University of Nairobi

Department of Diplomacy and International Studies

The Political Economy of Oil and its Role in Enhancing Development in Africa: A Case Study of Nigeria and Angola

Daniel Cheruiyot Tanui
Reg.No. R50/39063/2021

A Research Project Submitted in Partial Fulfillment for the Degree of Master of Arts in International Studies.

December 2021

DECLARATION

I, Daniel Cheruiyot Tanui hereby declare that this research project is my original work and has not been presented for a degree in any other University or Institution of learning.

Signed ....Date 24/11/2021

Daniel Cheruiyot Tanui
R50/39063/2021

This project has been submitted for examination with my approval as university supervisor.

Signed ....Date 24/11/2021

Professor Maria Nzomo
Director
Institute of Diplomacy and International Studies

DEDICATION

This research project is dedicated to my dear wife and family.

ACKNOWLEDGEMENT

I thank the Almighty for enabling me to accomplish this research project. I would like extend my appreciation to those who contributed in one way or the other in making this project a success. Mary Mutemi who did a lot of leg work and Manuel Mutio for his unwavering support. My gratitude goes to respondents in Nigeria and Angola. I also wish to express my gratitude to the National Defense College (NDC) leadership and faculty for their invaluable guidance and mentorship. I would like to express a special appreciation to my supervisor Professor Maria Nzomo for her encouragement in pursuing this research on the political economy of oil and its role in enhancing development in Africa: a case study of Nigeria and Angola. Her guidance and firm instructions have enabled me to fully grasp the importance of political economy in world development. Thank you.

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

AD	Anno Domini
ANPG	Angola National Petroleum and Gas Biofuels Agency
APOC	Anglo Persian Oil Company
BP	British Petroleum
BPD	Barrels per day
CCS	Carbon Capture and Storage
COVID 19	Corona Virus Disease Of 2019
DPR	Department of Petroleum Resources
EFC	Economic and Financial Crimes
EU	European Union
FDI	Foreign Direct Investment
FNLA	National Liberation Front of Angola
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
IEA	International Energy Authority
INDCs	Indented Nationally Determined Contributions
IOC	International Oil Companies
IPE	International Political Economy
JV	Joint Venture
M&A	Mergers and Acquisitions
MEND	Movement for the Emancipation of the Niger Delta
MWS	Modern World System

MPLA	Popular Movement for the Liberation of Angola
NBC	Nigerian Bitumen Company
NDDC	Niger Delta Development Commission
NOCs	National Oil Companies
NOGIC	Nigerian Oil and Gas Industry Content
NNPC	Nigerian National Petroleum Corporation
NMPC	Nigerian National Petroleum Corporation
OECD	Organization of Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
OPEX	Operational excellence
PSCS	Production Sharing Contracts
PIA	The Petroleum Industry Act
PIB	The Petroleum Industry Bill
SSA	Sub-Saharan Africa
SADC	Southern African Development Community
UK	United Kingdom
USD	United States Dollar
UAE	United Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
UNITA	National Union for the Total Independence of Angola
USA	United State of America
VAT	Value Added Tax

ABSTRACT

The purpose of the study was to examine the political economy of oil and its role in enhancing development in Africa, using case studies of Nigeria and Angola. The study attempted to apply the World Systems Theory developed by Immanuel Wallerstein in its theoretical framework. The Theory tries to bring a better understanding in International Studies on the relations between the developed and the less developed economies. The Theory is premised on the division of the International System into three categories- the Core, the Semi-periphery and the Periphery. In this study the countries of Nigeria and Angola can be said to be in the periphery of the world economic order. The study was also guided by research questions; how has the oil sector been managed in Nigeria and Angola, how has development in Nigeria and Angola been impacted by the oil sector, and what strategies have been put in place to improve the oil sector in Nigeria and Angola. The study used both quantitative and qualitative methods of inquiry to collect relevant data from respondents in Nigeria and Angola. The study made use of questionnaire interviews with international oil companies, non-governmental organizations, State Oil owned Corporations: Nigeria National Petroleum Corporation and Angolan National Oil Corporation and heads of department of ministry of petroleum in Nigeria and Angola. The study reviewed vast literature on the subject of study, published and unpublished documents were also reviewed. The study established that in the oil producing countries politics dominates the oil industry, that the management of oil sector in Nigeria and Angola is still developing and that the sector is managed and controlled by political elites. The bodies responsible for managing the oil sector, Nigerian National Petroleum Corporation and Angola Sonangol are political institutions characterized by high degree of corruption. The study revealed that the oil producing countries, Nigeria and Angola yet to achieve development from the oil revenue. The two countries have been afflicted by the resource curse and the ‘Dutch Disease’. Development is lagging behind and the two countries have failed to tackle poverty which has become pervasive and a source of frequent conflicts especially in Nigeria. Finally, the study established that Nigeria and Angola are introducing strategies to improve the oil sector, but this has not achieved much. In recommendation, the governments in oil producing countries need to adopt a culture of transparency and accountability in the oil industry.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Oil and Gas is an international multi-million-dollar industry that has led to political, economic and social development in the world. Development refers to the change or sustained elevation of an entire society in political, economic and social system. During this study I will delve into the Political Economy of Oil in enhancing sustained change in Nigerian and Angolan societies. The earliest oil wells were drilled in China in 347 A.D when oil was used for lighting or as material for construction. The modern history of oil and gas dates to 1847 when James Young, a Scottish chemist observed natural petroleum seeping out at a coal mine in Ridings. The seeping was distilled to produce a thin and light oil that could be used in lamps and for lubrication purposes. Young had a series of successful distillations and further experimented with coal to distil liquids including the early form of petroleum. Young partnered with Edward William Binney in 1850 and formed the first commercial oil refinery and oil works that was globally recognized for manufacturing oil and paraffin. Besides Young, there was also a Canadian geologist, Abraham Pineo Gesner who refined a liquid from coal, oil shale and bitumen. Earlier on in 1846, Gesner's refined oil was found to be cheaper and burned cleaner than other oils and was dubbed kerosene. He then founded the Kerosene Gaslight Company in 1850 and was using oil to light the streets of Halifax in Canada and was later used in United States of America (USA).[1]

After these discoveries, businesses were created as the coal industry sought to create oils as developed by Young and Gesner. The methods of distillation kept on improving and the technology spread to other parts of the world. The first oil well was drilled in Trinidad in 1857 by

[1] Umar Ali. The History of Oil and Gas Industry from 347 AD to Today. 7 March 2019. Retrieved from https://www.offshore-technology.com/comment/history-oil-gas/ on 2nd December, 2020.

American Merrimac Company. The first modern oil well was later drilled in Pennsylvania, USA in 1859 and oil was to become the most valuable commodity in America.[2]

Major oil companies were first formed in the late 18th and early 19th Century. These companies still dominate the oil and gas industry today. The Standard Oil Company was founded in 1865 by John D. Rockefeller. The company became the "most profitable in Ohio and controlled 90% of Americas refining capacity.[3] Exxon Mobil was next to be formed and is 9th in the world today by revenue.[4] Royal Dutch shell followed and is the 5th largest oil company in the world today.[5] Anglo-Persian Oil Company (APOC) was incorporated in 1907 after the discovery of oil in Iran by William Knox. APOC became British Petroleum (BP) and is the 6th largest company in the world.[6]

In the late 20th Century, the oil market moved from oil consuming companies in US and Europe to oil producing companies. In 1960, Iraq, Iran, Kuwait, Saudi Arabia and Venezuela formed the Organization of Petroleum Exporting Countries (OPEC) to compete with the existing multinational corporations. Today, OPEC has 15 members and accounts for 44% of global oil production and 81.5% of world's oil reserves.[7] African oil producing countries joined OPEC much later with Republic of the Congo being the latest to join in 2018. The oil and gas industry are thriving today despite the stiff competition from 'renewable energy sources."

