SCIENTIFIC SOCIETY

MULTIDISCIPLINAR MAGAZINE

VOLUME 2, NÚMERO 1, JANEIRO DE 2019

ISSN: 2595-8402

DOI: 10.5281/zenodo.2553638

OIL RESOURCE MANAGEMENT AND THE PARADOX OF DEVELOPMENT IN THE NIGER DELTA, 1999-2017

Idama, Supreme Oghenerobo PhD
Department of Political Science, University of Nigeria Nsukka
supremei@ymail.com
08054641605; 08023320845

ABSTRACT

Nigeria is a country blessed with various natural resources and one of the countries in Africa with regular discovery of new oil fields in the past decades. Nigeria is also endowed with human and better climatic condition which has enhanced the natural resources, which include the renewable and non-renewable resources. Despite these resources, Nigeria has continued to remain poor and underdeveloped than other countries without such potentials, a problem scholars have tagged "resource curse." Scholars have attributed this paradox to a number of factors ranging from corruption, wastage, poor leadership recruitment and conflict of interest. The study sets out to investigate Oil Resource Management in Nigeria and the Paradox of Development in the Niger Delta. The main objective is to determine whether the poor management of oil revenue is responsible for the paradox of underdevelopment in the Niger Delta. The study deployed the Content Analysis and Focus Group Discussion as sources of data while mixed methods of data analysis was used. The study observed that there are various contending interests over the management and control of crude oil resources in Nigeria. The study is of the view that the underground current and the inter-play among the stakeholder are responsible for the abysmal management of the oil resource in Nigeria and have affected the development of the Niger Delta region. We recommend among others the convocation of a National Conference on Natural Resource Management in Nigeria with a view to taking a common stand on how the oil resource can be better managed for rapid socioeconomic development of Nigeria.

Key Words: Natural Resource, Management, Conflict of Interest and Development

SCIENTIFIC SOCIETY
MULTIDISCIPLINAR MAGAZINE
VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

1 INTRODUCTION

The history of oil production in Nigeria is a mixed blessing and curse, with oil production tinting more to curse than blessing. This assertion stems from the fact that Nigeria is one of the largest oil producer in Africa, with over 2.6 million barrels production per day as of 2014, (EIA, 2015). This make her the sixth largest oil producer in the World, yet one of the poorest in the world. A critical observation by Idama (2014) shows that despite the oil boom of the early1970s Nigeria still depend on oil production for the survival of its economic activities. Oil resources presently account for nearly 57% of the Gross Domestic Product (GDP) and more than 98% of foreign exchange earnings. In addition it also account for more than 85% of the government revenue. The history of oil production in Nigeria is embedded in the struggle for the management and control of oil resource in Nigeria among the three major stakeholders. One re-occurring decimal since the discovery of oil in 1957 at Oloibiri, is the constant struggle between the Oil multinational Organization on one hand, the government and the host communities on the other hand. The struggle over who owns and manages the oil resource in Nigeria has been a subject of scholarly debate with international interest embedded. Although the struggle for the control of oil resource in Nigeria is an internal affair, the effects transcend beyond its shores with the interest remaining diverse and contradictory.

There have been various attempts by government to address the divergent interest in the oil industry since the inception of oil production in Nigeria. For the records, during the colonial era, the government did not pay serious attention to oil production; this however necessitated the sole concessionary right to Shell D'Arcy, a private company to exploit oil throughout Nigeria. Again it was argued that oil was of low value to the Nigeria economy and so was the interest of the government to invest in it. This sole right that was given to Shell D'Arcy and the low interest shown by the government put Shell at the driver's seat in the oil industry in Nigeria (Ikein, 1990). This right to management and control was purely at the doorsteps of host community and Shell BP since the government interest then was limited to regulatory. It is arguably true that oil business then was a private affair of Shell. The study

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

observes that the federal government truly created the enabling environment for the oil industry to travel. This is evident in the numbers of new investors in the oil industry in Nigeria. Idama (2014) note that in 1957 when oil was discovered in commercial quantity in Nigeria, the host communities only had nominal interest in oil exploration, production and management. In other words, their interest was limited to provision of oil bearing land and moral support. At independence in 1960 the nomenclature of oil exploration, production and management changed with the region government demanding 60% derivation from oil proceeds, making the oil producing regions senior partners in the tripartite arrangement (Idama, 2014). The story further changed in 1966 when the military took over power from the democratically elected government to the extent that the oil proceeds were adjusted in favour of the federal government. This adjustment never went down well with the regional government neither was it accepted by the oil host communities. This adjustment later resulted in agitation from the regions. Curtis (2001) observed that in order to have a firm control of the oil industry, the Nigeria government under the aegis of northern military elites promulgated a numbers of decrees and established institutions to manage and control the oil industry in Nigeria. Idama, (2014) strongly believed that some of those laws promulgated by the military had political undertone and northern interest, as demonstrated by the Gowon, Murtala, Shagari, Buhari, Babangida administration.

