace any oil-governance initiatives with enthusiasm. So the conclusion to which we are drawn is that they do so for other reasons. Their real motivation in adopting EITI may have more to do with its stakeholders (oil-importing countries, multinational oil corporations and international financial institutions) than with the true aims of the initiative. Still, the mere fact that they are playing the game — if only by the loosest sense of the rules — is enough to count them, like Nigeria, as cases where EITI is 'present' (+).

Table 2: Oil-rentier states in sub-Saharan Africa (N = 8)

State	President	Years in power	Method of rising to power	• Ruling party • (seats/total) • Legislatives
1. Democrats				
Nigeria	Umaru Yar'Adua	2 (29 May 2007)	Former state governor named by his predecessor	62% (223/360) 2007
2. Françafricans				
Gabon	Omar Bongo	42 (2 December 1967)	Professional soldier installed by French. Until June 2009, longest-serving African head of state	68% (82/120) 2003
Cameroon	Paul Biya	27 (6 November 1982)	Political scientist installed by French. Successor to the founding father	78% (140/180) 2007
3. Praetorians				
Equatorial Guinea	Obiang Nguema	30 (3 August 1979)	Professional soldier. Came to power by coup. Killed his uncle, the founding father	98% (98/100) 2004
Angola	Eduardo Dos Santos	30 (21 September 1979)	Former professional soldier. succeeded Agostinho Neto as leader of ruling MPLA (Popular Movement for the Liberation of Angola)	87% (191/220) 2008
Republic of Congo	Denis Sassou-Nguesso	25 (25 October 1997)	Professional soldier; dictator (1979–92). Returned to power in 1997 civil war	85% (56/66) 2007
Sudan	Omar Al-Bashir	20 (30 June 1989)	Professional soldier. Came to power by coup. Consolidated power in the civil war	79% (355/450) 2005
Chad	Idriss Deby	19 (4 December 1990)	Professional soldier. Came to power by coup. Survived an attempted coup in 2006	71% (110/155) 2002

Source: Yates DA, 'The scramble for African oil', *South African Journal of International Affairs*, 13, 2, Winter/Spring 2006, pp. 11–31; Central Intelligence Agency (CIA), 2008.

RESOURCE–SPECIFIC CONTEXTUAL VARIABLE: OIL–RENTIER ECONOMY

A rentier state (dependent variable) is a subset of a rentier economy (independent variable). Therefore, the effect of governance initiatives upon the symptoms of the oil curse should vary directly with positive or negative changes in the industrial indicators: more oil production, logically speaking, increases the negative symptoms. A negative association, on the contrary, negates the rentier hypothesis that: more oil = more cursed. Table 3 provides data that demonstrates that, on average, African oil exporters have increased oil production (+41 000 barrels per day). We expect to find increased symptoms of the oil curse in those countries that have increased production (Angola and Sudan). Conversely, countries with a decrease in oil production (Chad, Republic of Congo, Equatorial Guinea, Gabon and Nigeria) should be suffering less. This is a counter-intuitive part of the oil curse theory. When evaluating policies, however, it is normal to speak in terms of degrees.

Table 3: Resource-specific condition X_{OIL}: oil production (000s barrels per day), 2005–07

Country	2005	2006	2007	Change (+/–)
Angola	1 246	1 421	1 723	+477 (38.3%)
Cameroon	82	87	82	0 (0.0%)
Chad	173	153	144	–29 (16.8%)
Republic of Congo	246	262	222	–24 (9.8%)
Equatorial Guinea	373	358	363	–10 (2.6%)
Gabon	234	235	230	–14 (6.0%)
Nigeria	2 580	2 474	2 356	–224 (8.7%)
Sudan	305	331	457	+152 (49.8%)
Total	**5 239**	**5 321**	**5 577**	**+328 (6.3%)**
Average	**655**	**665**	**697**	**+41 (16.3%)**

Source: *British Petroleum Statistical Review of World Energy*, 2006–08.

