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The Effective Management Of Natural Resource Wealth In Africa

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Abstract: ***The study is on the effective management of natural resource wealth in Africa with emphasis on the challenges of institutions and political leadership in the management of African resource wealth. It adopted the Content analysis research design and applied the institutional theory as basis for analysis with the use of secondary sourced materials. The study noted that weak institutions, corruption, lack of accountability, unstable political climate, due to autocratic political leadership are the bane of effective management of resource wealth in Africa. The study finally recommends that the successful pathway to fully harness the benefits of natural resource wealth in Africa is rooted in good institutions and governance, sound economic policies, heavy investments in exploration technology, trade links, effective legislative framework and human capital development.***

Keywords: Natural Resource wealth, Effective Management, Challenges and institutions

I. INTRODUCTION

Previous studies on the management of resource wealth in Africa tended to locate the challenges on what has been termed the 'resource curse' concept which emphasized that dependence on natural resource negatively affect the growth of 'Gross Domestic Product' per capital (Sachs and Warner, 2001; Sala-i Martin and Subramanian, 2003). Others contended that failure to adopt the right investment and savings models by African countries is responsible for ineffective management of African resource wealth. For instance Frederick V. D P (2007), noted that rapacious rent seeking and the lack of effective mineral property rights has led to negative genuine saving rates and the gradual erosion of the wealth of many African countries'. Consequent upon the above, it has become customary for many African countries to attempt to diversify sources of revenue and adopt investments and savings model in line with the Norwegian model of offshore SWF. For instance, Nigeria, Angola and Senegal established their SWF in 2012, other countries have also followed the same example in the hope that interest accruing from such investment will help to diversify the nations' economy, thereby implementing Friedman (1957)'Permanent Income Hypothesis' which opined that SWF help to 'converts a temporary stream of resource revenues into a permanent stream of investment income'.

While the above approaches at ensuring effective management of African wealth are welcomed, this study argues that it failed to state in clear terms the key challenges to the management of the abundant resource wealth in Africa. Second, it failed to reckon with the fact that since African states cannot effectively manage the wealth accruing from natural resources, it could equally be impossible for them to be able to manage revenue from other diversified sources. The problem of the study is therefore to look critically into the role of weak institution, corruption and lack of accountability/transparency in the entrenchment of inefficiency in the management of African resource wealth. The questions therefore are what is effective management of resource wealth in Africa? What are the challenges hampering efficient management of African resource wealth? and how can such challenges be mitigated? In addressing the above questions, the study adopted the content analysis design and applied the institutional theory as a guide. Though this approach is limited to recorded information, but the fact that they are multiple and can be compared help to overcome the shortcoming. Consequently, the concept of effective resource wealth management shall be considered as a starting point.

EFFECTIVE MANAGEMENT OF RESOURCE WEALTH

By effective management of resource wealth, we mean the establishment of the right institutions and model that guarantees the framework for prospecting/exploration, exploitation and efficient distribution of the proceeds of such joint venture to the resource bearing communities, national infrastructure, through efficient management and monitoring systems. The above have become necessary because Oil and Mining Ventures are arguably the most lucrative business in Africa, generating billions of dollars in revenues annually. But these billions have typically been squandered. Oil-rich Equatorial Guinea, for example, boasts an impressive annual gross domestic product (GDP) per capital of $37,479 billion yet, on the United Nations Development programs (UNDP) Human Development Index, Equatorial Guinea ranks 144th out of 187 countries (Human Development Report 2014:198). Equatorial Guinea ranks dead last in public expenditure on education as a percentage of GDP and near the bottom in terms of health expenditure per capital. Equatorial Guinea's poor stewardship of its natural resource wealth reflects a lack of accountability. Instead of using oil wealth to fund public services, Equatorial Guinea's leadership have been able to channel hundreds of millions of dollars into private overseas bank accounts to underwrite the lavish lifestyle of members of the ruling family (Global Witness, 2009).

Equatorial Guinea's experience is not unique. Poor governance of the extractive industries is the norm, not the exception. A survey of the Institutional and legal environments in 58 resource-rich countries around the world found that only 11 manage their natural resource sectors effectively (Resource Governance Index 2013:7). These 58 countries represent 85 percent of the world's petroleum reserves and a significant share of global mineral wealth, including 90 percent of diamond reserves and 80 percent of copper reserves. Of the 58 countries included in the survey, 20 are in Africa – more than any other region in the world. None of these African countries was deemed to manage their natural resource wealth satisfactorily.