Prior to Nigeria independence in 1960 the management and control of oil exploration, production and export was an exclusive preserve of Shell, a private company in Nigeria. For instance the first refinery built in Nigeria was constructed by Shell in Port Harcourt. In the same vein the first Petroleum Training Institute was also established by Shell in Effurun-Warri Delta State. All these activities were geared towards effective control of the oil industry in Nigeria. Adekoye (2006) noted that all these anticipated control by Shell in the oil industry in Nigeria changed as a result of the nationalization policy of the military regime. It is a ground design the non ruling elite in the north to have total control of the oil industry. Scholars like Ikelegbe (2008), Akusu (2009) and Idama (2014) remark that 1967 marked the gradual transition of the management and control of oil resources from Shell to the Nigeria government. This was initiated through series of laws which backed up the transition. For

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

example, the government promulgated the Nationalization decree to ensure the total takeover of the management and control of the oil mineral resource in Nigeria from the MNOC and the oil bearing Regional Government.

Adekoye (2006) notes that the Gowon military junta promulgated the decree that made oil exploration, production and management an exclusive right of the federal government, thereby making the Host Communities a nominal partner in the oil industry in Nigeria (Ikelegbe, 2008). Some scholars like Akusu (2007), Mayuku (2009) and Iboma (2013) noted that between 1967 and 1999 the various military juntas plundered the oil resources with little or no attention to the Host Communities making the host communities demimonde and non-partners in the oil industry. This situation created the present animosity among the major stakeholders. Mayuku (2009) noted that in order to pacify the MNOC, the government decided to revert all laws injurious to the MNOC. This reversal was done through Memorandum of Understanding MOU between the Government and Multinational Oil Companies operating in Nigeria. Akusu (2008) also added that no such MOU was entered into with the host communities neither did the Federal Government seek the understanding of the state government, a situation that has generated conflict among stakeholders. Although there are various MOUs and Joint Venture Agreement JVAs between the Government and Multinational Oil Companies on how to management and control the oil resources in Nigeria, none of such agreement has improved the management of oil resource. Empirical evidence shows that neither the MNOCs nor the government is satisfied with the operating conditions in the oil industry in Nigeria. This has further created conflict and misunderstanding among the stakeholders. It has also created doubt and insincerity among the major stakeholders in the oil industry.

In another desperate move by the federal government to forcefully seize the ownership, management and control of oil resources, was the promulgation of the Petroleum decree 51 of 1969 now known as Petroleum Control Act Cap. 351, Law of the Federation of Nigeria 1990 which expressly stated that all Royalties and revenue from oil must be paid to the federal government. In addition to that the federal government in 1968 ordered all MNOC operating in Nigeria to relocate their administrative and operational headquarters from the

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

host communities to the then federal capital in Lagos (Dara, 2008). These actions of government show that the Government and the Host Community were never on the same page or share the same interest. It also shows that the then ruling military elites with northern agenda were all out to capture the management of the oil industry. Ekpo (1991) noted that since then there have been mutual suspicions among the three major stakeholders in the oil industry in Nigeria. These mutual suspicions have extended beyond the three major stakeholders to include the International Non-Governmental Organizations who sometimes accuses the host communities of economic sabotage. They have also accused the Federal Government of not playing according to the rules of the game. These fissures within the ranks of the stakeholders in the oil industry have created a conflict of interest, leading to abysmal management of oil resource in Nigeria.

Although scholars like Ikelegbe (2008), Ekpo (1991) Dara (2009) and Ezirim (2008) have written copiously on Oil Resource Management and Conflict, ownership and control in the oil industry. There is dearth of empirical studies on Oil Resource Management in Nigeria and the Paradox of Development in the Niger Delta between 1999 and 2014. This is the gap this study attempts to fill.

To fill this gap, the study attempts to investigate the Oil Resource Management and the Paradox of development in the Niger Delta, using conflict of Interest in the Nigeria oil industry as the bases for the assessment of Oil Resource Mismanagement in Nigeria. The study pose a fundamental question thus: Does the conflict of interest among stakeholders in the oil industry undermine the effective management of oil resource in Nigeria? The main objective is to determine whether the conflict of interest in the oil industry is responsible for the mismanagement of oil resources in Nigeria and lack of development in the Niger Delta. The study deploys Content Analysis and Focus Group Discussion as method of data collection while mixed methods of data analysis is used in this study. The author relied on natural resource curse theory to explain the nexus between the variables in this study.