---

[2] Gerard A. Besson. The First Oil Well in the World. The Caribbean History Archives. Paria Publishing Co. Ltd. 18 Aug 2011. Retrieved from http://caribbeanhistoryarchives.blogspot.com/2011/08/first-oil-well-in-world.html on 2nd December, 2020.

[3] Britannica. The Standard Oil. Encyclopedia Britannica. March 24, 2020. Accessed December 02, 2020 from https://www.britannica.com/topic/Standard-Oil

[4] https://corporate.exxonmobil.com/Company/Who-we-are/Our-history

[5] http://www.fundinguniverse.com/company-histories/royal-dutch-petroleum-company-the-shell-transport-and-trading-company-p-l-c-history/

[6] https://www.bp.com/en/global/corporate/who-we-are/our-history.html

[7] https://www.opec.org/opec_web/en/

Since around 1880, the US has been extracting oil and the production has increased over time to about 17 million barrels per day during peak production. The crude oil is mainly drawn from carbonate and sandstone reservoirs. The liquid fossil fuel extracted from these reservoirs has become more accessible and financially lucrative as a result of technological advancements. Today, the US is ranked 9th in oil reserves in the world.[8] The unconventional global oil output that has been experienced in the last decade has put the US in a prominent position as an oil supplier globally. As the country increased its production by over 150 per cent, it has also cut importation of the product by over 60 per cent. As of today, the US is the largest exporter of refined petroleum. Even during the phase of low oil prices, "the US oil production remained tight and relatively resilient due to factors such as drilling terms, declining cost of inputs, high grading and productivity improvements. The US oil production is now responding well to the recent increase in oil prices. Since 2017, the country has recorded an increase in drilling, leading to a revision in their production outlook. The shale production is now a source of price resistance in the market. This is however subject to supply and demand in the market, infrastructure and drilling economics."[9]

Europe has offshore oil and gas production developments which are an important source of hydrocarbons in Europe. Most of crude oil in the European Union (EU) is produced in the North Sea with United Kingdom (UK) and Denmark being the major contributors.[10] Romania, Norway, Albania, Turkey and Serbia have a small production of crude oil. Other countries producing crude oil are Ukraine and Georgia. Crude oil and petroleum products have had the largest share of gross

[8] N. Sönnichsen. Oil industry in the United States - Statistics & facts. September 16, 2020. Accessed from https://www.statista.com/topics/1706/oil-and-gas/ on 3rd December 2020.
[9] Adam Sieminski, Sarah Ladislaw, Frank Verrastro and Andrew Stanley. U.S Oil in the Global Economy: Markets, Policy and Politics. Accessed from https://www.csis.org/features/us-oil-global-economy on 3rd December, 2020.
[10] European Commission. Offshore oil and gas production in Europe. 2012. Accessed from https://euoag.jrc.ec.europa.eu/node/63 on 3rd December, 2020.

inland energy consumption in EU for decades now. EU is also a major importer of crude oil from Russia, Iraq, Saudi Arabia, Norway and Kazakhstan.

Crude oil is "the most important component of trade in oil statistics and is complemented by manufactured petroleum products such as Jet fuel, diesel oil, kerosene, butane, bitumen, heating oil and liquefied petroleum and natural gas. The EU's dependency on foreign oil is high with the lowest imports recorded in 1995 and the highest in 2015. Transport and fishing are the sectors with the highest consumption of oil in Europe.[11]

Africa is the home of the top five oil producing countries in the world and accounted for 7.9 million barrels per day in 2019. This production experienced highs and lows in 2005 and 2010 respectively. Between 2010 and 2015, production decreased globally due to reduced oil prices. But between 2015 to 2019, oil outputs stabilized. The global production and prices were also affected by the Corona virus pandemic, but is back to normal.[12] The major oil producing countries in Africa are: - Nigeria, Angola, Algeria, Egypt, Libya and Gabon. Nigeria ranks 11th as a global oil producer. The country has the second largest oil reserves in Africa after Libya. The production in Nigeria peaked from 2015 to 2019 where the country produced about 2 million barrels per day." Production of oil in Nigeria has been affected by security related issues and business risks that have reduced the extraction efforts. Oil prices in Nigeria are regulated by Nigerian National Petroleum Corporation (NNPC).[13]

Angola produces 1.4 million barrels of oil per day, as of 2019 which is a downward trend from 1.8 million barrels per day in 2015. The decline was as a result of the nation agreeing to cut

---

[11] Eurostat. Oil and Petroleum Products-a statistical Overview. June 2020. Accessed from https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Oil_and_petroleum_products_-_a_statistical_overview&oldid=315177#Production_of_crude_oil on 3rd December, 2020.

[12] William Carpenter. The Main Oil Producing Countries in Africa. June 2020.

[13] Ibid p. 2

on production as a member of OPEC. Angola has a lot of offshore and deep-water oil reserves. Lower oil prices in 2020 delayed the oil development in Angola.[14]

Today, the international oil industry is different from what it used to be in the 1970s. Oil and gas are highly politicized just like two decades ago when oil occupied the attention of western governments. Energy markets were affected by high volatile prices since 2015. All energy companies have put invaluable efforts to deal with these conditions. Oil is becoming complex and less accessible making it difficult to find and develop production in a sustainable manner. Nations have been unable to keep oil and politics on their separate tracks and have had to bind them together.[15]

This research is about the political economy of oil in enhancing development in Africa. Political economy is a subject that has interested scholars for a long time and when combined with development it becomes a subject of much discussion resulting in numerous theories and concepts in attempts to define these two important topics of human existence. Different countries have been defined by how well or not they have used their mineral wealth. This research will analyze how Nigeria and Angola produce their oil and trade it and how this has impacted their national income, distribution of the resource and wealth to structure their societies.

1.2 Statement of the Problem

Natural Resources which in this study refers to oil exploration and exploitation can be described as one of the requirements of attaining certain expected outputs which in this case implies development of a country. Oil being a natural resource with global demand provides a

[14] Ibid. p3.
[15] Morse, Edward L. "A New Political Economy of Oil?" Journal of International Affairs 53, no. 1 (1999): 1-29. Accessed December 3, 2020. http://www.jstor.org/stable/24357782.

relatively easy and instant source of income to a country. Crude oil exploration and exploitation in Nigeria and Angola has provided a reliable source of income to these countries.

Oil production has shaped the economies of the United States of America (USA), the European Union (EU), countries in Asia and some countries in Africa. Politics has also played a big role in shaping the laws and policies pertaining to production and trading of oil in the various countries that are blessed with the resource. Individuals, governments and public policies have been at the center of the industry since commercial exploitation of oil began in Africa. Looking at the history, culture and customs of the oil producing countries in Africa, political forces coupled with colonialism, neo-colonialism, capitalism and communism have shaped the global economic interactions with regards to the trade in oil. Other factors have emerged that are accentuated by globalization. The oil industry has had to adopt to the changes occurring also. Factors such as the consideration of human security in all development planning have gained prominence in the recent past.

This study will try to understand the political economy of oil in Africa. It aims to find out how management has shaped the performance of the industry and how the industry has enhanced development in Africa. By applying a theory of International Political Economy (IPE), I will delve into how oil has impacted on the development in Africa. The study draws examples from Nigeria and Angola- two of Africa's countries whose economies heavily rely on oil. The political economies of these countries shall be looked into and how oil has helped shape the development trajectory of these countries. "Development is a multi-dimensional process that involves major changes in social structure, popular attitudes and national institutions as well as economic growth, reduction of inequality and eradication of absolute poverty.[16] Development generates economic, technological, social and institutional changes to support wealth of nations and a comprehensive wellbeing of people in society."[17] It is therefore necessary to understand how oil has been managed politically in Africa and how this has affected development.