II. CHALLENGES HAMPERING EFFICIENT RESOURCE MANAGEMENT IN AFRICA

The challenge of effective natural resource management in Africa is becoming increasingly urgent. In 2007, seven Sub-Saharan African countries exported more than 20,000 barrels of oil per day. By 2013, this number had climbed to ten countries. Overall crude oil production in the sub-region rose from 4.2 million to 5.8 million barrels per day, a 38-percent increase (International Energy Statistics 2015). With promising crude oil discoveries in Kenya, Madagascar, Sierra Leone, and Uganda, as well as important natural gas discoveries in Mozambique and Tanzania, the number of Africa resource exporters can be expected to grow still further. Many of these states will need to develop from scratch the institutional and legal frameworks required to effectively manage the extractive industries.

Human development performance in many resource-rich African countries remains dismal. African oil and mineral exporters routinely rank the bottom of UNDP's Human Development Index and exhibit highly inequitable levels of income and wealth.

In Angola, for example, the poorest 10 percent of the population accounts for just 0.6 percent of total income, while the richest 10 percent control 44.7 percent of the country's wealth (African Progress Report, 2013:27). Such highly skewed income distribution also obstructs economic development, as economic inequality undermines the cultivation of markets, limit investment opportunities, and deprives the poor of access to tools and resources needed to improve productivity.

Natural resource wealth is also strongly associated with illegitimate governance. Siegle (2009:45), posits that seventy percent of states rich in oil and gas are autocracies. In the absence of popular legitimacy, natural resources provide these regimes with the financial means needed to hold onto power, regardless of governance performance. The effect is to prolong the negative outcomes for societies, subject to this dysfunctional rule. Libya's Muammar Qaddafi and Gabon's Omar Bongo remained in power for four decades in no small part due to the robust patronage networks and extensive security forces funded by oil revenues.

Corruption is another common feature on Africa's resource-rich states. In August 2012, French authorities seized a $186 million mansion in Paris and several Luxury vehicles worth a total of $4.1 million belonging to Teodorin Obiang, vice president of Equatorial Guinea and the son of the country's president (Mfonobong, 2013). In March 2014, a French Court convicted Vice President Obiang in absentia of embezzling state funds to procure the confiscated goods (RFI Report, 2014). Also, Denis Christel Sassou Nguesso, the son of the Republic of the Congo's president and a highly-ranking official in the country's National oil company. He gained notoriety for his extravagant lifestyle and shopping sprees on the Camps Elysees (Global Witness, 2009:57).

In another development, South Sudanese President Salva Kiir in 2012, solicited the help of the international community to recover $4 billion of oil-generated revenue looted by Senior South Sudanese government officials (Hereward, 2012:7). Natural resource wealth has also been intimately linked to violent conflict across Africa. In the Democratic Republic of Congo, rebel groups have used the proceeds of mineral sales to fund their military operations.

Grievances about environmental degradation and inequitable distribution of oil wealth as well as the manipulation of these sentiments by Warlords seeking to profit from instability in the region, fuels insurgents groups in Nigeria's Niger Delta.

The sale of "Blood Diamonds" funded brutal civil wars in Sierra Leone during the 1990s and early 2000s (Global Witness, 2006). Inequitable distribution of oil wealth was a central issue in Sudan's civil war and continued disputed claims over oil-rich territory regularly threaten renewed conflict in Khartoum and Independent South Sudan. Above all, it would be noted that the vast majority of resource-rich African States, oil and mineral wealth have not translated into improved living conditions of citizens but have contributed to growing disparity, corruption, and repression.

However, certain governments have been able to find ways to avoid the negative economic consequences of resource extraction (Ross 1999: 306). Norway, which produces roughly the same amount of petroleum as Nigeria, and Australia, the world's leading bauxite exporter have managed to establish strong linkages between the extractive industries and the economy at large (Philip, 2012). Diamond-rich Botswana, which led all countries in economic growth per capital over the four decades after its independence, managed to avoid falling victim of the fate that diamond mining wrought in Sierra Leone and elsewhere (Acemoglu *et al.*, 2002:1231). Although these cases may be exceptions, proving that the resource mismanagement is not an unavoidable fate.

