
**EVALUATION OF CORRUPTION AND CONFLICT IN NIGERIAN OIL INDUSTRY:
IMPERATIVE FOR SUSTAINABLE DEVELOPMENT**

Okpan, Samuel O.¹ and Njoku Precious C.²

**¹ Department of Sociology and Anthropology
Evangel University, Akaeze, Ebonyi State, Nigeria**

**² Nigeria Deposit Insurance Corporation
Plot 447/448 Constitution Avenue, Central Business District, Abuja, Nigeria**

ABSTRACT: *Not only can corruption keep African states in cycles of violence by funding armed groups and criminal networks, it can also prevent the development of effective institutions of governance. When money and resources are diverted by corrupt African officials to private accounts and businesses instead of being channeled to inclusive citizen's needs, the clock turns back on social and economic development. This, in turn, can create further instability. In these ways, corruption, conflict and sustainable development are linked. Since its return to civil rule in May 1999, the country, especially the oil producing Niger Delta region, has drifted from one violent conflict to another, often with devastating consequences on human life and socio-economic development. Most analysts blame this violence on the many injustices perpetrated by the central authorities (especially the inadequacies of the current revenue sharing formula that denies oil bearing states their dues). The paper examines the relationship between corruption in oil sector, conflict and sustainable development and was anchored on resource curse theory. This study recommends amongst others that the award of oil block, contract, and licensing and production right should follow due process and transparent process. Also that the awarding of oil block to individuals should be discouraged rather they should be awarded to corporate entities with wide spread ownership.*

KEY WORDS: corruption, conflict, development, oil industry, violence.

INTRODUCTION

Corruption is a major challenge to sustainable development in Africa. The erosion of human rights and respect for constitutional authority hinders programs put in place to alleviate conflict and increase human security. While the impact of corruption is particularly tragic in the case of the poorest people in African countries, fighting corruption is a regional concern because corruption is found in both rich and poor African countries, albeit in different forms and magnitude. It has contributed to instability and the eruption of civil wars over resources in a number of African countries for instance Somalia. Experience from many African countries undergoing or have emerged from conflict show that corruption is a dominant factor driving fragile countries to state failure. Corruption can lead to, and sustain, violent conflict, in the context of patrimonial regimes that are degenerating under local or regional shocks and pressures for market reform. Le Billon (2003) argues that corruption is part of the social and political fabric of society, and thus, 'conflict

may be engendered more by changes in the pattern of corruption than by the existence of corruption itself' for example, by appeasing belligerents in order to buy peace.

In recent times, there has been a growing concern about Nigeria's continued survival as a nation in the face of growing violent conflicts, especially in the south-south region of the country, otherwise known as the Niger Delta (Fourchard and Banegas, 2007). Indeed, since the return to civil rule in May 1999, the region, which hosts the bulk of Nigeria's oil wells, has been the theatre of many forms of violence and criminality perpetrated by armed criminal syndicates. They have often had devastating consequences on human lives and on the socio-economic development of the country. While violent conflicts could hardly be described as something new in Nigeria, or in the Niger Delta for that matter the emergence of a multitude of heavily armed militias and cult groups in the nation's oil rich region is certainly a serious challenge. They pose a new kind of threat never seen since the end of the civil war in Biafra in 1970 (Bach 2003).

Several studies have pointed to the political neglect of the area (by the central authorities) and its marginalization in national politics, not to mention the historical injustices perpetrated by the Nigerian state (especially the inadequacies of the current revenue sharing formula), the limited economic opportunities or the poverty prevailing in the region (Okoh, and Egbon 1999). Some even question whether violence is not due to lack of capacity of the security forces, and by extension of the Nigerian state (part of the broader phenomenon of state failure in Africa) Enweremadu (2009). Nigeria earns hundreds of trillions of dollars from crude oil exploration. Yet, the country is riddled with poverty (Aigbokhaevbo, 2009) as most Nigerian are living below the poverty level (Erhun, 2015). Environmental terrorism has become the order of the day as pipelines and oil installations are being vandalized with increase in kidnapping of oil workers and members of their families (Onuoha, 2007). There are over two million unemployed youths and 40% illiteracy level (Ollor, 2002) despite the oil wealth. It is pertinent to state that sustained development has remained a wish on the mind of millions of Nigerians. However, many are without proclivity on what could have mired their wish or a panacea to the predicament. Therefore this paper aims to unearth the extent corruption and other possible variables have led to increased violence and conflict in the Niger Delta region constraining sustained development. To facilitate a proper understanding of the issues raised, the paper adopts the "oil curse" theoretical paradigm.