In development studies, scholars have argued that the economic, social and political phenomena are subject to a wide variety of interpretations. Development traverse's economics, technology, politics and culture. Initially, development was viewed as equal to economic growth, industrialization and transition from tradition to modernity. It was seen as the means of pulling people out of poverty. Development thus is an embodiment of change that contains both opportunities and risks. Despite being endowed with huge resources, the promises of 'development' remain elusive in Africa.

During the course of 'development' countries with immense natural resources like oil and gas experience low-levels of economic and political development despite an influx of huge revenues from oil exploration and exploitation. Countries like Nigeria and Angola can learn from some success cases in the developed and developing world like Norway and Indonesia. These countries have formulated and implemented policies that have assisted them to avoid the resource curse syndrome. Increased income leads to income inflows that lead to long-term development.

1.3 Objectives of the study

Broadly, the study aims to examine the political economy of oil and its role in enhancing development in Africa: a case study of Nigeria and Angola.

---

[16] Todaro M P & Smith S C, Economic Development, 12th edition, Pearson, 2015 p.1

[17] Todaro, Michael P. & Smith Stephen C: Economic development, 11th, Pearson, 2012

Specifically, the study has the following objectives:

1.3.1 To Investigate the management of oil sector in Nigeria and Angola

1.3.2 To evaluate How oil has affected development in Nigeria and Angola

1.3.3 To analyze the strategies put in place to improve the oil sector in Angola and Nigeria

1.4 Research Questions

1.4.1 How has the oil sector been managed in Nigeria and Angola?

1.4.2 How has development in Nigeria and Angola been affected by the oil sector?

1.4.3 What strategies have been put in place to improve the oil sector in Nigeria and Angola?

1.5 Study Hypotheses

1.5.1 Oil plays a critical role in development of a country

1.5.2 The Oil Industry has contributed to the Development of Nigeria and Angola

1.5.3 1.5.3 Management has a significant influence towards the management of the sector.

1.6 Study Justification and Significance

1.6.1 Academic Justification

Although much has been written about the political economy of Africa and expressed in scholarly books, journals, periodicals, research papers and even mainstream media, there is still a big gap to be filled in terms of scholarly work. This study therefore is an attempt to contribute to the body of knowledge on international studies. The study will dwell on one subject, the role of oil in enhancing development in Africa with Nigeria and Angola as case studies. In order not to stray away from the topic, the research will be confined to those factors derived from the exploitation of oil as a resource that is marketed globally. The research is not much interested in the price wars of oil but rather what it has contributed to the country that has these oil reserves.

Africa as a continent is not homogenous, it comprises of fifty-four countries that are in different in stages of development. The economic development of Africa can only be understood more from the lenses of colonialism, neo-colonialism, the politics of cold war, the various structural policies suggested by multilateral donor institutions, globalization and the different theories of development as espoused by different scholars. This study will however try to understand how resources from oil have been utilized in the development of two countries who are endowed with immense oil reserves- Nigeria and Angola for the socio-wellbeing of the countries.

Hopefully the study will be another contribution to study of political economy in Africa which remains highly deficient.

1.6.2 Policy Justification

The study also aims to contribute to better understanding of Africa's political economy and why the continent has made little progress in terms of development in comparison with some countries in Asia whose level of development was at par with that of Africa in the 1950s and 1960s. There is a lot to copy and share to improve on OPEC policies and internal energy and petroleum policies in Nigeria and Angola, two countries that are giants in the oil industry in Africa.

1.7 Literature Review

Leonard Magueri in his book, "The Age of Oil: The Mythology, History and Future of the World's Controversial Resource," postulated that oil has played a unique role in the economy and history of the modern times. He argued that no other raw material or natural resource that has defined the destiny of nations as much as oil has done. The development of military, global strategies and diplomatic relations have all been defined by the discovery oil. He further posits that no other resource has offered "such great promise for improving the well-being of entire nations, promises which sadly remained unrealized and which often turned into curses looming over their future"[1]. Indeed, no other natural resource has had a profound impact on the world, more so in Africa, than the discovery of oil.[18]

Oil has made a huge impact on the African continent and has defined how the countries with immense oil and natural gas as well as other mineral products are utilized. Daniel Yergin in his book; The Prize: "The Epic Quest for Oil, Money and Power," gives a history of oil exploration and how the struggle for wealth and power has defined the exploitation of oil. Oil has shaped the world politics profoundly, changed how lives are led and has been a cause of misery and conflicts since it was commercially mined. He maintains that oil has been both a boon and a burden and goes further to illustrate how since its discovery, oil has brought out both the best and the worst of the world's civilization. Oil exploitation has brought great wealth to countries that have managed it well. In other countries, the resource has been a curse and has brought many conflicts, especially in developing countries mainly in Africa.[19]

Energy is the basis of industrial society and as such oil has been a great source for the supply of this energy.[20] Oil has played a critical role in world events and catapulted the once poor nations especially those in the Middle East into positions of unprecedented world influence[21]. Oil has also loomed large and "most problematic because of its central role, its strategic character and its geographic distribution." The recurrent pattern of crisis in its supply and the inevitable and

---

[18] Magueri L, "The Age of oil, the mythology, history and future of the world's most controversial Resource, Praeger Publishers, 2006", preface, xi
[19] Yergin, Daniel. "The prize: The epic quest for oil, money." *Power* (1991): 80-110.
[20] Cook, Earl. "The flow of energy in an industrial society." *Scientific American* 225, no. 3 (1971): 134-147.
[21] Cooper, Andrew Scott. *The oil kings: how the US, Iran, and Saudi Arabia changed the balance of power in the Middle East*. Simon and Schuster, 2012.

irresistible temptation to grasp it for its enormous rewards.[22] Currently oil is at the center of debate over energy needs and environmental protection.[23]

Oil has been exploited throughout human history for a variety of uses. It was mined for asphalt, tar, lighting oils, medicines and cosmetics. This exploitation was mainly confined to areas where it was easily found and could be scooped from the ground using rudimentary means. However, this situation changed from the 1850s when commercial exploitation of this natural resource truly began.[24]

The search for oil for commercial purposes began in the mid-19th century. The first drillings were made in Azerbaijan in 1846, followed by Pennsylvania, United States in 1859.[25] The "intense search for a substance that was to become one of the most important sources of energy was based upon ability as well as good luck. As the demand for oil grew, the expertise in drilling and knowledge on the development of prospecting and exploration technologies increased. These developments made it possible not only for the discovery of new oil fields but new applications and methods of exploitation.

The growing use of oil in different fields is roughly estimated to have happened around the second industrial revolution. The discovery of an industrially exploitable well of oil was thought to be one of the factors that a country needed to become economically independent."[26] This has however not happened in most African countries that are endowed with natural resources apart

[22] Zabbey, Nenibarini, and Gustaf Olsson. "Conflicts–oil exploration and water." *Global Challenges* 1, no. 5 (2017): 1600015.
[23] Bielecki, Janusz. "Energy security: is the wolf at the door?" *The quarterly review of economics and finance* 42, no. 2 (2002): 235-250.
[24] Russell, Paul L. *Oil Shales of the World: Their Origin, Occurrence, and Exploitation*. Vol. 1. Oxford: Pergamon Press, 1990.
[25] US Energy Information Administration, International Energy Statistics: Crude oil including lease condensate, accessed 2 March 2016.
[26] Figueirôa, Silvia Fernanda, Gregory A. Good, and Drielli Peyerl, eds. *History, Exploration & Exploitation of Oil and Gas*. Springer International Publishing, 2019.

from South Africa and Botswana. Most African countries have not achieved the desired development from the exploitation and utilization of their natural resources such as minerals, oil and gas.[27]

As the demand for minerals and energy grows globally, both large-scale mining and extraction of oil and natural gas are expanding rapidly.[28] This is happening all over the world and especially in Africa where new and old frontiers of extraction are being opened up for exploration and exploitation activities. This surge of interest in Africa’s hydrocarbons is an opportunity for economic growth, private accumulation of wealth and national social-economic development.[29] For others, these activities are potential threats to natural environments, human survival and the quality of democracy. These worries have prompted spirited responses especially from local communities and urban communities most immediately affected by the extraction and are concerned about the implications that will hold for their livelihoods, water, access to land and their quality of life and ability to control the territories they claim as theirs. Transnational companies, governments and other interest groups who expect to benefit from this extraction have found themselves at loggerheads with the local population and their national and international allies. This has often led to conflict and in most cases violence.

