A CRITICAL APPRAISAL OF NATURAL RESOURCES, GOVERNANCE, AND HUMAN DEVELOPMENT IN THE COUNTRIES OF THE GULF OF GUINEA

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Abstract

This article provides a succinct analysis of the relationship between natural (extractive) resources and the level of development in the countries of the Gulf of Guinea. The development level of these countries despite being richly endowed with natural resources is dismal. Their performance is contrasted with that of other resource and non resource rich countries in Africa such as Ghana, Botswana, Namibia, Seychelles, Cape Verde and Mauritius in terms of human development, governance, and human rights.

Keywords: Natural resources, Gulf of Guinea, governance, human development.

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1. Introduction

The Gulf of Guinea which is an area of nearly 3,500 miles of coastline encompasses a dozen of African nations. From the north it includes Ghana, Cote d'Ivoire, Liberia, Sierra Leone, Togo, Benin, and Nigeria. To the south it includes Cameroon, Equatorial Guinea, Gabon, Equatorial Guinea, Democratic Republic of Congo, Republic of Congo, and Angola. The focus of this article is on the countries south of the gulf of Guinea from Nigeria to Angola and also includes Chad and Central African Republic. Chad and CAR are not countries with any direct connection to the Gulf of Guinea considering that these two are landlocked, however access to these countries has to be through one of countries of the Gulf of Guinea. Also these two countries are also richly endowed with natural resources and share the same security challenges with the countries of the gulf of Guinea.

2. Strategic importance of the Gulf of Guinea

The Gulf of Guinea region total a population of more than 300 million inhabitants and enjoys a wide geographical, geological and cultural diversity grouping countries of Anglophone, Francophone and Lausophone backgrounds. It is estimated that the region according to figures for 2002 generates a gross domestic product (GDP) of USD 112 billion, exports of about USD 45.5 billion and imports of about USD 31.63 billion.[1]

For economic and geopolitical reasons, the Gulf of Guinea has emerged to occupy a salient position in world politics. The Gulf of Guinea is fast becoming one of the most promising oil exploration areas in the world. The region is richly endowed with natural resources ranging from oil, gas, and diverse minerals. For instance the energy potential of the region is predicted will surpass the total production of the Persian Gulf nations by 2020 with 25% of global production

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[1] Damian Ondo Mane, "The Emergence of the Gulf of Guinea in the Global Economy: Prospects and Challenges". Plenary Session presentation on the Corporate Council for Africa 2005 African Oil & Gas Reform (2005), http://www.africacncl.org/downloads/IMF_Mane_Remarks.pdf, accessed October 2009.

against 22% for the Persian Gulf.[2] The region has become a very important strategic area for countries such as the United States, China, and India for the sourcing of crude oil to fuel their economies. By 2000 it is estimated that western oil companies alone had invested about USD 50 billion in oil infrastructures (rigs and refineries).[3] The Gulf of Guinea is a nexus of vital US foreign policy priorities.

The region has also witnessed an increasing Chinese presence especially in the oil and mining sectors. China receives about one third (1/3) of its oil imports from Africa representing 9% of the continent's total exports in 2006.[4] Chinese interests in the oil and mining sectors in the Gulf of Guinea are very much evident in countries such as Angola where in 2004 it secured major stake in future oil production following a USD 2 billion package of loans and aid, and Gabon where in 2004 during the official visit of Chinese President to Gabon three onshore licenses for the exploration of oil were awarded to a Chinese oil company, UNIPEC a subsidiary of SINOPEC. Though still marginal compared to the interests of western oil companies, Chinese companies are making in route into the Gulf of Guinea.[5]

3. Dependence on Natural Resources Revenues

With increasing world demand of natural resources and with world attention focusing more and more on Africa, it is expected that over the next decade, governments in sub-Saharan Africa are expected to receive over USD 200 billion as revenues from oil.[6] While this new influx may be considered as the largest concentrated influx in Africa's history, African countries especially those richly