Of course, the governments of successful resource exporters did not pursue such sound policies by chance. Governments prove capable of overcoming resource mismanagement only when leaders are effectively incentivized typically by the presence of empowered oversight institutions, transparency and inclusive political processes. But resource-rich African States are often trapped in the vicious circle in which the economic monopoly enjoyed by autocrats reinforces the incumbent regime's grip on power and vice versa (Siegle, 2009:45).

It is a known fact that the exploration and exploitation of these resources are yet to benefit the populations of resource-endowed African countries. Nigeria, for example, has been exploiting oil resources for the last sixty years and is now among the frontline oil exporters in the world. Yet, its human and physical capital development is assessed to be 400 percent lower than it would have been if the oil revenues had flown into public funds, and if such funds had been utilized in the public interest to generate economic opportunities for all (African Development Report,2007:108-11). Issues of concern include, technical limitations, inefficient contract negotiations, inadequate auctioning of extractive rights, inefficient taxation, and most importantly, poor public expenditure prioritization and (lack of) transparency in the use of revenues.

The continents' poor management of its resources has been a recurring theme and need not to be repeated in details here.

From our postulations on the challenges of effective Natural Resource Management in Africa, the equation boils down to three contesting components:

- ✓ Corruptible Senior officials in government responsible for managing the natural resource sector coupled with weak oversight institutions.
- ✓ Unscrupulous multinational investors who partners with senior government figures to exploit resource-rich states while invading scrutiny. And
- ✓ Loopholes in the international economic legal system that allow external investors and corrupt officials alike to transfer revenues out of resource-rich states into the international financial system with limited reporting requirements.

In view of the above, the researcher noted that the natural resource tends to be subject to far greater centralized state control than other more labour-intensive sectors for two reasons. First, governments are typically recognized globally as having the sole legal authority over natural resources and are therefore the party with which international investors must negotiate and sign contracts. Second, the environmental and health risks posed by natural resource extraction require a greater degree of government regulation than any other sector.

Based on the above, the opportunities afforded to those in power in resource-rich countries typically provide an easy path to personal financial gain. Consequently, control over the extractive industries at once diminishes incumbent's incentives to govern responsibly while empowering them to reduce and remove many of the mechanisms for citizens to hold officials accountable. Meanwhile, the large, centrally controlled revenue created by natural resource extraction provides political leaders with the financial resources needed to pursue their personal priorities without having to rely on tax revenues from the population at large. A low tax burden, in turn, reduces society's standing to demand good governance, democracy and accountability (Ross, 2010:327). In effect, natural resource wealth emancipates the states from dependence on society.

Absence of transparency surrounding management of the extractive industries in most African States renders corruption a less risky and more attractive option for government officials and investors (Ivar, *et al.*, 2009:521). Transparency is vital to effective natural resource management because it constitutes the first line of defence against graft and mismanagement and of course, bolsters public confidence in government decision making.

However, in many Africa's resource-rich states, licensing and contracting processes often take place behind closed doors, and most oil and mining contracts contain confidentiality clauses that prevent the public from accessing crucial information about the deals. Citizens neither have access to the amount of royalties collected by the government nor information about how this revenue is ultimately spent.

Widespread restriction on civil society and the press prevent public concerns about natural resource management from being activated and disseminated. Journalists and nongovernmental organizations are frequently the initiators of investigations that expose corruption and spearhead campaigns to enhance transparency and accountability. Censorship and interference by those in power creates a major imbalance in access to information and coordination between a regime and a population, hence the call for Extractive Industries Transparency Initiative (EITI). If the public actually knew what these revenues were and could organize to represent their interests, the outcome would be different.

Despite the bleak predictions, most African economies are doing well even though some countries cases are still experiencing difficult times in terms of political stability, economic development and challenges posed by poverty and diseases. Trade volumes and foreign investments have increased over time. However, the political instability in Africa, which also underpins the economic development often, has strong links to internal and external special interest time and again.

Africa's resource in this case has never been its blessing, but a curse. There is no explanation for the underdevelopment of the continent while it sits on massive natural resources. For decades, western companies involved in extraction in Africa have never declined in numbers nor have their profits plummeted. Rodney (1981:244) asserts that "previous African

development was blunted, halved and turned back" by colonialism without offering anything of compensatory value. Moreover, these profits have never trickled down to the very basic level in Africa where they are used to improve the living conditions of populations whose resources are being exploited. If that was the case, we could have not had the Ogoni plight or the revolt in the Niger Delta of Nigeria or witnessed the atrocities in the Democratic Republic of Congo.