In the next section of this report, the study takes a critical look at the history of natural resource management in Nigeria, the origin of the conflict of interest in the management of oil exploration and production. Finally the study empirically shows the nexus between the

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

conflict of interest and management of oil resource in Nigeria, with conclusion and recommendations.

2 THEORETICAL FRAMEWORK

This study is anchored on resource-curse theory which suggests that the abundance of mineral resources is often a curse than a blessing, particularly in developing countries like Nigeria. Scholars like Malomo (2008) and Ezirim (2008) note that natural resources are seen to be more of economic curse than blessing. This assumption began to emerge in 1980s and it is widely deployed by scholars in the Social Sciences. The resource curse thesis was first used by Richard's Aunty in 1993 to describe how countries with rich natural resources were unable to use their wealth to boost their economies. The theory also affirms that these countries have lower economic growth rate than countries without abundance of natural resources and often times poor. In similar studies by Jeffrey (2005) and Warner (2008), a link between natural resource abundance and poor economic growth was shown. They noted that there was a disconnection between natural resource wealth and economic growth. This can be explained by critical observation of the Nigeria oil industry. Many scholars have argued that this kind of situation is paradoxical.

Paradoxically, resource-curse theory or the paradox of plenty or Dutch disease refers to the paradox that countries and regions with abundance of natural resources tend to have less economic growth and worse development outcomes than the countries with fewer natural resources. There are various reasons for this paradox of plenty or Dutch disease. This critical observation is attributed to divergence of interest which often leads to mismanagement of resources. Idama (2014) noted that any commodity that belong to everybody truly belong to nobody. In order words it is quite easy for an individual in a community to build a mansion but very difficult for a community to build a fence of a house. This further explains that once there are divergent interest, efficiency and effective management become scarce and wastage, carelessness and abuse of resource become prevalence.

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

Although some scholars like Mayuku (2009), Iboma (2013) and Mayor (2007) explained that weak government institutions, poor enforcement of extant laws, unstable political system and corrupt institutions are responsible for poor management of natural resource. Other possible reasons are due to the easy model of diverting revenue stream from extractive industries. Scholars have appreciated the role of the oil industry's real exchange rate leading to de-industrialization and volatility of revenues from natural resource sector due to exposure to global commodity market swings. As noted by Juan Pablo Perez Alfonzo, a Venezuelan politician and one of the founding members of OPEC argued that ten years from now, maybe twenty years from now oil will bring us ruin". This assertion is being fulfilled even as we speak. The Niger-Delta is on fire. People are being killed, houses burnt and communities are annihilated. Can we call this a blessing or a curse?

3 DISCUSSION

3.1 OIL RESOURCE MANAGEMENT IN NIGERIA: MATTERS ARISING

There have been various attempts by scholars to explain the true meaning of the two major variables in this study, management and development. In order to operationalized the concept, Idama (2014) sees management as the skilful handing of resources for the benefit of all. In a similar manner he see development as progressive change in the socioeconomic life of the people. Akusu (2010) explain that management is the ability to co-ordinate all factors of production to achieve efficiency for the organization. While his idea of development, is a direct change towards modernization. Although there are no universally acceptable definitions of management and development, there are some common traits that run through them. For instance skills; resource, coordination and passion are some of the characters that are found in management and development. In this study, we see management and development as the ability to harness natural resources for the benefit of all. However, the management of the Nigerian oil industry lacks some of these traits, which ought to enhance the effective coordination and management of oil resource transparently. Arising from these factors are the conundrums of conflict of interest in the management and control of oil resources in Nigeria. Although some scholars have argued that interest is a very difficult

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638
concept to measure. Otis (2009) believed that interest is a measurable variable, using indicators like, level of commitment; equity contribution, activeness and risk taken as the benchmark for measurement. He noted that all these factors are the determinate of interest. Mayor (2010) also noted that interest in a business venture can be measured through indicators like Land, Labour and Capital. He argued that land being the first factor of production has a higher interest while labour and capital are second and third respectively. He noted that at various times land has been used as an instrument of political control. For instance, kings, feudal lords and capitalists have used land as instrument of control. But in contemporary time, capital and labour have tried to displace land thereby creating conflict of interest in the management of oil resource in Nigeria.

