# Beyond host state's resource governance conundrums: an exposition of the operations of multinational corporations and resource governance challenges in Sub-Saharan Africa.

Wusu Conteh

# ホスト国の資源ガバナンスの難問を超えて：サブサハラ・アフリカにおける多国籍企業の活動と資源ガバナンスの課題に関する説明。

ウス　コンテ

## 要　旨

1980年代以降、新自由主義的な自由市場政策により、多国籍企業（MNC）によるグローバル・サウスでの鉱業権の獲得が加速しています。資源国の政府は、国際金融機関（IFI）の庇護のもと、鉱業制度を自由化してきました。冷戦の終わりには、効果的な資源ガバナンスを強化するために、資源採掘部門に多くの国際基準が導入されました。しかし、サブサハラ・アフリカ（SSA）の一部の資源国では、これらの基準が導入されたものの、汚職やパトロン、脱税や租税回避、透明性や説明責任の欠如といったジレンマが、この地域の資源採掘・石油部門を悩ませ続けています。複数の学者が、これらのガバナンスの課題をホスト国のアクターや制度的行動に関連づけています。しかし、多国籍企業の活動がどのように資源ガバナンスの課題を生み出しているのかを説明した研究はほとんどありません。そこで本研究では、多国籍企業の活動がSSAにおける天然資源ガバナンスの課題をどのように生み出しているかを明らかにすることを目的としました。採取産業は、ホスト国のアクターや制度を対象とした様々な政策の対象となります。グッドガバナンス」アジェンダの提唱者は、この戦略を、一定の時間枠内で資源国を変革できる普遍的なガバナンスの解決策として想定していた。グッドガバナンス」と新自由主義的な市場中心の戦略は、政治的に好都合なブランドであるが、IFIはこれらのプロセスをマクロ経済の発展と成長のための重要な手段として信頼している。この限定的な視点は、SSAの進行中のガバナンスの課題に対する非国家アクターとIFIの実質的な貢献を見落としている。本研究は、ガバナンス問題をよりよく理解し、効果的なグローバル・イニシアチブを開発するために、政策や行動を導く際には、国家中心の視点を超えることが重要であることを強調している。

キーワード：天然資源ガバナンス、ネオリベラル、多国籍企業、課題

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## 1. Introduction

This study aimed to explore the conditions under which the operations of multinational corporations (MNCs) engender natural resource governance (NRG) challenges in Sub-Saharan Africa (SSA), despite the adoption of several global resource governance standards. In the extractive sector, a slew of international standards have been developed aimed at enhancing effective resource governance. Although several resource-rich nations in SSA implement these norms, corruption and patronage, tax evasion and avoidance, and lack of transparency and accountability continue to plague the extractive sector in this region. Several scholars have linked the governance challenges evoked by these dilemmas to host state actors and institutional actions. However, external actors and institutions (e.g., MNCs, international financial institutions [IFIs], and the powerful home countries of various MNCs) have enormous power over the decision-making processes in the extractive industry, particularly when these processes unfold within developing countries. The dominance of MNCs in contract negotiation, renegotiation, institutional and legal frameworks, taxation, the information asymmetry that exists within their business relationships, and their social impacts are all significant elements that may be contributing to governance challenges.

After the end of the Cold War, neoliberalism became a global agenda, and MNCs started to increase their operations in the exploitation of resources in Africa. With this new agenda and the expansion of the free market, MNCs showed an unprecedented drive to secure mineral rights in many parts of the Global South. Moreover, under the auspices of IFIs, several governments in resource-rich countries have implemented liberalised mining policies. With the focus on future generations, since the 1980s, the IFIs proposed the implementation of far-reaching liberalisation initiatives, which aimed primarily at promoting foreign direct investment (FDI) in rapidly growing, privately run, large-scale mining sectors worldwide (Campbell and Hatcher, 2019, p. 643). Their argument was that countries endowed with abundant resources would experience economic development within the context of this free-market system. Now, the reality is that, since these reform processes started taking place, many countries in the Global South have been struggling to benefit from their resources. Several resource-rich countries in SSA seem to be currently trapped in what is widely renowned as the “resource curse”. Meanwhile, the NRG agenda has been on the forefront of host state governments.

Within this scenario, academic debates on the multifaceted reality of key actors in the resource sector have been effective in renewing our attention to factors influencing resource governance that had long been ignored, such as the role of MNCs.

However, this understanding has recently shifted towards further considering the influence of non-state actors (e.g., MNCs and civil society organisations [CSOs] in such governance (Grant, Compaoré, and Mitchell, 2015, p. 3). An example on this shift of understanding towards the role of governments and non-state actors can be seen in Thorp et al.'s (2012) study; describing the assumption presented by the International Council on Mining and Metals—which posited that, if mining-dependent developing countries had better governance, the effect of industrial mining on economic growth and governance (e.g., influencing a high rate of corruption) would not have existed in most mining-dependent developing countries—these authors show how the assumption of this institution largely lacks consideration for the role of MNCs within the mining industry in undermining and distorting institutional development (Thorp et al., 2012, p. 169). Another research described how corporations' advocation for economic policies within specific contexts of many resource-rich countries continue to undermine the latter's growth and governance (Campbell, 2013).

Thus, this study contends that the operations of MNCs engender resource governance challenges in SSA, despite the implementation of several resource governance global standards in the region. The governance challenges are related to corruption and patronage, tax evasion and avoidance, and lack of transparency and accountability.

This paper is organised into four sections. The first section reviews the existing scholarly debates in the natural resource field. Section two critically explores the conceptual debates on NRG. Section three interrogates the role of the Extractive Industries Transparency Initiative (EITI). Section four extensively questions the conditions under which the operations of MNCs engender resource governance challenges. The conditions that this paper highlights are corruption and patronage, tax evasion and avoidance and transparency and accountability conundrums in the extractive sector of SSA.

## 2. Literature review: the "resource curse"

Scholars in the resource curse field maintain that the resources in resource-rich countries become a "curse" when they fail to promote national macroeconomic development and growth. For the purpose of this paper, it is vital to see how scholars have advanced wide range of debates on what stimulate the resource curse. Overall, resource-rich nations have continuously had poor economic performance and growth (Gelb, 1988; Auty, 1993; Sachs and Warner, 1995; Collier, 2007). The causal factors depicted in the literature for such underrated performance are global market unpredictability (Auty, 1993), lack of investment diversification (Sachs and Warner, 1995), rent-seeking (Torvik, 2002) behaviour, and weak institutions (Mehlum et al., 2006).

