Oil Theft and Nigeria's National Revenue Losses, 2015-2022

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Abstract

The menace of oil theft has caused drastic economic consequences for the Nigerian government in the past seven years. This study focused on the activities of oil theft in the Niger Delta region of Nigeria from 2015 to 2022 with a view to determining its consequences on the National revenue within the same period. In the period, government expenditure on the provision of public services and in meeting other financial expectations reduced by a significant percentage due to reduced revenue inflow, where oil revenue accounts for more than 85% of total national income. This study adopted a mixed-method approach using both quantitative and qualitative data with focus on descriptive analysis. The study argued that oil theft was the biggest threat to National revenue between 2015 to 2022. The study findings show that the year 2016 was the highest hit at 101.05 million barrels loss representing 15.3% of crude oil production and translated to N1.1591 trillion loss in national revenue at an average price of $44.1 USD per barrel. Throughout the period under review, the percentage crude oil losses stood at an average of 7.6%. Amongst other recommendations the study recommended for enhanced state capacity to protect the oil installations through amendment of the legal framework guiding the oil industry.

Keywords: Oil Theft, Revenue, Niger Delta Region, Oil Economy, Illegal Oil Bunkering

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Introduction

Crude oil is the principal commodity through which Nigeria earns revenue for national growth and development. Underscoring the importance of oil to the Nigerian economy, Odalonu (2015) affirms that oil and gas resources from Niger Delta region accounts for

over 90% of Nigerian export and foreign exchange earnings, and over 85% of total revenue. Wilson (2012) had stated that the increase or otherwise in crude oil production affects directly the revenue base and development programmes of the Nigerian state as oil is the mainstay of Nigeria's economy. It is the country's major export, fetching millions of petrodollars each day. Therefore, Nigeria is a mono-economy country largely depending on the oil sector for its economic survival. Okere (2013) also affirmed that the Nigerian economy is dependent on the exploitation of crude oil and the nation's present and future is very much tied to the commodity. This means that the country needs to do all that is necessary and possible to guard the oil industry to ensure revenue sustainability. Nevertheless, oil theft in the Niger Delta region has been a challenge in achieving the basic objectives of economic growth and development. Different individuals and groups are involved in oil theft and illegal bunkering activities. Putting the issues in perspective to underscore the level of complicities in this national malady, Odalonu (2015) states that "persistent oil theft in the Niger Delta is due to the enthroned corruption by Nigerian elites, high level of youth unemployment, ineffective and corrupt law enforcement agencies and international crime collaborations".

However, successive Nigerian governments have undertaken some policy measures to tackle the menace of oil theft over the years. For instance, government established a task force on national strategic infrastructure intended to monitor and respond to oil theft. Government also established special security outfits and militarization of the Niger Delta region and increased enforcement measures against the maritime trade in stolen oil. These critical efforts involved the Nigerian Navy being tasked with the responsibility of registration of vessels in Nigerian waters, closing markets for illegal oil, maintaining a hotline for reporting oil theft, introduction of the Nigerian Extractive Industries Transparency Initiative (NEITI), enforcement and public education efforts against artisanal refining and granting of amnesty to Niger Delta militants (Odalonu, 2015). Similarly, Izuaka (2022) submitted that government has also recently engaged the services of private security companies to help with securing the oil pipelines. One of such engagements was the multi-billion Naira pipeline surveillance contract to Tantita owned by a former leader of the Movement for the Emancipation of the Niger Delta region, Mr. Government Ekpemupolo, popularly known as Tompolo.

Despite these efforts, the illegal activities of oil theft persist. There is thus a huge concern that if the problem of oil theft in Nigeria is left unchecked, it will fuel a public finance crisis. This will paralyze governance, irrespective of the administration in place. The main objective of this study was to examine the problem of oil theft in Nigeria and its effect on national revenue from 2015 to 2022.

Propositions

This study is guided by four propositions. These are:

- Increased oil theft incidents in the Niger Delta resulted in higher revenue losses for the government from 2015 to 2022;
- Neglect and exclusion of the Oil and Gas host communities in the mainstream operations exacerbate oil theft;
- The involvement of state actors in oil theft sustains the illegal activities;
- Enhancement in technology, collaborations among stakeholders, management and renewed legal framework will eliminate or reduce oil theft in Nigeria to the barest minimum.