[2] Patrick J Paterson, "Maritime Security in the Gulf", JFQ Forum (2007), http://www.ndu.edu/inss/Press/jfq_pages/editions/i45/9.pdf, accessed August 2009.
[3] Ibid.
[4] Stephanie Hanson, "China, Africa, and Oil" Council on Foreign Relations, *Backgrounder,* (2008), http://www.cfr.org/publication/9557, accessed August 2009.
[5] Bates Gill, Chin H Huang & Stephen J Morrison, "China's Expanding Role in Africa: Implications for the United States", A Report of the CSIS Delegation to China on China-Africa-U.S. Relations (2006), http://csis.org/files/media/csis/pubs/chinainafrica.pdf, accessed July 2009.
[6] Ian Gary & Terry L Karl, "Bottom of the Barrel: Africa's Oil Boom and the Poor" Catholic Relief Services, http://advocacydays.org/tracks/economic/ead-africas-oil-boom.pdf, (2003), accessed August 2009.

endowed with natural resources have in the past depended on natural resources for the survival of their economies. It should be recalled that African countries in the years following independence enjoyed a growth-driven commodity boom but regrettably the proceeds from this boom never triggered a growth capable of sustaining the economies of these countries. Most African countries especially those that were extensively depended on natural resources in the mid 1980s and 1990s became entangled in an unprecedented economic crisis.

As noted above, Africa's share in total FDI flow to developing countries in recent years is increasing estimated at about USD 30 billion with a significant concentration in the extractive industry. However, as the proceeding sections illustrate, the estimated revenues earned by countries of the Gulf of Guinea during the last years do not correlate to an increase in level of development and economic performance.

4. Country Analysis of Natural Resource Revenues in the Gulf of Guinea: The Old Guards

4.1. Angola

Angola earned much revenue from the extractive industries than most of the countries of the Gulf of Guinea. Angola is richly endowed notably with oil and diamonds; second largest oil producer in the region after Nigeria with proven oil reserves of about 9.0 billion barrels[7] and the fourth world's largest diamond producer with an estimated reserve of about 180 million carats. Despite its huge potential to be one of Africa's richest economy, its natural resources and revenue earned from their exploitation was at the core of the country's more than three decades of civil war with serious implications on the welfare of its population.

[7] Energy Information Administration: Official Energy Statistics of the US Government, Country Analysis Brief for Angola, http://www.eia.doe.gov/emeu/cabs/Angola/Oil.html, accessed August 2009.

The following figures depict the extent to which Angola depends on the extractive industries. For instance between 1998 and 2004 the oil sector is estimated to have contributed about USD 19,027 million (80.40 %) to Angola's total budget of about USD 23,663 million.[8] Between 2005 and 2006 oil contributed an estimated 2,212 billion kwanzas to Angola's total revenue of 2,770 billion kwanzas representing 79.86% of the total budget. Diamond represents a huge portion of Angola's non-oil exports. In 2003 for instance Angola's diamond production stood at 6 million carats valued at USD 788 million representing about 95% of Angola's non-oil exports in terms of its contribution to government revenue and 10% of non-oil GDP.[9] While these figures remain low compared to revenue from the oil sector, the potential of contribution from the diamond sector to the country's total revenue should not be underestimated.

4.2. Cameroon

Unlike Angola and many of the other countries, Cameroon is a marginal oil producing country with a relative low level of dependence on revenues from this sector. The country proven oil reserve is estimated at 1000 million barrels. Cameroon since the late 1980s and through the 1990s and currently has witnessed a stable decline in oil production after reaching its peak in 1986 of 182 000 barrels per day production. Apart from oil, the mining sector in Cameroon offers a huge potential that may definitely augment the contribution of the extractive industries to the country's revenue with intensification in exploration activities by foreign companies. There is one exploitation permit attributed to a US based company, GEOVIC Cameroon SA for the exploitation of cobalt and

[8] These figures are addition by the author from various IMF Staff Country Reports on "Selected Issues and Statistical Appendix" available online at http://www.imf.org/ last accessed 26 August 2009. The percentage of oil revenue which was not part of the IMF reports was calculated on the basis of the total revenue and oil sector revenue.