The existing economic conditions based on western policy prescriptions also play a significant role in the deprivation of African populations, of the essential services, which are key to development. While it can be argued that it is not the responsibility of the "investors" to improve the living conditions of the people in the regions where they make profits, notwithstanding the calls for or cosmetic expression of corporate responsibility policies of multinational companies, the integrated nature of global economy and security concerns, dictates that such factors cannot be ignored. That there are problems in Africa for several decades even after many countries in the continent went through transitions from colonialism to independence is not a deniable fact. However, the African situation is not as bleak as portrayed by international media or by Africanists.

In terms of political instability in Africa, it is also undeniable that the continent has had some difficult moments during the last fifty years or so. But what is still unexplained in the many analysis that have been looking at events in Africa is the fact that in almost all the cases of political instability in Africa, it is evident that the major problem is leadership. In this context, Africa has seen its freedom heroes turn into dictators, while plunders of natural resources, politics of exclusion and deprivation to tilt the balance of power continues to dominate the public sphere.

These problems have been pointed out and fought gallantly by ordinary Africans who have over the years, expressed their discontent with regimes imposed upon them, through the complicity of the international community. To-date, almost every country in Africa is still haunted by historical injustices and oppressive structures that were bequeathed to the post-colonial leadership. This is an aspect which informs the weak institutions of the state, flawed legislative systems and consistent struggles for political power to the detriment of the wellbeing of many nations which could have moved on a path of development as part of modern societies.

MITIGATING INEFFECTIVE RESOURCE MANAGEMENT IN AFRICA

Many scholars have focused on the economic policy changes required to enable resource abundant countries to overcome and improve resource management. Some economists, for instance, have emphasized the need for resource abundant countries to adopt sensible macroeconomic policies and, in particular, avoid large foreign and domestic debts, accumulate budget surpluses, control inflation, and pursue competitive exchange rate (Usui 1997); Sarraf and Jiwanji 2001). These measures, it is argued, are likely to be particularly important in terms of helping resource abundant countries avoid Dutch Disease (Usui 1997:151). A number of other economists have emphasized the need for resource abundant countries to diversify their economies so as to reduce their dependence on natural resources (Auty 1994, Collier 2000). Yet others again have argued that resource abundant countries need to pursue an investment strategy whereby investments are made in accordance with their absorptive capacity, all recurrent costs associated with new investments are taken into consideration, and investments are only made when the expected rate of return is considerably above alternative risk-free investment (Sarraf and Jiwanji 2001).

Some economist and other social scientists have also recommended the use of stabilization funds – that is, funds aimed at reducing the impact of commodity price instability on the economy – pointing to their successful use in countries like Norway (Seymour 2000, Skande 2003:316). But a few scholars have expressed doubt about the usefulness of these funds in resource abundant countries that do not have strong traditions of transparency and accountable government (Davies et al. 2003).

Other group of scholars focused on trying to identify the political and social changes that are required to overcome the flaws in resource management and governance. In their views, it is unlikely that economic policy reforms will be introduced unless political and social environments in resource abundant countries are first transformed, although in many cases they recognize that transformation will be politically difficult and is unlikely in the short-term. Some scholars such as Mitra (1994:294) have taken the behaviourist line that governments in resource abundant countries are unlikely to pursue policies that will overcome resource mismanagement until there is a change in the mindset of political elites in these countries. In particular, he suggests that these elites need to begin by viewing commodity booms as temporary, not permanent phenomena, so as to stem the euphoria that accompanies booms. Also, some scholars operating from national and state-centred perspectives have emphasized a need for resource abundant countries to build state capacity and promote institutional reform. Such processes, it is argued, will facilitate policy reform and prevent growth collapses and mismanagement that can lead to violent conflict (Karl, 1997; Ascher, 1999; Pearce 2005).

Similarly, Auty (2001:323) has argued that 'Economic policy success requires institutional reinforcement that encourages the growth of a developmental state'. Also arguing from a social capital perspective, Woolcock *et al.*, (2001:90) have stressed that such institutional initiatives needs to be supported by measures to build 'social capacity and political consensus' in resource- abundant countries. Only by doing so, they suggest, will states in these countries develop the required ability to manage the conflicts caused by economic shocks.