Theoretical Framework

This study adopted the Political Economy theory to explain oil theft in Nigeria and the effect on national revenue. Political economy has been the term used for the past 300 years to describe the interrelationship between the political and economic affairs of the state (Caporaso & Levine, 1992). The classical economists of the eighteenth and nineteenth centuries were the first to use the term 'political economy' to describe the link between the goals of government vis-à-vis the economy (Caporaso & Levine, 1992). The idea is that "through government legislations, regulations and public policies, wealth acquisition and sharing as a consequence of the economic means and processes of exploitation, production and marketing of a nation's mineral resources are determined" (Gboyega, et al, 2011). As political parties come to and leave power, economic policy often changes due to the ideology and goals of the party and or the individuals in power. Caporaso & Levine (1992) hold that the economic problem is that of doing better with what we have. The case of Nigeria, however, provides clear evidence of the failure to establish accountable institutions that would ensure governance in the public interest. At the time of the significant discovery of oil and its export in the 1960s and 70s, Nigeria had military dictatorships for the most of the period and institutions were either weak or not put in place to manage the resources (Gboyega, 1985). This translated into a non-transparent oil sector and revenue management system, and developed an environment in which politicians, state actors and non-state actors could undermine the processes for selfish interests. The Political Economy theory provides basic explanations on the weakness of state institutions to combat oil theft and the consequences on national revenue. This is however, directly related to the absence of effective regulatory framework to combat oil theft, complicity of state actors and the policies of excluding the host communities in the oil industry management processes.

Methodology

A mixed method approach (quantitative and qualitative) was used to study oil theft and Nigeria's national revenue losses in the period 2015 to 2022. Data was collected through

primary and secondary sources. The primary source instruments include the administration of questionnaires and structured interviews. The population of the study was the oil theft hotspot host communities of the Niger Delta region and other relevant stakeholders. The study population was about 1,834,255 and the Taro Yamane formular ($N/1+Ne^2$) was used to determine the sample size. The sample size of the study was 400. Primary data was also collected through structured interview and the sampling method was purposive. This allowed for a level of freedom in choosing respondents. It also allowed for detailed information to be collected from across board. The study identified 11 persons which were drawn from the relevant stakeholders. Secondary data was sourced from journals, textbooks and other documented literature.

Results and Discussions

Findings from the study is presented in the tables below. Table 1 shows crude oil loss (Volume Million Barrels), crude oil revenue (Naira Billion), crude oil revenue loss (=N= Value), crude oil revenue ($ Value) and crude oil loss ($ Value).

Table 1: Crude oil loss (Volume Million Barrels), crude oil revenue (Naira Billion), crude oil revenue loss (=N= Value), crude oil revenue ($ Value) and crude oil loss ($ Value).

Year	Crude Oil Production (Volume Million Barrels)	Crude Oil Loss (Volume Million Barrels)	Crude Oil Revenue (Naira Billion)	Crude Oil Revenue Loss (=N= Value)	Crude Oil Revenue ($ Value)	Crude Oil Loss ($ Value)
2015	775.54	27.12	9,783.93	54.096 billion	50.63	1.43 billion
2016	661.09	101.05	7,364.73	1.591 trillion	29.05	4.42 billion
2017	690.01	36.46	11,571.15	717.65 billion	37.89	1.99 billion
2018	700.84	53.281	15,484.29	1.172 trillion	50.67	3.857 billion
2019	734.70	42.248	15,067.18	849.4 billion	49.15	2.772 billion
2020	649.42	53.056	10,484.85	787.7 billion	29.26	2.21 billion
2021	583.66	43.457	16,597.16	698.2 billion	41.14	2.18 billion
2022	498.16	41.679	21,216.26	654.3billion	50.06	2.09 billion

Source: National Bureau of Statistics (2022)

Table 2: Crude Oil Percentage Loss as generated from Table 1

Year	Crude Oil Production (Volume Million Barrels)	Crude Oil Loss (Volume Million Barrels)	Crude Oil Revenue Loss (=N= Value)	Crude oil Percentage loss (%)
2015	775.54	27.12	54.096 billion	3.5
2016	661.09	101.05	1,591 trillion	15.3
2017	690.01	36.46	717.65 billion	5.29
2018	700.84	53.281	1,172 trillion	7.6
2019	734.70	42.248	849.4 billion	5.75
2020	649.42	53.056	787.7 billion	8.2
2021	583.66	43.457	698.2 billion	7.4
2022	498.16	41.679	654.3billion	8.4

Field Survey (2022)

The data as tabulated in Table 1 shows that about 27.12 million barrels (3.5%) of crude oil was lost in the year 2015 which translates to N54.096 billion Naira. In 2016, about 101.05 million barrels (15.3%) of crude oil was lost which translates to N1.1591 trillion Naira. In 2017, about 36.46 million barrels (5.29%) which translates to about N717.65 billion Naira was lost. Furthermore, in 2018, about 53.281 million barrels (7.6%) was lost which translates to about N1.172 trillion Naira. In 2019, about 42.248 million barrels (5.75%) was lost which also translates to about N849.4 billion. In 2020, 53.056 million barrels (8.2%) was lost which further translates to about N787.7 billion. In 2021, about 43.457 million barrels (7.4%) was lost which translates to about N698.2 billion Naira. In 2022, about 41.679 million barrels (8.4%) of crude oil was lost which translates to about N654.3 billion Naira. The period of study, 2015 to 2022 experienced a total crude oil loss of about 398.351 million barrels with a corresponding revenue loss of about N6.524346 trillion (N6,524,346,000,000). Average crude oil loss within the period and the corresponding revenue loss within the same period amount to about 49.793 million barrels per year and N815.54 billion respectively. The average exchange rate of Naira to Dollar within the same period was N319.24/$. Therefore, the total loss at the average exchange rate within the period stood at $20,630,995,446.5 USD (Twenty, Billion, Six Hundred and Thirty Million, Nine Hundred and Ninety-Five Thousand, Four Hundred and Forty-Six Dollar, Five Cent). If the revenue loss is quantified at the exchange rate of about N1,514/$ as at 13th february 2024, it amounts to about N31,123,532,724,756 (Thirty-One Trillion, One Hundred and Twenty-Three Billion, Five Hundred and Thirty-Two Million, Seven Hundred and Twenty-Four Thousand, Seven Hundred and Fifty-Six