Oil has shaped the political systems of the eight countries under study. Most of them are authoritarian or semi-democratic regimes (See Table 2 on page 14). If we were to measure the success of any of the oil-governance initiatives by democratisation, then our evaluation would have to be negative. But what if we measured its success by a regime that signs up to an initiative and tries to implement its directives? Our evaluation may become more positive. Many more African oil-exporting countries have signed up to EITI, for instance, than have agreed to mandatory disclosures of PWYP.[58]

What does recent data say about the relationship between oil and corruption? Many use TI's CPI to get a measure of corruption; others consult the World Bank's indices. Since their measurements result in different outcomes, it is important to look at both. Table 4 (page 16) demonstrates that, with the notable exceptions of Nigeria (+0.5) and

Gabon (+0.1) where the perception of cleanliness improved, on average, TI finds African oil-rentier states have declined slightly (–0.1) over the past three years. Both Nigeria and Gabon have signed up to the oil-governance initiatives.

Table 4: Contextual variable X_{COR}: behavioural patterns of actors, 2006–08

Corruption Perception Index from 0 (very corrupt) to 10 (very clean)				
Country	**2006**	**2007**	**2008**	**Change (+/–)**
Angola	2.2	2.2	1.9	–0.3
Cameroon	2.3	2.4	2.3	0.0
Chad	2.0	1.8	1.6	–0.4
Republic of Congo	2.2	2.1	1.9	–0.3
Equatorial Guinea	2.1	1.9	1.7	–0.4
Gabon	3.0	3.3	3.1	+0.1
Nigeria	2.2	2.2	2.7	+0.5
Sudan	2.0	1.8	1.6	–0.4
Total	**18.0**	**17.7**	**16.8**	**–0.9**
Average	**2.3**	**2.2**	**2.1**	**–0.1**

Source: Transparency International, Corruption Perception Index, 2008.

Alternatively, the World Bank reports an average positive change in the control of corruption (+0.09), as shown in Table 5 (page 17), with the notable exception of Gabon (–0.19). Finally, Table 6 (page 17) shows a slight decrease in the regulatory quality of these states (–0.02), with Gabon decreasing (–0.37) and Nigeria remaining unchanged (0.00) over the past three years.[59]

According to one variant of the resource-curse thesis, an oil-rentier state tends to be captured by an oil-rentier class. As the theory of the rentier state is centred on the state, it predicts an authoritarian outcome: more oil production/time = greater regime stability. The greater the regime's stability, the less accountable it is to its people's demands. But there is another competing hypothesis, grievance theory, which predicts that more oil production produces greater instability. Table 7 (page 18) shows that, according to the World Bank, there has been a slight decline in average political stability (–0.02) of African oil-rentier states over the past three years. Similarly, Table 8 (page 18) shows a slight decline in their average government effectiveness (–0.01) during that same time period. However, Table 9 (page 19) shows voice and accountability virtually unchanged (0.00), while Table 10 (page 19) actually shows an increase in the rule of law (+0.08). So there is evidence in support of both theories in the same World Bank data.

Table 5: Contextual variable X_{COR}: behavioural patterns of actors, 2005–07

Control of corruption from −2.5 (very poor) to +2.5 (very good)				
Country	**2005**	**2006**	**2007**	**Change (+/−)**
Angola	−1.24	−1.21	−1.12	+0.12
Cameroon	−1.15	−1.00	−0.93	+0.22
Chad	−1.33	−1.20	−1.22	+0.11
Republic of Congo	−1.04	−1.08	−1.04	0.00
Equatorial Guinea	−1.53	−1.52	−1.37	+0.16
Gabon	−0.66	−0.90	−0.85	−0.19
Nigeria	−1.21	−1.14	−1.01	+0.20
Sudan	−1.37	−1.15	−1.25	+0.12
Total	**−9.53**	**−9.20**	**−8.79**	**+0.74**
Average	**−1.19**	**−1.15**	**−1.10**	**+0.09**

Source: World Bank, Governance Indicators, 2008.