It is noted here that many of these recommendations particularly those that centred on policy, behavioural, institutional or social changes at the domestic level, relate to their political feasibility. For the most part, these recommendations stem from analyses of EITI and resource abundance and management that posit a rather deterministic relationship between natural resource abundance, various pathologies (e.g. irrational behaviour by policy elites; rent-seeking by social groups; weak institutions), and various

negative developmental outcome (poor economic performance, civil war, authoritarianism). It is unclear how the recommended changes might be brought about. Indeed, most analyses of the resource management suggest that there cannot be, at least as long as countries remain dependent on natural resources. In the meantime, it may therefore be more profitable for resource abundant countries in Africa to focus more on promoting changes and economic development of their various countries.

While the literature provides considerable evidence that natural resource abundance is associated with various negative development outcomes, these evidences are by no means conclusive. The researcher noted that the existing explanations for the resource management do not adequately account for the role of social forces or external political and economic environments in shaping development outcomes neither in resource abundant countries, nor for the fact that, while most resource abundant countries have performed poorly in developmental terms, some have done quite well.

Recommendations for instituting efficient resource management have not generally taken into account the issue of political feasibility. And also, scholars have been too reductionist in their approaches to resource curse issues and need to focus more on understanding variation in development outcomes between resource rich countries and the associated policy lessons.

III. DATA PRESENTATION AND ANALYSIS

The data for this study were mainly from global think tanks researched papers which include: Centre for International Development and Conflict Management (CIDCM) Peace and Conflict (2012) by Joseph Hewitt et al. eds., Transparency International Annual Corruption Perception Indices (2012-2017) and World Bank Policy Research Working Paper 6151 Titled - "Are Natural Resources Cursed?- An Investigation of the Dynamics Effects of Resource Dependence and Institutional Quality by Donato De Rosa And Mariana Iooty (2012). United Nations World Economic Prospect 2016, African Development Bank and African Union on oil and gas in Africa 2015, Policy papers on Corruption, Fraud and Mismanagement of the Robert Carr Civil Society Networks Fund 2015, Why Natural Resources are a Curse on Developing Countries and How to fix it by Stewart Patrick, 2012., Has the Extractive Industries Transparency Initiative been a Success? Identifying and Evaluating EITI Goalsby Le Billon 2016.

Others are Richard Dowden (2012): Africa Altered States, Ordinary miracles, which does an in-depth study of the challenges confronting a number of African Countries, Micheal L. Rosss' Book (2012): Oil Curse, How Petroleum Shapes the Development of Nations, this book does a comprehensive study of resource managementand Escaping the Resource Curse edited by Macartan Humphreys, Jeffrey D. Sachs and Joseph E. Stiglitz (2012).

Whereas, the global think tanks policy working papers were written by the organizations and experts and the authorities in the field of study and whereas these institutions and experts have been in the forefront of collation and analysis of global events especially as it concerns the extractive industries and resources management in Africa, the study had no reason to doubt the objectivity and authenticity of the documents. The above listed documents, policy working papers, books and other materials related to the study were carefully read by the researcher and are used for analysis and answers to our research questions.

Ranks	Name	Country	Came to power	Years in office	Remark
1	TEDDOIO OBIANG NGUEMA MBASEGO	Equatorial Guinea	1979	37 years +	
2	JOSE EDWARD DOS SANTOS	Angola	1979	37 years +	Handed over to Joan Lourenco 21ST Sept. 2017
3	ROBERT MUGABE	Zimbabwe	1980	36 years +	Forced out of office oct.2017
4	PAUL BIYA	Cameroon	1982	34years +	
5	YOWERI MUSEVENI	Uganda	1986	30 years +	
6	OMAR ALBASHIR	Sudan	1989	27 years +	
7	IDRISSA DEBY	Chad	1990	27 years +	
8	ISAIAS AFWERKI	Eritrea	1993	23 years +	
9	DENIS SASSOU-NGUESSO	The Republic of Congo	2000	16 years+	
10	PAUL KAGEME	Rwanda	2000	16 years +	

Source: www.africanvault.com (Assessed November, 8 2017).
Table 3.1 Consistently Autocratic Political institution/Longest Serving African Leaders

The above table shows how autocratic political institutions facilitate the entrenchment of corruption and inefficient management of resource revenue in Africa.