Conceptual Clarifications

Corruption

Corruption involves all forms of dishonest exploitation of power for personal gain. Corruption is generally defined as the misuse of public power for private benefit. Private benefit relates to receiving money or valuable assets, but it may also encompass increases in power or status. Public power is exercised in a variety of sectors, such as the judiciary, public procurement, business regulations and granting of permits, privatization, foreign exchange (including customs, trade permits, and international financial transactions), taxes (including the granting of tax exemptions), police, subsidies, public utility (water, electricity, telephone, garbage collection, health care), and government services (health, education). Misuse can either relate to a behavior that deviates from the formal duties of a public role (elective or appointive) (Lambsdorff, 2007). Adewale (2011) (as cited in (Donwa, Mgbame, Ogbeide 2015), corruption is an act of diverting the resources that

should have been used for developmental purposes of the society to private or personal use. This diversion of the nation's economic resources for personal benefits had variously contributed to the leakage of capital from Nigeria for illegal deposits abroad. Corruption means the following depending on the circumstance it is applied: - Nepotism, favoritism, bribery, graft, and other unfair means adopted by government employees and the public alike to extract some socially and legally prohibited favours (Dwivedi, 1967 (as cited in Obioma, 2012).

Behavior which deviates from the formal duties of public role because of private, pecuniary or status gains; or violates rules against the exercise of certain types of private gains (Nye, 1970) cited in (Obioma, 2012). The pervasion of integrity or state of affairs through bribery, favour or moral depravity. It involves the injection of additional but improper transactions aimed at changing the moral course of events and altering judgments and position of trust. It consists of the doers and receivers' use of informal, extra legal or illegal acts to facilitate matters' (Otite, 1986) cited in (Obioma, 2012). The International Monetary Fund (IMF) defined corruption as, "abuse of public authority or trust for private benefit.

Conflict

Conflict happens to appear when individuals or groups have incompatible interests and/or goals. When one has become really an obstacle or shows a tendency to become so for another to meet his/her needs, conflict is, then, more likely to breakout. Conflict could also be as a result of human greed. For the reason that scarcity of any resource is always a fact of life, there would always be a persistent competition to have acquisitive control over these resources (Mengesha, Seid, Tessema, 2015). Indeed, this fierce competition would lead to a sort of collusion, and at times even to an intense conflict. Thus, a competition for resources, among others, is a major cause for conflicts that may arise between/among individuals and nations at large. Barash and Webel, (2002) put it as

... The word conflict derives from the Latin conflagere, which literary means "to strike together." It is impossible for two physical objects, such as two billiard balls, to occupy the same space. They conflict, and if either is in motion, the conflict will be resolved by a new position for both of them. Within the human realm, conflict occurs when different social groups are rivals or otherwise in competition. Such conflicts can have many different outcomes: one side changed, one side eliminated, both sides changed, neither side changed, or (rarely) both sides eliminated

The current conflict in the Niger Delta arose in the early 1990s over tensions between foreign oil corporations and a number of the Niger Delta's minority ethnic groups who feel they are being exploited, particularly the Ogoni and the Ijaw. Ethnic and political unrest has continued throughout the 1990s despite the conversion to democracy and the election of the Obasanjo government in 1999. Competition for oil wealth has fueled violence between many ethnic groups, causing the militarization of nearly the entire region by ethnic militia groups as well as Nigerian military and police forces (notably the Nigerian Mobile Police).