The extraction of oil and gas are central to the historical and contemporary economy of much of Africa. Most of the economic development witnessed in African countries is as a result of exploitation of the oil and natural gas reserves. Nigeria's geopolitical role in West Africa inches around oil and the social conflict in that country are also related to this commodity.

---

[27] UNCTAD. Economic Development in Africa: Migration for Structural Transformation. 2018. Retrieved from https://unctad.org/system/files/official-document/aldcafrica2018_en.pdf on 2nd December, 2020.
[28] Kesler, Stephen E., Adam C. Simon, and Adam F. Simon. *Mineral resources, economics and the environment*. Cambridge University Press, 2015.
[29] Great Insights. Mining for Development. Volume 6 - Issue 3 July/August 2017. Retrieved from https://ecdpm.org/wp-content/uploads/GREAT-6-3-July-August-2017-1.pdf on 2nd December, 2020

1.8 Theoretical Framework

The study is based on the one of the contemporary theories of the International Political Economy (IPE), the theory of the Modern World System (MWS). The “parallel existence and mutual interaction of the ‘state and the ‘market’ in the modern world create ‘political economy. The term ‘political economy is fraught with ambiguity and it is beyond the scope of this study to proffer a suitable definition to the term. This study is solely on the role of oil in enhancing development and will therefore confine itself to the subject matter but suffice to say that the general understanding is that political economy is the interaction of the state and market as embodied by the politics and economics of the modern world[30]. According to Robert Gilpin, political economy asks how the state and its associated political processes affect the production and distribution of wealth and in particular how political decisions and interests influence the location of economic activities and the distribution of costs and benefits of these activities[31].

The relationship between the state and market is a recurrent theme in social sciences and more so in the International Studies sphere. On one hand, the state is based on the concepts of territoriality, sovereignty, exclusivity and possession of the legitimate use of force. On the other hand, the market is based on the concepts of functional integration, contractual relationships and expanding interdependence of buyers and sellers[32]. Gilpin further argues that for the state, territorial boundaries are the necessary basis of national autonomy and political unity. While ‘for the market, the elimination of all political and other obstacles to the operation of the price mechanism” is important. “The tension between these two fundamentally different ways of

[30] Gilpin R, The Political Economy of International Relations, Princeton University Press, 1987, Pg.
[31]Ibid.
[32]Ibid.

ordering human relationships has profoundly shaped the course of modern history and constitutes the crucial problem in the study of political economy".[33]

The World Systems Analysis in which my theoretical framework of the Modern World System Analysis is derived from originated in the early 1970s as a new paradigm of trying to understand the social reality. The main advocate of this new analysis is Immanuel Wallerstein who developed the analysis as a response to the inadequacy of the neo-realists and neo-liberalists to fully provide answers on how development takes place in the modern world.

While developing the World Systems Analysis Wallerstein argues that the analysis has been derived from earlier arguments and critiques of other perspectives that have tried to define social reality. In my study, this social science research is 'development' occasioned by the extraction of oil. "The story of the emergence of World-Systems Analysis is embedded in the history of the Modern World System and the structures of knowledge that grew up as part of that system"[34]. He further posits that the analysis goes back to the mid eighteenth century and the emergence of the l capitalist mode of production in the world economy. "The imperative of the endless accumulation of capital had generated a need for constant technological change, a constant expansion of frontiers-geographical, psychological, intellectual and scientific".[35]

The Modern World System (MWS) Theory is grounded in the Marxist conception of social reality. "The theory accepts the primacy of the economic sphere and the class struggle over political and group conflict as a determination of human behavior. The Modern World System Theory speaks of an international hierarchy and struggle of states and economic classes. Secondly, the analysis centers on capitalism as a global phenomenon".[36] MWS takes a different approach

[33]Ibid.
[34]Ibid.
[35] Ibid.
[36] Ibid.

from Marxism which assumes that the international economy produces development. MWS theory "assumes an already unified world economic system composed of a hierarchy of class dominated states held together by economic forces and producing underdevelopment throughout the dependent periphery"[37]. This where my research comes in and tries to indicate how the economies of Nigeria and Angola are intertwined with that of the modern world economic system and their development trajectories are subject to what is determined by this system.

1.9 Research Methodology

1.9.1 Research Design

The study shall adopt case study, descriptive research designs and literature review as a research design. The study examines the political economy of oil in Africa. It goes in depth to investigate the situation in Nigeria and Angola and tries to bring out the multifaceted understanding of the already complex issue in question. The study shall further adopt a descriptive research design to describe how the government and some few individuals benefit from the oil trade and how this has impacted on the economy on both countries.[38] This shall be accomplished through systematic review of literature, thoroughly and rigorously.[39]

1.9.2 Data Collection

In this study, questionnaires and documentary analysis will be used as the main tools for collecting data. The selection of these tools has been guided by the nature of data to be collected, the time available as well as by the objectives of the study. The overall aim of this study is to determine the political economy of oil and its role in enhancing development in Africa; a case

---

[37]Ibid

[38] Sohil Sharma. **Descriptive Research Designs.** Researchgate.**2019**

[39] Hannah Snyder. Literature review as a research methodology: An overview and guidelines. Journal of Business Research. Volume 104, 2019. Pages 333-339. https://doi.org/10.1016/j.jbusres.2019.07.039. (http://www.sciencedirect.com/science/article/pii/S0148296319304564)

study of Nigeria and Angola. Documentaries will include various books, scholarly journals, research projects and other materials on political economy, development economics and oil will be widely consulted during the research. The research will try to understand why Nigeria and Angola despite having immense oil reserves which are a source for revenue have failed to "develop".

1.9.3 Limitations of the Study

Due to time limitations and other constraints effected by the COVID 19 pandemic, the study will try use telephonic interviews, email correspondence, email questionnaire, Kenyan colleagues working in Kenyan embassies in Nigeria and Angola.

1.10 Chapter Outline

Chapter one is the introduction to the study. It consists of the background, statement of the problem, research objectives, research questions, study hypotheses, justification and significance of the study, literature review, theoretical framework and research methodology.

Chapter two gives an overview perspective of the global management of oil and investigates the management of oil in Nigeria and Angola. It shall delve in to the historical background from the colonial period, post-colonial and the modern era. It shall also look at the market, which is the oil industry in political economy perspective and challenges involved.

Chapter three evaluates how oil has influenced development in Nigeria and Angola. It shall narrow in on the industrial capacity of these countries, creation of employment opportunities, development of human security and environmental degradation issues. The chapter shall look at both at development and underdevelopment as espoused by scholars.

Chapter four analyses the strategies put in place to improve the oil sector. It touches on policies, frameworks, Intergovernmental organizations involved in marketing of oil, government interventions and the voice of the citizens.

Chapter five gives the study summary, conclusion and recommendations.