[9] International Monetary Fund, "Angola: Selected Issues and Statistical Appendix", *IMF Country Report No. 05/125* (2005), http://www.imf.org/external/pubs/ft/scr/2005/cr05125.pdf, accessed July 2009.

nickel in the East region. Oil accounts for about 4.9% of the country's GDP, 60% of exports and 20% of government revenue.[10]

Comparatively, Cameroon seems to be the only country in the Gulf of Guinea without a heavy dependence on revenues from the oil sector with less than 50% dependence. It is the sixth largest oil exporter in Africa and this demonstrates that the contributions of the oil sector to the government's revenue streams remain significant. Between 1994 and 2009, Cameroon received as revenues from the oil sector an estimated CFA 5378.4 billion from total government revenues of CFA 18.452 billion. The oil sector represented during this period 29.14% of government revenues. In 2006 the oil sector contributed 35.56% representing CFA 643 billion to the total government revenue of CFA 1,808 billion. Revenue from the oil sector in general represents an estimated 20% of government revenue and constitutes 83.10% of Cameroon's non fiscal revenues in the state budgets.[11]

The oil sector for instance was expected to contribute about 22.57% to the 2009 budget voted by the National Assembly which stood at CFA 2,301 billion. This budget was adopted at a time when oil prices were soaring at an unprecedented rate reaching about USD 150 per barrel in the latter half of 2008. By December 2008 the prices plummeted at about 75% making Cameroon's budget then unrealistic. This analysis is important as it brings to the fore the problems of countries whose economies are commodity driven and fail to understand the volatility of global oil prices. With a declining oil production it remains unclear whether the oil sector would continue to remain one of the cornerstones for

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[10] Chrysantus Ayangafac, "The Political Economy of Oil booms in the Central Africa Region" in Chrysantus Ayangafac (ed) *Political Economy of Regionalisation in Central Africa, Institute for Security Studies Monograph 155* (2008), pp. 43-64.

[11] Commission Macro-Economique de Dynamique Citoyenne, "Budget 2009: faut-il parler d'incertitude ou d'irréalisme" (2009), http://beaugasorain.blogspot.com/2009/04/budget-2009-dynamique-citoyenne.html, accessed August 2009.

Cameroon's economic growth. According to Stéphane Cossé,[12] the resources generated by the oil sector will remain of macroeconomic relevance in the years ahead.

4.3. Nigeria

Nigeria, one of Africa's most populated countries is the continent's largest producer of crude oil. As of January 2009 Nigeria's proven oil reserve was 36.2 billion barrels and a daily production of 2.4 million barrels. If production continues at this current production rate then Nigeria's proven reserves could last for almost 32 to 43 years. Apart from the large oil reserves, Nigeria also has huge reserves of natural gas estimated at about 184 trillion cubic feet as of January 2009. However despite this huge endowment, oil remains the overriding contributor to the sustenance of the economy. For instance oil alone accounts for more than 90% of total exports and approximately fourth-fifths (4/5) of total government revenues. It is estimated that Nigeria has earned more than USD 400 billion as revenues from both the oil and gas sectors.

Over a period of ten years (1993–2003), the oil sector in Nigeria contributed approximately 6,661,180 naira to the country's total revenue of 9,157,626 naira representing about 72.73%.[13] In 2000 for instance it received 99.6% of its export income from oil[14] and in 2005 it accounted for about half of Nigeria's GDP, and more than 90% of total exports. Generally between 1970 and 1999 the oil sector generated approximately USD 231 billion in rents constituting 21% and 48% of GDP. Like the other countries of the region, Nigeria's oil sector is one that is rife with the problems of transparency and accountability. Hence it faces several

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[12] Stéphane Cossé, "Strengthening Transparency in the Oil Sector in Cameroon: Why Does It Matter?" IMF Discussion Paper PDP/06/2 (2006), http://www.imf.org/external/pubs/ft/pdp/2006/pdp02.pdf, accessed July 2009.

[13] Ibid, p. 9.

[14] Micheal L Ross, "Nigeria's Oil Sector and the Poor", *Prepared for the UK Department for International Development "Nigeria: Drivers of Change" program*. (2003), http://www.sscnet.ucla.edu/polisci/faculty/ross/NigeriaOil.pdf, accessed August 2009.

development and governance challenges on how the revenues from these resources could be used for the welfare of the general population.

4.4. Republic of Congo

Oil is the mainstay of the economy of the Republic of Congo and it is the fifth largest oil producer in sub Saharan Africa. As of January 2008 the Republic of Congo's proven oil reserves were estimated at 1.6 billion barrels and undiscovered reserves estimated at 5.8 billion barrels. It is expected that at the 2004 production rate of nearly 85 million barrels per annum, the proven oil reserves may last 18 years.[15] The dependence of Congo on revenues from the oil sector like that of the other countries could not be undermined. According to the World Bank, in 2008 the oil sector accounted for approximately 65% of the GDP of Congo, more than 92% of its exports and 85% of state revenue. From 1995 to 2005 the oil sector contribute an estimated CFA 4,258.4 billion to a total estimated revenue of CFA 6,023.4 billion which is approximately 70.69%.