For dependency, variable measures the effects of dependence on natural resource revenues on countries. The study states that research into the impact of natural resource dependence on economic performance indicates that they affect average long run incomes. It measures the effects of variables on institutional quality in a country using Worldwide Governance Indicators (WGI) Compiled by the World Bank. The indicators highlight various aspects of governance which are Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of law and Control of Corruption (De Rosa and Iooty 2012:9). The measurement of the indicator is done using a positive (+), as better, negative (-) as worst, and neutral (0) as moderate valuations based on each assessment. For corruption, Transparency International's Annual Corruption Perception indices 2017for three countries are used. This index scores yearly on the perception of corruption of their public sectors. The index captures the informed positions of analysts, business people and experts in the countries assessed (Transparency International 2017). The matrix in table 3.2 assessed the three countries scores in area of corruption.

Variable	Country		
Corruption	Nigeria	Angola	Chad
Rating	-	-	-
Score (%)	27	19	20
Position out of 180 countries	148	167	165

Source: Transparency International (2017): Annual Corruption Perception index results (accessed 28 March, 2018).

Table 3.2: Corruption perception index ratings for Nigeria, Angola and Chad

ANALYZING THE THREE VARIABLES

Political instability, overdependence on natural resources and corruption are the main factors responsible for resource mismanagement in Africa. Below is the comprehensive analysis of question two.

STABILITY

Under stability variable, the study covered recent instability, institutional consistency, economic openness, infant mortality rates, militarization, risk category and neighbourhood security. On recent instability, Nigeria, Angola and Chad were ranked as having had cases of instability recently. Nigeria has had and continued to have issues with Boko Haram, an extremist Islamic movement opposed to western education and influence in Nigeria. Boko Haram, a Hausa phrase which literally means Western education is forbidden is fighting to over throw the Nigerian government and establish an Islamic state of northern Nigerian (BBC news Africa 2016). There is also insurgency in the oil producing Niger Delta area with the movement for the Emancipation of the Niger Delta (MEND) being the most prominent faction. Other militant group in the area include the Niger Delta Liberation Force (NDLF), the Costal Revolution Force (CRF) and the Niger Delta Avengers (NDA). These militant groups have the avowed goal of fighting for the Delta Region to get fair share of their oil and gas revenues.

Also, the sectionalist group of the South East Nigeria, Movement for the Actualization of the Indigenous People of Biafra (IPOB). This faction wants the declaration of the Republic of Biafra as they believed that Nigeria state have not being fare to them in terms of infrastructure, liberty and general wellbeing of their people.

Chad's continual insurgency with different factions was previously discussed. Chad experienced thirteen incipient (Copper 2009). These include several conflicts involving the Chadian government forces and the Chadian rebel groups. Among them are the United Front for Democratic Change (UFDD), Gathering Forces for Change (GFC), and the National Accord of Chad (NAC). The Chadian government of recent is fighting an insurgency in the East of the Country. This insurgency is said to have links to the Darfur Conflict in Sudan (Royal Africa Society 2016).

Angola's civil war was also discussed in the secessionist group in its Cabinda exclave. The incident that caught international attention was the attack on the Togo National football team for the 2010 African cup of nations in Angola. By the Front for the Liberation of the Enclave of Cabinda (FLEC) as they were escorted through Cabinda. Though FLEC later apologized to Togo saying that the attack had been aimed at the Angolan troops who were escorting the Togolese National Football team and not the team. FLEC were not considered a serious risk before the attack (Sturcke et al. 2010).

The most recent conflict in Angola was the political instability between the ruling MPLA and the UNITA opposition forces during the August 2017, presidential election as president Dos Sandos decided to conduct election. The opposition lost out and the ruling party MPLA elected Mr Joan Lourenco who took over from president Dos Sandos on 21st September 2017.