Naira). This was the equivalent loss of National revenue to the activities of oil theft within the 8-year period from 2015 to 2022. This is more than the approved 2024 annual budget total of the Federal Republic of Nigeria which was raised from N27.5 trillion as was presented by President Bola Tinubu to N28.5 trillion by the National Assembly (Ogundapo, 2023).

Furthermore, from the Table 2, it was deduced that the worst year hit by oil theft resulting to huge losses was 2016 with 15.3% crude oil loss valued at N1.591 trillion Naira. This was a year after the 2015 general elections in Nigeria and also the first one and half years of President Muhammadu Buhari's regime. The year second worst hit by crude oil loss to theft was 2022 at about 8.4% with revenue loss amounting to 654.3billion which was the year before the 2023 general elections held in February and march 2023. This shows a trend of huge losses to oil theft and consequently revenues within election periods. It suggests that increased attention must be paid by the authorities and security agencies to the oil theft activities before, during and after general elections. The lowest percentage loss within the period of Research 2015 to 2022 was the year 2015 with a 3,5% loss incurred and a revenue loss of only N54.096 billion. Throughout the period under review, the percentage crude oil losses are at an average of 7.6% which is considered so high for a country that majorly (85%) depends on the commodity for foreign exchange earnings and economic survival. It is worthy of note that the above figures represent the identifiable or rather the available data on crude oil losses to theft as reported by the NNPCL, NEITI and the NBS but does not cover the thefts officially perpetrated by the NNPCL in connivance with the International Oil Companies (IOCs) at the offshore loading terminals where both operate without any other supervision. Furthermore, since Nigeria depends on oil for foreign exchange, respondents believe that any drop in oil revenue will affect national revenue.

Table 3: Crude Oil Production; Average Price in USD; Exchange Rate and; Value of Crude Oil Revenue in Naira on Monthly basis 2015 - 2022

Year	Month	Crude Oil Production (Barrels)	Average Price ($)	Exchange rate	Value of Crude Oil Revenue (₦)
2015	JANUARY	68,066,511.00	110.16	169.68	1,272,295,738,606.64
	FEBRUARY	61,860,923.00	111.15	180.44	1,240,676,856,761.24
	MARCH	64,156,149.00	108.70	199.05	1,388,129,594,533.52
	APRIL	60,985,178.00	59.88	197.07	719,658,739,824.19
	MAY	63,637,300.00	65.76	197.00	824,403,403,056.00
	JUNE	59,438,658.00	59.88	196.91	700,839,480,869.19
	JULY	66,115,373.00	56.77	196.97	739,301,234,774.61
	AUGUST	65,798,759.00	47.32	197.00	613,378,663,348.36
	SEPTEMBER	65,971,832.00	47.68	196.00	616,525,242,152.96
	OCTOBER	69,492,442.00	47.45	195.95	646,128,738,269.76
	NOVEMBER	65,442,486.00	42.07	196.00	539,620,415,659.92
	DECEMBER	64,570,641.00	37.97	196.99	482,969,688,565.30
2016	JANUARY	66,626,809.00	31.00	197.00	406,889,922,563.00
	FEBRUARY	59,212,928.00	33.20	197.00	387,276,234,291.20
	MARCH	60,682,760.00	37.34	197.00	446,381,168,904.80
	APRIL	59,574,936.00	40.75	197.00	478,252,692,474.00
	MAY	52,167,434.00	46.85	197.00	481,476,723,731.30
	JUNE	53,065,307.00	49.93	231.76	614,059,888,427.48
	JULY	51,374,608.00	45.46	294.57	687,965,194,943.34
	AUGUST	47,263,880.00	46.95	309.57	686,947,954,618.62
	SEPTEMBER	49,456,803.00	47.62	305.23	718,857,233,032.84
	OCTOBER	54,923,620.00	49.83	305.21	835,312,152,539.77
	NOVEMBER	57,854,600.00	46.12	305.18	814,297,802,107.36
	DECEMBER	48,881,977.00	54.09	305.22	807,009,657,208.56
2017	JANUARY	56,954,098.00	55.45	304.70	962,274,512,480.27
	FEBRUARY	50,901,246.00	55.21	304.81	856,594,677,475.89
	MARCH	49,567,855.00	50.28	305.90	762,385,928,141.46
	APRIL	53,794,121.00	51.05	306.05	840,471,411,871.15
	MAY	58,224,738.00	51.05	305.54	908,178,808,196.95
	JUNE	58,603,065.00	50.69	305.72	908,168,580,621.94
	JULY	62,463,625.00	48.51	305.36	925,274,526,630.30
	AUGUST	61,823,669.00	51.74	305.17	976,164,562,016.09
	SEPTEMBER	57,920,099.00	57.32	305.39	1,013,888,715,006.53
	OCTOBER	60,340,900.00	58.10	305.12	1,069,691,615,204.80
	NOVEMBER	58,754,326.00	63.19	305.40	1,133,854,261,625.68
	DECEMBER	60,663,787.00	65.45	305.81	1,214,201,742,376.66