Evidence suggests that natural resource abundance and reliance are contributing factors to the resource curse, which has resulted in civil strife in many developing nations. Moreover, since mining corporations employ only a few locals, most places where mineral operations take place are under significant social conflicts. Research shows, for example, that owing to the social and economic consequences of mining activities, the places where this type of industrial activity take place often experience the surge of regional competition between mining firms and communities (often even between local families), the occurrence of community rights violations, and high rates of crime and violence (Acosta, 2013, p. 71). According to Collier and Hoeffler (2004) and Fearon and Laitin (2003), these civil conflicts are associated with high reliance on oil and mineral rents; examples of countries in SSA in which such associations were found are Sierra Leone and Angola, both of which were embroiled in civil conflicts after the Cold War.

Considering that prices of raw material on the global market are quite unpredictable, we can imply that an economy

based primarily on the export of basic commodities is likely to unremittingly face balance-of-payments and budget deficit issues. This, in turn, causes a country to become over-reliant on financial markets, causing domestic economic and socio-political activity to fluctuate on a regular basis (Acosta, 2013, p. 66). Even powerful governments, according to Gleb (1988), struggle to resist the pressures that come from both absorbing over-rapid windfalls (when prices are booming) and late adjustments (when prices are falling). Gleb advanced four primary factors: a lack of appropriate savings during booms, a lack of a sustainable system of consumption and investment during booms, a failure to recognise the competitiveness of non-mining sectors (e.g., manufacturing and agriculture) during booms, and a tardy transition to the decline that occurs after these booms. According to Acosta (2013, p. 65), as the price of minerals fall, governments may try to compensate for this price drop by incentivizing the exploitation of more resources, which thereby leads to increased production and a drop in the value of minerals in the global market; ultimately, this process benefits developed nations.

Despite acknowledging the empirical evidence behind the “resource curse”, Robinson, Torvik, and Verdier (2006, p. 448) argued that there was no political model to explain this problem. Consequently, their political model examined the types of political motivations that are generated by resource boom, as well as the significant influence that these motives can have on national prosperity and development; in their study, they argue that policy errors are the result of rational political strategies in response to the incentives offered by resource rents. Specifically, the revenue that governments gain from resources may be used in one of two ways: the incumbent government may keep it, or distribute it as patronage to influence election results. Nonetheless, given the unpredictability of the lifespans of weak regimes, the administrative system is often confined within the expected short-term span of the incumbent government, resulting in policy uncertainty and the rejection of long-term plans. Hence, although the civil or public servants under these governments are exposed to heavy demands, they remain unchanged for fear of losing their jobs; under such circumstances, rent-seeking behaviour becomes a common phenomenon that is likely to happen, jeopardising the civil service’s integrity and performance (Auty, 1993, pp. 33-34).

In oil and mining enclave economies, political structures and dynamics are often characterised by rent-seeking behaviour.[1] Specifically, because of decision-making that is guided by authoritarianism and greed, the governments in such economies spend excessively and distribute income in an arbitrary manner. To complicate this further, mining firms within such enclave economies do not face enough societal pressure to make them invest in higher production. Accordingly, rent-seeking behaviours become a feature of productive and non-productive actions within the country, and the social relationships of the population also become affected by such characteristics. Consequently, mining firms encourage clientelist social interactions, which enrich MNCs and impede the execution of appropriate national and local development plans (Acosta, 2013, pp. 68-69).

Rent-seeking behaviour often leads to corruption, which then makes corruption become institutionalised, thereafter making the detection of corruption a difficult endeavour. As an example, in the early 1980s, Nigeria enjoyed a significant boom, but the government responded intolerably to such boom, spending on large-scale, inefficient projects (that were filled with corruption) and incurring significant debt (Collier, 2007, p. 41). Within such a scenario, rent-seeking behaviour, or even behaviours characterised by the misappropriation of current mineral profits to promote immediate consumption (mostly owing to fear, which divert people from choosing to engage in a productive activity that might provide more economic and social advantages in the future), might be a significant behavioural reaction (Robinson, Torvik, and Verdier, 2006, p. 451). That is, since natural resource rents in resource-rich nations are sometimes concentrated and readily misappropriated, state actors are swayed toward rent-seeking behaviour and corruption, not towards growth-promoting initiatives. Consequently,

resource-rich nations will ultimately see a decline in entrepreneurship, innovation, growth, and governance (Sachs and Warner, 2001, p. 835).

Currently, consensus has been growing on the importance of institutional quality in determining the impact of natural resource abundance on economic growth; this increase in consensus seems to be linked to North's (1990) study on the function of institutions in development. For example, Robinson, Torvik, and Verdier (2006, p. 450) argued that institutions are crucial to determine how a resource boom will generally influence the economy, mostly because they can control how much political incentives are drawn into policy outcomes; on the one hand, nations with institutions that promote accountability and state competence seem to gain from resource booms because these institutions limit the political incentives that stem from such booms. On the other hand, countries without such institutions may face the "resource curse". Meanwhile, Karl (1997) claimed that natural resource abundance in a country motivate political actors to avoid developing institutions, especially those that create transparency and accountability, since they want to expand their control over both the allocation of export rents and policymaking.

Moreover, since institutions continuously influence socio-economic structures and policies, these influences result in a wide range of experiences within resource-rich countries (Acar, 2017, p. 26). According to Sachs and Warner (1997, p. 23), resource-rich emerging nations have poor values for various indicators of institutional quality. At the national level, Robinson, Torvik, and Verdier (2006, p. 448) stated that more resources lead to an increase in dysfunctional behaviour from the state and a greater likelihood for the state to be overstretched. Within the topic, Alexander, Gilbert, Betzing, and Steyn (2010, pp. 33-34) concluded that the discovery of oil leads to a decline in governance, arguing that even when appropriate institutions and rules are in place within a country, these are often abandoned; this occurs because politicians become enticed to siphon cash from the newly-discovered resources for personal gain. However, Luong and Weinthal (2006, p. 242) argued that if inadequate public institutions are the ones to blame for the rising political and economic issues within resource-rich nations, then a solution would be for private local business owners to become the actors; these authors posit that such private endeavours may be able to provide better fiscal and regulatory institutions, assure high fiscal certainty, and reduce both monitoring and transaction costs.

Despite their high value, these cited studies are largely focused on the actions, institutional patterns, and economic challenges of host state actors; such a focus has left aside the dominant influence of non-state actors on the decision-making processes within the resource sector, an influence that can eventually lead to governance challenges. Moreover, the central thesis behind the "resource curse" hypothesis is that natural resource abundance often becomes a problem for the nation that owns the resource, but the researchers that have explored the topic have often not distinguished the effects of different natural resource types. On the topic of the gaps in this thesis, research show that the resource curse hypothesis can be expanded to illuminate issues other than economic development, such as social well-being and sustainability (Acar, 2017, p. 161). Another study also remarked that the resource curse theory does not explain why behavioural and institutional responses to mining payments have negative implications (O'Faircheallaigh, 2011, p. 14).