CHAPTER TWO

THE GLOBAL PERSPECTIVE OF THE OIL INDUSTRY AND THE MANAGEMENT OF THE OIL SECTOR IN NIGERIA AND ANGOLA

2.1 Introduction

This chapter begins by giving an overview of the global perspective of the oil industry. This section looks at the payers in the industry. The oil industry is one of the largest, complicated global industries. The industry touches everyone's lives providing products like fuels, for transportation, heating and electricity, asphalt and a variety of petrochemical products. the oil industry impacts national security, politics, geopolitics and fosters international crises. The chapter then delves into an overall view of the management of oil sector in Nigeria and Angola. Section 2.3 looks at the historical background of the oil sector in Nigeria and Angola. It examines how oil was discovered, how the sector had been managed during the colonial and post-colonial period, the National Oil Companies (NOCs) involved and the political economy in the management of the sector.

2.2 Global Perspectives of Oil and Gas Management

Oil became a dominant form of energy following a massive wave of discoveries in the Middle East just before and after the Second World War. It is so valuable because of its unique qualities that make it particularly advantageous as a source of energy. Oil is also the easiest of all energy commodities to produce and use.

There has been fears always since it's discovery that oil and gas would one day ran out and that as of today, we have reached the peak of the production. Others argue that oil under the earth is finite and that it will run out at one point or another.[40] Despite various arguments, oil and gas are an indispensable source of energy in the world today and it would remain so for many years to come.[41] Prices, technology and politics continue to affect this resource greatly and impacts on the political economies of countries. In order to avert instability in the industry governments and states have sought to provide solutions to the complex process of the oil industry. "This is manifested in the formations of intergovernmental institutions like the Organization of Petroleum Exporting Countries (OPEC) and International Energy Authority (IEA). OPEC was formed by all governments in the oil industry so that the bargaining power of larger companies is weakened and moved to the oil producing countries.[42] The International Energy Agency, (IEA) was created following the 1973 oil crisis when OPEC instituted an oil embargo on the western industrialized countries.[43] The Embargo led to a dramatic increase in oil prices. IEA therefore came in to ensure security in the oil sector. It is meant to deal with oil supply disruptions so that the markets and global economy remains stable.[44] The organization has evolved since its creation, although energy security remains a crucial objective, the IEA of today is at the center of global energy discourse focusing on a wide variety of issues ranging from energy supply, investments, climate change and environmental degradation, access and efficiency to technology and innovation.[45] Initially, the IEA was an intergovernmental body for energy cooperation on such matters as security of supply, long-term policy, information sharing and 'oil diplomacy." The strategic dependence of the world economy is therefore premised on oil. This therefore oil has the propensity of impacting on the

[40] Alexander Liegl. Peak Oil Theory. 2014.
[41] Ahmad Rafiee, Kaveh Rajab Khalilpour, in Polygeneration with Polystorage for Chemical and Energy Hubs, 2019
[42] Venouss, Davar, C. K. Walter, and A. Frank Thompson. "OPEC's Goal and Strategies." *International Journal of Middle East Studies* 16, no. 2 (1984): 199-206. Accessed May 20, 2021. http://www.jstor.org/stable/163099.
[43] https://www.iea.org/
[44] US & World Economies. OPEC Oil Embargo, Its Causes and the Effects of the Crisis. Accessed on 20th May from https://www.thebalance.com/opec-oil-embargo-causes-and-effects-of-the-crisis-3305806
[45] www.iea.org/history

political economy of the countries. A Nigerian Scholar Ikin Iwayemi opines that the political, economic and strategic importance of the oil industry greatly impacts the world economy.[46]

Oil and gas as commodities are traded internationally. Globalization has made it easy and cheap to transport the oil commodities and this makes it to have a unified and structured market across the globe. The oil industry is highly integrated. The oil reserves are found in a few countries in the world, mostly in remote often uninhabitable parts.[47] Oil is therefore produced in what Immanuel Wallerstein and his peers Andre Gunder Frank, Samir Amir and Walter Rodney refers to as the periphery. This is contrasted with consumption that takes place mainly in the developed countries of the North America, Europe and part of Asia which make up the core of the international economic order. Majority of oil producing countries in the globe who are the periphery depend on oil exports as a source of foreign exchange. This foreign exchange inflows helps to buoy most economies with exception of a few. This can either have a positive or a negative impact to the economy of the country. Fluctuation of oil prices can affect a country's GDP immensely and the global GDP in return. For instance, in the 1970s and 1980s when there were great changes in the oil prices, the economic growth of Organization of Economic Cooperation and Development (OECD) was really affected. Higher oil prices increased the income of the OPEC countries although they had a higher propensity to conflict and lacked institutional capacity to spend windfall revenues.[48] The distortions in oil prices affected the economic growth in the OECD countries. Higher oil prices transferred income from the OECD countries to OPEC countries.

[46] Oluwasanmi O O, "Natural Resource-led Development and Petroleum Geopolitics in Nigeria: A Framework of Analysis, International Journal of Entrpreneurship, Innovation and Management," Nigeria, Vol. 2 no 2& 3 Pg 236-244
[47] Vactor S AV, Introduction to Global Oil and Gas Buiness, PenWell Corporation, Tulsa, 2010, Pg 2
[48] Paul Steven. The Role of Oil and Gas in the Economic Development of the Global Economy DOI:10.1093/oso/9780198817369.003.0004.

However, the OPEC countries had no capacity to spend on the windfall revenues generated. A large proportion of the revenues therefore, were left in the banks of the western world- the core. These banks represent the core of the international economic order as postulated by scholars of the world system analysis led by Immanuel Wallerstein and the theorists of dependency and underdevelopment. In this regard, the OPEC countries can be cited as the semi-periphery and periphery of the world economic order.

The windfall of revenues from natural resources has led to "what has come to be known as the 'resource curse'. The resource curse is also known as the paradox of plenty. It is the failure of many resource- rich countries to fully benefit from the wealth generated by their natural resources. The term 'resource curse encompasses a significant social, economic and political challenges that are associated with rich oil, gas and minerals." These types of challenges are cited as the failure of Nigeria and Angola and other resource-rich countries in Africa to enjoy maximum benefits from the revenues. This stunt in economic growth is perpetuated by an international economic order that is structured into core, semi-periphery and periphery.

The resource curse manifests itself in the inability of countries endowed with oil to undergo political, economic and social transformation as result of oil revenues. Economically, the oil industry often exists in isolation from the rest of the economy which makes skill and technology spill over difficult. Oil extraction crowds out other sectors such as the agriculture and manufacturing in most countries that have discovered oil and more so in Nigeria and Angola. This makes oil-rich countries overly dependent on oil which experiences erratic swings in pricing making it unreliable source of revenue for government planning. Nevertheless, the huge revenues from oil enables countries to undertake massive projects mainly infrastructure development.[49]

Politically, oil dependent countries have been found have dictatorial forms governments, experience outbreak of civil unrest and perceived to high levels of corruption and weak governance institutions.[50] These ills that afflict society are inherent in Nigeria and Angola. In the social and environmental sectors, social mobility and transformation is stunted and the inequality between the rich and poor is high. These countries score low on the Human Development Index.

Oil revenues are not income but rather represents the re-shuffling of a nation's assets. When exploitation of a natural resource starts, it provides financial resources to promote economic development. Production of these resources eventually reaches a plateau and this is the stage at which the resources generated by oil should create an alternative asset to produce income. Production of the natural resource eventually declines due to natural depletion. When this occurs oil cannot be relied to support the country's economy. Oil-dominated economies should therefore diversify to have other sources of income.[51]

2.3 Geopolitics of Oil and Economy

According to Ian Skeet, the geopolitics of energy can be defined as "the effect that location of resources has on the politics of states"[52]. This statement can also be aptly applied to the geopolitics of oil. According to this writer, the key activator of the effect is the dependency on oil. This dependency applies both to the producers and consumers. In the past it was seen as the threat to the supply of oil rather than the price that was of concern to the consumers. Dependency works

[49] Melia E, "The Political Economy of Extractive Resources," GIZ, 2015
[50] Ibid
[51] Ibid.
[52] Skeet I, Geopolitics of Energy, Energy Exploration and Exploitation, SAGE, Vol 14 No 3&4, 1995

in both ways- “on one hand it may imply the dependency of a state on oil for revenue and therefore for its economic and social development. On the other hand, a state maybe dependent on the importation of oil for its economic development. This is the case for most oil producing countries who depend on it for their revenues and the other states who rely on imported oil to maintain their economies.” Dependency on a resource is created or it evolves. It can only evolve “if the oil can be effectively and financially shipped from where it is produced to where it is.consumed. Oil has this characteristic and that’s why oil has been able to transform the pace and extent of economic development throughout the world.

