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THE OPACITY AND CONDUIT OF CORRUPTION IN THE NIGERIA OIL SECTOR: BEYOND THE RHETORIC OF THE ANTI-CORRUPTION CRUSADE

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ABSTRACT
The description of oil industry in Africa and indeed in Nigeria as the conduit pipe of corruption for the ''sacred cow'' who manage the oil sector which is regarded as the life wire of Nigerian economy is apt. This study appraises oil-related corruption in the Nigerian oil sector and how these factors have contributed to the resource curse phenomenon. This study argues the primary source of corporate corruption, accounting scandals, and bankruptcies in the sector is the over dependence and unnecessary bureaucracy shrouded with lack of transparency and accountability. It argues further that the call for transparency in dealing with those who are engaged in corrupt practices in the Nigerian oil sector is necessary, but in itself not sufficient for minimizing this problem. To be successful in reducing the degree of severity of the practice of corruption in the Nigeria oil sector, genuine efforts must be made amidst international efforts to introduce greater transparency in the management of oil resources. This study infers that, unless Nigerian government deploy sincere political will to diversify the economy in the true sense of diversification on one side, unbundled and total overhauling of the Nigerian National Petroleum Corporation (NNPC) in particular and the overall oil sector in Nigeria, the corruption issue will remain a perennial consequence that will continuously lead to miserable failures and worsen the problem that have prolong adverse and systemic effects on the Nigerian economy.

Keywords: Corruption; Oil; Crude; Poverty; Transparency; Accountability; Resource curse; Anti-Corruption.

INTRODUCTION

Following the experience of the past decades, most experts are now inclined to think that the cause of under-development in the African continent is due to mismanagement of resources than to the lack of them (Ijewere, 1999). Babafemi Ojodu asserts that, "corruption has become the major export for Nigeria apart from oil'' (1992). In fact, the common refrain when people loot the till is, "is it not oil money?'' since oil wealth were considered as a 'gift' from God and successive Nigerian leaders who control and manage the resources were 'believed' not to be accountable to anybody (The Punch Newspaper April 24, 2008: 24). Aghalino (2006) explained that, "in Nigeria, oil is thicker than blood". Indeed, in Nigeria oil is blood and blood is oil considering the level of attention and conflicts it has generated over the years. Imagine the implication on the economy if over 80% projected and expected revenue for 2005, 2006, 2007, 2008, and 2009 annual budgets of Nigeria, were from oil. The Punch Editorial of Thursday, April 24, 2008 (Page 14) titled "*Threat to Oil revenue base,* explained that over 90 percent of Nigeria's foreign exchange earnings come from oil. Eighty –two percent (N4.2tn) of the total revenue (N5.3tn) earned in 2007 came from oil and gas. The editorial further captured that "all tiers of governments in Nigeria rely exclusively on oil revenue to pay salaries and meet other recurrent expenses". According to the editorial under review, the dependence on oil for revenue earning as a result of the abandonment of Agriculture which used to be the hallmark of the nation's economy, has jumped from only 4.3 percent in 1963 to 59.9, 69.0 and 84.1 percent in 1973, 1983, and 1993 respectively. This made the oil curse to set in as the nation is known for importation of virtually every importable' because imported goods became cheaper than the locally produced ones.

Unfortunately, Nigeria, the country that has earned and retained the number one crude oil producer in Africa, and has indeed moved up to become the world's seventh largest exporter of crude oil and the 10th biggest holder of process gas reserve (The Punch Newspaper April 24, 2008: 24) has paradoxically not only ranked among the poorest countries in the world (Omotola, 2006), but also one of the most heavily indebted countries of the world until 2005 when Paris club of creditors 'magnanimously' cancelled substantial part of its foreign debt, which has started heaping again. Obviously, despite a series of anti-corruption crusade, corruption has been a 'normal way of life' in Nigeria. According to Adomako (2008) "a historical symbiosis exists between oil and corruption". Adomako further gave a wide account of the Nigerian oil situation that, "it is incontrovertible that Nigeria suffers from a resource curse as the country has little or nothing to show despite several years of oil exploration''. In fact, most of the proceeds from the Nigerian oil wealth ended in the pockets of their leaders''. While scholars are still grabbling to x-ray the 1970s infamous remark by the former head of state, General Yakubu Gowon that, "Nigeria's problem was not absence of money but how to spend it" (*The Punch* April 24, 2008: 24), the former Minister of Defence under Obasanjo civilian administration, General Theophilus Danjuma, recently added another salvo. ''Danjuma told chief executives of non-governmental organizations in Abuja how he made a handsome profit of $500m (N75bn) from an oil deal, and was finding it difficult to decide how best to spend the money'' (The Punch Newspaper, March 7, 2010: 1). The former Group Managing Director (GMD) of the NNPC Engr. Abubakar Yar' adua was alarmed that "Nigeria looses at least 150,000 barrels of crude oil worth N2.2 billion naira daily as a result of illegal bunkering activities" (Daily Trust Newspaper, June 6, 2008. Pp.1-5). Ironically, Nigeria is a heart rendering paradox of a rich country with desperately poor people. Despite its massive earning from oil, about 70% of its estimated 140 million people live below abject poverty line on less than $1 US per a day, with Nigeria consistently being ranked higher from year 1999 to 2010 corruption perception index reports (Adomako, 2008; Newswatch Magazine, November 8, 2010). Attempts to explain this contradiction pointed to the resource curse as the major causes of the disconnection between the country's wealth and people's well being.