## 3. Conceptual debates on natural resource governance

Although scientific debates on the resource curse hypothesis have enabled us to identify some governance issues, the attention given to governance (or NRG) within the natural resource field is a recent phenomenon. Nonetheless, thus far,

scholars have yet to reach consensus on the definition of the term NRG. Many relate NRG to natural resource management, largely focusing on transparency and accountability. According to Hanson, D'Alessandro, and Owusu (2014, p. 3), NRG includes the laws, structures, and procedures that govern the value chain of natural resources, as well as the extent to which the principles of transparency, accessibility, accountability, justice, and environmental sustainability are practiced in the extraction, movement, and receipts of and from natural resources.

According to this definition, the term NRG should go beyond the state-centred approach, where state actors and institutions are considered the only mechanisms through which effective resource management can be achieved. With such an understanding, NRG must be considered as a collective and interrelated responsibility between host states in developing countries and foreign investors from developed and emerging economies, which should endeavour to harmonise their regulatory responsibility and accountability standards (Lisk, Besada, and Martin, 2013). According to Rapp (2017, p. 21), NRG refers to the interaction between actors that have corresponding power as well as between actors with different levels of power (i.e., power asymmetric actors) that seek to drive natural resources and gain revenues mutually, as well as the institutions and policies that surround these interactions. Thus, Rapp's conceptualisation of NRG goes beyond the normative understanding of this concept, which recurringly romanticizes the possibility of existing a "one-size-fits-all" approach for NRG. Thus, the NRG is related to the central rules that guide the management of natural resources, rather than only to state and non-state actors engaged in the process (Grant, Compaoré, and Mitchell, 2015, pp. 5-6).

Against such conceptualizations, the current literature on NRG in the African continent seems to centre on actors, so they often stress the need to modify actors' actions as a key endeavour to enable higher quality NRG continent-wide. Grant, Compaoré, and Mitchell (2015, p. 21) argued that scholars should critically unravel the circumstances under which African states can become neo-patrimonial by defining the local, national, international, and global processes that affect and are affected by neopatrimonialism. Another research posited that NRG rests upon a "politics of scale", which should be not just a replication of the biophysical gamut but also a consulted outcome of socially and politically inserted knowledge and ethical assertions made by scientists, resource managers, and interest groups (Ernstson and Sörlin, 2009). Moreover, there are numerous layers in NRG politics. In Nigeria, the social forces of the extractive sector are represented by the petrostate and oil firms; in the country, research showed how social groups and individuals who are denied access or whose livelihoods have been threatened by oil exploration, production, and pollution are now demanding inclusion and compensation (Obi, 2018, p. 612).

Some researchers also posit that NRG differs from natural resource management; specifically, some argue that natural resource management is more holistic than NRG because it integrates the biophysical perspective of natural resources (Bodin et al. 2011; Davies and White, 2012). Other scholars use the term natural resource management to explain different natural resource-related actions (e.g., agricultural experiments) that serve to maximise agricultural productivity. Furthermore, Crona et al. (2011, p. 45) considered natural resource management as the set of specific actions taken to achieve the goals of any resource management initiative; meanwhile, they considered NRG to refer to a broader scheme of formal and informal institutions in which management activities are embedded, and that NRG is the process that offers the key direction, resources, and structure required to achieve the main NRG goal. According to Folke et al. (2005), NRG is an adaptive concept that has a complex mechanism, so it has a persistent need to longitudinally adapt to external conditions. Moreover, Bodin and Crona (2009, p. 366) argued that NRG refers to the management of natural resources, and to the structures and procedures that offer the social and institutional setting in which this management can take place.

According to research on the "good governance" concept, NRG is conceived as a technical approach; however, such conceptualization often leads to a collective consensus that misconceives the main purposes of mining, which thereby limits the engagement of actors who negotiate in public spaces and places actors within the social conflicts (given rise by mining activities) on the outside of the discussion (Bourgouin and Haarstad, 2013, p. 101). Regarding good governance, McFerson (2010, p. 338) described accountability, transparency, the rule of law, and participation as its major pillars. The sourcebook's approach to NRG is wider in scope than that of other governance initiatives, such as the EITI (primarily concerned with revenue), the United Nations Guiding Principles on Business and Human Rights (linked to human rights), and the International Monetary Fund (IMF)'s Code of Good Practices on Transparency in Monetary and Financial Policies (associated with fiscal procedures). These three mentioned global initiatives only narrowly emphasize the advancement of the NRG agenda. Thus, prior research has described the critical need to fully understand the pattern and nuances of state political, economic, and social structures in NRG for advancing the NRG agenda (Cameron and Stanley, 2017, p. 292).

In general, to better understand NRG in this era dominated by neo-liberalism, I see a great need to explicate the convergence of the complex interactions among states within and outside the decision chain and non-state actors, not just a simple focus on the value chain of NRG.

## 4. Interrogating the EITI

Established in 2003, the EITI has the goal of improving governance in resource-rich nations by increasing transparency and accountability in their revenue collection. It is a global public partnership comprising resource-rich nations, private stakeholders (e.g., MNCs and investor groups), and CSOs (Sovacool, Walter, Van de Graaf, and Andrews, 2016, p. 179). Here, I critically discuss the advantages and limitations of EITI.

### 4.1 Advantages of the EITI

At the onset of the 2000s, various stakeholders were attentive to the necessity of establishing governance mechanisms aimed at promoting transparency, accountability, reformulating the fiscal and mining regimes, reducing corruption, and ensuring the protection of human rights and of the environment within the mining and petroleum sectors in resource-rich countries. The EITI has been one of the key governance mechanisms related to such efforts and has gained global recognition. Since its establishment in 2003, the EITI has transitioned from focusing simply on revenue transparency and accountability to ensuring information disclosure regarding contracts, revenue paid by companies, revenue received by governments, and disclosure of beneficial ownerships within the context of the mining and petroleum industries. The EITI has heightened the importance of a tripartite governance mechanism that fosters interactions among multiple stakeholders (e.g., governments, MNCs, and CSOs), becoming a central tenet of global resource governance initiatives and a universal standard for transparency in extractive industries (Lujala, Rustad, and Le Billon, 2017). Currently, it includes 56 member countries[2] both from the Global South and North.

One of the fundamental assumptions of the EITI is that there is a positive correlation between transparency and public accountability, such that the more transparent the extractive policies, the greater the NRG (EITI, 2018). According to Helen Clark, Chair of the EITI Board, the EITI Standard serves to establish a framework and a process for increasing transparency

and accountability in the oil, gas, and mining industries (EITI, 2019). Through an empirical case study, López and Fontaine (2019) explored the nexus between transparency and accountability based on the case of Mexico using the EITI; these authors contended that the causal connection between transparency and accountability could be seen in three areas: state reform, energy reform, and policy execution. This Mexican example demonstrated that the positive impacts that EITI can have on public accountability occur owing to a complicated sequence of processes; these processes stem from the design of a new energy strategy, which, in turn, seems to have been the outcome of a state reform aimed at combating corruption.