Sustainable Development

Adapting the view of Darwin, Odukoya (2006) argued that development in human society can be seen as a quantitative and qualitative transformation from a state of dependency, poverty, disease, autocracy, backwardness, social decadence, and political subjugation; to one characterized by

freedom, abundance, good health, democracy, civility, egalitarianism, social welfare and security, as well as political independence. It is a given that putting all of one's eggs in a basket is risky. Over reliance on crude oil as the dominant source of revenue has rendered the Nigerian economy perennially vulnerable to the volatility of the oil market and conflicts within the sector (Aye, 2016). The resources of a nation which are its eggs must be allocated consciously to actualize development; who allocates such resources - leadership is a critical factor that must be consciously constituted. Unfortunately, evidence abound in most developing societies Nigeria inclusive suggesting that allocation of resources has emerged a graver challenge of development than availability of resources (Mabogunje, 2016). Being that the primary agencies of development are the state, the ruling class and its representative's in government they are to allocate such resources. It is in this context that Marx and Engles position in the Communist Manifesto that "the ruling ideas of every society, is the idea of the ruling class" becomes meaningful. It must be stressed that the question of the desirability of development is never accidental, nor is it ever answered objectively. As Ake (1989: 43) argued "Somebody has to determine that development is desirable, that a particular kind of development should be pursued and in a particular manner." The above could explain why allocation of resources has become challenging in Nigeria as most of its leaders desired development oriented towards private gratification, at the expense of the public. The state and its institutions has consistently failed to promote socially desirable development that is inclusive rather has undermined the public goods or common good thereby creating public pain (Zalanga, 2018). The state that allocates oil blocks to friends of the government, monies disappearing without trace within its petroleum regulatory agencies, coupled with loosely regulated activities within the oil and gas sector cannot achieve sustainable development. The report by World Commission for Environment and Development (WCED, 1987), gave the issue of sustainable development popular currency. The report defines sustainable development as "development that meets the needs of the present without compromising the ability of the future generations to meet their own needs. (WCED, 1987: 8). This definition has been criticized as a statement of objectives rather than a definition. A more embracing definition was that by UNU (1996) which see sustainable development as: "Consisting of policies, strategies, plans, production systems, and technologies used in executing projects and programmes aimed at satisfying real human needs in perpetuity while maintaining environmental quality, biodiversity, the resilience of the ecosystems, and the welfare of all organisms by national, regional, and global levels." The ingredients for sustainable development, according to WCED (1987), considered most useful for this paper include: "A political system that secures effective citizen participation; an economic system that is able to generate surpluses and technical knowledge on a self-reliant basis; a social system that provides for solution for the tensions arising from disharmonious development; a production system that respects the obligation to preserve the ecological base for development; a techno-logical system that can search continuously for new solutions; an international system that fosters sustainable patterns of trade and finance; and an administrative system that is flexible and has the capacity for self-correction" (Odukoya, 2006). It is relevant at this point to pose the question, to what extent is the politics, policies and programmes of the Nigerian state and the operations and practices of the Multi-national oil companies operating in the Niger Delta fashioned towards the realization of sustainable development?

Nigerian Oil and Gas Industry Corruption flash points

The Nigerian Petroleum sector has been a pot of gold to the nation and the outside world since independence (Nigerian Tribune Monday, 5 July, 2010). However, the history of oil exploration in Nigeria has been characterized by almost an equal measure of progress and impediment, blessings and curse, hope and hopelessness, wealth and poverty, as well as inability of successive government to translate the good fortune of oil to build an efficient modern society (Nigerian Tribune, Monday, 5 July, 2010: 28). McPherson & Mac Searraigh, 2007 cited in (Obioma, 2012) outline the following characteristic of the Nigerian oil and gas industry that make it highly susceptible to corruption:

Complexity: The oil industry is technically and structurally complex, and the legal, commercial, and fiscal arrangements governing revenue flows are typically even more complex. This makes it relatively easy for those who manipulate revenue flows for political or personal gain to conceal their activities.

Rents: There is scarcely an industry that can touch oil for the magnitude of the rents it generates. Largely because of the oligopolistic character of the industry, prices are typically vastly in excess of costs (Obioma, 2012). The average price of a barrel of crude oil on international markets during 2006 has been in the range of \$65-\$75, while costs per barrel range from \$4-\$5 in the Middle East, through \$12 in the Gulf of Mexico, to \$15 in the North Sea (International Energy Agency 2005, as cited by Obioma, 2012). These numbers result in margins of \$50 to more than \$70 a barrel-an obvious corruption risk (Obioma, 2012).