Sachs and Warner (1995) in their study of 'resource curse' discovered that, an intensive exporter of natural resources such as oil actually grows much slower than other countries. Consequently, many of the oil-exporting countries are poor in terms of social indicators and welfare (Francisco, 2007; Omotola, 2006) which is attributed to the "paradox of plenty" as demonstrated by Karl; (1997) in the case studies of Venezuela, Nigeria, Iran, Algeria, and Indonesia in the midst of the two massive booms of the 1970s. Oil is indeed a double-edged sword (Aderoju, 2007). Clearance (2003) shed more light on this that, possession of natural resources within a particular country has often been a source of grief and unhappiness to the average citizens. Indeed, this appears to be the case with other nations that rely on natural resources as Nigeria has not experienced total peace as a nation. It fought a 30-month civil war to a degree because of oil. In addition, because of the struggle to control the distribution of oil money, the nation's politics has become volatile and polluted. The country's values, to say the least have been distorted. The widespread and prolonged mismanagement is possible because of the almost total absence of public accountability on the part of most of the successive governments. Critically, *The Nation newspaper of October 1, 2008(P.1)* rightly chronicled the Nigerian oil economy into four phases of; oil boom (1960 – 1978), oil bloom (1979 – 1984), oil gloom, (1985 – 1998) and oil doom (1999 – current date).

The main thrust of this study therefore, is to critically locate and appraise the opacity of corruption in the Nigerian oil sector, with specific emphasis on the conduit pipes which the study recognizes as, ‘’beyond’’ the reach of the anti-corruption agencies due to the involvement of the highly placed military echelon, politician, and government functionaries who are referred to as ‘sacred cow’ (untouchable) in Nigeria.

CONCEPTUAL CLARIFICATION

Oil is the natural resources found beneath the soil which could be drilled and refined for industrial, mechanical, technical, and commercial purposes (Usman, 2010). Horny (2006) in the *Oxford Advanced learners Dictionary*, viewed oil as a thick liquid that is found in rock underground. It is further advanced as a form of petroleum that is used as fuel and to make part of machines move smoothly.

Crude oil which is the emphasis of this paper is regarded as oil in its natural state before it has been refined or treated with chemicals. Crude oil is also defined as a mixture of hydrocarbons that exists in liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities (Usman 2010). Similarly, in the section 5, volume 1 of the Canadian oil and Gas Evaluation Handbook by the society of petroleum Evaluation Engineers (2002), crude oil is defined as a mixture, consisting mainly of pentanes and heavier hydrocarbons that exist in the liquid atmospheric pressure and temperature. Usman (2010) added that, crude oil could be viewed as the world’s most actively traded commodity, which could be refined into gasoline, diesel fuel, heating oil, jet oil, lubricating oil, among others, which are the sources of energy and energy related products for industrial and automobile uses.

Corruption on the other hand is variously defined as: the abuse of public office for private gain; dishonesty for personal gain; dishonest exploitation of power for personal gain; depravity; and extreme immorality. Corruption is “the manipulation of conditions to attain exclusive benefits to individuals or groups at the cost of social benefits’’ (U4, 2009a). The International Monetary Fund (IMF) defined corruption as, “abuse of authority or trust for private benefit: and is a temptation indulged in not only by public officials but also by those in positions of trust or authority in private enterprises or non-profit organizations” (IMF, 2000). Specifically, Transparency International (TI) in its Source Book 2000 defines corruption as “the misuse of entrusted power for private benefit”. Generally, public office is abused for private gain when an official accepts, solicits, or extorts a bribe. It is also abused when private agents actively offer bribes to circumvent public policies and processes for competitive advantage and profit. Public office can also be abused for personal benefit even if no bribery occurs, but through patronage and nepotism and outright theft of state assets or the diversion of state revenue. The Vision 2010 Committee report capture corruption as “all those improper actions or transactions aimed at changing the normal course of events, judgments and position of trust.” The Corrupt Practices and Other Related Offences Act 2000 deduced that, corruption “includes bribery, fraud and other related offences”.

Ayoola (2005) reiterated that, “the commonest form of corruption in Nigeria used to be filled with just bribery but in recent years this has been overtaken in level of prevalence by embezzlement and theft from public funds, extortion, abuse of discretion, abuse of public power for private gain, favoritism and nepotism, conflict of interest, extortion, and illegal political party financing”. Though, the menace of corruption is not limited to Nigeria, nevertheless it has almost become synonymous with the Nigerian official environment. Generally, various kinds of corrupt practices exist in Nigeria. These include; embezzlement, fraud, diversion of funds, gratification, nepotism, falsification of documents, outright theft of government property, favoritism, willful absenteeism, awarding contracts to ‘front’ companies, lodging public funds in private accounts, over-invoicing, approval of sub-standard projects, disregard of due process, etc. In fact, it has created the sad paradox of widespread and dehumanizing poverty in the midst of abundant natural and human resources.