The ultimate aims of the EITI are to enhance the reputation of its member countries, attract FDI, and mitigate worldwide criticism about member countries' governance performance. Nonetheless, through a regression analysis, (David-Barrett and Okamura, 2013, p. 14) argued that countries engaged in the EITI as a means of attracting financial aid. In an empirical study, Kasekende, Abuka, and Sarr (2016, p. 125) found that countries with a higher proportion of FDI and those with a lower per capita gross domestic product (GDP) were more inclined to join the EITI initiative; the researchers posited that this was likely because participating in the EITI helps to demonstrate their commitment to more transparency, and because countries anticipated reaping advantages from the increased investment and support that they would receive. However, this cited study also revealed that nations who received greater foreign support before becoming a member were more hesitant to join the EITI. Furthermore, Malden (2017, p. 793) claimed that EITI implementation had a statistically significant positive impact on a country's capacity to lure mining firm investment.

There is evidence demonstrating the nexus on the relationship between the EITI and GDP; Corrigan (2014), for example, revealed that EITI implementation has enabled participating countries to mitigate some of the harmful impacts of the resource curse; specifically, this research showed that EITI implementation increased GDP per capita and enhanced the rule of law in participating countries. Moreover, David-Barrett and Okamura (2016) showed that EITI implementation resulted in increased international aid for participating countries, which the researchers ascribed to the increased credibility gained worldwide owing to the countries' engagement in the EITI; this cited study also showed that countries with substantial resource endowments had a greater payoff for EITI compliance than those with less resource endowment. These results generally show that the EITI has achieved its institutional and operational goals, which allowed for the initiative to gain global recognition and to set an international governance standard. However, the EITI's impact on developmental goals appears to be an important question that has yet to be solved, and this owes mostly to difficulties surrounding the definition of appropriate impact metrics, and to the fact that many studies use exaggerated goals in comparison to the EITI's explicit goals (Lujala, Rustad, and Le Billon, 2017).

### 4.2 Limitations of the EITI

Although the EITI has fostered a semblance of awareness about transparency and accountability in the extractive sectors of its member countries, various of these countries are still grappling with the resource curse. Using 222 cases from 18 stakeholders in Ghana, Adams et al. (2018) found that the country's membership in the EITI and its policies on petroleum management were inadequate to prevent the resource curse; these researchers further posited that the resource curse can be mitigated in the country only if the mentioned policies are supplemented with improved institutions and governance methods, as well as with greater effectiveness for the government, its accountability, the corruption control systems, the efforts to ensure the sustainability of natural resources, and efficient accounting procedures. Mawejje (2019, p. 181)

conducted research in SSA using the panel fixed effects and dynamic generalized method of moments approaches, aiming to investigate the possibility of a tax revenue resource curse; specifically, the author attempted to demonstrate the negative impact of natural resource revenues on tax revenues. The findings of this cited study demonstrated that natural resource revenues and non-resource tax revenues had a substantial negative correlation; although the findings also demonstrated that EITI participation was linked to increased tax revenue mobilisation, the link was weak, as EITI membership only partly negated the negative impacts.

Additionally, although there is evidence showing that the EITI can help lower corruption in some countries, this anti-corruption impact seemed to be possible only within specific contexts (e.g., with strong civil society), and there is a concomitant shortage of evidence showing significant declines in corruption rates among EITI member countries (Lujala, Rustad, and Le Billon, 2017). The EITI initiative concentrates on revenue collection disclosure, not spending transparency, and this may restrict the potential of this initiative to help reduce corruption in member countries. Furthermore, there are numerous factors that could confound the link between EITI membership and reduced corruption (e.g., stakeholders engaged in EITI may indulge in rent-seeking and patronage) (Papyrakis, Rieger, and Gilberthorpe, 2017, p. 295); these cited authors also argued (p. 305) that resource-rich countries which are members of the EITI are more likely to be shielded against the general tendency towards increased corruption associated with mineral wealth; namely, they have a greater potential to negate the effect of resource wealth on corruption, and this was especially truthful in countries that progressed to the second stage of EITI implementation and became recognized candidates (Papyrakis, Rieger, and Gilberthorpe, 2017, p. 305).

One of the aims of the EITI is to enhance the effective reporting of tax payments by MNCs and the revenues collected by governments; however, several studies have questioned the reliability of the data produced by EITI member, especially in countries that have limited institutional and operational capacities to enhance the quality and the timely reporting of these data (Dykstra, 2011; Van Alstine, 2017). For example, after analysing the March 2011 report regarding EITI implementation, the Revenue Watch Institute identified some areas in which a significant proportion of the EITI candidate countries failed to achieve the required goals; these included ensuring that all companies report on tax payments, consenting to report templates, disclosing all material oil, gas, and mining payments made to and received by the government, and guaranteeing that all company and government reports are centred on audited accounts that meet global standards (Dykstra, 2011, p. 6).

Some research has also shown a growing concern over the role of CSOs in the tripartite governance mechanisms of the EITI. For instance, some governments, particularly authoritarian ones, have been shown to grant limited or no leeway for CSOs to monitor revenue flows in the sector. In fact, a study showed that, although CSOs are represented in some regions, elite governments and corporate representatives generally control the decision-making process related to EITI implementation (Smith, Shepherd, and Dorward, 2012). Hoinathy and Jánszky (2017) examined the implementation of the EITI in Chad, finding that, outside big cities, the regional intricacies and lack of decentralisation of information hinder the participation of experts and educated actors; these cited researchers further described that, although the EITI initiative has created room for the influence of CSOs, the CSOs not always reflect the actual interests of the people affected by mining activities in communities. These researchers concluded that there seems to be a wide gap between what is on paper and the real implementation of the governance mechanism proposed by the EITI, and that both the government and MNCs were the ones that experienced significant gains during the EITI implementation process.

In general, although the EITI has gained global recognition as an extractive transparency initiative, there is clear evidence that transparency and accountability have not permeated the extractive sector in resource-rich countries, particularly in

SSA. Some of the case studies cited above have examined EITI's contributions to reduction in corruption, and the nexus between EITI implementation and increased FDI. However, the current review seeks to demonstrate that the EITI does not appropriately address the complex web of stakeholders in NRG, which encompass interactions between external and internal actors and institutions. In fact, I believe that the overwhelming focus of EITI on revenue transparency leaves a vacuum in the decision chain of the extractive sectors, and it is through this gap that MNCs, IFIs, and powerful home countries of MNCs exert enormous influence and dominance over the sector, especially in developing countries; in these nations, such actions eventually result in corruption and patronage, tax evasion and avoidance, and transparency and accountability conundrums. Thus, it seems that, the EITI is a policy framework that may be beneficial when coupled with institutional changes in host economies, however it is unlikely to lead to less corruption, improved governance, or greater transparency in resource-rich Sub-Saharan Africa by itself (Hilson and Maconachie, 2010, p. 487).