Concentration of Revenue Flows: Certainly at the production level, petroleum revenue flows to the government tend to be concentrated, coming from relatively few taxpayers, mostly foreign rather than domestic (Obioma, 2012). In this sort of environment, the accountability to the populace of government agencies in receipt of the revenue flows is limited. Concerns of the general public, in particular challenges to account for the use of the revenues, can be ignored with impunity.

Corruption Risk Areas in Nigerian Oil and Gas Industry

This section will comprise of the general and specific areas:

In his view Gillies, (2009) as cited in Donwa, Mgbame, Ogbeide (2015) outlined four areas that stand out as possible loci of corruption in Nigerian oil and gas industry. They are: the awarding of licenses; the awarding of contracts; bottlenecks and inefficiencies; the role of bunkering; the exportation of crude and importing refined products.

Awarding of licenses: Without well-regulated award procedures; the allocation of licenses for exploration and production might represent possible opportunities for corruption. 'Nigeria's Petroleum Act gives the Minister of Petroleum full authority over the allocation of licenses for the exploration, prospecting, and mining of oil. There are, therefore, no legally mandated processes or oversight mechanisms for the allocation of blocks' (Gillies, 2009). During military rule, most licenses were awarded on a discretionary basis by the head of state. The oil block national cake sharing fiesta could take twists according to the mood of the Commander-in – Chief at the particular time (Mashika, 2014).

Awarding of contracts: Due to high capital influx in oil and gas industry there is bound to be malpractices in the award of contract within and outside the industry. Gillies, (2009) Oil sectors also involve the award of numerous large-scale contracts, primarily to oil service companies. Nigerian government retains a high degree of control over such transactions. Government officials can benefit from procedures that favour companies in which they have a financial stake and officials can also give preference to companies owned by their allies, and then seek repayment through other business deals or political favours (Gillies, 2009).

Bottlenecks and Inefficiencies: Oil and oil service companies frequently confront costly delays and inefficiencies in their dealings with Nigerian state institutions. Though they do not constitute corruption per se, such delays create the motive and opportunity for “greasing the wheels”, or paying bribes to speed along procedures. Most contracts are subject to a three tier approval process consisting of NAPIMS, the NNPC Group Executive Council, and the NNPC Board, with larger awards also requiring Federal Executive Council approval' (Gillies, 2009). The average time for the review of contracts is 24 months, while the global industry average is closer to six to nine months (Ajumogobia, 2008). This bottleneck ensures that top NNPC officials remain the gatekeepers of the industry. Protecting this arrangement often contradicts profit maximization within the national oil company. As a result, its functions remain inefficient, politicized, and susceptible to capture by individual interests (Gillies, 2009). Bunkering (theft) of oil: Bunkering is the theft of crude oil directly from pipelines, flow stations, and export facilities (Gillies, 2009). Most sources quote around 100,000 bpd - 200,000 bpd lost via bunkering in Nigeria, a quantity equal to the entire oil production of Cameroon (Gillies, 2009). Some estimates, however, run as high as 600,000 bpd (Gentile, 2007). It is widely perceived that both government and oil company representatives are complicit in bunkering activities. Groups of well-armed young men typically execute the pipeline sabotage, but their activities are overseen by powerful figures. Other methods of bunkering (e.g. the loading of more crude than is reported onto export vessels) would likely require some level of official complicity. Bunkering inflicts serious costs. It lowers the amount of crude Nigeria exports, thereby reducing the revenues which accrue to the state. The security risks and damage to equipment associated with bunkering dissuade investment into onshore exploration and production (Gillies, 2009).

Exporting crude and importing refined products: NNPC issues “lifting” or export contracts to international oil trading companies, several NNPC-affiliated companies, and a few foreign governments. The traders buy the crude from NNPC at market price and sell it on to refineries and other buyers worldwide. Similarly, NNPC also awards licenses to import refined petroleum products such as petrol, kerosene, and diesel. These export and import transactions yield high levels of fungible returns, and the lack of transparency surrounding them creates considerable opportunities for corruption (Gillies, 2009). Petrol and kerosene prices are subsidized by the government. Proponents of the subsidy argue that it represents the only tangible benefit of oil wealth for most Nigerians. The subsidy and weak market regulation create enormous distortions and opportunities for corruption (Gillies, 2009).