Paolo Mauro (1998) identified three principal causes of corruption as follows; (i) Government restrictions and intervention, which lead to excessive profits. These include trade restrictions (tariffs and import quotas), favorite industrial policies (subsidies and tax deduction), price controls, multiple exchange rate practices, foreign exchange allocation schemes, government-controlled credit; (ii) Natural resources, e.g., (crude) oil whose supply is limited by nature where huge profits are available to those who extract it; officials who allocate extraction rights are likely to be offered bribes; and (iii) Where civil servants are paid low wages and have to resort to collect bribes in order to feed their families.

Former President Olusegun Obasanjo aptly captured the effects of corruption during the inauguration of the Independent Corrupt Practices and other related Commission (ICPC) on September 29th, 2000; “I have for many years held the view that corruption, in its entire ramification, is the greatest single impediment to our national aspiration to enter the new millennium with confidence. Indeed corruption is the antithesis of development and progress’’.

In fact, corrupt practices in Nigeria thrive in the form of ‘black markets’ as a ‘normal’ business with those involved knowing the rules and the consequences. Nicanor Frutos, President of Paraguay construed that, corruption is like a dance of a two to tango. If there is a corrupt customs official, it is because there is a businessman who is rewarding him; if there is a tax evader, it is because there is a bureaucrat who is being bribed (Financial Times, Online U.K. August 14, 2006). Generally, corruption is found in every facet of life and at all levels including the religious and worship centers. Its perpetrators consist largely of both the governing and non-governing elite and other social cadre and exist due to a number of factors. These include, the degree of security enjoyed by the doers and the receivers of corrupt act; the existing sense and level of probity; the prevalent value system with specific emphasis on the acquisition of material wealth “by all means’’ among others (Egwemi & Usman, 2010).

Consequently, Nigeria’s oil and gas industry has since the inception been characterized by corruption and lack of visionary leadership. These have prevented successive leaders from utilizing the oil wealth for the development of the country (Broad Street Journal October 15, 2010).

HISTORY OF OIL EXPLORATION IN NIGERIA

Exploration activities in Nigeria began as far back as 1908 in Lagos and Okitipupa coastal areas by the Nigerian Bitumen Company established by a German consortium. Since then various stages of exploration of other minerals in other parts of Nigeria continued within 1908-1956. Specifically, oil was discovered in 1956 at Oloibiri in the present Bayelsa state by the international oil merchant, Shell D’Arcy. In 1958 the first shipment of about 5,100 bpd was exported. This was followed with the production and exportation of 175,000 bpd, in 1960. Nigeria joins Organisation of Petroleum Exporting Countries (OPEC) in 1971. In 1979 oil production rose to as much as 2.3mm bpd. However, oil glut in 1983 led to a reduction to 1.3mm bpd. In 2008, Nigeria export as much as 2.4mm bpd. From mid 1980s-september 2003, oil prices generally stood at $25/barrel. The international prices of crude oil rose above $30 per barrel. In August, 2005, it rose to $60 per barrel and peaked at $147.30 per barrel in July 2008. However, towards the end of 2008, it slumped to $33.87 and in 2009; it gradually climbed to above $50 by the end of March, 2009 (Louis, 2009).

Nigeria oil sector is divided into upstream and downstream sectors. The upstream focuses on mining, exploration, exploitation, production, and exportation of crude oil. The service sector provides technical, engineering, and consultancy services mainly to aid the upstream in the drilling, exploration and production activities. Nigeria's average yearly production of crude oil is about 710 million barrels. Nigeria present oil reserve of 33 billion barrels is expected to last for about 49 years if no additional reserve is added. In addition to oil, Nigeria has proven natural gas reserves of 187 trillion standard cubic feet, the 7th largest gas reserve in the world. The former Minister of State for Energy (Gas), Emmanuel Odunsina revealed that Nigeria produces an average of 2.36 trillion cubic feet (tcf) of gas per year, out of which about 68.66 (bct) is flared monthly representing about 823.92 billion (bct) annually (The Nation Tuesday, July 1, 2008:19). In a monetary term, the Minister added that, between 1970 and 2006, Nigeria lost about $72 billion to flare gas. The estimated oil reserve in Nigeria is put at 33 billion barrels, (28 of which are in the Niger Delta and five in the deepwater), while gas reserves is about 187 tct (27 tct in the deepwater and 160 tct in the Niger Delta) (The Nation Tuesday, July 1, 2008:19). In terms of the associated gas (AG) reserve, 56 per cent of the reserves are in Shell Petroleum Development Company (SPDC) field, 21 per cent with Mobil Producing Nigeria Unlimited (MPNU), 9 per cent with Nigerian Agip Oil Company (NAOP), 7 percent within the confine of Chevron Nigeria Limited (CNL), 3 per cent in Elf's fields and other players hold 4 per cent in their areas of operations (The Nation Tuesday July 1, 2008; 19). In respect of Non Associated Gas (NAS), SPDC holds 64 per cent, MPNU 7 per cent; Elf 6 per cent and other players have 7 per cent. This gives a picture of the distribution of Nigeria gas reserves, which indicated that there is gas in abundance which was discovered in the course of looking for oil.