Table 6: Contextual variable X_{GOV}: governance, 2005–07

Regulatory quality from −2.5 (very poor) to +2.5 (very good)				
Country	**2005**	**2006**	**2007**	**Change (+/−)**
Angola	−1.35	−1.31	−1.08	+0.27
Cameroon	−0.72	−0.73	−0.71	−0.01
Chad	−1.06	−1.09	−1.16	−0.10
Republic of Congo	−1.23	−1.07	−1.20	+0.03
Equatorial Guinea	−1.34	−1.34	−1.35	−0.01
Gabon	−0.34	−0.49	−0.71	−0.37
Nigeria	−0.89	−0.96	−0.89	0.00
Sudan	−1.25	−1.16	−1.25	0.00
Total	**−8.18**	**−8.15**	**−8.35**	**−0.18**
Average	**−1.02**	**−1.02**	**−1.04**	**−0.02**

Source: World Bank, Governance Indicators, 2008.

Table 7: Contextual variable X_{GOV}: governance, 2005–07

Political stability from −2.5 ('very poor') to +2.5 ('very good')				
Country	**2005**	**2006**	**2007**	**Change (+/–)**
Angola	−0.78	−0.44	−0.46	+0.32
Cameroon	−0.39	−0.31	−0.39	0.00
Chad	−1.32	−1.87	−1.96	−0.64
Republic of Congo	−1.23	−0.97	−0.83	+0.40
Equatorial Guinea	−0.33	−0.09	−0.16	+0.17
Gabon	+0.08	+0.13	+0.20	+0.12
Nigeria	−1.73	−2.05	−2.07	−0.34
Sudan	−2.12	−2.13	−2.30	−0.18
Total	**−7.82**	**−7.73**	**−7.97**	**−0.15**
Average	**−0.98**	**−0.97**	**−1.00**	**−0.02**

Source: World Bank, Governance Indicators, 2008.

Table 8: Contextual variable X_{GOV}: governance, 2005–07

Government effectiveness from -2.5 ('very poor') to +2.5 ('very good')				
Country	**2005**	**2006**	**2007**	**Change (+/–)**
Angola	−1.01	−1.23	−1.16	−0.15
Cameroon	−0.93	−0.84	−0.87	+0.06
Chad	−1.20	−1.32	−1.45	−0.25
Republic of Congo	−1.35	−1.29	−1.34	+0.01
Equatorial Guinea	−1.36	−1.34	−1.37	−0.01
Gabon	−0.71	−0.69	−0.66	+0.05
Nigeria	−0.84	−0.89	−0.93	−0.09
Sudan	−1.48	−1.12	−1.18	+0.30
Total	**−8.88**	**−8.72**	**−8.96**	**−0.08**
Average	**−1.11**	**−1.09**	**−1.12**	**−0.01**

Source: World Bank, Governance Indicators, 2008.

Table 9: Contextual variable X_{GOV}: governance, 2005–07

Voice and accountability from -2.5 ('very poor') to +2.5 ('very good')				
Country	**2005**	**2006**	**2007**	**Change (+/–)**
Angola	–1.21	–1.20	–1.11	+0.10
Cameroon	–1.04	–0.96	–0.94	+0.10
Chad	–1.40	–1.41	–1.43	–0.03
Republic of Congo	–1.01	–1.06	–1.11	–0.10
Equatorial Guinea	–1.64	–1.84	–1.89	–0.25
Gabon	–0.86	–0.83	–0.83	+0.03
Nigeria	–0.75	–0.49	–0.54	+0.21
Sudan	–1.70	–1.74	–1.73	–0.03
Total	**–9.61**	**–9.53**	**–9.58**	**+0.03**
Average	**–1.20**	**–1.19**	**–1.19**	**0.00**

Source: World Bank, Governance Indicators, 2008.