In 2008 alone, oil output was estimated at 86.6 million barrels indicating an increase from 81.7 million barrels in 2005 and there are prospects that oil output will continue to increase with the exploitation of new oil fields. This prospect may however be short-lived as output is expected to decline in 2011 as the oil fields get depleted. Congo like the other countries to be considered in this study has had limited success in utilizing its oil resources to significantly advance the welfare of its people making governance and the management of the oil wealth a major problem for Congo.

4.5. Gabon (Gabonese Republic)

Gabon is amongst sub Saharan Africa's biggest oil producers with proven oil reserves of 1.8 billion barrels and a daily production of 266,000 barrels. Like all the other countries of the region, Gabon's economy is very much depended on

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[15] Rina Bhattacharya and Dhaneshwar Ghura, "Oil and Growth in the Republic of Congo", *IMF Working Paper,* August 2006.

oil production. The following figures depict clearly the extent to which Gabon's economy is depended on the oil sector. Oil tax revenues constitute nearly 60% of total fiscal revenue on average between 1999 and 2001, and oil exports made up close to 80% of total exports during the same period. From 1995 to 2004 the oil sector contributed a total of CFA 5760.3 billion to the global revenue of approximately CFA 9887 representing 58.26%.[16]

With a decline in its production, it is difficult to ascertain how much long Gabon would continue to depend on the oil sector revenues considering that its dependence on this sector has been a big hurdle towards the development of a broad-based tax system which weakens discipline in overall budgetary management and governance.[17] Furthermore the decline in oil production means a decline in Gabon's revenue especially as significant financing needs remain to tackle poverty and social and infrastructure needs.[18] The oil sector according to IMF findings is an enclave that serves the non-oil sector essentially by financing a large savings-investment deficit. To avoid a ratchet effect in future, there is need for Gabon to link its spending to a "sustainable" income stream which will enable it avoid the ratchet effect.

4.6. Democratic Republic of Congo

Despite its potentiality as one of Africa's richest countries in terms of its underground wealth, the Democratic Republic of Congo has not benefited much from the presence of these resources. The dependence of the DRC on revenues from the exploitation of its mineral resources unlike the other countries cannot be ascertained but it could be underscored here that the mining sector accounts for about 90% of DRC export earnings. In 1989 for instance the minerals sector contributed as follows; copper 45% of DRC total earnings representing USD

[16] Ibid, p. 9.

[17] "Gabon: Selected Issues and Statistical Appendix", *IMF Country Report No 05/147 May 2005*.

[18] Ludvig Soderling, "Escaping the Curse of Oil? The Case of Gabon", *IMF Working Paper WP/02/93 May 2002*.

1,200 million; diamonds 25% which represents USD 600 million, and cobalt and crude oil represent 10% each of the country's total export earnings.

In 2000, diamond became the main source of DRC export earnings representing 57% (USD 435 million), crude oil contributed 19% (USD 141 million), cobalt 13 per cent (USD 97 million), while copper which in 1989 contributed almost halve of DRC export earnings gave in only 6 per cent (USD 45 million). Unlike the other countries of the sub region considered in this study that depend much on crude oil, the DRC in the 1990s depended much on copper and cobalt which was responsible for 50% to 60% of all export earnings. The diamond sector remains an important sector as well though it witnessed a decline between 1998 and 2000 in terms of its contributions to DRC's export earnings. In 1998 the diamond export earnings were over USD 700 million and in 2000 it declined to USD 440 million representing a fall in export volumes by 35%, while in 2000 oil export revenue was USD 140 million.

5. Country Analysis of Natural Resource Revenues in the Gulf of Guinea: The New Comers

It may take another century before we talk of the end of the oil era especially in sub Saharan Africa where exploration for black gold is intensifying. In recent years we have seen the emergence of hitherto poor countries in the Gulf of Guinea and the Central Africa emerging as the newest petro-sates, notably Chad, Equatorial Guinea, Sao Tome e Principe and to an extend the Central Africa Republic. In the analysis that follows we shall look at these newest petro-states and whether they are efforts to depart from the practices of the old guards of the region.