2018	JANUARY	61,904,918.00	66.79	305.28	1,262,219,685,584.60
	FEBRUARY	56,241,780.00	65.99	305.40	1,133,460,051,995.88
	MARCH	60,395,792.00	69.35	305.24	1,278,481,920,998.05
	APRIL	58,955,475.00	65.99	305.11	1,186,948,099,038.32
	MAY	55,170,679.00	77.04	305.33	1,297,674,867,488.06
	JUNE	53,482,106.00	74.98	305.37	1,224,562,299,760.39
	JULY	59,257,606.00	73.92	305.31	1,337,356,181,726.61
	AUGUST	61,900,735.00	72.85	305.56	1,377,913,208,533.81
	SEPTEMBER	57,449,269.00	72.85	305.77	1,279,702,258,248.17
	OCTOBER	57,956,662.00	72.85	305.94	1,291,633,720,094.74
	NOVEMBER	54,097,325.00	81.06	306.21	1,342,836,662,029.10
	DECEMBER	64,022,886.00	75.01	306.42	1,471,498,897,750.82

2019	JANUARY	60,566,863.00	59.86	306.35	1,110,681,856,615.79
	FEBRUARY	55,642,733.00	65.73	306.27	1,120,150,930,214.36
	MARCH	62,746,512.00	67.3	306.42	1,293,385,908,147.58
	APRIL	59,997,701.00	79.26	306.46	1,457,345,333,244.94
	MAY	59,707,386.00	71.51	306.45	1,308,441,956,722.95
	JUNE	64,316,103.00	75.39	306.46	1,485,837,697,532.65
	JULY	64,482,508.00	64.14	306.44	1,267,407,666,862.49
	AUGUST	63,369,695.00	59.97	306.43	1,164,519,987,061.83
	SEPTEMBER	59,726,795.00	69.67	306.42	1,275,064,426,780.11
	OCTOBER	63,682,235.00	62.40	306.96	1,219,779,701,076.98
	NOVEMBER	59,484,822.00	64.47	306.95	1,177,193,467,343.32
	DECEMBER	60,979,471.00	63.44	306.95	1,187,372,383,724.20

2020	JANUARY	64,260,394.00	61.81	306.46	1,217,269,089,408.09
	FEBRUARY	60,020,649.00	54.60	306.46	1,004,271,855,224.72
	MARCH	63,626,384.00	24.56	326.13	509,700,569,649.50
	APRIL	61,086,187.00	18.55	360.50	408,500,131,170.43
	MAY	51,082,549.00	28.98	360.50	533,674,203,342.21
	JUNE	52,257,978.00	40.07	360.50	754,878,772,834.83
	JULY	51,256,196.00	43.35	376.69	837,082,430,072.38
	AUGUST	51,138,959.00	44.82	380.50	872,202,151,671.19
	SEPTEMBER	50,952,890.00	40.81	380.50	791,172,023,628.09
	OCTOBER	49,994,680.00	62.48	380.50	1,188,498,455,307.98
	NOVEMBER	46,328,574.00	64.10	380.50	1,129,980,915,520.07
	DECEMBER	47,413,311.00	68.60	380.50	1,237,621,724,786.07

2021	JANUARY	49,258,642.00	56.56	380.50	1,060,061,689,346.80
	FEBRUARY	49,513,319.00	64.81	380.50	1,221,004,828,806.82
	MARCH	55,713,717.00	60.68	380.50	1,286,442,202,616.92
	APRIL	47,494,902.00	64.70	410.36	1,260,991,224,930.75
	MAY	48,329,039.00	68.75	411.31	1,366,623,433,741.72
	JUNE	50,972,841.00	73.04	411.30	1,531,280,772,835.22
	JULY	47,545,547.00	75.03	409.63	1,461,290,463,793.28
	AUGUST	50,100,643.00	70.81	409.65	1,453,285,208,354.51
	SEPTEMBER	46,553,508.00	74.58	410.06	1,423,712,174,560.00
	OCTOBER	45,045,393.00	83.66	411.25	1,549,784,831,015.07
	NOVEMBER	43,573,851.00	81.44	411.74	1,461,118,005,014.47
	DECEMBER	49,558,574.00	74.10	414.34	1,521,560,985,892.52