Akusu (2008) believes that the conflict of interest in the management of oil resource in Nigeria is anchored on faulty federal structure and selfish laws enacted by leaders with regional interest. For instance, section 44 (3) of the 1999 constitution, stated that the Federal Government shall control all minerals, including oil and gas resources in, under or upon any land in Nigeria, including territorial waters and exclusive economic zone. It further stated that the Federal government shall manage the mineral resources in such a manner as maybe prescribed by the National Assembly. In other words, all matters relating to the regulation and management of oil resource are within the purview of the federal government. For example the collection of export duties, income tax, profit tax, capital gains tax, the licensing and regulation of the oil companies among others fall within their power. This section of the 1999 constitution was inherited from the General Yukubu Gowon's military regime. Prior to 1968 the colonial government consider the oil industry in Nigeria as a private business managed by Shell British Petroleum (Shell BP) with the payment of royalty and other taxes to the Central Government. The Regional Government did not share profit with Shell BP but had a derivative sharing formula of 50%. In other words the Regional Government receive 50 percent of oil proceeds as derivable from oil. This 50 percent derivation from oil revenue was to a reasonable extent judiciously utilized in the Western regions. Although this gesture was not extended to all oil bearing communities, some of the oil bearing communities were beneficiary of some of the government policies like free education. The non-inclusion of

SCIENTIFIC SOCIETY
MULTIDISCIPLINAR MAGAZINE
VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

some of the oil bearing communities in the management of oil resources in 1967 trigged series of agitation from the minority ethnic groups in the oil producing regions of Nigeria. While the minority's agitation was on, Shell BP saw it as an opportunity to invest more and by adding values to the crude oil produced in Nigeria. For example Shell BP built the first Nigeria refinery in Port Harcourt in the 1970s and established the first Petroleum Training Institute in Warri Delta State. They also opened up the hinterlands for oil exploration, a sign of commitment and seriousness to develop the oil bearing communities. This aggressive investment in the oil industry by Shell BP led to the increase in oil production. In other words, their investment in the oil industry was not only to increase their equity share but also to be a major player in the oil industry in Nigeria.

. In 1968 the management architecture in the oil industry drastically changed with military intervention in politics. The military regimes promulgated series of decrees that altered the ownership, management and control of oil mineral resource in Nigeria. The change in the oil industry was occasioned by certain factors such as, the Nigeria membership of Organization of Petroleum Exporting Countries (OPEC), military intervention in politics, even development, funding for the Nigeria Civil War among others. The ownership and control of oil resources was a pre-condition for membership of the cartel. Therefore in line with OPEC regulation in 1973 the federal government nationalized all Multinational oil companies MNOC assets in Nigeria. In addition the federal promulgated decrees which deny the Regional Government access to the ownership and control of oil resource. In other words denying the Regional Government, who represent the host community in the oil industry of their 50% derivation. In order to consolidate on the gains achieve from the restructuring exercise in the oil industry, the federal government established four major institutions to manage the oil industry, namely the Presidency, Ministry of Petroleum Resource (MPR), Directorate of Petroleum Resource (DPR) and the Nigeria National Petroleum Corporation (NNPC). Their functions are clearly spelt out in extant laws and regulation. For instance the constitution required the President to be the Commander-in-Chief of the Army Forces but not a Minister of Petroleum. A situation that has often time generated conflict of interest. In order to understand the working of the petroleum industry, the President may appoint a minister to

SCIENTIFIC SOCIETY
MULTIDISCIPLINAR MAGAZINE
VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

oversee the affairs of the ministry, including junior Minister and other aids for the day to day running of the oil industry (Gilles, 2008).

The DPR is the next statutory agency with the main function of regulating, overseeing all activities of the oil companies including licencing of oil companies including the operations of the NNPC. They are equally charged with the responsibility of all leases in the oil industry and to ensure the full compliance with all national regulations. They are required to enforced safety and environmental standards and keep updating records of all oil related activities. It is the duty of the DPR to ensure that payment of royalty and rents are paid to the Federal Government timely among other duties. Suberu (2008) observed that the DPR existence as a unit within the NNPC has created the untenable situation of the regulator being subordinate to the industry’s largest player. This situation has also created room for conflict of interest within the oil industry, as the NNPC is a regulator and at the same time a player.

It is imperative to note that NNPC is the commercial and business agency of the federal government in the oil industry. They are involved in various joint venture arrangements with many MNOC. For example, the Production and Sharing Contract and the Commercial and Partnership Agreement between NNPC and MNOC in Nigeria were initially put forward as a means of managing the oil industry in Nigeria. Recently the NNPC got involved in two other broad arrangements, such as Joint Venture Agreement (JVA) and Memorandum of Understanding (MOU), which are governed basically by royalty and taxation plus a government majority participation interest. Folabi (2009) explained that the Production Sharing Contract (PSC) and the Service Contract were introduced by the federal government so as to benefit maximally from oil production in Nigeria. The terms of these agreement is that MNOC provides the funding for exploration and development operation with profit sharing arrangement that permits the MNOC to recover their cost with 40% cost recovery limit, 55% tax and 70/30 profit sharing formula in favour of the government. He noted that this agreement was first signed in 1973 between the Government and Ashland oil. It was further extended to other MNOC. In all these agreements, the oil bearing communities are not consulted, thereby creating animosity among the stakeholders.