Hoarding, Speculation and smuggling:

In a country where many are not sure of the source of the next meal, they tend to do anything to make money. Apart from many retailers of the petroleum product who see scarcity as an avenue

to make quick income. Most retailers keep product meant for immediate use in anticipation of scarcity when they will hike the price for extended gains. Product from DPR control petrol stations at the official price of N140 per liter may end up being sold as high as N250 per liter. Paschale (2015) noted that earlier in 2015, petrol products were sold for as high as N600 per liter in Lagos State. This exorbitant price could be described as the quest to take undue advantage of the populace to make quick profits. This did not exclude the smugglers of fuel to neighboring countries with the collaboration of the border officials. They smuggle as far as East and Far away West Africa. It grew so worrisome that the Federal government had to stop fuel allocation to stations less than 25 kilometers to the borders yet it did not help matters. Table 3 below shows fuel distribution by geopolitical zones;

Table 1: Petrol Allocation by Zones

Products	South West	South East	South South	North West	North East	North Central	FCT	Total
LPG.	-	-	-	-	-	-	-	-
PMS	5,985,582.05	1,191,951.06	3,076,045.99	2,433,049.15	1,650,900.94	1,455,407.39	1,606,540.05	17,399,476.63

Source: NNPCASB (2014)

Activities of the Oil cabals:

Cabals are influential members of a group in a given society with capacity to manipulate or navigate their ways to their interest. They are found virtually in all sectors. Their activities in downstream sector of the oil industry were under cover until the wanton exposure and revelation associated with subsidy scandal. For the purposes of this study, let's not divert to challenges of quality. Fuel subsidy scandal was in two folds of local and international; both share the same interest. Domestically, the dealers divert and dispose product meant for some towns or state in loading depots and collaborate with regulatory authorities of the receiving depots to perfect the document for claims in a product that was not delivered. It only got better with installation of trackers in haulage trucks (GPRS), but its efficiency is questionable. Internationally, a lot of high level illegal activities take place which include round- tripping, duplicating claims with perfected documents for vessels not delivered or delivered more than once. In 2011 Taleveras Group was accused by the Nigeria Extractive Industries Transparency Initiative (NEITI) in its audit report that it under delivered 152,308,878lts of petrol that is valued at \$8billion (Energy Mix Report, 2015). This action presents a huge gap in the volume of fuel availability for consumption. Thus, goes to put the available quantity under severe pressure. It makes supply inadequate with resulting increase in demand to the detriment of the nation and general petrol consuming public.

Theoretical Anchoring

One of the more influential ideas in recent development discourse and policy is the 'resource curse' theory. The big idea behind the 'resource curse' is that mineral and fuel abundance in less developed countries (LDCs) tends to generate negative developmental outcomes, including poor economic performance, growth collapses, high levels of corruption, ineffective governance and greater political violence. Natural resources, for most poor countries, are deemed to be more of a 'curse' than a 'blessing'. The study adopts the Dutch Disease strand of resource curse theory as proposed by Di John (2010). The major assumption of the model refers to the potential negative

effects natural-resource windfalls and accompanying appreciations of exchange rates can have for the rest of the economy. One of the potential dangers of oil booms, for example, is that exchange-rate appreciation renders the non-oil-tradable sectors such as manufacturing and agriculture less competitive and thus can generate to de-industrialization leading to unemployment which propels violent conflicts.

The presence of oil, and the benefits or costs it brings to states that have some, have been a subject of intense academic research for a long time (Oneje 2007). A leading work in this regard is Karl Terry's 1997 book, which highlighted how the contraction of non-oil sectors (caused by the rise in oil production) and an inevitable circle of oil boom, which usually accompanies the exploitation of oil, sow the seed of economic and social instability (Karl,1997). Subsequent studies undertaken within this perspective have called attention to other consequences, especially the role of oil in stiffening democratic culture and festering corruption as well as autocratic rule, thereby laying foundations for more violent forms of political participation (Jacques 2005). Despite its analytical strengths, only a few scholars have attempted to apply the "oil curse" theory to the analysis of Nigerian politics in general and to conflicts in the Niger Delta in particular. One of these writers is definitely Smith, who in a more or less empirical work devoted to Nigeria showed how a "culture of corruption", largely induced by massive oil wealth, is fueling popular discontent across Nigeria potentially leading to widespread social unrest (Smith 2007). Yet the oil curse paradigm is very relevant to any understanding of politics and violence in the Niger Delta. As recent events will appear to show, it will seem that oil not only spurs corruption and predatory activities among the ruling elites in the Delta, but also a strong determination by marginalized actors and groups (usually younger elements) to violently challenge what they perceive as their exclusion from an increasingly important source of rent.