2022	JANUARY	47,578,123.00	87.22	415.44	1,723,957,160,836.21
	FEBRUARY	40,193,566.00	98.19	416.45	1,643,564,170,955.13
	MARCH	46,707,111.00	118.80	415.22	2,303,984,373,670.38
	APRIL	41,608,484.00	104.39	414.89	1,802,099,131,009.81
	MAY	43,979,283.00	113.25	415.95	2,071,702,948,006.01
	JUNE	44,939,442.00	123.70	415.02	2,307,094,345,961.53
	JULY	38,664,467.00	112.70	416.44	1,814,651,713,025.52
	AUGUST	35,335,853.00	99.99	425.52	1,503,451,316,008.07
	SEPTEMBER	36,203,054.00	85.78	415.27	1,289,621,695,631.26
	OCTOBER	37,107,276.00	93.33	440.35	1,525,018,755,808.76
	NOVEMBER	40,804,970.00	91.67	445.08	1,664,867,746,111.73
	DECEMBER	45,034,816.00	77.25	450.21	1,566,244,671,153.72

Source: National Bureau of Statistics (2023)

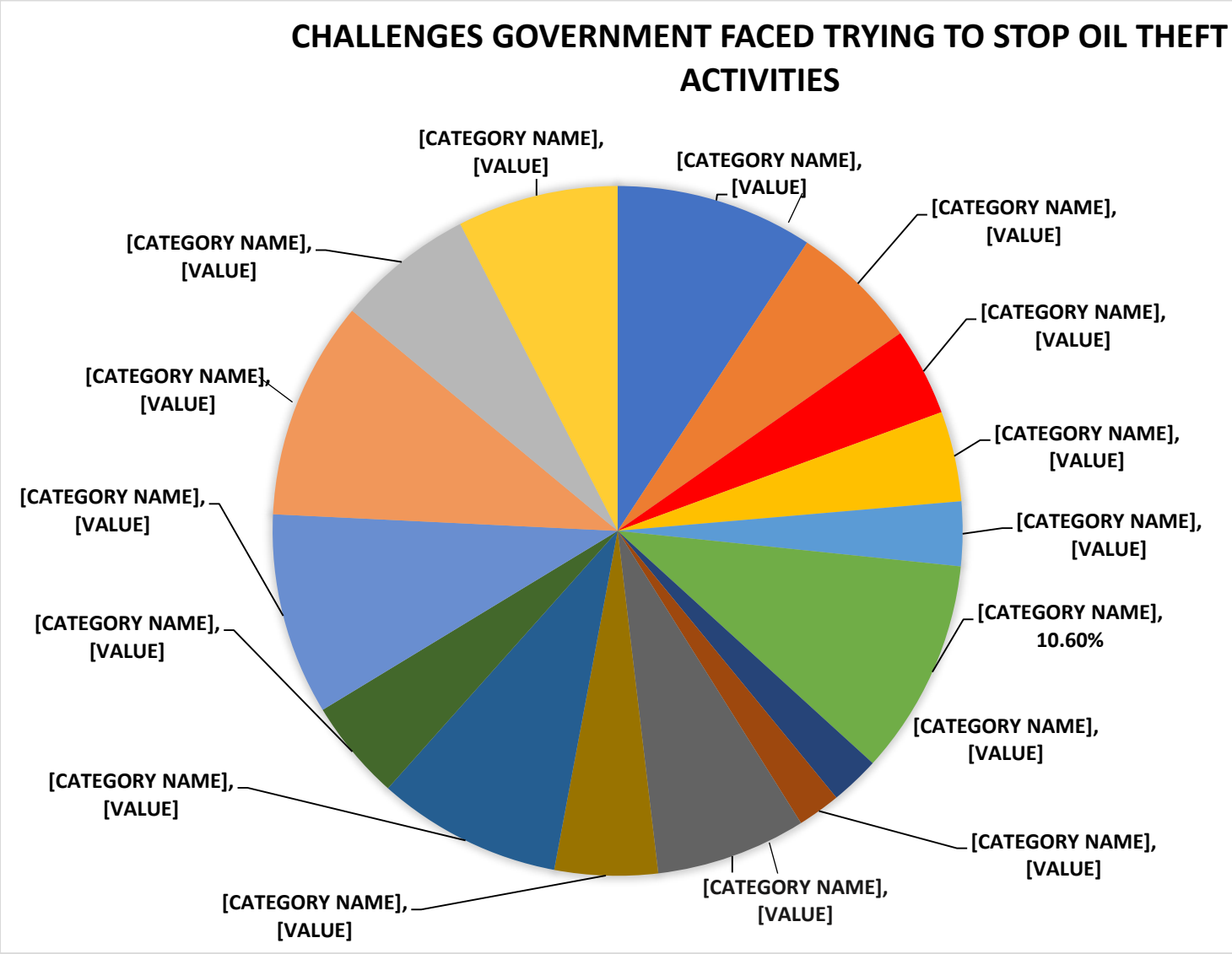
Table 3 shows a trend in the prices of crude oil within the period of study. Apart from the first quarter of 2015 when crude oil price was on an average of $110 USD per barrel, it went lower all the years and months in the study period to the lowest point of $18.55 per barrel in April 2020, except for the second to third quarter of 2022 when it averaged $105.8 USD per barrel. It was also observed that the year 2016 was worst hit by oil theft at 15.3%, experienced an average price of $44.1 USD per barrel. The year 2016 was followed closely by year 2020 with an average price of $46.06 but experienced crude oil losses to theft of about half (8.2%). This made the year 2016 the worst year in revenue to government of Nigeria through the combined factors of losses to crude oil theft and lowest crude oil prices.