5.1. The Republic of Chad

The discovery of oil in Chad and the construction of a 1070 km pipeline from Chad through Cameroon generated a lot of public interest. Chad before the discovery of oil in its southern part was one of the world's poorest countries and its major primary export commodity was cotton. The dependence of Chad on agriculture and especially cotton is evident by the fact that this sector contributed an estimated 46.3% of Chad's GDP in 1986. The plummeting of prices on primary commodities in the world market by the mid 1980s saw a dwindling of contribution of cotton to the sustenance of the economy of Chad. The discovery of oil in Chad and the construction of the Chad-Cameroon Oil Pipeline between 2002 and 2004 to transports Chad's crude oil from the southern region of Doba to the coastal town of Kribi in Cameroon brought Chad to global limelight as an oil producing nation.

Despite being a relatively new oil state, since 2004 when Chad's oil began selling in the world market, Chad has received a total of USD 1.3 billion.[19] Unlike Cameroon for instance where revenues from the oil sector until recently were not included in the national budget, in Chad the trend was different when in December 2004 following the first sale of crude oil, the Chadian government incorporated revenue from the sector in its national budget and submitted it to the Revenue Management College established to supervise and monitor the use of such revenues. During the period 2004 and 2006 revenues from the oil sector incorporated in the national budgets stood at an approximately 28.56% and 45.01% respectively.

Increasingly, oil has emerged as Chad's number one primary export accounting for 90% of the country's exports. In the years to come, Chad would depend largely on revenues from oil considering that its proven reserves are estimated at about 600 million barrels and are expected to be depleted by 2032. This will pose a new set of challenges for Chad such as managing volatile and unpredictable oil revenue flows to prevent pronounced fluctuations in economic exchange rate; addressing the exhaustible nature of oil resources with prudent inter-temporal

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[19] Update: Chad's oil Revenue Section 13 in *Chad/Cameroon Development Project*, Project Update No. 22 – Mid-Year Report 2007, p. 69; also available at http://www.essochad.com/Chad-English/PA/Files/22_allchapters.pdf and http://www.esso.com/Chad-English/PA/Files/22_ch13.pdf, accessed April, 28 2009.

decisions on consumption and saving and ensuring a high return to public spending through absorptive capacity and a sustainable fiscal deficit.[20]

5.2. Republic of Equatorial Guinea

Like Chad, Equatorial Guinea entered the list of oil production just recently. In effect, oil production began in this small island country at about 1996 with a daily production of just 17,000 barrels. Since then, production has been astronomical with a production of 396,100 barrels per day in 2005. Equatorial Guinea has now become the third largest oil producer in sub Saharan Africa after Nigeria and Angola. According to a January 2008 estimate, Equatorial Guinea has an oil-proven reserve of 1.1 billion bbl and natural gas proven reserve of 36.81 billion cu m.[21] In terms of the contribution of the oil sector to the economy of Equatorial Guinea, it remained a dominating sector contributing a total of CFA 3871.7 billion between 2001 and 2006. As from 2005 Equatorial witnessed an astronomical increase in the amount of revenue earned from the oil sector. While oil revenues in 2004 stood at CFA 580.9 billion, in 2005 there was an almost 50% increase in revenues at CFA 1089.3 billion and since then there have been a steady increase in both revenues earned and production.

5.3. Central Africa Republic

The Central Africa Republic (CAR) is the only country in this region which as of now is not an oil producing country. However, there are ongoing oil exploration activities along its frontier with Chad. CAR remains a primary dependent economy with diamonds being the dominant exploited mineral. The importance of this sector cannot be underestimated considering that the CAR is Africa's seventh largest producer and the world's ten largest producer for rough diamonds with estimated annual production of about 450,000 carats. This sector contributes about 7% to the country's GDP and about 40% of its export earnings.

[20] International Monetary Fund, "Chad: Selected Issues" IMF Country Report No 09/67 February 2009.
[21] CIA The World Factbook.

According to the IMF, in spite of the potentiality of this sector, the government has not been able to reap much of the revenues from diamonds providing less than 5% as revenues to the government. Despite its potentiality the CAR is the one country that has a negligible dependence on revenues from the extraction of its resources especially diamonds largely because this sector is still very much under developed and rife with other problems such as lack of transparency and the trafficking in “blood diamonds”. However, the adherence of CAR to the Kimberley Process it is expected, will bring sanity to the diamond sector.