Oil affects geopolitics immensely. The Oil industry has two markets: the wet barrel market and the paper barrel market. The wet barrel market is where real barrels of crude oil are bought and sold while the paper barrel market are promises made to deliver or exchange oil. The relationship between these two markets is very controversial. Those at the paper market may not understand the oil industry. For example, they may assume shortages when there are none. Economists predicting economic metrics of oil may get it wrong because traders set the rates and look at totally different metrics. From these, we can see how geopolitics in the history of oil prices operates. geopolitical events such as wars often lead to loss of supply of oil. This affects the wet barrel market. Wars and expectations of war also affects the paper barrel market. Politics affect government policies where ‘security concerns drive energy policies of oil importing nations which in turn affect global energy consumption levels”.[53]

[53] Stevens, P., J. Kooroshy, G. Lahn, and B. Lee (2013). ‘Conflict and Coexistence in the Extractive Industries’, Chatham House Report, November. London: Chatham House.

2.4 The Major Players in the Oil Industry

The International oil industry was developed entirely by seven large companies who are referred to as the ‘majors. These majors are the international and integrated oil companies or IOCs. These companies will be defined more succinctly in the following paragraphs. These companies are mainly concentrated in the upstream crude oil production. The companies are exclusively of US and Western European origin. These are the core countries as per the World System Analysis classification of the international economic order. However, the crude oil is hugely concentrated in the Middle East, Latin America and African countries who form the semi peripheral and the periphery in this economic order. The oil reserves in these countries are owned by the governments of those countries. This make a strange kind of relationship between investors and host countries and are most of the time imbued colonial overtones or client patronage of Britain and the US. [54] This relationship is further compounded by the fact that oil is perceived as a strategic resource. Whoever controls the output is in a position to starve its enemy of this vital resource. “The triangular relationship between oil companies, host governments and home country governments are at the center of the policies and politics in the international oil industry.[55]

The global oil and gas industry are made up of thousands of firms of all shapes, sizes and capabilities. These firms have been categorized as independent, integrated, international, majors, juniors and national oil companies. Independent oil companies are non-integrated companies generating nearly all their revenues from either oil and gas production or ‘downstream activities.” The term is mainly applied to oil and gas producers and not those dealing with downstream

[54] Parra F, Oil Politics, A Modern History of Petroleum, I.B. Tauris & Co Ltd, 2004, Pg 1
[55] Ibid

activities[56]. Other major players in the industry are the Integrated Oil Companies (IOC). These are "companies that operate in the upstream, midstream, downstream and in petrochemicals. This term refers to large oil and gas companies like BP, Chevron, ExxonMobil, ConocoPhillips, Shell and Total. International Oil Companies (IOCs) are companies that operate across borders. It is a term used to describe the largest oil and gas companies that compete globally and are often operate in partnership with NOCs in the NOCs home country.

National Oil Companies are companies that are controlled by national governments. They are usually formed to manage the country's hydrocarbon resources. Such companies are owned by the state and in some cases with minimal private investment. Some NOCs only operate in their home country while others compete globally across multiple sectors much like IOCs. As the NOCs get larger and more global, the boundaries between IOCs and NOCs get blurred.

For purposes of this study, I will only look at the IOCs and NOCs. The global oil and gas industry have long been dominated by vertically integrated multinational oil companies known as IOCs. The IOCs are profit-oriented organizations that are global in reach and vertical in structure. NOCs are an important trend in the oil industry. They are the largest oil and gas firms based on reserves. NOCs are partially or wholly owned by states. NOCs control about 90% of the world's oil and gas and most of the new oil is expected to be found in their territories. NNPC of Nigeria and Sanangol of Angola belong to this category. When viewed from a business perspective, the NOCs have a mixed reputation. All NOCs suffer to some extent from government intervention. Many NOCs operate as the 'de facto treasury" for their countries. For example, in Nigeria, oil revenues represent 90% of foreign exchange earnings and about 60 % of GDP. Some NOCs are

---

[56] InkPen A & Moffet M H, "The Global Oil &Gas Industry, Management, Strategy & Finance, Penwell Corporation," 2011, Pg 11-13

well run and return profits for their governments. These include Statoil of Norway, Petrobras of Brazil and Petronas of Malaysia. These companies have a market capitalization that rival those of the IOCs.

Another major player in the oil industry is “the Organization of Petroleum Exporting Countries (OPEC). OPEC was founded in 1960 and brought together governments from Latin America, the Middle East, Asia and later African countries. OPEC was intended as an instrument to prevent any reduction of the oil rent accruing to oil exporting countries when the market was experiencing a decline in prices of petroleum”[57]. The main objective of OPEC is to “coordinate and unify petroleum policies among member countries in order to secure fair and stable prices for petroleum producers, an efficient, economic and regular supply of petroleum to consuming nations and a fair return on capital to those investing in the industry”.[58]

The founding of OPEC took place at the time when anti-colonial and nationalist struggles in the Middle East, Latin America, Africa and Asia was taking place. OPEC is “an organization of sovereign countries created to counter the power of a cartel of international oil companies”.

2.5 Future for Oil and Gas

The future of the oil industry will be determined by a volatile and challenging global political economy. In 2014, the oil prices collapsed seriously affecting the budget projections of many countries. Only a handful countries with accumulated financial cushions were able to surmount the financial challenges. These were Saudi Arabia, Kuwait, UAE and Qatar. Other countries however, had little protection and were struggling to find revenues to sustain their

---

[57] Claes D H & Gavarini G, “Handbook of OPEC and the Global Energy Order,” Routledge, New York, 2020
[58] www.opec.org

economies and ward off domestic political dissent.[59] Numerous oil producres face genuine political difficulties that in some cases, for example, "Venezuela and Nigeria compromise the actual presence of the state. This could undoubtedly influence their future capacity to supply oil to worldwide market.

The political situation in the middle East and North Africa is another geopolitical issue that could impact immensely on the future energy forecasts. A major concern is the deterioration of relations between Saudi Arabia and Iran. The future of energy markets needs the newer developing countries to come up with policies against the uncertain energy prices. Even with the current intervention in the energy sector, fossil fuel shall continue to dominate supply in the sector. There is the challenge of politics and interests vested behind the supporting of the consensus. For instance, IEA was formed to influence oil-importing OECD countries to reduce their dependence on imported oil. Projecting shortages in the future encourages consumer governments to take steps towards reducing dependence. Oil companies know that oil needs are increasing and that better times in the market lies ahead.[60]

Forecasting future trends in oil and gas is based on various drivers that are gleaned from today's expectations. Technological invention and innovations are deeply embedded in the forecasts. These are in Carbon Capture and Storage (CCS), development of batteries and shale technology." CCS adds significantly to power generation but there are challenges with the storage of CO_2 and burning of large reserves of hydrocarbons that aggravate climate change. Battery technology is a solution to the challenge with renewables. There is need for technological

[59] Stevens P, "The Role of Oil and Gas in the Economic Development of the Global Economy." DOI:10.1093/oso/9780198817369.003.0004
[60] Stevens, P. (2016b). 'The International Oil Companies: The Death of the Old Business Model', Research Paper. London: Chatham House

developments to make smaller batteries that are cheap and portable. A good example of such innovations is in electric vehicles. We also have roads build with induction strips so that electric vehicles can charge or discharge while travelling. There are should be prizes to motivate those behind the initiatives to accelerate clean-energy innovation. The shale technology revolution can transform the prospects in oil and gas supply. US is already using the technology and this has led to increase in oil and gas supply for domestic use.[61] This has been in hydraulic fracturing and horizontal drilling. Shale technology has worked in the US and ways are being discovered on how to transfer such technology to other parts of the world where there are shale hydrocarbons. This technology is not quite used in other countries because it contaminates water and aquifers because it uses water and chemicals to crack the rocks.