## 5. The operations of multinational corporations and the resource governance challenges in Sub-Saharan Africa

Following the end of the Cold War, several countries attracted various FDIs, particularly from MNCs in the petroleum and mining sectors. Currently, many of these countries are participating in several regional and international extractive sector governance initiatives, including the Kimberly Process, the African Mining Vision, and the EITI. Nonetheless, despite the development and implementation of these policy frameworks, MNCs still seem to evoke major challenges to NRG in developing countries; these challenges become mostly evident in the areas of corruption and patronage, tax evasion and avoidance, and transparency and accountability conundrums.

### 5.1 Corruption and patronage

IFIs define corruption as an abuse of public office for private gain (World Bank, 2019). This narrow understanding of the concept limits explorations on the topic and leads attention away from non-state actors' engendering of corruption in the extractive sector. According to some critics, much of the international transparency work is hampered by its emphasis on the "demand side of corruption," denoting that the emphasis must turn away from individuals and go towards the institutions and structures that facilitate and allow for corrupt behaviour (Christensen, 2009). Standing (2007, p. 9), while considering that NRG is a concept that trespasses national borders, argued that the analysis of corruption must be broadened accordingly. Based on these critics, the concept of corruption should include the constructs of corporate corruption and state capture; the central idea here is how third-party power can inhibit democratic governance (Standing, 2007, pp. 20-21).

Research shows that corruption can induce processes of "imaginative" awards within the context of mineral contracts; for instance, in Nigeria, certain oil concession bidders were granted a "right of first refusal," implying that they got the chance to overbid, regardless of the size of the winning bid; in such a scenario, these bidders were allowed to bid $1 over the winning bid and get the concession, whereas the other bidders did not understand why or how these specific bidders had managed to get such a "right;" whether this was the case of bribery or not, the reality is that nothing was ever proven about this situation (Kolstad and Søreide, 2009, pp. 221). Moreover, several leaders were implicated in corruption through the famous Halliburton outrage[3] in Nigeria; specifically, United States of America (USA) oil companies accepted paying bribes,

estimated at about $180 million, to senior Nigerian government officials, in a bid to secure four contracts (valued at over $6 billion) to construct liquefied natural gas (Usman, 2011, p. 303). Moreover, according to the Open Society Justice Initiative (2005, p. 25), a top employee of a group of oil firms that were operating in Nigeria along with a Halliburton subsidiary, admitted to French investigators that a $180 million slush fund was used to bribe Nigerian officials.

Although some countries in the African continent have made significant efforts to improve their electoral democratic process, challenges remain in the extractive sector. For instance, in Ghana, oil wealth has been said to intensify the country's patronage politics and to promote corruption in governance and public administration (Gyimah-Boadi and Prempeh, 2012, p. 107). A substantial case is that of Kosmos Energy; this company was introduced to Ghana by a Ghanaian group based in the USA, a company whose members were, at the time, highly connected with Ghana's political authorities. Through political connections, this Ghanaian company gained a 3.5% interest in the offshore oil block, and then "sold" this information to Kosmos; the latter, in turn, utilised this information to discover commercial volumes of oil in 2007. On the topic, sources claimed that this Ghanaian company was able to secure substantial access to oil exploration data in Ghana that were not available to other companies, as well as that the conditions that were given to Kosmos related to low royalty payments to the government were shockingly and substantially lower than that provided to other companies in similar situations (Phillips, Hailwood, and Brooks, 2016, p. 30).

Moreover, new emerging economies, especially Chinese MNCs, have gained major mining influence in Africa with the help of corrupt officials[4]. The fact that these companies usually collaborate with corrupt politicians—many of whom have infringed international human rights legislations in an attempt to gain and stay in power—is a sign that, if there is the possibility of making a large profit, they will work in corrupt, politically despotic settings. Additionally, a Chinese-owned company named China National Offshore Oil Corporation (CNOOC) secured mining agreements in Morocco, Nigeria, and Gabon; when put together with the leading exporters of Sudan and Angola, which also have contracts with China, the latter already supplies 28% of its oil and gas from Africa. Although the Chinese authorities have been severely condemned for having sold arms to the Sudanese government, research depicts this as partly a policy of insurance for a Chinese investment of approximately 20 billion dollars in Sudan (Carmody, 2009, p. 357). Furthermore, the Chinese governments' actions in Africa give incumbent rulers in Africa greater autonomy to engage in endeavours for "balancing" between major powers (the US and China). For example, when the Angolan government was under intense pressure from the IMF to strengthen its oil revenue accountability and management issues, it was granted loans from China; these Chinese loans, which served to secure a mining agreement, completely undermined the power of the IMF to urge revenue transparency in Angola (Taylor, 2009).

We can also clearly see corruption in the extractive sector within authoritarian regimes or conflict-affected countries. One example is that of the Republic of Congo, which is one of the petro-states most deeply connected with the (infamous) French state energy firm Elf Aquitaine, now named Total, which has had the tradition of influencing illicit contracts in Africa.[5] According to reports, the corporation financed all sides of the civil war in the Republic of Congo, just like it did in Angola (McFerson, 2009, p. 1534). In 2005, in the Republic of Congo, the Boston Globe reported a deal where a private company, Africa Oil and Gas, run by the head of the National Oil Company and Special Adviser to President Sassou-Nguesso, coordinated an oil shipment to the USA for $53 million through a middleman, the Geneva-based Vitol SA; through this deal, the government received $48.8 million, and Africa Oil and Gas collected $4.2 million (McFerson, 2009, p. 1535). Furthermore, reports have come out of widespread corruption surrounding the rapid privatisation of Gécamines, the largest state mining company in the Democratic Republic of the Congo (DRC); there are claims that Canadian and South African

junior mining firms have created partnerships with DRC officials in order to acquire Gécamine's assets at extremely low costs (Hund and Verbruggen, 2006, p. 55).

It has also been shown that the international financial system is a major conduit utilised by MNCs to transfer illicit mining revenue from developing countries. Under the Foreign Corrupt Practices Act, the US Senate and the US Securities and Exchange Commission conducted an investigation that revealed how Riggs Bank[6] served as a conduit for mining companies to bribe corrupt African leaders, such as the Equatoguinean president. It showed that USA oil companies made deposits to the President's family, including approximately $500,000 paid by Amerada Hess to one of the younger relatives of the president. Additionally, in the 1990s, USA investigators revealed that French oil company formerly known as Elf Aquitaine paid tens of millions of dollars as kickbacks to former President of Gabon, Omar Bongo (McFerson, 2009, p. 1539). The investigations conducted by Eva Joly into the graft case in Elf Aquitaine lasted many years, and were repeatedly hampered by the institutional opacity that remains within the international financial system (Shaxson, 2007, pp. 82-102).