Table 10: Contextual variable X_{GOV}: governance, 2005–07

Rule of law from -2.5 ('very poor') to +2.5 ('very good')				
Country	**2005**	**2006**	**2007**	**Change (+/–)**
Angola	–1.40	–1.28	–1.35	+0.05
Cameroon	–1.07	–1.03	–1.09	–0.02
Chad	–1.33	–1.38	–1.40	–0.07
Republic of Congo	–1.46	–1.24	–1.26	+0.20
Equatorial Guinea	–1.33	–1.24	–1.16	+0.17
Gabon	–0.51	–0.64	–0.60	–0.09
Nigeria	–1.41	–1.19	–1.20	+0.21
Sudan	–1.61	–1.34	–1.46	+0.15
Total	**–10.12**	**–9.34**	**–9.52**	**+0.60**
Average	**–1.27**	**–1.17**	**–1.19**	**+0.08**

Source: World Bank, Governance Indicators, 2008.

Table 11: Effect of governance initiatives on corruption, $\Phi = 0.60$
(necessary but not sufficient for better governance)

	Initiative present (+)	Initiative absent (–)
Positive change (+)	Nigeria Gabon Cameroon	(0)
Negative change (–)	Republic of Congo Equatorial Guinea	Angola Chad Sudan

Table 12: Effect of oil-governance initiatives on conflict, $\Phi = 0.46$
(neither necessary nor sufficient to prevent conflict)

	Initiative present (+)	Initiative absent (–)
Positive change (+)	Cameroon Republic of Congo Equatorial Guinea Gabon	Angola
Negative change (–)	Nigeria	Chad Sudan

CONCLUSION

From the above analysis we can see that the various extractive industries' initiatives and transparency campaigns may be necessary for better governance of Africa's oil sector, but are not sufficient. Solving the resource curse involves many things. First, transparency — by establishing autonomous and transparent management of revenues involving separation of the government from the private sector. Second, the creation of autonomous funds to manage revenues. Third, maintaining a high national savings ratio and careful management of government expenditure, with the focus on social investment. Fourth, ensuring the fair distribution of resources. Sixth, creating standardised methods for the negotiation of oil contracts implemented by a strong and meritocratic civil service, and, finally, the publication of all payments made by extractive companies and received by governments through either voluntary or mandatory disclosure of payments to, and transactions with, governments by multinational and national oil companies, their subsidiaries and business partners for every country in which they operate.

Furthermore, NGOs should note that efforts to fight oil-based corruption are dangerous. Consider Marc Ona, national co-ordinator of PWYP in Gabon and a member of the committee implementing Gabon's EITI. In the latest incident in what is emerging as a pattern of harassment and intimidation of anti-corruption campaigners in Gabon, national police attempted to arrest five people on 29 July 2008, including Ona. 'Agents from the Gendarmerie Nationale tried to detain us without any formal charges or official warrant,' said Ona. PWYP issued the following statement:[60]

> PWYP Gabon believes the police action is politically motivated and follows the release of a civil society communiqué issued the previous day denouncing the involvement of Gabon's chief prosecutor, Bosco Alaba's, role in an alleged corruption scandal. All five individuals pursued by the police signed the communiqué which calls for the public official's suspension and a full investigation into suspected money laundering through his account at BGFI bank in Gabon. One or two others were summoned by the police on Wednesday and interrogated for hours and accused of 'insulting a public official,' which is punishable under Gabonese law.

The incident is the latest in a series of attempts by the government of Gabon to restrict the work of transparency activists. In January 2008 PWYP Gabon was temporarily suspended by the government and in June a travel ban was imposed on Ona just as he was about to fly from Libreville to New York.