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

NNPC a major stakeholder in the operations of the oil and gas industry in Nigeria, has be entangled in the web of corruption. It is on record that, over the years, the NNPC has always declared losses questioning the effectiveness its supervisory role? Despite the modification in the operating agreement in the oil industry in Nigeria, the results remain the same. These abysmal performances in the management of the Nigerian oil industry by the NNPC have left everyone in doubt as to their managerial competency. Many oil bearing communities have argued that their exclusion from all the agreements created avenues for corruption in the oil industry.

The recent audited report by the Nigeria Extractive Industries Transparency Initiative (NEITI) has exposed, confirmed and reinforced the worries of many Nigerians about the incompetence and neutrality of NNPC in the management of the oil industry in Nigeria. Ekpo (1991) explained that the employees of NNPC do not have the skills and the technical know how to manage the oil resource in Nigeria, considering the recruitment process in the organization. In most cases, ethnic and religious considerations are more prevalent in the recruitment than merit. And the position an employee occupies in NNPC is predetermine by the region and religion. Akusu (2007) noted that over 75% of the employees in NNPC are from the Northern region of Nigeria while the South Western States have 17% employees. The South Eastern States have 7.5% and the South-South states (Niger Delta Region) have just 0.5%, making the employment lopsided. A critical observation of the recruitment process shows that employees in NNPC are selected based on federal character principle and not on merit. Although some scholars have stricture NNPC for incompetency and mismanagement of the oil resource in Nigeria, this study believe that the NNPC has too many masters (interest) to serve. For instance the NNPC has the Presidency, the Ministry of Petroleum Resource, the National Assembly and the DPR who are the official regulator of the oil industry in Nigeria and other local and international interest to protect. In all these known interests that need to be protected by the NNPC, who now protects the interest of the host communities? In addition to the various governmental interests in the oil industry are the MNOC and Host Community interest in the oil industry in Nigeria. And if all those interests

SCIENTIFIC SOCIETY
MULTIDISCIPLINAR MAGAZINE
VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

are not properly aligned, managing the oil resource in Nigeria for development will be a mirage and curse.

Scholars like Mayuku (2008) and Iboma (2009) believe measuring business interest helps to situate the true owners of the business. They argue that there are certain indicators to show who the real stakeholders are. For example the level of financial contributions, the level of concern, the risk and the percentage of shares control. In applying these criteria to the management of oil resource in Nigeria, they noted that Land is the more preferred in the factors of production, closely followed by labour and capital. This was why oil bearing regions in Nigeria received 60% derivation from oil proceeds in the 1960s. In most developed countries oil resources are distributed as follows, Land owners or oil bearing communities are entitled to over 60% of the proceed, investors 35%, royalty to central government 5%. The table below shows Contemporary Allocation of Interest in the oil Industry in most developed countries.

Table 1: Contemporary Interest Allocation in the oil Industry

Name of Stakeholder	Contribution	Concern	Risk	Shares	%
Oil Bearing Communities	Land	Environment	Higher	50	50
Oil Multinational Companies	Capital	Profit	High	25	30
Oil Multinational Companies	Labour	Wages	High	15	10
Federal Government (NNPC)	Regulatory	Rent	Low	5	9
Other interest	Moral support	General support	Lowest	5	1

Source: Idama 2014

Table above shows that oil bearing communities contributes land and the resource thereof. Their major concern of the oil bearing communities is environmental conservation and sustainable development. They take the highest risk. For instance, they bear health risk,

SCIENTIFIC SOCIETY
MULTIDISCIPLINAR MAGAZINE
VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

destruction of bi-diversity, pollution of land, water and air. In fact the risk cannot be quantified monetarily. In most developed countries, land owners are allowed to develop or lease their oil field on agreed rate and condition. In most cases profit sharing takes the following format, land owner receive 50%, capital invested 30%, Labour 10%, Royalty and Rent 9% and others 1%. With this arrangement, all stakeholders know their boundary. Observations have shown that in most developing countries with natural resource, there are no well-defined and agreed legal frameworks on natural resource management thereby creating conflict of interest.