The point could be raised whether a single factor, such as the presence of oil or the corrupt appropriation and the misuse of oil rents, can explain all the violent conflicts in Nigeria, or even in the Niger Delta for that matter. After all, it is a well-known fact that violence usually results from many causes and has multiple dynamics and consequences. Indeed, some studies have shown that some of the violent conflicts in the Niger Delta actually have their roots in age long ethnic/communal rivalries or animosity (the Warri crisis is an example) (Imobighe 2002), chieftaincy and land disputes between neighboring communities, bad government policies, or even insensitivity of oil companies to local demands, which may or may not have to do with the control of oil rents.

An Overview of Corruption and Oil Conflict in Nigeria

Decades ago, Achebe (1983) remarked that the "the trouble with Nigeria is simply and squarely a failure of leadership", and argued that "Nigerians are corrupt because the system under which they live today makes corruption easy and profitable." It must be stated that the profitability of corruption in Nigeria led to its wide spread and high volume in the oil sector. Amadi (2009) therefore asserts that "corruption is mainly the reason why about \$400 Billion realized from the sale of oil in Nigeria since 1958 has resulted in a few hundred millionaires and millions of starving and sick citizens." However, Odinkalu (2010) agreed with the figures put forward by Amadi but disagreed with the analysis. He rather argued that impunity and a failure of state and institution building has in actual sense impoverished majority Nigerians while few millionaires are emerging.

The problem is not that people steal our resources; it is that we allow them to get away with it and, even worse, reward them with management of public trust as well as control of the public resources and institutions. Odinkalu further argued that General Babangida was unable to count or account for the enhanced earnings – windfall – that accrued to Nigeria from the spike in international oil prices that followed the first Gulf War between 1992-1993.

According to a report by Olufemi (2015) Nigeria would have been buoyant enough to finance its 2015 budget of N4.36 trillion and still pay off its external debts of N2.03 trillion if it had not lost more than that amount — \$32 billion (N6.4 trillion at N200/\$1) — to massive corruption that characterized oil sales by the Nigerian National Petroleum Corporation during the last administration, a new report has said. An independent investigative analysis by the Natural Resource Governance Institute (NRGI) has revealed that over \$32 billion oil revenue was lost to NNPC's mismanagement of Domestic Crude Allocation (DCA), opaque revenue retention practices and corruption-ridden oil-for-product swap agreements. The report offered a deep, independent analysis of how NNPC sells its oil, and found that the national oil company's discretionary spending from domestic crude oil sale revenues has skyrocketed, exceeding \$6 billion a year for the 2011 to 2013 period (i.e. over \$18 billion in three years). Also, the in-depth research found no evidence that NNPC, between 2004 and 2014, forwarded to the treasury any revenues from sales of Okono crude with volumes of over 100 million barrels, with an estimated value of \$12.3 billion (Olufemi, 2015). In other words, the corporation has provided no public accounting of how it used a decade's worth of revenues from an entire stream of the country's oil production. In the same manner, losses from three provisions in a single, offshore processing agreements (OPAs) contract, estimated at \$381 million in one year (or over \$1.9 billion between 2010 till date), were identified. This is aside the fact that NNPC channeled Nigeria's precious crude — worth \$35 billion — to swap deals between 2010 and 2014, the recent offshore processing agreements (OPAs) containing unbalanced terms that did not efficiently serve Nigeria's needs and interest (Olufemi, 2015).