From the foregoing, proposition 1 “Increased oil theft incidents in the Niger Delta resulted in higher revenue losses for the government from 2015 to 2022” is validated. The results also answer the question “What are the consequences of oil theft on the

revenue of government between 2015 to 2022" and satisfied the study objective (ii) "To determine the impact of oil theft on the revenue of government from 2015 to 2022." Oil theft was no doubt the largest threat to the national revenue of from 2015 to 2022. The higher it went, the higher revenue losses the country experienced.

On the causes of oil theft, all the respondents agree that the root causes of oil theft ranges from grudge or grievances against the Federal government and the International Oil Companies (IOCs) for their ill-treatment and careless attitude towards the plight and welfare of the oil host communities. This manifests in the destruction of their environment through oil spillages and lack of commensurate compensations with life supporting social infrastructures like drinkable water, schools, good roads, health care facilities etc. These ultimately led to initial agitations exacerbated by the eye-opening visit of the Niger Delta youths with their compatriots to Abuja for the two-million-man-march for General Abacha as alluded to by the Amayanabo of Ido and Kula kingdoms. It was observed that it is these precursors that gave rise to revolts and the agitations in the first place within the region and resulted to the attack on oil pipelines and the kidnapping of oil workers. The reactionary activities of the restive Niger Delta youths eventually metamorphosed into oil theft for economic gains. There is also a perspective of the issues surrounding oil theft which are more or less the enablers of such nefarious activities. Notable amongst them is the metering challenge at the official loading terminals. Nigerian Extractive Industry Transparency Initiative (NEITI) maintains that "*major portion of oil is lost through lack of appropriate metering systems and Nigeria has had to rely on the data of volumes of crude oil produced, sold or lost presented by the IOC's and the NNPCL only*". This no doubt gives enabling room for all manner of theft to be perpetrated at the loading terminals causing Nigeria unquantified losses in oil revenue.

Figure 1 - Challenges Government faced trying to stop Oil Theft Activities in Nigeria



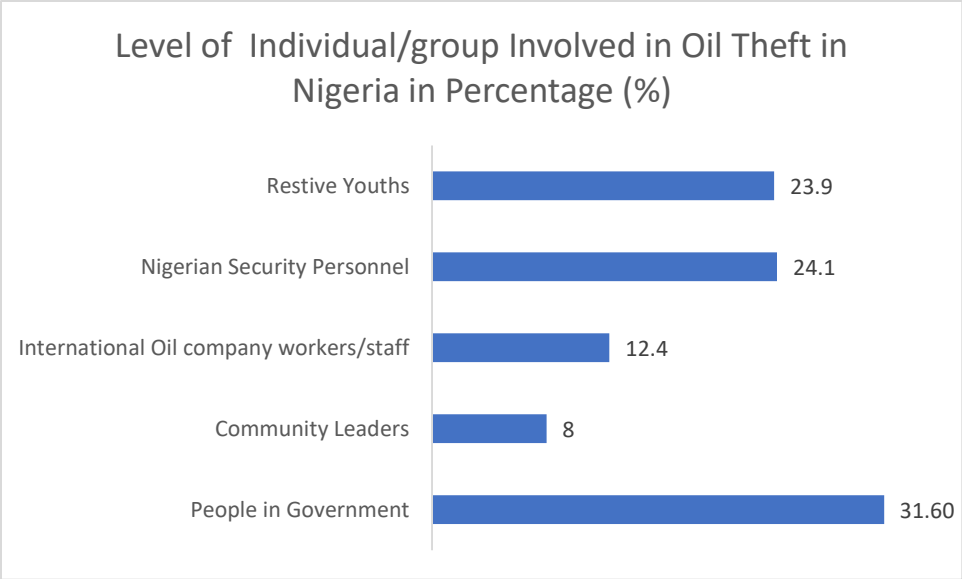
Source: Field Survey (2022)

The analysis in Figure 1 showed the challenges government faced trying to stop oil theft activities in Nigeria. The highest frequency of 10.60% indicating that lack of host community involvement in the mainstream of oil & gas industry administration and operations is the most critical factors followed closely by lack of sustainability in policies, projects and programs of government like NDDC, Amnesty etc., at frequency of 10.2% and also 8.6% respondents indicating that the host communities feel shortchanged in the sharing of oil revenue. All these point in one direction that the oil host communities involvement in operations, welfare and development are very crucial to ending oil theft menace in the Niger Delta region. Their exclusion will continue to exacerbate the illegal activities within the communities. The study also found that the 13% derivation legally guaranteed for the development of the oil host communities, don't

actually get to the host communities but hijacked by the state governments and utilized for the development of mostly the state capitals and other projects as the state government deems appropriate. This validates the proposition II "the neglect and exclusion of the oil host communities in the mainstream operations exacerbates oil theft".