3.2 THE NEXUS BETWEEN MANAGEMENT AND CONTENDING INTEREST IN THE OIL INDUSTRY IN NIGERIA

It is imperative to establish the nexus between the contending interests in the oil industry in Nigeria. A number of scholars have argued that there are some hidden benefits that attract various interests in the oil industry in Nigeria. Frynas (1998), Brunner (1996) and Danler (1996) explain that the Nigeria oil industry is one of the most lucrative oil sectors in the World. It has robust and attractive conditions for fraudulent investors with a track record of fraudulent concessionary right, Joint Venture Agreement and Service Contract Agreement that tend to favour the MNOCs. These evils in the oil industry are perpetrated by the Nigeria elites in connivance with officials of MNOC. These kinds of investors see the Nigeria oil industry as a safe haven for investment. A personal observation in the oil industry in Nigeria shows that the Nigerian elites who manage the oil resource are on the same page with the elites of MNOC. This observation is anchored on the fact that both elites have common interest ie to make money at the expense of the general interest. Nevertheless there are slight differences between the two elites, for example, the Nigerian oil elites betray their nation and protect their selfish interest while the MNOC elites protect their organizational and national interest. For example, a former Petroleum Minister was caught with $490 million while a former Group Managing Director of NNPC was caught with over $149 million (AIT report)

The World Bank Report of 1995 was able to identify some major nauseous for the proliferation of interests in the oil industry in Nigeria. They identified inadequate regulatory

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

framework, the absence of requirement for community participation in the planning and development of oil activities, corruption and inadequate compensation for damage property. One critical observation of this study is the constant conflict between the oil companies and host communities which revolved around land ownership and compensation. The fissure between the two steams from the fact that the host communities argued that they deserved adequate compensation for their degraded land while the MNOC believed that the NNPC with 60% equity share in the joint venture is in position to pay compensation to the host communities and adequately develop the oil bearing communities. These double positions have created divergent interests with the host communities advocating environmental conservation and development in the region while the MNOC advocate minimize cost and maximize profit, thereby creating a conflict of interest in the management of oil resource in Nigeria. A top management staff of Shell once informed the author that the various Agreements and MOUs between NNPC and MNOCs never had clause like environmental conservation and compensation or development plan for the oil bearing communities. He noted that the Nigeria government has no concern for the environmental protection and do not care for the host communities. The government only concern is the revenue that accrues to them.

There are empirical evidence to show that the elites who manage the oil resource in Nigeria sometimes sacrifice the environmental protection, the host communities and national interest for personal interest. For example the ruling elites who also double as the oil elites have connived with the MNOC to oppress, suppress and intermediate the host communities. There are copious reports indicting MNOC of instigating the Nigerian security forces against host communities with the view to intermediating them against any planned protest. The author personally observed that most MNOC like Shell can go to any extent to cover up their wrong did, especially oil spillage. In most cases, their form of defence is to accuse host communities of sabotage. Iboma (2008) observed that the government often times act on the sabotage thesis before investigation. One strategy deployed by the government is to call on the security agencies to attack the host communities in the name of protecting oil facilities. And once the process of annihilation of the community is completed the capacities to demand

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

compensation and development from the MNOC and the Government may have been weakened. These have been the strategy for the avoidance of payment of compensations and development of the Niger Delta region. The International Peace Committee Report 2003 shows that there were various cases of large-scale human right violation by oil companies especially Shell. The World Bank also estimated cases of corruption in the oil industry in Nigeria, noting that over 80 percent of the oil revenues accrue to the domestic front benefit only 1 percent of the population (cited in EIA, 2005a). The United Nations (2006) also ranks Nigeria 159th out of 177 countries on its Human Development Index (HDI). Also the UN report note that more than 90 percent of oil bearing communities in Nigerians live on less than US$1 a day. The report further noted that the oil bearing communities are among the worst in terms of HDI in the World. One obvious reason why the divergence interests in the oil industry is largely due to the disparities that exist between the host communities and capital cities like Abuja, Lagos, and Kano among others. These cities have contributed nothing but gained everything. A community leader in Olomoro an oil bearing community once noted that, if those without a drop of oil in their community have all the necessities of live, why should the oil bearing communities live in poverty? He concluded that they rather die than to continue with the existing sharing format.

A recent pronouncement by President Buhari on the abolition of the Derivation Principle and the Amnesty programme shows that ethnicity and regionalism are still significant factor in the management and control of oil resource in Nigeria. The federal architecture of the Nigeria state has once shown that the minority will have their say but majority will have their ways. The oil industry in Nigeria is dominated by the loose coalition of the elites of the majority ethnic groups of Hausa, Yoruba and Igbo at the expense of the large numbers of ethnic minorities, including those of the oil bearing communities in the Niger Delta region. Empirical evidence shows that out of the 79 marginal oil field leased for operation in 2010, 65 marginal fields are exclusively for the ruling elites of Northern Nigeria, 10 marginal fields are for the elites of the South West Nigeria while the remaining 4 marginal fields were left for the Igbos while the oil bearing communities in the Niger Delta are without a single marginal oil field (Omeje, 2006). One way through which the majority ethnic elites are able