Sarah Wykes, a former senior campaigner for Global Witness working on corruption and mismanagement associated with oil revenues, arrived in Angola on 11 February 2007. She was there to research recent progress on transparency in the oil sector. Wykes originally travelled to speak to civil society, companies and the government to assess progress made on improving the transparency of the money from Angola's oil sector, which constitutes the majority of the government's budget. Global Witness said:[61]

> On Friday she flew to Cabinda with a colleague. At around 4 a.m. local time on Sunday the police came to her hotel room. After contacting a local lawyer, she allowed the police to enter her room at which point her passport was confiscated and a number of her personal belongings were seized, including her digital camera, two pen drives and a notebook. She was asked to go to the police station. But as there was no arrest warrant, she refused. A police guard was placed outside her hotel room until an arrest warrant was issued. She was then formally arrested around 11 a.m. local time and was taken to the police station. She was held at the police station all day and given no information regarding her arrest. She was not given any food or drink for around five hours. At around 4.30 p.m. local time she was charged with 'espionage' and taken to the local jail where she spent the next several nights. Global Witness attempted to rally international support. Finally, on Wednesday 21, she was released from Cabinda prison on bail.

Finally, Brice Mackosso, a Congolese campaigner for greater transparency in the Republic of Congo's government, was arrested after he helped Global Witness to procure court records from litigation that proves the country's president, Denis Sassou-Nguesso, paid $8,500 a night for a triplex suite at a New York hotel during a visit to the United Nations in 2005. His hotel bills in the US in 2005 and 2006 added up to hundreds of thousands of dollars. The credit card bills of one of the president's sons, Denis Christel Sassou-Nguesso, who runs the marketing arm of the Republic of Congo's state oil business, COTRADE, showed large purchases from luxury shops and a paper trail suggesting that companies receiving state oil business had paid for the purchases. The world of luxury implied by those credit card bills is emblematic of the vast gap between the country's elite and its impoverished masses.

Figure 1: Oil governance in Africa: Extractive Industries Transparency Initiative and Publish What You Pay[62]