The downstream sector concentrates on the refining of crude oil into usable products through distillation, conversion, extraction, and other special treatments to produce petroleum products and petroleum gas. The sector also covers Nigeria petrochemical plants and the four refineries located in Port Harcourt (two), Warri (one,) and Kaduna (one). The refineries have total refining capacity of 445,000 barrels daily; PHRC 210,000, WRPC 125,000, and KRPC 110,000 per day (Louis, 2009). However, these refineries have been unable to meet with their refining capacities because of decades of neglect, lack of turnaround maintenance, vandalism, and corruption among other mitigating factors.

In fact, the upstream sector which is the life blood of the Nigerian economy is dominated by the International Oil Companies (IOC). The federal government is represented by the Nigeria National Petroleum Corporation (NNPC) and its subsidiaries who transact oil business through Joint ventures (JV), Production Sharing Cost (PSC) and Risk Sharing Cost (RSC). The Joint Ventures between NNPC and IOC are in the proportion with the NNPC having majority stakeholder of 55 – 60%, while the IOC provided the operation. The NNPC and IOC split operating costs from which the NNPC and its subsidiaries they are regularly unable to meet their obligation (Alexandra, 2009). Consequently, companies bear all exploration and production costs, with oil produced and divided into "cost oil", which is retained by the company, and "profit oil" which is split between the company and the government. However, IOC sell their share of crude production, and pay royalties (collected by the Department of Petroleum Resources, DPR) and taxes to government (collected by the tax agencies). Nigeria government on their part, export and sell its share of crude production. The subsisting pattern of

Production Sharing Cost (PSC) is as follows; signature bonus of $0.5-$1.0 million per block; bid Bonus of $10-$30 million per block; and oil up to 16.67% depending on water depth and cost recovery of 100% after, paid as royalty. Royalty are paid based on volume and decreases as there is increase in water depth as follows; Onshore for 20% and Off Shore is further sub-divided as follows; 0-100 M 18.5%; 100-200M-16.67%; 201-500M - 12.00%; 501-800M - 8.00%; 801-1000M; 4.00% and above 1000M - 0.00% (Alexandra 2009). In addition, the fiscal arrangement for Gas and Downstream Investment have five years tax holiday, exemptions from import duties/Value Added T ax (Louis, 2009).

The Nigerian Petroleum sector has been a pot of gold to the nation and the outside world since independence (Nigerian Tribune Monday, 5 July, 2010:27). 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). The oil and gas sector has dictated the pace and structure of growth of Nigerian economy since 1970. Oil contributed over $391.6 billion to government revenue between 1970 and 2005. Out of this amount, $118.4 billion or 30.2 per cent was earned between 1999 and 2005. Similarly, the Nigerian economy has earned over $593.6 billion from oil exports, representing 96.3 per cent of total foreign exchange earned between 1970 and 2005. Out of this amount, $153.1 billion or 25.8 per cent was earned between 1999 and 2005 (Nigerian Tribune, Monday, 5 July, 2010: 27-28).

Generally, Nigeria oil economy has witnessed four major metamorphoses since inception. These include; oil boom (1960 – 1978), oil bloom (1979 – 1984), oil gloom (1985 – 1998) and oil doom (1999 – date) (The Nation newspaper of October 1, 2008:1; Nigerian Tribune, Monday, 5 July, 2010: 27-28).
On the eve of Independence, Nigeria's per capital income was higher than those of Indonesia, China, and India. For instance, Real GDP per capital in 1960 for Nigeria was $291.86; India $175.42; Indonesia $178.64; and China $97.89 respectively. Over time, these countries have leapt-frog over Nigeria. Joseph Stiglitz argued that;

> Some 30 years ago, Indonesia and Nigeria had comparable per capital incomes, and both were heavily dependent on oil revenues. Today, Indonesia's per capital income is four times that of Nigeria. Nigeria's per capital income has actually fallen, from $302.75 in 1973 to $254 in 2002 (Agwara, 2007).

Indeed, Nigeria suffered from the oil curse from corruption perspectives upon which other resource curse indicators rest upon. Among those who track corruption, Nigeria is a poster child for the "resource curse." Hanson (2007) argued that, some 80 percent of oil monies are accrued by one percent of Nigeria's population of about 140 million people which has been projected to hit 250 million people by 2025 (The Nation Friday, September 15, 2006: 6). In fact, the misuse of the oil wealth by the successive Nigerian leaders and the illusion it created has left Nigeria a poor country (Tribune, Monday July 5, 2010: 28). Agwara (2007), using the Gini Index Measures in the study of Resource curse on Nigeria argued that, the country is among the 20 countries in the world with the widest gap between the rich and the poor with a 50.6 comparison with other poor countries such as India (37.8), Jamaica (37.9), Mauritania (37.3), and Rwanda (28.9).