## 5.2 Tax avoidance and evasion

Tax avoidance is considered legal, but its implementation is often ambiguous, and even more so when considering MNCs in the extractive sector, which often devise strategies that are difficult to be determined as forms of either tax avoidance or evasion. Tax avoidance includes the use of non-criminal behaviour by taxpayers to minimise or avoid tax liability and which taxpayers willingly disclose to the authorities in full. According to Komisar (2006), the use of the word "avoid" rather than "evade" is a lawful and tactful implementation that happens when the wealthy and powerful use their influence to justify the non-payment of taxes and prevent enforcement agencies from carrying out justifiable inquiries and prosecutions. Extant studies found that MNCs in the extractive sector adopt different management, creative global funding, and income maximization processes and tactics (e.g., legitimization, transfer pricing, and tax avoidance) that aim at denying resource-rich countries from completely benefiting from their rightful, required, and legal share of their own natural resources (Adams, Adams, Ullah, and Ullah, 2019, p. 129).

Moreover, mining companies often have complex tax systems to promote speedy tax evasion in countries where tax authorities lack the mechanisms to detect such schemes. In Nigeria, Otusanya (2011, pp. 322-324) depicted how Chevron Nigeria Limited's financial records showed the company's use of tax evasion mechanisms and account manipulation, which enabled it to evade around $2.7 billion in taxes. Some of the schemes designed by Chevron to avoid paying taxes in Nigeria were the overstatement of costs and the claim of an unjustified bonus in its reserves and surplus; after a review, a Nigerian tax consultancy firm demonstrated that the accounting systems and the information presented by Chevron promoted tax avoidance and evasion.[7]

In addition, the use of terms such as "cash call", "reserve extra bonus", and community development, and not just accounting terminology, made the accounting system of the company to be prone to manipulation and creative accounting, serving to avoid tax payments. As shown in the cases involving Chevron Nigeria and the Halliburton Company, tax avoidance—which is legal, but probably unethical—may contribute to tax evasion when challenged in court or by a parliamentary inquiry.

**Corporate Tax Haven Index 2021**

| Rank | Country | Global Scale Weight (%) | Haven Score | Corporate Tax Haven Index Value |
|---|---|---|---|---|
| 1 | British Virgin Islands | 2.32% | 100.0 | 2,853.3 |
| 2 | Cayman Islands | 1.87% | 100.0 | 2,652.7 |
| 3 | Bermuda | 1.58% | 100.0 | 2,508.1 |
| 4 | Netherlands | 11.09% | 79.9 | 2,453.9 |
| 5 | Switzerland | 3.44% | 88.6 | 2,260.6 |
| 6 | Luxembourg | 9.01% | 74.0 | 1,814.4 |
| 7 | Hong Kong | 5.55% | 77.9 | 1,804.7 |
| 8 | Jersey | 0.51% | 100.0 | 1,723.7 |
| 9 | Singapore | 2.26% | 84.6 | 1,713.9 |
| 10 | United Arab Emirates | 0.54% | 98.3 | 1,664.2 |
| 11 | Ireland | 3.23% | 77.1 | 1,458.7 |
| 12 | Bahamas | 0.31% | 100.0 | 1,453.7 |
| 13 | United Kingdom | 7.25% | 69.2 | 1,382.1 |
| 14 | Cyprus | 1.09% | 85.3 | 1,379.0 |
| 15 | Mauritius | 0.66% | 81.4 | 1,012.4 |
| 16 | Belgium | 1.61% | 72.8 | 972.7 |
| 17 | Guernsey | 0.10% | 98.3 | 954.0 |
| 18 | France | 2.78% | 66.9 | 907.9 |
| 19 | China | 4.95% | 62.5 | 896.3 |
| 20 | Isle of Man | 0.06% | 100.0 | 849.8 |

*Table 1: Source: Prepared by the author and extracted from the Tax Justice Network 2021 dataset on Corporate Tax Haven.*

Table 1 shows the top 20 countries with the highest tax havens for corporations. The corporate tax haven index assesses each nation based on how actively the nation's tax and financial systems function as a tool for corporations to extract wealth from other countries and conceal it in order to avoid paying tax elsewhere in the world. Specifically, this index measures how much code has been coded into or removed from a country's tax system to allow firms to avoid taxes worldwide (Tax Justice Network, 2020, pp. 34-35). Moreover, jurisdictions are rated according to their corporate tax haven index score, which is computed by combining the Haven score and the global scale weight of a jurisdiction; the Haven Score of a jurisdiction is a measure of the scope for corporate tax evasion that the country's tax and financial systems permit (and is calculated using 20 sub-indicators), while the global scale weight of a jurisdiction is a proxy for the amount of financial activity generated by MNCs in that jurisdiction (Tax Justice Network, 2021). For instance, the British Virgin Islands are responsible for more than 6% of the global corporate tax evasion risks and has a Haven Score of 100, which is considered to be an unrestrained scope. According to the State of Tax Justice, OECD nations account for 59% of the US $182 billion lost each year to private offshore tax evasion (Tax Justice Network, 2020, p. 40).

MNCs often devise a complex organisational mechanism that accelerates tax evasion. For instance, Bristows and its main partners have offices in tax havens and complicated corporate structures, both of which allow them to carry out illegal tax activities in Nigeria. This is done in collaboration with Nigerian elites and tax officials, as well as accounting and tax

professionals from other nations (Otusanya, 2011, pp. 328-329). This is a consequence of the world's fractured political and economic systems. Moreover, resource-rich developing countries have been experiencing growth in IFF; according to the UNDP report, Africa lost US$ 170 billion in illegal individual and corporate financial flows (69% of the global illicit capital flows) between 1990 and 2008 (UNDP, 2011, p. 12). This strikes a stark contrast with the prevailing narratives and practices regarding Africa, which is often portrayed as a persistent borrower that is reliant on foreign aid.

The pervasiveness of illicit financial flows (IFFs) is a natural result of the financialized global capitalist economy, in which MNCs and members of the transitional capitalist elites work to perpetuate underdevelopment in the world's periphery through a variety of illicit activities (Oloruntoba, 2018, p.620). The African Union High-Level Panel on IFFs revealed, in 2015, that African countries have lost more than a trillion dollars in IFFs in the five decades since achieving political independence (United Nations Economic Commission for Africa, 2015, p. 79). Despite numerous attacks from foreign financial organisations, such as the World Bank and the IMF, Africa is being transformed into a promoter of capital flight-friendly economic policies (Oloruntoba, 2018, p. 267). Within this context, mining companies avoid taxes and royalties in their host countries through regular, secret, investor-state contracts, stability clauses, and agreements on mining laws and trade. Moreover, with the reforms in IFIs in the 1990s, governments used different initiatives to promote investment (e.g., tax holidays, exemptions, and early write-offs of capital spending), and these tax breaks have mostly concentrated on attracting investment, with little to no consideration given to long-term risks regarding lost revenue (Wells, Allen, Morisset, and Pirnia, 2001, p. 45).