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

to achieve their success in the oil industry is through the equity interest in the joint venture partnership. For example a Military General from the North is a major shareholder of Consolidated Oil Ltd (Coin Oil) with MNOC having equity interest, in return the MNOCs like Shell offers a juicy position to their cronies. Some of the MNOCs like Shell have equity interest in all the marginal oil fields allocated to the top Generals from Northern Nigeria. Recently the Niger Delta Avengers published the names of the owners of oil fields in the region, with Gen, T Y Danjuma and Gen, Babangida among the top ten on the list. Dara (2009) noted that the elites from Northern Nigeria will stop at nothing in ensuring the destruction of NNPC so as to privatize it to them. And once a consensus for privatization is reached they can use their international cronies in the oil industry to acquire it. Ajayi (2016) noted that just few years into the Buhari's administration, he is calling for the selling of national asset to fund the national budget for 2016. Many analyst and social critics see this call as a ground plan of the northern elites to own the oil industry especially the vital asset such as NNPC and its subsidiaries.

Many activists, scholars and Niger Delta elites have long envisaged this attempt by the northern elites to dispossess the people of the Niger Delta of their natural resource. They came to this conclusion judging from the activities of the Nigeria northern elites regarding the oil resource in the Niger Delta. For example the Nigeria State under the leadership of the Nigeria northern elites often intervenes on behalf of the MNOC using legislation, public policy and military reprisal against host communities' in favour of the MNOC. There are thousands of empirical evidence to show how the Nigeria Government under the leadership of the Nigeria northern elites attacked oil bearing communities in the name of protecting oil installations and fighting illegal oil bunkers, see Ogoni Report 2006 and 2007, Amnesty International Report on the Niger Delta 2008, United Nations Special Report on the Niger Delta 2013 among others. These various report clearly shows that there are conflict of interest in the management and control of the oil industry in Nigeria. The interest of the Nigeria northern elites is always geared towards supporting the MNOC even when the actions of the MNOCs are at variance with International Best Practise in the oil industry. Idama (2014) noted that as a result of the support from the Nigeria northern ruling elites most Trans-

VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

national Oil Companies TNOCs in Nigeria are insensitive to the environmental degradation in the oil bearing communities and they are also insensitive to the developmental challenges of the region. As Iboma (2007) points out, the federal government of Nigeria has no interest in the development of the Niger Delta region. This explains the window dressed agencies and commission set up to address the developmental challenges of the region. Iboma further noted that these agencies and commission are designed to fail ab-initio. They are interested in the inflations of contract, subversion of tax payment through the collusion with state official among other corrupt practices in the system. Omeje (2006) summarises his observations by stating that the present woes in the management of oil resources in Nigeria are made possible by the accumulation of wealth by rent-seeking political economy gravitated by the northern ruling elites. This gravitas by the ruling elites in conniver with MNOCs have not gone on noticed by the international community. Recently the elders in the Niger Delta have called on the international community to prevail on the Nigeria President Buhari to create a conducive environment for stakeholder's dialogue that will include: the United State, United Nation, the European Union and the Africa Union as observer so as to fashion a new strategy for the management and control of oil Proceed in Nigeria.

4 CONCLUSION AND RECOMMENDATION

Since the discovery of oil in the Niger Delta in the 1950s, the issue of resource ownership, management and control has been a subject of high level debate among various interest groups within and outside Nigeria. Over the time the narratives for the struggle for the ownership, management and control of oil resource by the Host Community took a drastic turn for the worst with the federal government dictating who gets what, when and how in the oil industry. And since the pendulum of power swing more towards the federal government, it was only natural for the MNOC to join forces with the federal government whose aim is profit maximization. Whereas the interest of the host community cut across spectrum of other interest. As a result of these sharp differences between the federal government and the host communities, effective and efficient resource management like oil has been an issue.

SCIENTIFIC SOCIETY
MULTIDISCIPLINAR MAGAZINE
VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

In the same manner, countries where ownership, management and control of natural resources are clearly defined, conflict of interest are reduced to the lowest minimum with land owners interest taking the centre stage. Furthermore, observation have shown that high stakes accumulation are widely celebrated and glamorized in the Nigerian society, irrespective of how the money is made. Nigerians celebrate and glamorise illegal oil deals through wanton destruction of oil facilities. In order to prevent further mismanagement and wastage in the oil industry in Nigeria, the study recommend among others the convocation of a National Conference on Natural Resource Management in Nigeria where various interest in the oil industry can be harmonized for the benefit of all.

5 REFERENCES

[1] Ajayi, A. (2016). *Oil and the Propensity to Armed Struggle in the Niger Delta Region of Nigeria*. Ibadan: Ibadan University press.

[2] Akusu, S. (2007). *Developing energy infrastructure for sustainable economic development*. Ibadan: Ibadan Evans books.