In fact, the focus of the Transparency International (T.I) 2004 report was more apt on the oil sector among the oil producing developing countries as a source of corruption around the world. The Chairman of the T.I Board of Directors, Peter Eigen had in 2004 observed that, "in these countries, public contracting in the oil sector is plagued by revenue vanishing into the pockets of western oil executives, middlemen, and local officials."

MANIFESTATION OF CORRUPTION IN THE NIGERIA OIL SECTOR

This section is explicitly dedicated to the specific channels and case study of corruption and corrupt practices in the Nigeria oil sector. In Nigeria, as elsewhere, corrupt practices impair oil sector performance. Juan Alfonso, the Co-Founder of OPEC opined that, 'I call petroleum the devil's excrement. It brings trouble…waste, corruption, distorted our public services, and debt - a debt we shall have for years…' (The Economist, 2003).

The complex and largely vague operations of the oil industry makes it difficult to establish exactly how, when, and to what extent corruption takes place in the sector. However, the U4 Brief (2009b) critically identifies specific channels the public sector institutions governing the Nigeria oil sector permitting the existence of corruption. These conduit pipes include; award of oil blocks; crude export and importation of refined products; award of contracts; and bunkering among others.

(a) Award of oil blocks

The Nigeria Petroleum Act of 1969 gave the Minister of Petroleum the discretionary powers and full authority to allocate licenses for oil blocks for the exploration, prospecting, and mining of oil. The bidding process is one of the critical avenues of high profile corruption because of the archaic laws and the autocratic military interventions in the running of the oil and gas sector. During the military era, most licenses were awarded on a discretionary basis by the head of state. For instance, the former Minister of Defense under Obasanjo civilian administration and one time Chief of Army Staff under the Murtala/Obasango military era, Lt.- Gen. Theophilus Danjuma, shocked the world at a consultative forum in Abuja on Wednesday 17, 2010, how he realized $500 million (N75 billion) as profit from the total of $1 billion from the sales of an oil block located at Port Harcourt, River State, which was allocated to him 12 years ago by the late Gen. Sanni Abacha (The Punch March 7, 2010: 1-2). Danjuma's concern as reported by the newspaper under reference was how to manage the money to prevent his children from fighting if he dies. Similarly, a South African based news print, exclusively reported how "a former Nigerian President was alleged to have awarded a $1 billion oil block in the nation's most prized oil-producing zone to his wife's hairdresser'' (*Business Time*, October 31, 2004).

Consequently, on assumption of office in 1999, former President Obasanjo revoked eleven blocks given to senior military officers and their allies by the previous military government. To end such sharp practices, the Obasanjo civilian administration that doubled as de-facto Minister and later senior Minister of Petroleum (1999–2003 and 2003-2007) attempted to introduce competition and transparency into the Nigeria's oil block bidding processes. Specifically, the 2000, 2005, 2006, and 2007 oil bid were to some extent publicly advertised by the government, indicating the available blocks and selection criteria and as well, disclosed the various bids received. However, the whole processes according to the U4 2009a report, suffered serious shortcomings by given advantages to "certain preferred companies''. In fact, Louis (2009) quoted Ofurhie as saying that "between 2001 and 2006, there was no open bidding for oil blocks, but only selective bidding authorized by the Presidency".

Glaringly, at the wee hour to the tenure of the Obasanjo presidency in 2007, in what The *Nation Newspaper* described as "oil block bazaar'', arbitrarily and unilaterally allocated oil block to his cronies and political associates as tabulated in Table 1 below as "a parting gift'' for those who supported his failed "third term'' agenda without due process which actually prompted the setting up of the House of Representatives probe panel that investigated the deal (Newswatch, 2008; The Nation, 2008).

Table 1: The last minute award of oil block bazaar during Obasanjo tenure (1999-2007)

S/NO	Name of Companies	No. of Blocks	Amount ($)
1.	Essar Energy Exp. And Prod.	Block 226	$18.5 million
2.	Monipulo	Block 231	$17,999.980 million
3.	Conoil	Block 290	$49, 999, 975 million
4.	Global Energy Coy Ltd	Blocks 2009 & 2010	$11, 499, 949 million
5.	Continental Oil	Block 2007	$54, 999, 982 million
6.	Sterline Global Oil Res.	Blocks 2005 & 2006	$5, 150, 000
7.	Bayelsa Oil Coy	Block 240	$5, 599, 949 million
8.	Abbey Courts/Coscharis	Block 293	$50, 167, 510 million
9.	Deltagate/Petrodel	Block 258	$12, 500, 000 million
10.	Sahara Energy	Block 228	$ 2, 500, 000 million

Source: The Nation Newspaper, Thursday June 19, 2008, Pp. 1 – 2.