Findings also show that insincerity on the part of government officials at frequency of 9.2% and lack of cooperation between the stakeholders in the industry at the frequency of 9.4% are also major factors in the oil theft menace. This is because, no successful theft can actually be conducted without the collusion with corrupt or compromised government officials and security agencies. Another high frequency response at 7.5% indicated that the government refineries are not working thereby creating a huge supply gap of refined petroleum products in the Nigeria market which the illegal refiners seek to leverage upon.

Figure 2 – Individual/group Involvement in the oil theft



Source: Field Survey, (2022)

The study shows in Figure 2 - the level of individuals/groups involved in oil theft in the Niger Delta. The responses show that 12.4% of international oil company staff collaborate with 24.1% of Nigeria Security personnel including the Navy, Army and the NSCDC and 31.60% people in government to engage in oil theft. The people in government here represent majorly the officials of the NNPCL and their management. The same figure shows also that 23.9% of restive youths and 8% of community leaders are available to partner with these individuals to successfully carry out the illegal activity. The Political economy theory provides clear understanding of these

complexities. It explains the complicities amongst the perpetrators of oil theft as alluded to in objective (ii) of the study which is "to identify the complicities around oil theft in Nigeria" and answers the question (ii) of "who are those involved in the illegal activities".

Almost all the responses indicted the NNPCL as the major culprit in aiding and abating the illegal activities of crude oil theft and economic crime against the state. One of the allegations by the Navy is that NNPCL sometime allocate 200,000 barrels to a vessel of 1 million barrels capacity. During loading, the vessel in connivance with those at the loading terminal may end up taking up to 800,000 barrels which means 600,000 barrels lost in a process known as "toping". This is found to be a major source of national loss to oil theft. The institution responsible for securing Nigerian crude upstream is Nigerian Upstream Petroleum Regulatory Commission (NUPRC), formerly known as Department of Petroleum Resources (DPR) which is a subsidiary of the NNPCL. Furthermore, the study indicated in Figure 1 (Challenges Government faced trying to stop Oil Theft Activities in Nigeria), wherein 10.2% of the respondents indicated that the challenges government faced trying to stop oil theft was lack of sincerity of government officials and 6% respondents indicated that it's the collusion between the security agencies and the oil thieves. These figures further reinforce the prevailing argument. It implies that majority of people in government led by the NNPCL and Nigerian security operatives are involved in the business of crude oil theft in Nigeria. The IOCs clearly aid and abate the illegal operations given their vantage position and the fact that oil theft may be difficult to execute without them providing certain enablement. For instance, in the interview response by the Navy, it was revealed that the OICs abandon active "well-heads" deliberately for the oil thieves as a bargaining chip to save their main operations and protect their staff from attacks form the oil thieves. All these clearly constitute major challenges to the efforts of the government in ending the activities of oil theft in Nigeria. They in fact reinforces its persistence. This is because, when the people charged with the responsibility of implementing the policies and strategies to stop oil theft are the ones involved in it, the illegal activities a free flow. Therefore, proposition III is validated: "the involvement of state actors in oil theft sustains the illegal activities in Nigeria".

The study found in Figure 1- Challenges Government faced trying to stop Oil Theft Activities in Nigeria, that one of the biggest challenges with a frequency of 10.4% is actually lack of cooperation between the stakeholders in the industry. The stakeholders here include the NNPCL, the IOCs, the Navy, the Army, the NSCDC, NEITI, Customs, NBS, the Community etc. The required collaboration is in the areas of intelligence sharing, cooperative operations etc. Though there are issues of compromises and unpatriotic attitudes of the security operatives, the Nigerian Army alluded to the fact that even the private security operatives hired by the government to

monitor the activities of pipeline vandals and oil theft are better equipped than the Nigerian Army. This is evidenced in the area of having seagoing vessels and gunboats capable of going to the high seas. The Army is not alone on this, the Navy also alluded to insufficient manpower and modern technology including metering systems and oil fingerprinting which can coordinate and integrate the security operations etc. In all, the study findings substantially validates Proposition iv "enhancement in technology, collaborations among stakeholders, management and renewed legal framework will eliminate or reduce oil theft in Nigeria to the barest minimum".

Summary of Findings

The study found that oil theft was the biggest threat to national revenue within the period 2015 to 2022. The study results show that the worst year hit by oil theft resulting to huge losses was 2016 with 15.3% and revenue loss of N1.591 trillion. This was a year after 2015 general election in Nigeria and also the first one and half years of President Muhammadu Buhari's regime. Nevertheless, the main oil thefts are done at the offshore terminals. These terminals are controlled by only the NNPCL and the IOCs. They operate, measure, load and report quantities of crude oil sold each day without credible means of verification of the figures by other key stakeholders. The NNPCL deliberately abandons "active wellheads" without deactivating them as required. They use it as a bargaining chip to pacify or incentivize the oil thieves and thus divert them from disturbing or attacking their major operations or kidnapping their workers. In that way, it becomes very easy for the oil thieves to take as much as they want from the active wells for either outright sales to ever ready international buyers or for local refining.