5.4. Democratic Republic of Sao Tome and Principe

Sao Tome and Principe (STP) may be Africa’s newest petro state as the era of this small island country’s dependence on cocoa may soon come to an end. Potential of STP to become a petro-state is determined largely by the fact that oil exploration in the 1990s in territorial waters of its neighbors especially in Nigeria and Equatorial were highly successful and the geological structures of the Niger Delta extend into STP’s territorial waters. It may be difficult to ascertain the extent to which this country may be depended on oil considering that oil has not yet started flowing. However, there is widespread hope in view of the benefits it would present for the people. Looking at the performance of the economy before oil starts flowing may give us an opportunity to forecast on the role of oil in this archipelago.

STP first revenues from the oil sector estimated at about US $15-20 million[22] came mainly from signature bonuses signed in the Joint Development Zone (JDZ) with Nigeria in the last 1990s and through the first years of 2000. However, with unclear indications when actual oil exploitation would start revenues from oil signature bonuses that have supported the economy is running out and the country need to mobilize revenues from other sectors to fill the gap such as increasing the tax burden. In anticipation of the start of the oil exploitation which

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[22] George J Frynas, Geoffrey Wood, and Soares De Oliveira, “Business and Politics in Sao Tome e Principe: From Cocoa Monoculture to Petro-State”, *African Affairs* No. 102 (2003), pp. 51-80.

some critics say may not start even after 2014, STP shall continue to depend on revenues from cocoa and tourism.

6. National Resource, Human Development, and Governance Deficit

Natural resources according to the World Bank can contribute significantly to a country's economic development and often offer the first opportunities for foreign investment and private sector development.[23] As seen above these resources generate enormous revenues for the government, foreign exchange earnings and to a limited extent employment. Unfortunately revenues from the exploitation of these natural (extractive) resources rather than fueling growth and development, these resources have become the cause of economic stagnation, corruption, poor governance, human rights abuses and civil war. The analysis below would help to understand the development paradox of the countries of the Gulf of Guinea.

6.1. Governance

According to the Freedom House Index for 2008 which measures freedom in the world based on political rights and civil liberties, almost 80% of the countries of the Gulf of Guinea are not free. The possibility of people to participate freely in the political process in these countries is limited and it is very difficult for people in these countries to freely exercise any of their freedoms without government interference. In sub Saharan according to the 2009 Freedom in the world statistics released by Freedom House there are 15 countries which are classified as "Not Free" of which the Gulf of Guinea has 7 of these countries (Angola, Cameroon, Central Africa Republic, Chad, DRC, Republic of Congo and Equatorial). Nigeria and Gabon are "partly free" while the only free country is Sao Tome and Principe.

[23] Andres Liebenthal, Roland Michelitsch, and Ethel Tarazona, "Extractive Industries and Sustainable Development: An Evaluation of World Bank Group Experience" (2003), World Bank.

The dismal performance of these countries could be contrasted other African countries also rich in resources but with a good performance. For instance Botswana, Ghana and Mali rich in minerals such as diamonds, gold and oil are rated above the oil rich countries of Central Africa/Gulf of Guinea region. Meanwhile, Cape Verde, Mauritius, Benin and Lesotho not endowed with neither oil nor minerals and depend mostly on tourism remains the best performing countries on the scale of the Freedom House 2009 classification.

The countries of the Gulf of Guinea tail the Transparency International Corruption Perception Index (CPI) which measures the perceived levels of public-sector corruption on a scale from zero (0) being highly corrupt to ten (10) being highly clean. Apart from Gabon, all these countries according to the 2008 CPI scored below 3 on the scale of 10. Chad, Equatorial Guinea, the DRC and Angola are most corrupt countries in the region with scores of less than 2 while CAR, Cameroon, Nigeria, and Sao Tome and Principe all have scores of less than 3. Gabon with a score of 3.1 could be considered as the least corrupt country in the region. However, the fact that none of these countries is even above the average on the CPI scale means that they are all highly corrupt. The performance of these countries could be contrasted with that of Botswana with a CPI score of 5.8 making it the least corrupt country in sub Sahara Africa followed by Mauritius, and Cape Verde.