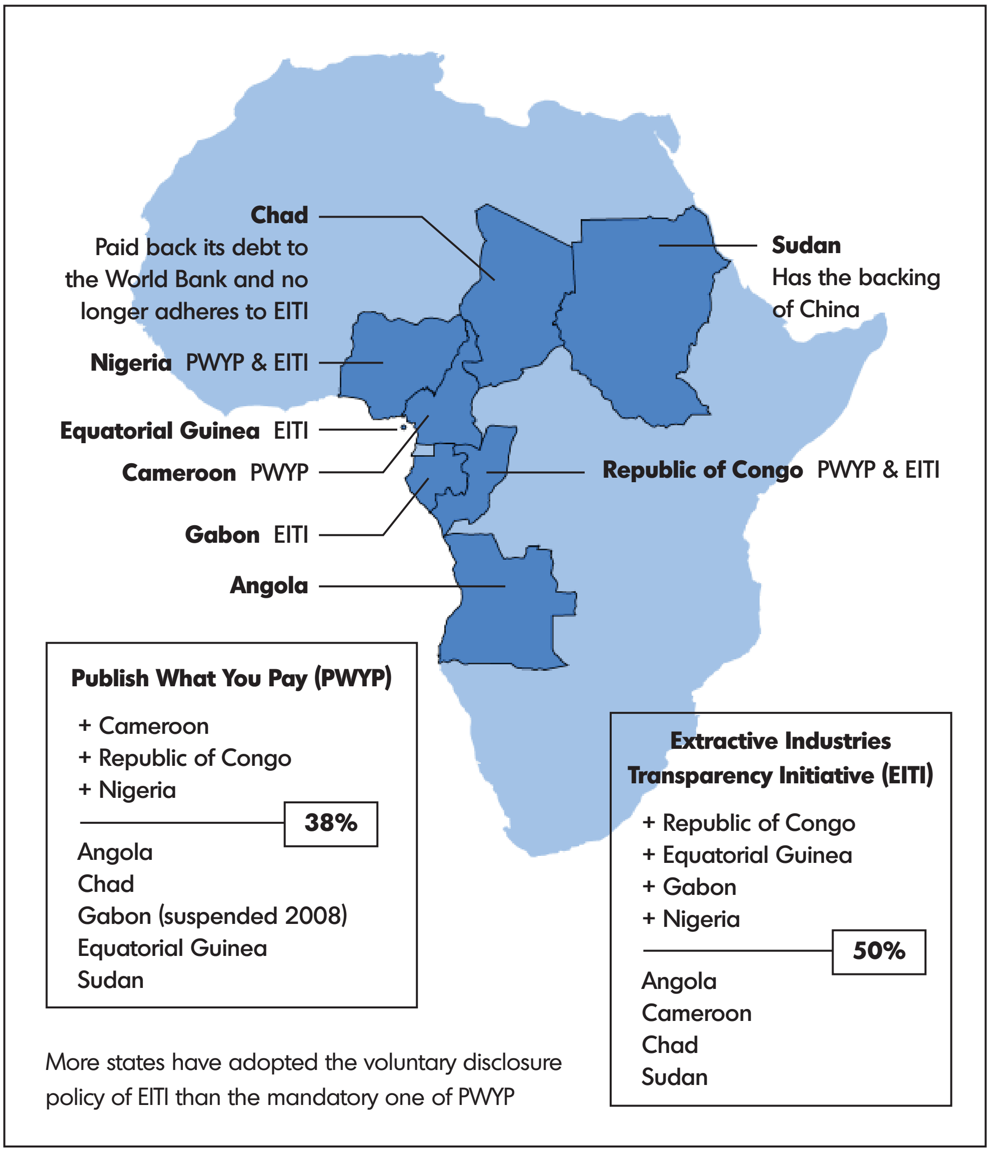


Figure 2: Change in petroleum production (000s barrels per day), 2006–07[63]