Louis (2009) declared that "oil blocks were almost given freely to individuals who are highly connected to those in power''. These individuals then sell the blocks to International Oil Companies and earn substantial income. It operates like a government-subsidized welfare program for the selected few. Politically, Nigerian leaders perceived and use oil blocks as a form of reward and punishment to compel or elicit certain behavior from targeted individuals. Consequently, in 2008, probes into the bid rounds under the Obasanjo Presidency (1999 – 2007) by the House of Representatives, uncovered these manipulations especially that of the oil block allocation. This resulted to the suspension of the Director of the Department of Petroleum Resources (DPR), who supervised the bid by proxy, and the revocation of several blocks (U4, 2009b).

(b) Crude export and importation of refined products

The Newswatch magazine (2008) revealed that, during the Obasanjo administration, the country was swindled billions of Dollars in the award of crude oil contracts by the NNPC and also sordid manipulations of the open bidding system for the allocation of oil block by the DPR with the Obasanjo's approval. The crude oil fraud was perpetuated by the NNPC through three major fronts. These include; deliberate increase in the daily quota as against figures allocated to Nigeria by the Organization of Petroleum Exporting Countries (OPEC); the diversion of interest on income from illegal transferred money from the NNPC joint venture account; and the diversion of money through a non-existent joint venture account cash call arrears.

The audit report of the NNPC between 1999 and 2004 revealed that the annual breakdown in the report indicates that between June and December 1999, OPEC gave Nigeria a quota of 403,390,000 barrels and NNPC rather produced 499,774,775, an excess of 46,384,745 barrels. The excess was taken up to 80,601,101 in 2000, when NNPC produced a total crude quantity of 828,618,101 instead of 748,011,000 approved by OPEC. In 2001, there was an excess production of 130,201,184 from a total of 863,835,184 as against OPEC quota of 728,634,000. In 2002, instead of sticking to the OPEC quota of 478, 851,000, NNPC produced 542,103,211, which was an excess of 54,252,271. All the excesses of NNPC crude oil production within this period added up to 316,445,271. Based on the oil price of $25 per barrel at the prevailing exchange rate of N111.6 to $1 at that period, Nigeria lost N515, 071,784,460 to the scam. The oil cartel involved in the deal pocketed the extra income accruable instead of paying it into the nation's treasury (Newswatch magazine, 2008).

The Acting Director of DPR, Alhaji Mohammed Aliyu Sabo while testifying before the House of Representatives panel, disclosed that while the sharp practices were on, sensitive documents relating to the oil block allocations were said to have been missing. In Sabo's words, "we can only give out what we have…..because we can't find some of the documents". In addition, the probe panel further discovered how Shell had, in December 2003, paid $210 million as signature bonus, but only the sum of $1 million was reflected in the records (Louis, 2009). In fact, the probe panel equally discovered that some signature bonuses were in 2005 paid in naira against the guidelines, resulting to a short fall in the payment of signature bonus from $2bn to $1.6bn. The suspended Director of DPR admitted before the probe panel that, "I received signature bonus in naira based on instructions from above'' referring to the instruction from the then Minister of state for Petroleum. In addition, it was equally revealed that the sum of $2.5 million paid for OPL 257 in June 2003 by Vintage Oil was spent five years before it was receipted on July 8, 2008 (Louis, 2009).

In a petition dated July 28, 2003 and forwarded to the Economic and Financial Crimes Commission (EFCC), by a concerned petroleum consultant, it was alleged that the former Group Managing Director (GMD) of NNPC, Jackson Gaius – Obaseki and former Managing Director (MD) of PPMC, Dan Nzelu and their associates had between the first and third quarter of 2003 bought fuel oil from the PPMC, "at the subsidized domestic rate of N8.30K per liter ($60.00 per ton) and exported same at $165.00 per ton'' (Newswatch, 2008). Instead of accruing $250 million income to the government during the period, only $90 million was remitted losing about $160 million dollars to the corrupt deal.

In fact, the late President Umar Musa Yarádua had during a press briefing on May 12, 2009 acknowledged that there was a powerful cartel in the Nigeria oil sector, which he described as "the greatest institutional corruption in this country'' (This Day Newspaper May 13, 2009). The Newspaper equally documented extensive and dynamic nature of corruption within the Nigerian National Petroleum Corporation (NNPC), titled; *How Nigerian National Petroleum Corporation Officials feeds fat from fuel imports*, describing how certain mafia is feeding fat from the millions of liters of petroleum products imported daily into the country by its subsidiary, the Pipeline, and Products Marketing Company (PPMC). The paper revealed that the mafia, using PPMC, receives a commission of $500,000 (about N75 million) daily from international commodity traders, comprising Trafigura, Glencore, and Vitol, who lift crude on behalf of the corporation and also import petroleum products for PPMC. "Key officials of the NNPC and PPMC share the commissions paid by the commodity traders. Trafigura, Glencore, and Vitol pay the commissions to sustain the importation contracts awarded by NNPC and/or PPMC''. In addition, due to the inefficient marketing and distribution structure, the PPMC abandoned the usage of its own Atlas Cove (Lagos) and Mosimi (Sagamu) storage facilities, in preference for Yinka Folawiyo Oil and Capital Oil depots, both privately-owned storage facilities in Lagos at a great cost in a shoddy deal. Despite the fact that, the storage facilities at Moisimi and Atlas Cove are more than those of Capital Oil and Yinka Falowiyo depots combined, "PPMC pays these private depot owners N3 per liter for storage. Owners of these private storage facilities in return pay the NNPC mafia N1 on every liter of petroleum products stored.