Lack of transparency seriously underpins the extractive sector in all of the countries of the Gulf of Guinea and this has deepened corruption in these countries. According to proponents of the resource curse or the paradox of plenty theory, countries that depend heavily on revenue from natural resources are usually less transparent or accountable to their populations. They claim that the lack of transparency and accountability by these governments is largely due to the fact that they depend less on domestic taxation and that revenue from the exploitation of these resources is centrally controlled. These revenues provides opportunity for the government and its governing elites to entrench themselves without any corresponding accountability.[24] In all these countries an increase in oil revenues is marked with an increase in its external debt, a phenomenon that may be difficult to explain within the current regional socio-political and economic situation.

The Fund for Peace Failed States Index (FSI) is a barometer designed to measure whether a country could be considered as either a failed state or not. It is based on twelve indicators grouped into three categories; social, economic and political indicators. According to the 2008 FSI, seven of the countries in the Gulf of Guinea are classified within the danger (red) zone considered as failed states (Chad, DRC, Central Africa Republic, Nigeria, Republic of Congo, and Cameroon). Equatorial Guinea, Sao Tome and Principe and Gabon though not in the danger zone are not far from being considered as failed states. Comparatively countries such as Mauritius and to an extend Ghana could be considered as free looking at their performance in the FSI.

6.2. Human Development

The performance of the countries of the Gulf of Guinea while dismal on the governance front as seen above is not different with their performance on human development as reported in the UNDP Human Development Report (HDR). Ranking on the 2009 UNDP Human Development Index (HDI),[25] all the countries of the Gulf of Guinea are among the least on the world classification with the following rankings - Angola No. 143, Cameroon No. 153, Central African Republic No. 179, Chad No. 175, Democratic Republic of Congo No. 176, Republic of Congo No. 136, Equatorial Guinea No. 118, Gabon No. 103, Nigeria No. 158 and Sao Tome and Principe No. 131. The performance of these countries are in contrast with the performance of countries such as Libya,

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[24] Human Rights Watch "Some Transparency, No Accountability: The Use of Oil Revenues in Angola and its Impact on Human Rights" (January 2004), Vol. 16 No. 1 (A).

[25] UNDP Human Development Report, "Human Development Report 2009 – HDI Ranking", The UNDP notes that this 2009 HDI represents statistical values for the year 2007, http://hdr.undp.org/en/statistics/, accessed December 2009.

Seychelles, Mauritius, and Tunisia that are ranked in the number 55, 57, 81, and 98 positions respectively, making them the only African countries among the first one hundred countries on the HDI.[26]

The poor ranking of the countries of the Gulf of Guinea is reflective of their performance in several of the indicators considered in measuring the level of human development. For instance life expectancy at birth on average in all of these countries is approximately 45 years. According to the 2009 UNDP HDR, life expectancy in Angola is 36 years, Cameroon 43 years, Chad 39 years, Democratic Republic of Congo 38 years, Gabon 58 years, Equatorial Guinea 42 years, Nigeria 38 years, Republic of Congo 47 years, and Sao Tome and Principe 67 years (the only Gulf of Guinea country to have a life expectancy above 60 years).[27] This is a stark contrast to what obtains in other African countries with higher life expectancies such as Algeria 79 years, Cape Verde 77 years, Egypt 77 years, Libya 81 years, Mauritius 79 years, Seychelles 80 years, and Tunisia 81 years.[28]

It is imperative to note that the most performing countries in Africa are not endowed with natural resources like countries of the Gulf of Guinea that are hugely endowed with resources. These countries according to the HDI perform very well on indicators such as the enrolment ratio for primary, secondary and tertiary education. If take for instance the situation of Seychelles, Mauritius and Botswana which is a rich diamond producing country percentage ratio of school enrolment ranges from 82.2, 76.9 and 70.6% respectively. On the performance of the countries of the Gulf of Guinea on the same indicator on school enrolment, it is an appalling performance. Gabon has the highest combined enrolment ratio with 80.7 per cent followed by Angola with 65.3%. The worst performing

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[26] Ibid.

[27] UNDP Human Development Report, "Human Development Index and its Components – Life expectancy", http://hdrstats.undp.org/en/indicators/92.html, accessed December 2009. The UNDP notes that this 2009 HDI represents statistical values for the year 2007.

[28] Ibid.

countries are Cameroon, CAR, the DRC and Chad with 52.3, 28.6, 48.2 and 36.5% respectively. The performances of the other countries such as Nigeria are slightly above 50%.

