CHAPTER SIX

THE EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE AND CORRUPTION IN NIGERIA: RETHINKING THE LINKS BETWEEN TRANSPARENCY AND ACCOUNTABILITY

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ABSTRACT

The identification of corruption as the development problem in resource-rich African countries has in recent years led to the emergence of a dominant perspective that suggests the link between transparency and accountability as a strategy to address corruption and other aspects of ‘the resource curse’. This idea informed the establishment and the promotion of the Extractive Industry Transparency Initiative globally and its subsequent adoption locally in Nigeria in the form of the Nigerian Extractive Industry Transparency Initiative (NEITI) to fight corruption. However, since the adoption of NEITI in 2004, limited efforts have been made towards ascertaining the effectiveness of NEITI or assessing its implications for the purported link between transparency and accountability. Drawing on a critical examination of the experiences in Nigeria, this paper suggests that the NEITI has at best been ineffective in the fight against corruption in Nigeria, and the assumed association between transparency and accountability is based on a misdiagnosis of the governance failure complex in Nigeria, an underestimation of the problem of structural formalism, and an unfounded expectation of the capacity of civil society groups to demand accountability in the country. The paper concludes by considering the theoretical implications for using transparency as a vehicle to deal with the problem of corruption in Africa.

The main reason for persistent widespread poverty in Nigeria is lack of transparency and accountability. Therefore, revenue transparency and accountability will contribute to poverty reduction and eventual eradication.¹

¹ Otive Igbuzor, Country Director, ActionAid Nigeria (see Taiwo 2007).
The correlation between natural resources and negative political, economic, and social consequences in Africa has come to define what is often referred to as the ‘resource curse’ (see Auty 1993; Ross 1999; Auty & Gleb 2001; Sachs & Warner 2001). While critics and proponents of the resource curse thesis continue to debate its merit, there is now some consensus that the quality of the ‘governance structures’ around resource extraction and processing and the management of generated revenues determine whether natural resources will turn out to be either a curse or a blessing for a country (Mehlum et al. 2006; Alao 2007; Kolstad 2009). Consequently, efforts to address aspects of governance failure seen as crucial for ameliorating the resource curse in Africa have come to define international policy responses. For example, there was the institution of the Kimberly Process Certification Scheme to help regulate the international trade of conflict diamonds, which are generally believed to have contributed to and prolonged the conflicts in Democratic Republic of Congo, Angola, and Sierra Leone. Similarly, as part of this international response to the resource curse, a key question has been how revenue from natural resource extraction can be efficiently utilized for sustainable development (see Haufler 2010). For example, Gary & Karl (2003) noted that if oil revenue management is based on transparency, accountability, and fairness, oil revenue will become a source of blessing for oil-producing African countries. This assertion is informed by the simple assumption that the greater the transparency around natural resources revenue earned by African states, the greater the opportunity and possibility for these governments to be held more accountable for the use of such revenues by their citizens. This is because transparency relates directly to power, as it aims to democratize information and empower the powerless by providing them with access to and control over information and knowledge that can then be used to demand accountability (Mol 2010). This strategy informed the institution and promotion of the extractive industry transparency initiative (EITI) by Western governments, some governments of developing countries, and transnational corporations as a core strategy to address

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4 See Turner (2006) for detailed discussion of different initiatives.

5 See Le Billion (2001); Pugh et al. (2004); Arnson & Zartman (2005).