### 5.3 Transparency and accountability conundrums

Transparency is defined as the disclosure of information. However, the information disclosed must be useful to and be able to be used by the public and civil society, leading to potential unintended impacts (Ejiogu, Ejiogu, and Ambituuni, 2019, p. 5). Evidence has shown that MNCs operating within oil-developing countries create wealth on their own through artificial and cosmetic adjustments that serve to camouflage their reports. This results in the inclusion of falsified information within reports for users, which evokes concerns about the lack of accountability of corporate stakeholders (Adams, Adams, Ullah, and Ullah, 2019, p. 131). Adams et al. (2019, p. 134) argued that oil and gas MNC owners in oil-developing countries reserve top management positions for their favourite managers who may be more willing to misrepresent information or alter reports to suit their personal and principal interests to the detriment of local community development.

Moreover, accountability is almost entirely absent in offshore oil production regions. The deals made by oil companies with autocratic regimes, such as those in Equatorial Guinea, Cameroon, Angola, and Uganda, also established the condition for the development of enclaves (Ackah-Baidoo, 2012, p. 154). For example, in Angola, MNCs built an orphanage in the village or province of origin of government officials; from a wider societal viewpoint, a critical pitfall in the use of such social interventions by oil companies as strategic tools is that the policy goals sought by these interventions may be those of specific government leaders, not generally those of the citizens whom the project is supposed to benefit and for whom they are implemented (Frynas, 2005, p. 584). Moreover, several small companies in Angola that have gained access to the oil industry, often becoming partners of Western oil corporations, do not disclose their actual owners, or are sometimes controlled by individuals with the same names as government officials (Global Witness, 2012). In Nigeria, significant interests in oil block wound up in the hands of obscure firms, among which one seemed to be owned by a senator and

another by a businessman connected to the country's then-head of state; in the DRC, the state mining company Gécamines sold interests in four large mines to unidentified offshore entities, and at prices that seemed to be a fraction of their value (Global Witness, 2012).

Although international transparency standards have induced the discourse of high-level transparency in resource revenue collection, they do not entirely eradicate the loopholes related to this topic in developing countries. In Nigeria, Ejiogu, Ejiogu, and Ambituuni (2019, p. 11) revealed that the implementation of the EITI increased the disclosure of information by both the government and companies; still, this increased disclosure of information by NEITI audit reports has not resulted in increased transparency nor in a decline in corruption, which were aims envisaged by EITI and NEITI. Quite the contrary, the expanded disclosure of information unintentionally strengthened inefficient and corrupt processes, increased mistrust between CSOs and the government, and enabled the lack of accountability in the extractive sector. Thus, NEITI became a part of the problem of transparency and corruption, not a solution.

Furthermore, throughout the mining contracts and awards processes, transparency and accountability are rarely visible. In Ghana, the process of granting mining rights, permits, and contracts remains inadequate regarding its publicity and accountability; of serious concern is the absence of bidding procedures for securing prospecting or exploratory permits. Instead, individuals and corporations in Ghana issue licenses via a convoluted administrative process, which allows for corruption, bribery, and tax fraud (Ayee et al., 2011, p. 24). Moreover, mining contracts in Ghana often include non-disclosure clauses, further obstructing accountability and transparency. Notwithstanding, numerous countries have adopted mandatory legal measures to enhance their responsibility for MNCs operating in extractive industries working in developing nations. For example, in 2010, the US Congress passed the Dodd-Frank Act, which requires firms to publicly disclose all taxes, royalties, and fees paid to the USA or foreign governments in connection with the commercial production of oil, natural gas, and minerals, including the fees related to exploration, processing, export, and license granting (Ushie, 2013). Meanwhile, many resource-rich nations in SSA face inadequate transparency and accountability owing to external pressures and internal political complexities, and this occurs despite their members of the EITI and other global transparency norms.

**Corporate Human Rights Benchmark Index of Extractive Companies 2019**

| Company Name | Band (%) | Governance and Policy Commitments | Board Level Accountability | Human Rights Due Diligence | Transparency |
|---|---|---|---|---|---|
| BHP | 70 - 80 | 8.75 | 5.00 | 11.88 | 8.29 |
| Rio Tinto | 70 - 80 | 7.66 | 3.75 | 15.00 | 7.49 |
| Repsol | 70 - 80 | 6.82 | 2.92 | 11.88 | 7.39 |
| Anglo American | 60 - 70 | 9.22 | 5.00 | 10.00 | 7.18 |
| Newmont Goldcorp Corporation | 60 - 70 | 8.13 | 5.00 | 11.88 | 7.47 |
| Barrick Gold Corporation | 50 - 60 | 5.73 | 2.92 | 9.38 | 6.78 |
| Royal Dutch Shell | 50 - 60 | 4.79 | 2.92 | 10.63 | 6.46 |
| BP | 50 - 60 | 5.42 | 2.92 | 10.63 | 5.96 |
| Total | 50 - 60 | 7.03 | 3.75 | 11.88 | 5.66 |
| Glencore | 40 - 50 | 6.67 | 4.17 | 8.75 | 5.47 |
| ConocoPhillips | 30 - 40 | 3.39 | 1.67 | 8.75 | 5.85 |
| Chevron Corporation | 30 - 40 | 3.80 | 2.08 | 3.13 | 2.53 |

| | | | | | |
|---|---|---|---|---|---|
| Exxon Mobil | 20 - 30 | 2.14 | 0.42 | 1.25 | 4.08 |
| Coal India | 20 - 30 | 1.09 | 0.00 | 5.63 | 4.06 |
| Lukoil | 20 - 30 | 4.38 | 2.50 | 0.00 | 4.00 |
| JXTG Holdings | 10 - 20 | 3.18 | 0.83 | 0.00 | 3.66 |
| Canadian Natural Resources | 10 - 20 | 1.98 | 0.42 | 0.00 | 3.16 |
| PetroChina | 10 - 20 | 2.45 | 0.42 | 0.00 | 2.84 |
| China Petroleum & Chemical | 0 - 10 | 1.20 | 0.42 | 0.00 | 2.32 |
| CNOOC | 0 - 10 | 1.20 | 0.42 | 0.00 | 0.53 |

*Table 2: Source: Compiled by the author and extracted from the Corporate Human Rights Benchmarks Index 2019*

Table 2 shows corporate human rights performance among the top 20 MNCs within the extractive sector and from both developed and developing economies. The table demonstrates the performance of MNCs in the area of governance and policy commitments, accountability of the companies' board, human rights due diligence, and transparency. Though the benchmarks have 11 human rights indicators, I only focused on the four indicators that depict the governance-related challenges of MNCs. Out of the 56 MNCs assessed, the author extracted 20 of the biggest MNCs, which have a major role in the extractive and petroleum sectors. It is apparent that MNCs from both emerging economies, like China and India (i.e., China Petroleum and Chemical, CNOOC, PetroChina, and Coal India), and from developed countries (i.e., Canadian Natural Resources and Exxon Mobil) performed poorly in all four indicators. According to CHRB, the average score in 2019 was 29% (CHRB, 2019, p. 20). Thus, to better understand the convolutions of the extractive sector, it seems imperative to explicate the conditions under which non-state actors and institutions engender resource governance challenges in the Global South, particularly in SSA.