(c) Award of contracts

Oil sectors also involve the award of numerous large-scale contracts, primarily to oil service companies. In principle, it is the operator company that awards these contracts. However, Nigerian government retains a high degree of control over such transactions. The famous Halliburton scandal involving virtually most of the Nigerian leaders as shown on Table 2 below, only blew open in Nigeria after a US oil service company, pleaded guilty to paying around US $180 million in bribes to the top Nigerian government officials, to secure four contracts, worth over US $6 billion, to build Liquefied Natural Gas (LNG) facilities in Nigeria. Table 2 below provides details on how the $180 million Halliburton bribe was allegedly distributed.

Table 2: The Halliburton Scandal indicating the beneficiaries and the amount

S/NO.	Period	Beneficiaries(Company/Individual	Amount
1.	1994 - 1995	General Sanni Abacha (former Nigeria Military Dictator)	$40 Million
2.	1998	General Sanni Abacha's brother, Abdulkadir Abacha	$1.887 Million
3.	1996 - 1998	Dan Etete (former Minister of Petroleum under Abacha)	$2.5 Million
4.	1996 - 1998	M. D. Yusuf (Former Inspector General of Police and Chairman of LNG)	$75,000
5.	1999 - 2000	Atiku Abubakar (former Vice President, 1999 – 2007) and Don Etiebet, ex Petroleum Minister)	$37.5 Million
6.	2001 - 2002	Olusegun Obasanjo and Atiku Abubakar, and Funsho Kupolokun(Former President, Vice President and GMD, NNPC respectively)	$74 Million
7.	2001 - 2002	Bodunde Adeyanju, ex personal assistant to Obasanjo.	$5 Million
8.	2001 - 2002	Ibrahim Aliyu, a retired federal permanent secretary (Urban Shelter and Intercellular)	$11.7 Million
9.	2001 - 2002	Mohammed Gidado Bakare, a retired Chief Planning Officer	$3, 108, 675
10.	March, 1999	Nasir Ado Bayero, Son of the Emir of Kano (Gosmer International, Risers Brothers)	$600,000
11.	1999 - 2000	Shinkafi and Glosmer International	$195,000
12.	March, 1999	Edith Edeghoughou	$290,000
13.	March, 1999	Zertasha Malik and Grety overseas	$600,000
14.	March/June, 1998	Grety Overseas and Riser Brothers	$1.12Million

Source: Compiled by the Author based on the data from the Newswatch Magazine, 2010 and Mike Okiro Panel Report published by Movement for All Nigerians.com

It is clear from Table 2 above that the bribe ''transactions'' has been going on in Nigeria since 1994 - 2002 and treated as "top most'' secret among the indicted powerful Nigerian leaders and officials and could have remained so, until it was blown open outside the shore of the Nigeria soil in 2004. This indicates that corruption in the Nigeria oil sectors, like other sectors in Nigeria, is indeed a cartel business in which only non-members or fall-apart members are persecuted for corrupt practices.

(d) Bunkering

Bunkering is the theft of crude oil directly from pipelines, flow stations, and export facilities. The former Group Managing Director (GMD) of the NNPC Engr. Abubakar Yar' adua had alarmed that "Nigeria loses at least 150,000 barrels of crude oil worth N2.2 billion naira daily as a result of illegal bunkering activities" (Daily Trust Newspaper, June 6, 2008. Pp.1-5).This quantity is more than the entire oil production of Cameroon (U4: 2009a). Government agencies, oil company representatives, militants, politicians, and traditional rulers across the length and breadth of Nigeria particularly those from the Niger delta oil rich region are widely perceived as complicit in varying degrees in bunkering activities in Nigeria. "Groups of well-armed young men typically execute the pipeline sabotage, but their activities are overseen by powerful figures'' (U4, 2009b). The effects of bunkering are enormous. It reduces the amount of Nigeria crude export capacities, thereby lowering the revenues which accrue to the state. Apart from the security risk, bunkering serves as the most veritable and steady source of funding for the militancy activities by the corrupt syndicates.