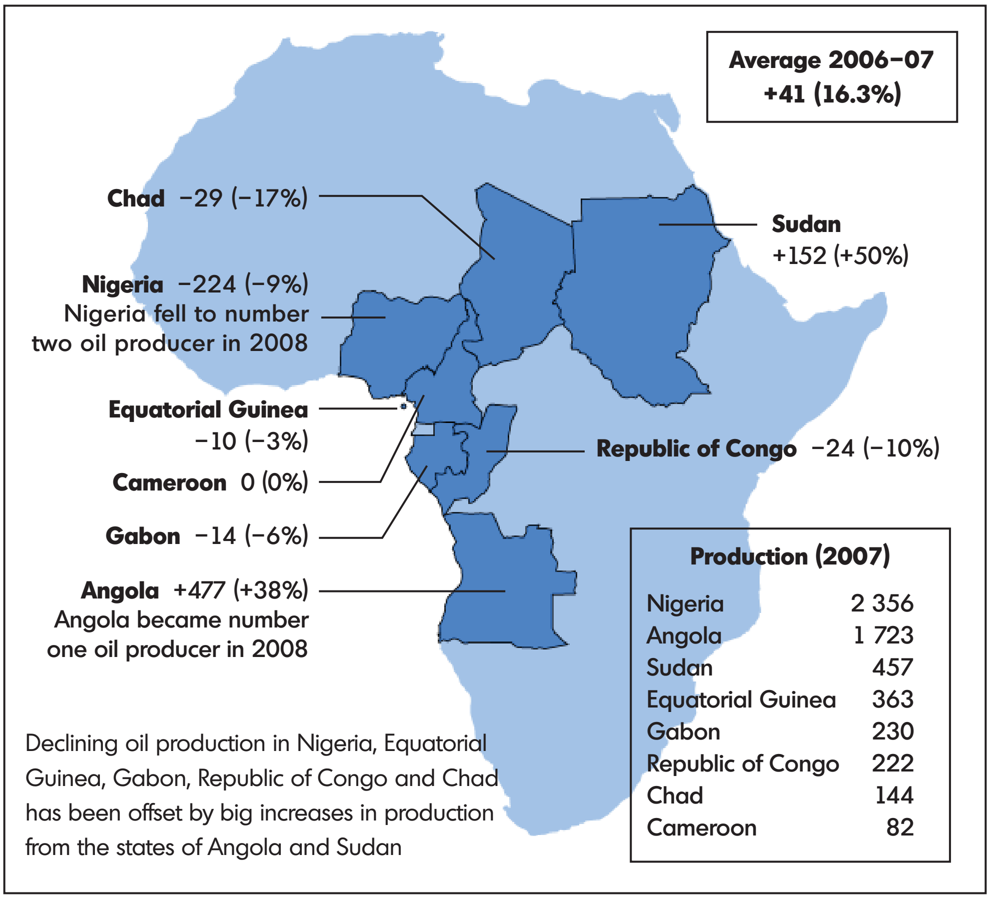
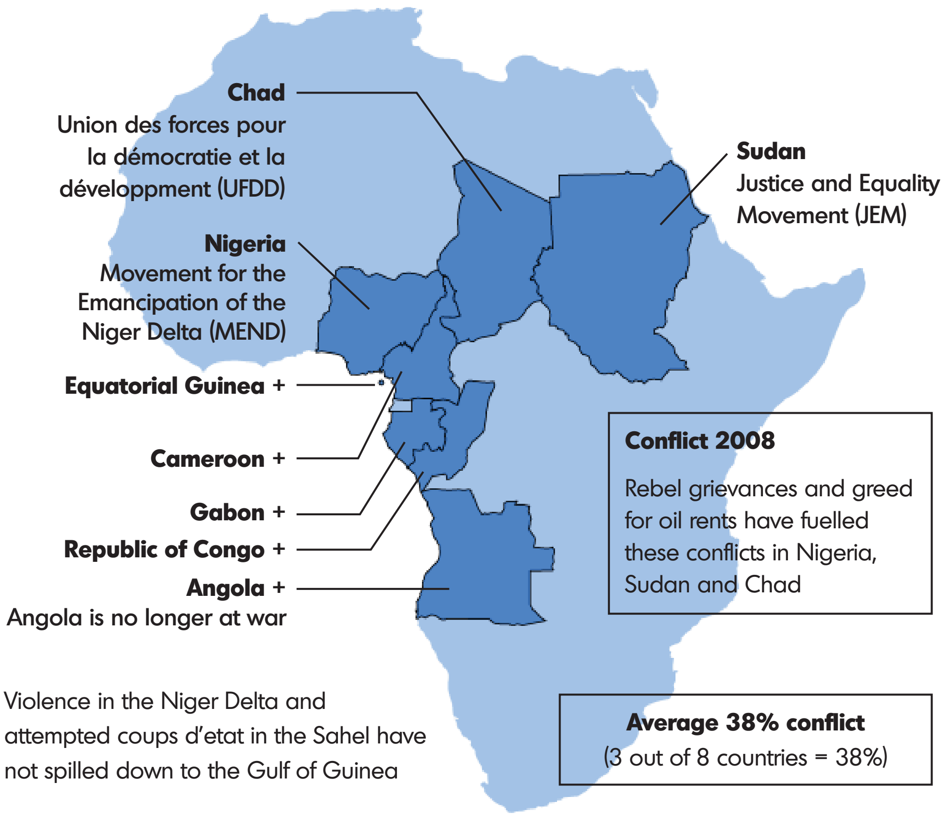


Figure 3: Oil and conflict since 2003[64]



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In addition SAIIA has 49 corporate members which are mainly drawn from the South African private sector and international businesses with an interest in Africa and a further 53 diplomatic and 11 institutional members.