The peace and stability, instability ledger for 2012 ranked countries according to the forecast of the risk of instability in the future. The study notes a strong relationship between the risk of conflict in the future and the inconsistency to which a country's political institutions are autocratic or democratic. A mixture of both is seen as inconsistent and more prone to political instability. Nigeria is rated as inconsistent because it depicts the characteristic of a partial democracy. This, the study found to be more likely to result in instability. Angola and Chad were rated as partial autocracies which have a propensity for instability which is somewhat less than partial democracies (Hewitt et al. 2012). For Economics openness, the study assess integration with global markets and closer integration reduces the likelihood of civil conflict and political instability. Nigeria, Angola and Chad were rated among the countries with worst records that is the highest 25th percentile of infant mortality rates in the World (Hewitt et al. 2012). For infant mortality, countries with the best records in the world are rated positive (+), those in the middle are rated neutral (0) and those with the worst records like Nigeria, Angola and Chad get a negative (-).

Militarization, the study identifies a higher likelihood of instability in countries where opportunities for conflict are greatest. It measured militarization by the country's active armed forces as a percentage of the total population. Nigeria was ranked at the bottom 25th percentile on the militarization and therefore get positive (+) rating. Angola and Chad were rated in the middle 50th percentile and therefore rated neutral (0).

The risk scores of countries were used to place them in a risk category. The risk score provides a three-year forecast of the relative risk experiencing instability. The computation of this score is from a statistical model, which uses global data from 1950 to 2003. This with data from 2013 was used in arriving at the forecast for 2014-2016. Based on the research's risk categorization, Nigeria and Chad were rated negative (-), while Angola got neutral (0).

The study identifies the presence of armed conflict in a neighbouring state an indicator of increased risk of state instability. Data from the Uppsala conflict data project at the International Peace Research Institute was used to determine the conflict status of states. Nigeria, and Chad scored negative

(-) while Angola neutral (0) Overall therefore, for the stability variable, Nigeria and Chad scored negative (-) while Angola settled with neutral (0). See table 3.3 on scores allocation.

Variable	Country		
Stability	Nigeria	Angola	Chad
Recent instability	-	0	-
Institutional consistency	-	0	0
Economic openness	0	0	0
Infant mortality rates	-	-	-
Militarization	+	0	0
Risk category	-	0	-
Neighbourhood security	-	-	-

Source: Joseph Hewitt et al. ads (2012) Peace and Conflict Executive Summary (College Park, M.D University of Maryland).

Table 3.3: Effects of Institutional Stability on Possibility of Conflict

IV. DEPENDENCY

For dependency, the variable measures the effects of dependency on natural resources on countries. The study states that research on economic performance affect average long run incomes. The variable looked at the voice and accountability, political instability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. These variables are defined in table 3.4 Voice and accountability assesses the level of participation of the citizens in the selection of their government, freedom of expression, freedom of association and a free media. Political stability and absence of violence measures the likelihood of destabilization and unconstitutional or violent overthrow of government, including domestic violence and terrorism. Government effectiveness gauges the quality of public services, the quality of civil service and the degree of its independence from political interference, the quality of policy formulation and implementation, and the credibility of the government's commitments to such policies. Regulatory quality assesses the government's ability to formulate and implement sound policies and regulations that permit and promote private sector development. The extent to which agents have confidence in and abide by the rules of society, and in particular the police, and the courts, as well as the likelihood of crime and violence as gauged by the rule of law variable. Control of corruption measures the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, including capturing the state by elites and private interests. The ratings from the study are shown in Table3.4

	Nigeria	Angola	Chad
Dependency	-	-	-
Voice and accountability	-	-	-
Political stability and absence of violence	-	0	-
Government effectiveness	-	-	-
Regulatory quality	-	-	-
Rule of law	-	-	-
Control of corruption	-	-	-

Source: Created by author using assessment of data from Donato De Rosa and Mariana looty (2012).

Table 3.4: Rating for effects of dependency on natural resources on the institutions of government in Nigeria, Angola and Chad

On dependency variable, Nigeria and Chad showed a negative effect of dependency on natural resources on the institutional quality of all six areas. Angola showed a negative effect on all areas except political stability and absence of violence where it was barely neutral. In average all the three countries are depending on natural resources on the institutions for government.