These and other forms of corruption are largely responsible for stunted economic growth of the country, and for the mass-poverty that reigns in the country especially within the oil producing region (Egunjobi, 2013). The qualities of public infrastructure and services have continued to be low as a result of corruption. It under mines democratic institution; slows economic development, (Egunjobi, 2013). Bakare (2011) cited in Donwa, Mgbame and Julius (2015) argues that corruption is one of the major factors responsible for underdevelopment of Nigeria's Economy. There is no gain dissipating energy to prove that corruption has resulted to instability and violent conflicts within the Delta as most of the militia groups has rightly accused the government and oil firms of being overtly corrupt; as evidence from failed promises and money looted from oil exploration abound. For instance the Niger Delta Avengers (NDA) a prominent militant group in Nigeria's Niger Delta. The group publicly announced their existence in March 2016. The NDA have attacked oil producing facilities in the delta, causing the shutdown of oil terminals and a fall in Nigeria's oil production to its lowest level in twenty years (BBC News 2016). The attacks caused Nigeria to fall behind Angola as Africa's largest oil producer (Holodny, 2016). Their reason for causing such mayhem has consistently remained same, unabated government neglect of their environment, abject poverty resulting from destruction of their means of sustained livelihood. The

reduced oil output has hampered the Nigerian economy and destroyed its budget, since Nigeria depends on the oil industry for nearly all its government revenues (*The Economist*. 2016).

Timeline of activities

- January 14 - Several gas pipelines and oil installations located in Warri South West were blown up following orders issued by a Nigerian High Court in Lagos to arrest the ex-militant leader Government Ekpemupolo.
- February 10 - At approximately 1:30am NDA militants blew up the Bonny-Soku Gas Export Line.
- February 14 - NDA militants destroyed Shell's underwater Forcados 48-inch Export Pipeline at the Forcados Export Terminal.
- February 19 - At approximately 3:30am NDA militants blew up Eni's Clough Creek-Tebidaba Pipeline in Bayelsa State.
- May 4 - NDA militants attacked and heavily damaged the Chevron Valve Platform located at Abiteye, Warri South. This platform is reportedly Chevron's most significant platform as it serves as a connecting point where all of Chevron's other Niger Delta platforms link-up.

CONCLUSION

The paper has contributed to the knowledge about the challenges of Nigerian oil industry by revealing the extent hoarding, speculation and smuggling; activities of oil cabals and contract racketeering coupled with general corruption has hindered the contribution this industry would have made towards national development. It was also revealed that sustainable development implies a social system that ends disharmonious development; a production system that respects preserve the ecological ; a techno-logical system that solution based; an international system that fosters sustainable patterns of trade and finance; and an administrative system that is flexible”

The oil and gas industry is still the major source of revenue for the Nigerian government and her citizens. It is unfortunate that cases of corruption are here and there in the industry beginning from oil and gas exploration to refining and marketing of the petroleum products. Because the country so much depend on the oil and gas industry for her sustainable development and national economic growth, the high rate of corruption in the industry affects all other sectors of the nation’s socio-political economy.

This paper has attempted to examine the vicious circle of oil, corruption and Violence in the Niger Delta as a whole. The principal objective has been to show how oil and corruption help us to understand much of the violent conflicts ranging in these key Niger Delta states. While not denying the fact that no single factor can explain all the violent conflicts in these states, evidence produced in this paper suggest that corrupt misuse of oil rents by political leaders and the determination of “*political outsiders*” to get a piece for themselves (if possible through violent means) as a *struggle for oil space*, to borrow Ikporukpo (2006) phrase, is a principal cause of the armed conflicts in this volatile part of Nigeria.

Recommendation

The paper recommends that all the public loots should be thoroughly investigated and offenders once found guilt should be prosecuted and the loots taken back on the value of what has been

stolen. All anti-corruption agencies should carry out their primary assignment without external influence. They should not be used as a weapon against those who oppose the ruling government. The award of oil block, contract, and licensing and production right should follow due process without government and its agent's interference. And the awarding of oil block to individual should be discourage rather they should be awarded to corporate entities with wide spread ownership. Specifically;

- Transparent, simplified bids for license awards, published results
- Price liberalization (transparent allocation of proceeds)
- Transparent, competitive procurement
- Credible channels for complaint or challenges
- Regular volume audits and reconciliation

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