Nevertheless, oil theft in the Niger Delta region of Nigeria began as a protest against the State and the International Oil companies owing to the destruction of the environment of the oil host communities and neglect of the plight of their people over time. The situation led to aggression against the government and the IOCs resulting in attacks and sabotage of the oil infrastructure and then hostage taking of the oil workers for ransom. This eventually graduated to oil theft perpetrated for economic gains with collaborations from within and outside the country. This act is a collaborative action involving almost all the key stakeholders in the ecosystem. This includes the officials of government and the security agencies - NNPCL, the Navy, the Nigerian Army, the IOCs, the community leaders and the restive youths. Basically, one cannot actually successfully carry out oil theft operations of a meaningful scale without the collaboration of other key stakeholders. The domestic crude allocation (DCA) of 445,000 barrels which is the amount of crude oil the government/NNPCL allocates to the Nigerian refineries daily as at when they were all working to full capacity have continued to be allocated over the years even when the

refineries are no longer working for some years now. This is regarded as an official or administrative oil theft that resulted to huge revenue losses over the period of study. Moreso, one of the major enablers for the unabated oil theft activities involving the spate of local illegal refining, is due to inability of the local refineries to function. This has over the years created a huge supply gap and market which the local illegal refiners seek to fill for huge economic gains. Often, the officials of government sent to regulate, monitor and secure the industry for common national interest easily get compromised and collude with the thieves to perpetrate the illegal act against the state for their selfish interests.

On the adequacy or otherwise of the efforts of the government in stopping the menace of oil theft in Nigeria, the study found that government has actually put a lot of efforts to change the narrative. However, the measures put in place thus far have yielded marginal positive but unstable results. This indicates that there are very large rooms for improvement. There are weak collaborations between the stakeholders in the industry. There is also dearth of improved technologies including metering and tracking systems to successfully tackle the sophisticated network of oil thieves. Besides, the existing punishments for oil theft offenders are grossly inadequate, weak and the justice system is discouragingly slow. Therefore, offenders are virtually not deterred by the existing legal framework.

Conclusion

Oil theft is a major economic problem in Nigeria. It had daunting consequences on national revenue within the period of study, 2015 - 2022. However, if the political leadership in Nigeria is truly determined to end oil theft, even if it is not completely eradicated, it can be reduced to the barest minimum. The NNPCL has clearly violated the provisions of the PIA for its inability in recent times not only to make profit, retain only 20% for its operations and declare dividend to shareholders (Constitution of the Federal Republic, Section 53:3) The NNPCL has shown less due diligence in remitting the share due to the federation account for the benefit of the Nigerian people and for the development of the industry and other sectors of the economy. The NNPCL has not been transparent in its operations. To solve the menace of oil theft in Nigeria and by extension, the perennial challenges in the oil and gas industry, a lot of deliverables need to be pursued with an unflagging political will.

Recommendations

From the foregoing, the study makes the following recommendations.

Firstly, the legal framework guiding the oil industry needs to be amended to review the punishments for the oil theft offenders. The Petroleum Industry Act recently

passed needs further amendment to address some critical issues such as development of the oil host communities, formal engagement of the oil host communities in the surveillance of the oil infrastructure within their respective domains and penalty of only N10,000 (Ten Thousand Naira) for non-remittance of the chargeable taxes for any accounting period to the FIRS which are 30% of the profit from crude oil for petroleum mining leases with respect to offshore and shallow water areas and 15% of the profit from crude oil for onshore and shallow water for petroleum prospecting license.

Secondly, the government must as a matter of urgent national importance make the country's refineries work. This is to close or reduce the huge demand and supply gap which the illegal refiners leverage on for huge economic gains.

Thirdly, all the key stakeholders including the Nigerian Navy, the Nigerian Army, the Nigerian Extractive Industry Transparency Initiative, Customs Service, and NSCDC representatives must be required and allowed to be part of monitoring at all loading platforms including the offshore loading platforms. The security agencies should also pay more attention to activities of oil theft especially during election years and when the price of the commodity increases in the international market.

Fourthly, government should increase investment in advanced technology to improve the security of the all-important sector. Government must as a matter of urgency, secure and install advanced metering technologies both at production outlets and the loading platforms in Nigeria in order to truly ascertain the quantities of oil produced, quantities sold and also more accurate quantities of crude oil lost. Appropriate oil-finger-printing technology for tracking of Nigeria's crude oil to any destination in the world, should be acquired.

Fifthly, NNPCL must be made to function profitably as a matter of extant laws; statutorily disclose detailed annual reports on its finances and present comprehensive report of its operations not only to government but to the general public who are the basic stakeholders in the oil and Gas enterprise.

Finally, given the importance of crude oil to Nigeria's' economy, a special court should be established to try oil offenders. This will speed up the justice delivery system and ultimately deter offenders.

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