CONCLUSION AND RECOMMENDATIONS

Certainly, the disturbing editorial in The Nation newspaper (Monday, November 30, 2009: 17) titled: "*Damning revelations,… Nigeria has no idea of the quantity of its crude exported, or fuel imports''* was not surprising. According to the editorial, "findings from a jointly sponsored survey by the Nigeria Extractive Industries & Transparency Initiative (NEITI) as well as the British Department for International Development (DFID), have established, rather shockingly, that Nigeria could neither account for the volume of her crude exports, nor 'accurately' affirm in any recognized standards of measure, the total volume of fuel imported into the country for her domestic consumption''. This confirmed, "whenever a public official has discretionary power over distribution to the private sector of a benefit or cost, incentives for corrupt practices are created'' (Rose-Ackerman, 1997). In fact, between 1960 and 1999, Nigeria earned 400 billion USD from oil and lost 380 billion USD to corruption within the period (Azubuike, 2008; Inge, 2010) with the privileged powerful few being the perpetrators and beneficiaries.

Consequently, corruption aggravates income inequalities and poverty because, those who benefits from corrupt deals are not likely to be among the poorest. Certainly, corruption as it exist in the Nigeria oil and gas industry increases the gap between the rich and the poor, destabilized societies, and contributed to militancy and political unrest. It has increased poverty and hampered access by the poor to public services such as health, education, roads, and communication towards unneeded "white elephant" projects, or lower quality infrastructure and justice. In fact, basic needs in electricity and water are unmet. Obviously, the entire country suffers the penalty for bad governance and corrupt leadership, with the insurgency in the oil-rich Niger Delta region as a typical example of the cost of oil induced corruption due to access to oil revenue in Nigeria. In fact, the complex problems of corruption in Nigeria are like the structures of an onion. Peel off the top layer of shades, another fresh inner layer emerges. Layer after layer produces yet more dynamic pattern of corruptions that appears infinitesimally delicates to handle. Consequently, Nigeria is suffering from the scarcity of sincere leadership that is interested in solving the problems of embezzlement, misappropriation, misapplication, and mismanagement, since corruption in Nigeria ''is not regarded as a crime, although it is specified as one'' (Egwemi & Usman, 2010).

Broadly, the opacity of corruption in the Nigeria oil and gas industry which occurred as a form of corruption of ‘greed’, takes place at the highest levels of political authority where decisions are made, institutions and rules of procedures are manipulated and distorted for personal gain and patronage. On the other hand, ‘low level’ corruption which occurred as ‘corruption of need’ manifest when business or services are obtained from the public sector through inappropriate procedures. The latter types which can be dubbed as periphery are within the reach of the numerous and conflicting anti-corruption agencies in Nigeria. On the other hand, the former types which involved highly placed officials, though regarded as a crime but not usually enforceable, due to parties not reporting and the official positions of the offenders are “beyond’’ the orbit of the law enforcement agencies from prosecution except those that fell out of the political game. These highly placed group of individuals which the paper dubbed untouchable (sacred cow) while in position of authorities, incidentally were instrumental for the establishment of anti-corruption outfits such as; Corrupt Practices and Investigation Bureau, Public Complaint Commission, Code of Conduct Bureau, Independent Corrupt Practices Commission (ICPC), Economic and Financial Crime Commission (EFCC), and other numerous agencies and tribunals.

Obviously, the anti-corruption agencies are like a “toothless bull dog’’ in a true sense of transparent war against corruption in Nigeria because the agencies are hampered in the large area of corrupt activities, which are perpetuated at the highest level of political authorities which make the anti-corruption war seems selective, cosmetic, and mere window dressing exercises. Senator Francis Arthur Nzeribe bluntly nails the point that, “we have heard all these things………since 20 years ago. You are simply rendering lip service to the fight against corruption. EFCC goes after ‘small thieves’ who just collect small money and spares ‘bigger thieves’ in government’’ (Nworah, 2006). Imagine the controversial proceeds from the gulf oil surplus believed to be missing under the regime of the former Nigeria military dictator, General Ibrahim Babangida, the Abacha loot and the former President Olusegun Obasanjo “who preached due process and waged a fierce anti-corruption war, but the oil sector he presided over as its *de facto* minister for eight years was thriving in corruption’’ (Newswatch July 14, 2008:15). It is obvious that, what is lacking in curbing the menace of corruption in the Nigerian oil sector in particular and other sectors are both political and legal will, supported with transparent and exemplary leadership styles. Therefore, to squarely tackle the menace of corruption in the Nigerian oil sector, there is need to streamline and depoliticize the existing anti-graft agencies to be transparent in persecuting the untouchable who are the real perpetrators of the major corrupt practices. In addition, there is need to review the anti graft laws to accommodate extreme measures of the death penalty against corrupt practices to serve as deterrence to the intenders. Furthermore, operation declares your assets should be introduced with appropriate enforceable laws to determine the maximum wealth categories of individuals, corporate and group of individuals can be entitled to curtail the excessive extravagant life style in Nigeria. Similarly, urgent steps to overhaul the Nigerian National Petroleum Corporation (NNPC) in particular and the oil sector in general should be taken to diversify the sector to encourage transparency and accountability. Finally, international efforts such as the Transparency International corruption perception annual reports, in other words operation publish what you pay and the International Extractive Industries Initiates, which serves as a whistle blower, should be intensified to save the Nigerian oil sector from the harbinger and transforming same for the benefit of all, while the resources last.

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