## 6. Conclusion

This study aimed to identify the circumstances under which MNC operations generate NRG challenges in SSA. Within the decision-making process, the dominance of MNCs in contract negotiation and renegotiation, institutional and legal frameworks, taxation, information asymmetry within their business interactions, and social impacts are all key components that contribute to governance challenges. Neoliberalism, which promotes the market as the only goal, provides MNCs significant influence and fosters institutional opacity, allowing MNCs to evade paying taxes. International financial institutions have enabled multinational firms' tax evasion. Developed countries offer a tax haven mechanism, which encourages massive capital flight from resource-rich countries. Host countries lack the institutional tools necessary to rigorously regulate MNC operations. Several global resource governance initiatives principally focus on state actors and institutions, and thus, MNCs demonstrate limited transparency and accountability in their operations in resource-rich countries.

As shown in this study, MNCs have been faulted of corruption in the acquisition of mining contracts or agreements, as well as in conducting business in countries with autocratic regimes. They were also shown to have constructed a tax evasion technique that makes it nearly impossible for governments with weak tax administrations to verify such evasion. Moreover, it is apparent that MNCs in the extractive sector do not publish accurate information regarding their operations and the

revenue earned, and numerous of their contracts are cloaked in secrecy and non-disclosure clauses. Thus, the unbridled influence and dominance of MNCs in resource-rich countries have resulted in widespread corruption and patronage, massive tax evasion and avoidance, and a lack of transparency and accountability.

Numerous scholarly publications on the resource curse explain how state actors and institutions initiate the curse, and how weak institutions and poor governance contribute to economic stagnation (Karl, 1997; Collier, 2007). This study sheds light on the growing power, influence, control, and dominance of non-state actors and institutions in the extractive sector, as well as on the conditions under which MNCs exacerbate resource governance challenges in countries within SSA, despite the adoption within various of these countries of several global resource governance standards. Hence, policies and institutional reforms in the mining, petroleum, and natural gas sectors should be broad in scope. My study shows the need for a mandated global resource governance standard that holds MNCs and IFIs accountable for governance failures in the Global South.

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1 The rent-seeking perspective was first introduced by Krueger (1974), who attempted to draw an analogy of the impact of the direct enforcement of import tariffs and the direct enforcement of competitive rent-seeking in a bid to gain import licenses. Government revenues that are derived from the development of natural resources are referred to as resource rent.

2 Among the 56 EITI member countries, São Tomé and Príncipe has had its membership suspended owing to failure to report on time. As a result of political instability, the Central African Republic and Myanmar have also had their membership suspended. Moreover, Guatemala and Honduras have made inadequate progress; meanwhile, Armenia, Colombia, Germany, Mongolia, Philippines, Norway, Nigeria, Senegal, and have been considered to have made satisfactory progress. Here, a “satisfactory progress” indicates that the country showed that all the requirements of the EITI have been implemented and the requirements’ aims were met (EITI, 2019, p. 35). However, the 2020 TI Corruption Perceptions Index considered Nigeria as one of the corrupt countries in SSA; specifically, the country was ranked 149 (out of 180 countries), and scored 25% (out of 100), which was far below the average score of 43% (Transparency International, 2020). However, the numbers are similar for the other countries, except for Germany and Norway, which scored above the average. These numbers raise the question of how effective the EITI is in fostering transparency and accountability in countries where corruption is highly prevalent.

3 After pleading guilty to the USA court for corruption charges for his involvement in the Halliburton Bribery Scandal, the lawyer, Jeffrey Tesler, spoke at the conclusion of his 2012 sentence hearing. It was said that, in return for $6 billion in engineering and construction work for an international consortium of businesses (including a former Halliburton subsidiary), $182 million were paid in bribes to Nigerian authorities via a network of clandestine banks and offshore tax havens (Fitzgibbon and Mojeed, 2015).

4 According to a Global Witness report (2020), an $800 million sale of a major copper mine in the Democratic Republic of the Congo (DRC) may leave the nation short-changed. This deal was between Gécamines, the DRC’s state-owned miner, and the China Nonferrous Metal Mining Group (CNMC). The investigation of Global Witness, an international NGO, into CNMC’s transactions with Gécamines revealed agreements marked by secrecy and dubious conditions; this encompasses a signature bonus for Gécamines related to the Deziwa contract, which may be worth just 50% of the amount that was reported and guaranteed to the company in the contract (Global Witness, 2020).

5 In 1994, French prosecutor Eva Joly started an investigation into a scandal that would ultimately expose huge financial bribes to French politicians through the siphoning of profits from Elf Aquitaine’s contracts in Africa. Specifically, Elf, which was a state-owned oil firm until 1994, utilized French political clout to get advantageous contracts in Gabon, Angola, Cameroon, and Congo-Brazzaville. Additionally, there are claims about bribes having been paid to lawmakers in those nations; in fact, in 2003, 37 individuals faced trial in France, with three former Elf executives getting up to 5-year jail terms (Open Society Justice Initiative, 2005, p. 23).

6 According to a 2004 investigation conducted by the US Senate, Riggs Bank allowed oil companies and unscrupulous government officials to steal resources from Africa. According to the report, the bank paid less attention to managing the revenues of international corruption and allowed numerous transactions to occur without informing law authorities. The report clearly depicts how USA oil firms and official Equatorial Guinean accounts made direct deposits into the Obiang family's personal accounts or business entities, which totalled tens of millions of dollars (Open Society Justice Initiative, 2005, p. 33).

7 On July 1, 2005, ABZ Integrated Limited, a Nigerian tax consultancy firm, revealed a $10.8 billion in tax evasion and fraud by the Chevron Corporation's Nigeria subsidiary. In 2006, the House Committee on Petroleum Resources (Upstream), chaired by Dr. Cairo Ojougboh, found that Chevron had evaded taxes, so it was ordered to refund $492 million (Niaraland Forum, 2010). According to the report, the company paid just $0.249 million in tax to its host community, as opposed to the $25.5 million stated in its annual tax return to the Federal Inland Revenue Service (FIRS) in 2002 (Lee, 2006).

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