Most of the countries of the Gulf of Guinea do not have many physicians attending to persons. For instance for number of physicians per 100,000 people; Chad has the least with just 4 physicians followed by Angola with 8 physicians. Sao Tome e Principe, Equatorial Guinea, Gabon and Nigeria have 49, 30, 29 and 28 respectively. Most of the children born in these countries are not very sure to survive by the time they reach five years. For instance, in Angola there are 260 deaths for every 1000 live births, in Chad the number of deaths under five is 208, Nigeria 194, DRC 205, Cameroon registered 149 deaths for every 1000 live births and Equatorial Guinea 205.[29]

These figures could be justified if we look at the percentage of births attended by skilled health personnel. In Chad only 14% of births are attended by skilled health personnel, 35% in Nigeria and 45% in Angola. Gabon, Republic of Congo and Sao Tome e Principe have the highest attendance rate of 86 for both Gabon and Republic of Congo and 76 for Sao Tome e Principe. The percentage of HIV prevalence rate for the ages of 15 to 49 is highest in Chad with 10.7 per cent and Gabon with 7.9 per cent. On maternal mortality rate per 100,000 births Chad had the highest number of deaths of 1,500 deaths followed by Angola 1,400 deaths, DRC and Nigeria 1,100 deaths each and Cameroon 1,000 deaths.[30]

These performances are not surprising if we look at the amount of government revenue committed to the health sector per capita (USD) remain very negligible. Equatorial and Gabon for instance according to 2009 Human Development Report have the highest expenditure per capita on the health sector - $219 and $

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[29] The figures here are culled from the 2007/2008 UNDP Human Development Report representing statistical values for the year 2005.
[30] Ibid

198 respectively. The DRC has the least health expenditure per capita - $7 closely followed by CAR and Chad at $13 and $ 14 respectively. In the Gulf of Guinea, the highest access rate of the population to improved water source is Gabon with 88 per cent, STP 79%, CAR 75% and Cameroon 66%.[31]

On public expenditure as percentage of total government expenditure on education, the performance of the countries of the Gulf of Guinea is dismal and this could be compared with how much expenditure these same countries commit to military expenditure as percentage of GDP. Angola's public expenditure on education is 6.4% while its military expenditure stood at 5.7% of its GDP. Cameroon has the highest percentage of public expenditure on education which stood at 19.6% and its military expenditure was 1.3%. This performance cannot be compared favorably with a country such as Cape Verde with 25.4% expenditure on education and a mere 0.7% of GDP as military expenditure.[32]

Despite being hugely endowed with varied natural resources and with huge revenues earned from the exploitation of resources such as oil the countries of the Gulf of Guinea tend to depend much on official development assistance (ODA). Paradoxically Nigeria which has earned more than USD 400 billion as revenues from both the oil and gas sectors has the largest dependency on ODA as of 2005 statistics. Nigeria has received USD 6,437.3 million as ODA, followed by DRC USD 1,827.6 million and Republic of Congo has received USD 1,448.9 million as ODA. The country with the least dependence on ODA is Sao Tome e Principe with just USD 31.9 million as ODA, followed by Equatorial Guinea with USD 39 million and Gabon with USD 53.9 million. If we compare this with the dependence on ODA of other African countries which in most cases are even

[31] ibid

[32] Military expenditures used here are culled from the SIPRI Military Expenditure Database http://milexdata.sipri.org/result.php4 accessed December 2009 while the data used on expenditure on education is culled from the 2008 UNDP Human Development Report – HDI

rich in natural (extractive) resources, there is a stark contrast. Seychelles receive just USD 18.8 million as ODA, Mauritius USD 31.9 million.[33]

7. Conclusion

From the above analysis, one will not hesitate to mention that though hugely endowed with natural (extractive) resources, the countries of the Gulf of Guinea continue to have a negative governance balance sheet. Other characteristics of these countries include a cluster of state failure, poor governance, and emergence of kleptocratic regimes that use revenues from the extractive sector to suppress its people. It is difficult looking at both the political and socio-economic indicators to say these countries have really moved forward in terms of development. Without being a pessimist, I should say these countries have not benefited from their natural endowments and like existing literature, the resources are "rather a curse than a blessing". Can we expect things to change in the future? This may be difficult considering that these resources are all non-renewable and the utilization of benefits from them is one life time opportunity.

[33] The figures used here are culled from the 2008 UNDP Human Development Report on the Official Development Assistance and on IMF Statistical report on oil revenues.