Future energy demand is also greatly affected by pricing. "Domestic prices are a function of international and domestic energy pricing. International crude oil can be forecast, but this is extremely difficult. Demand forecasts for crude oil prices can be misleading because what matters are the final prices paid by the consumer. Governments impose taxes on products prices. Taxing oil products affects a large base of products because oil is involved in all sectors of the economy. Governments and especially in the OECD countries take advantage of this and impose high level of sales and taxes to raise revenue. Over the years, many other countries have also realized the potential of oil of oil taxes as a source of revenue. As such the prices of oil products are likely to be higher in the future than what is assumed in the forecasts. Supply forecasts of oil products can also be misleading. Producers will only care about the price they get after the fiscal system gets its share of 'economic rent".

[61] www.bp.com. "Thus between 2008 and 2015 oil production increased from 6.8m b/d to 12.7m b/d and gas production between 2005 to 2015 increased from 511bcm to 767bcm (BP 2016)."

Climate change policies may also affect consensus on energy forecasts. Currently, "the 55 countries that account for over 55% of global emissions of greenhouse gases have ratified the Paris agreement. According to the agreement, global average temperatures should be held below 2°C and limit temperature increase to 1.5°C. Countries are still submitting their revised Intented Nationally Determined Contributions (INDCs) setting out their pledges for climate action."[62] This global agenda will affect energy consumptions and will determine future energy mix. The conclusions for this debate are still pending. A lot depends with how the NDCs will compete with each other.

2.6 Historical Background of the Oil Sector in Nigeria

I now turn to the oil industry in Nigeria and Angola in the following sections of this chapter. I will look at the historical development of the industry and its ascendant role in the development of these countries. The industry has played a critical role in providing the much-needed revenues for undertaking major infrastructural projects and recurrent expenditures of these countries.

Oil exploration operations in Nigeria began at a place called Okitipupa in Ondo State in 1908 by two companies - the Nigerian Bitumen Company (NBC) and British Petroleum (BP) start. The NBC was a British oil company that was listed on the West African Market of the London stock exchange. By then, the Nigerian environment was very challenging and sophisticated technology was needed for oil exploration. The British government rendered less support to these companies and the exploration stalled for a while. Oil exploration in the colonial Nigeria was undertaken by integrated companies such as Royal Dutch / Shell and BP who had the resources to fund the expensive search of the oil, had the technical expertise and the appropriate equipment and

[62] GoK. "Kenya's Updated Nationally Determined Contribution (NDC)." 2020

tools that enabled long-term success. The oil industry was thus dominated by these oil majors and remained so up to the 1990s when liberalization in the oil industry was undertaken in the country.[63] The colonial oil exploration helped to "establish two trends that characterize the oil industry in Nigeria long into the independent era. The first is that oil was considered a national priority for the country regardless of the impact it had locally and second is that oil industry formed an enclave on the Nigerian economy with limited interaction beyond the utilization of local labor between the Nigerian economy and the emerging oil industry."

Shell BP, formerly known as Shell D' Arcy obtained a license to start exploration in 1938. This led to the discovery of oil at a place known as Oloibiri, located in the Niger Delta in 1956. The discovery was done by Shell BP as a concessionaire. Following this discovery, the first commercial production of oil in Nigeria was done in 1958 and 5,100 bpd was produced. This first production became the first shipment of oil and it was shipped to Europe. In 1960, Exploration rights were extended for both offshore and onshore exploration to other foreign companies.[64] The most profitable oil field was discovered by Shell in 1965 in EA at the shallow waters of Warri in the Delta State.

In 1970, the Biafra civil war in Nigeria ended and this coincided with the tremendous increase in the world oil prices at that period. The peace and stability that followed the end of the civil war enabled Nigeria to benefit immensely from its oil resources immediately after a war that had been both devastating and costly. In 1971, Nigeria joined OPEC and one of the main requirements of OPEC was that member states needed to have full control of oil industry. The

---

[63] "Phia Steyn. Oil Exploration in Colonial Nigeria, *c*. 1903–58, The Journal of Imperial and Commonwealth History," 2009. 37:2, 249-274, DOI: 10.1080/03086530903010376

[64] Ukiwo, Ukoha. "Nigeria's Oil Governance Regime: Challenges and Policies." In Oil Wealth and Development in Uganda and Beyond: Prospects, Opportunities, and Challenges, edited by Ukiwo Ukoha, Langer Arnim, and Mbabazi Pamela, 309-30. Leuven (Belgium): Leuven University Press, 2020. Accessed December 29, 2020. doi:10.2307/j. ctvt9k690.20.

objective is to have control of supply and prices of oil. In this regard, Nigeria had taken progressive steps to nationalize the oil industry. Towards this end, Nigeria "created institutions to exercise control over the industry. The Department of Petroleum Resources (DPR) and the Nigerian National Oil Company (NNOC) were created in 1970 and 1971 respectively. In 1974, DPR was upgraded to the Ministry of Petroleum Resources. However, in 1977, both the NNOC and MPR were merged and the Nigerian National Petroleum Company (NNPC) established as a state-owned company through an Act of Parliament. The Act made NNPC the sole government agent in exercising control and ownership of oil in the upstream, midstream and downstream sectors of the oil industry. The Act vested various powers and roles to the NNPC in regard to the oil industry."[65]

In the 1980s, there was an economic slump which led to a drop in the production of oil. By 2004, the sector had sufficiently recovered leading to an increase in oil production to 2.5 million barrels per day. Today, NNPC alone produces approximately 2.5 million barrels of oil per day, and earns Nigeria approximately a net of N287 billion per year, a trend that has been observed for the last five years (2015-2020). The company has 159 oil fields and 1481 wells, and produces 1.5 million barrels per day with future projections of producing 1.8 million barrels per day by 2022, from these wells. However, the oil production has not been steady due to various challenges in the world trade trends.[66] However, Nigeria still ranks 15th in the world with regards to oil production. Every year, the country produces an equivalent of 1.9% of its total reserves. Oil production dominates the economy in Nigeria and accounts for 90% of her gross earnings. Agriculture accounts for only 20% of Nigeria's GDP.[67]

---

[65] Ukiwo U, "Nigeria's Oil Governance Regime: Challenges and Policies, Leuven University Press." Accessed on www.jstor.org

[66] This was from an interview with the management of NNPC conducted in September 2021.

[67] NNPC. History of Nigerian Petroleum Industry. Accessed from https://nnpcgroup.com/NNPC-Business/Business-Information/Pages/Industry-History.aspx on 27th Dec, 2010.