V. CORRUPTION

The global anti-corruption civil society organization, Transparency International Annual Corruption Perception Index for 2017 was used. The index measured perceived levels of public sector corruption according to experts and business people, uses a scale of zero to 100, where zero is highly corrupt and 100 is very clean. The index found that more than two-thirds of countries scored below 50%, with an average score was 43 out of 100. In Africa, 90% of the countries surveyed scored below 50 out of 100 (Transparency International 2017). For this study, the country scores (not position) is used to rate the three countries. Scores of zero to 39 will receive a negative (-) rating, 40 to 59 will be rated neutral (o) and 60 to 100 will be rated positive (+). Nigeria, Chad and Angola were 148th, 165th and 167th respectively and scored 27, 20 and 19 out of 100 respectively. All three countries therefore got a negative rating, meaning that Nigeria, Angola and Chad have public institutions which are perceived as very corruption falling into the bottom percentile globally. The ratings are shown in Table 3.2 above.

Above all, the analysis reveals that Nigeria and Chad have a high propensity for future instability, have institutions that are very negatively affected by dependency on natural resources and are perceived as very corrupt. Angola has a propensity for future instability, which is neutral, has institutions which are negatively affected by its dependence on natural resources and is perceived as very corrupt. All three variables-Stability, Dependency and Corruption are factors which led to resource mismanagement in Africa.

VI. FINDINGS

The findings indicate that the ineffective management of natural resource revenues in Africa is caused by weak

institutions of states, heavy dependence on oil and gas resources, high level of corruption arising from autocratic political leaders. The study also found that transparency and accountability have no discernible impact on the economics of resource endowed African countries since measuring such variables are herculean task in Africa, but noted that transparency could have merits, including potentials increases in foreign direct investment through improved atmosphere. The findings support the assumptions that the authoritarian nature of African states exacerbates ineffective management of resource wealth in Africa, and that the exploitation of resources without investment in domestic economies exacerbate long term impoverishment in Africa.

VII. RECOMMENDATIONS

This study therefore, present the following recommendations aimed at addressing the managerial flaws in resource rich African countries. Firstly, the significance of good governance in transforming natural resource endowments into good economic performance cannot be overemphasized. Put differently, decision makers should not see rents from natural resources as a source of finance for major public initiatives and recurrent expenditures. They should learn from countries that succeeded in good governance by channelling resource revenues towards productive investments. Prudence in the application of the EITI principles in the management of natural resource wealth can no doubt help find the path of success by avoiding the ugly pitfalls that have afflicted resource endowed economies in Africa.

Importantly, no singular institution can mitigate the corrosive impact of natural resource revenues on governance. As such, a comprehensive, innovative and effective management of the natural resource sector requires a system of independence, capable, and accountable institutions that span every stage of the extractive industries value chain (De Morais, 2011).It is based on this perspective that the Natural Resource Charter (NRC) which was developed by international economists, lawyers and natural resource governance experts was launched in the year 2010 and adopted by the Africa Union Heads of States Steering Committee in 2011, and in 2012, the New Partnership for Africa's Development (NEPAD) also adopted the charter. The NRC is a set of twelve economic principles otherwise referred to as ("*The twelve precepts of Natural Resource Charter*").

Second, given the challenges associated with building accountability mechanisms in many resource -rich states, the responsibilities of governments to regulate the overseas activities of investors anchored in their territory is very vital. All countries should pass laws prohibiting citizens from engaging in corruption overseas. These laws should be supported by robust enforcement mechanisms, especially, government must safeguard the integrity of agencies tasked with enforcing foreign corrupt practices legislation by ensuring that they receive adequate funding and are shielded from political influence.

Third, place sanctions on international entities that support domestic actors responsible for natural resource diversions. Accordingly, governments and international organizations seeking to mitigate resource management flaws should target these middlemen with sanction as well.

Fourth, the Extractive Industries Transparency Initiative (EITI) should improve enforcement capacity, demonstrate its ability to evolve and respond to new realities. They must continuously re-evaluate and revisits their mandates and strategies to meet new challenges in the extractive sector, as that is the only way transparency and accountability which are their cardinal objectives can be achieved.

Zimbabwe's former finance minister Tendai Biti is known for his statement that "the people that are stealing our (Zimbabwe's) diamonds are so sophisticated that stealing will continue" (Biti 2012). Simply put, regulators must keep pace with techniques used by diamond traffickers. Certification and verification schemes cannot be completely effective unless mechanisms used to smuggle and launder natural resources are exposed.

Finally, the study recommends that the successful pathway to fully harness the benefits of natural resource wealth in Africa is rooted in good institutions and governance, sound economic policies, heavy investment in exploration technology, trade links, effective legislative framework and human development.

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