[3] Adekoye, A. M. (2006). The Oil Industry Extra-Ministerial Institutions and Sustainable Agricultural Development: A Case Study of Okrika L.G.A. of Rivers State. *Nigeria Journal of Oil and Politics*, Vol.2, No.1, 2-7.

[4] Akpan, G. S. (1997). Nigeria's LNG Programme: Problems and Prospects: Oil and Gas Law Review. *Journal of Oil Production in Nigeria*, Vol. 4, No7:264-271.

[5] Brunner, P. (1996). *Indonesia: the political economy of energy*. Oxford: Oxford University Press.

[6] Curtis, T. B. (2001).*Theories of Organizational Behaviour: A conceptual approach*, New York: University press.

[7] Dara, G.G. (2006). Niger Delta Human Development Report. Abuja: UNDP Nigeria.

.

[8] EIA. (2005). Top world oil net exporters, 2005. Available online at http://www.eia.doe.gov/emeu/cabs/topworldtables1_2.html

VOLUME 2, NÚMERO 1, JANEIRO DE 2019

ISSN: 2595-8402

DOI: 10.5281/zenodo.2553638

[9] Ekpo, A. (2007). Federal Republic of Nigeria. In Anwar Shah (ed) The Practice of Fiscal Federalism: Comparative Perspectives. Montreal & Kingston: McGill-Queen"s University Press:204-234.

[10] Falobi, E.O. (2009). *Economic Evaluation of Natural Gas Utilization: Nigeria as case study*. Lagos: University of Lagos Press.

[11] Frynas, J.G. (2003). Oil in Nigeria: Conflict and Litigation Between oil Companies and Village Communities, in Kapel, R. and U. Engel (eds). Politics and Economics in Africa, Vol. 1, LIT VERLAG Munster – Hamburg- London.

[12] Gillies, A. (2008). Reforming Corruption out of Nigeria Oil, 1&2, www.u4.no/themes/nrm, retrieved on 4th February.

[13] Human Rights Watch. (2007). Chop Fine: The Human Rights Impact of Local Government Corruption and Mismanagement in Rivers State, Nigeria. New York: HRW.

[14] Warner, T.(2008). Nigeria: Firing of Anti-Corruption Chief Would Boost Abusive Politicians, http://hrw.org/english/doc/2008/01/01/nigeri17671_txt.htm

[15] Iboma, O. (2013) Oiling the friction: Environmental Conflict management in the Niger Delta, Nigeria. Environmental Change and Security Project Report, Washington DC: The Woodrow Wilson Centre, No.6, pp.19-32

[16] Idama, S. (2014). *Understanding the Niger Delta Crisis: Revised Edition*. Port Harcourt: Amethyst and Colleagues Publishers.

[17] Ikein, A.A (1990). *The Impact of Oil on a Developing Country: The case of Nigeria*. New York: Praeger Publishers.

[18] Ikelegbe, A. (2004). *Crisis of Resistance: Youth Militias, Crime and Violence in the Niger Delta Region of Nigeria*. Leiden, the Netherlands: African Studies Centre.

[19] Ikporukpo, C. (2004). Petroleum, Fiscal Federalism and Environmental Justice in Nigeria. Space and Polity. *Journal of Development Studies.* Vol.8, No 3: 321-354

SCIENTIFIC SOCIETY
MULTIDISCIPLINAR MAGAZINE
VOLUME 2, NÚMERO 1, JANEIRO DE 2019
ISSN: 2595-8402
DOI: 10.5281/zenodo.2553638

[20] Internal Crisis Group (2007). Nigeria: Ending Unrest in the Niger Delta. Africa Report No. International Crisis Group. 2009. Nigeria: Seizing the Moment in the Niger Delta. AfricaBriefingNo.60.

[21] Jeffery, P. (2005). Resource Impact: A curse or a blessing? Dundee: Center for Energy, Petroleum and Mineral Law and Policy.

[22] Malomo, P. (2008). *The Nigerian Petroleum Industry: Key Upstream Questions for the National Assembly*. New York: Revenue Watch Institute Press.

[23] Mayor. A, (2007) The *Political Economy of Oil and Gas in Africa: The Case of Nigeria*. New York: Routledge Press.

[24] Mayuku. J, (2009) *The Impact of Oil Exploration on the Environment: The Niger delta Case*. Abraka: University Press.

[25] NEITI. (2007.) NEITI Audits: Remediation Plan on Course. Abuja, NEITI, August.

[26] Omeje, K. (2006). High stakes and stakeholders: Oil conflict and security in Nigeria. Aldershot, United Kingdom: Ashgate.Review Vol.1 No. 1, July 2008:

[27] Suberu, R.(2008). The Supreme Court and federalism in Nigeria. *Journal of Modern Africa Studies*, 46, 3: 451-485.