The production of crude oil in Nigeria began in 1957 and by 1960, 847,000 tons of crude oil had been exported. As prospects for more discoveries increased, a number of non-British firms were granted licenses to explore oil towards end of 1950s. Mobil had come early in 1955, while Tenneco came in 1960. Others were Gulf Oil in 1960, Chevron 1961, Agip 1962 and Elf 1962. Before the discovery of oil, Nigeria depended on agriculture for its economic sustainability. Since 1958, when oil was discovered by shell BP, the Nigerian economy has experienced a strong growth buoyed by oil revenues. There has however been an increase in conflicts due to competition for the revenues accruing from oil. The majority of the Nigerian population believe that they have not seen the economic benefits of the oil, while many of the government officials are big shareholders in appropriating to themselves the profits created by the oil sector. The government has captured nearly all the oil production and the citizens do not feel the socioeconomic benefits and hence demand for compensation.[68] This has led to disenchantment with government by the populace leading to the emergence of organized criminal groups who feel left out of the benefits from the resource. At this stage it can be said that, "Nigeria suffers from what has been referred to as the curse of oil or the paradox of plenty. The curse of oil is a concept developed to explain how the exploitation of oil and gas resources slows the rate of economic development in a country and increases poverty, income inequality, corruption and malfeasance."[69]

Oil and gas production in Nigeria are found in 9 out of the 36 states. These are Akwa-Ibom, Abia, Bayelsa, Edo, Delta, Imo, Lagos, Rivers and Ondo. Five core states account for more than 2/3 of the total production. The Niger Delta has 246 production fields with 3,446 wells. country has huge proven reserves of petroleum. More than 70% of the oil production is by joint

[68] Vakhshouri, Sara. Iran's Energy Policy After the Nuclear Deal. Report. Atlantic Council, 2015. 4-8. Accessed December 29, 2020. http://www.jstor.org/stable/resrep03635.5.

[69] InkPen A &Moffet M H, The Global Oil and Gas Industry, The Management, Strategy and Finance, Penwell Corporation, Tulsa, 2011, P 72

ventures while 25% is by production sharing contracts. Joint ventures are by Total, Shell, Chevron-Texaco and Exxon Mobil. The Nigerian government wants to bring in as many indigenous companies as possible to the sector to encourage local ownership. The government holds mineral rights in Nigeria and is responsible for allocation of licenses and exploration rights.[70]

Today, oil and gas accounts for more than 90% of all the exports in Nigeria, from which government earns more than 80% of its revenues and 14% GDP. According to the United States Energy Information Administration, Nigeria has approximately 22 billion barrels of oil or even more. It is thus the most affluent in Africa and ranks 15th position globally. The oil reserves are concentrated in the Niger River with some few offshore wells. Nigeria has not been able to fully exploit its production because of OPEC regulations which control the international market. Production has also been affected by the protests orchestrated by the residents of Niger Delta who feel exploited and left out in sharing of the profits. The most productive region is the Niger Belt Basin in the Niger Delta. There are small and scattered oil fields in this region, which has necessitated the development of a pipeline network to transport crude oil. This pipeline is prone to attacks by criminals who siphon off the oil in a process called' bunkering'. "Money from the jointly operated companies is directed towards petroleum exploration and production." Nigeria produces oil that has low Sulphur content, which is referred to as sweet oil.[71]

[70] Mercy Ebere, Ndubueze-Ogaraku, Anthony. O Onoja, and Blessing Monsi. "A Comparative Analysis of Productivities in Shellfish Collection in Oil Spill and Non-Oil Spill Communities of River State, Nigeria." Consilience, no. 15 (2016): 34-49. Accessed December 29, 2020. http://www.jstor.org/stable/26188757.
[71] Sayne, Aaron, and Aubrey Hruby. Report. Atlantic Council, 2016. Accessed December 29, 2020. http://www.jstor.org/stable/resrep17111.

2.7 Political Economy of Petroleum Management in Nigeria

Nigeria covers 923, 768.64 sq.km of land and is inhabited by 195.9 million people. Nigeria has 389 tribes, with the four largest being Hausa-Fulani, Yoruba, Igbo and Kanuri. The Nigerian economy is dominated by oil and agriculture. Nigeria gained its independence from British on 1st October, 1960. Soon after independence, Nigeria experienced political turmoil and the country was engulfed in conflict. Nigeria has undergone three military regimes in its existence. In 1999, Nigeria reverted back to multi-party democratic system of governance and has since then been holding regular general and presidential elections.[72]

Nigeria's political system is composed of a three-tier government, with its capital city in Abuja. There are 36 states divided in to 774 local government authorities. "The local government structure is parallel to that of the central government. The distribution of revenue amongst these governments has changed with each political history of the country. In the early colonial period, local self-government was institutionalized and was headed by native administration which led to emergence of different practices of indirect rule across the traditional regions in Northern, Western and Eastern Nigeria. In the 1950s, the Western and Eastern regions increased the number of elected councils responsible for local government." The Northern region however, retained the local government as per the tradition. These systems did not change much after independence.[73]

Nigeria adopted a new constitution in 1999. The constitution favors local governments with Northern region having 19 states and 429 local governments while the Southern region has 17 states and 355 local governments. The constitution gives guidelines on revenue collection and the administrative responsibilities of the various governments and which level of government has

---

[72] Vasudevan, Parvathi. "Democracy in Nigeria." Economic and Political Weekly 46, no. 20 (2011): 26-27. Accessed December 29, 2020. http://www.jstor.org/stable/23018207.

[73] Adedokun aa. Local Government Tax Mobilization and Utilization in Nigeria: Problems and Prospects. The Polytechnic, Ibadan. 2004.

rights over revenues. Revenue is distributed on the principle of equity among the sub-national units. “The unrepresented groups have been unable to access revenue derived from the exploitation of oil and gas ‘thus causing a lot of consternation among the general population. There are thus several players involved and interested in the oil sector.[74]

Nigeria depends on hydrocarbons, mining and petroleum licenses as the main source of government revenue. The federal government controls the administration and collection of taxes levied from these activities. The national government distributes federal allocations between states, 40 percent is divided equally among states, 30 percent proportionally to the state’s population, 10 per cent based on land mass, 10 percent on social development and 10 per cent on internal revenue efforts. Oil producing states get 13% of oil revenue generated from their territory while governments take 35% of VAT.”[75]

Despite the constitution assigning roles and responsibilities and the formulae for revenue allocation, there are several problems that remain unaddressed in Nigeria. There is problem of coordination in the different levels, cultural barriers to participation, low capacity and inconsistency in revenue allocation. States and local governments continue to clash over sources of internal revenues. The states within Niger Delta, which are rich in oil continue to increase their demands for a greater share of oil revenues. Further, the local governments do not have well trained personnel to handle revenue collection thus leading to pilferage and malfeasance.[76] All of these problems have impacted on the quality of public service provision and regional inequalities.

---

[74] Asadurian, T. Transfer Dependence and Regional Disparities in Nigerian Federalism. In Wallack, Jessica S. and TN Srinivasan. Federalism and Economic Reform: International Perspectives. New York: Cambridge University Press. 20006.
[75] Ogunyemi, Adetunji Ojo. "Revenue Allocation in Post-Colonial Nigeria: Its Laws, Dynamics and Challenges since 1960." Transactions of the Historical Society of Ghana, no. 16 (2014): 27-44. Accessed December 29, 2020. https://www.jstor.org/stable/26512497.
[76] Ibid p 30

2.8 Oil Wealth and Politics in Nigeria

The Nigerian oil politics have evolved as a result of the "struggle by interest groups to access oil revenues. The federal government which has powers to control the oil wealth is dominated by local politics. The government's interest in the oil sector is managed by the Federal Ministry of Petroleum Resources and NNPC. Oil politics have been hindered by executive control of petroleum resources which in turn is constrained by the constitution. The executive gained control of the oil and gas resources during the military regime and did not invest in conditions necessary for sustainable development. This was a big failure on public policy and led to the emergence of state capture by the elite and adverse rent seeking. Nigeria has been using oil to promote its foreign policy through concessionary sales and credit arrangements with other African countries; Kenya, Ghana, Namibia, South Africa and Niger."[77]

The control of the oil and gas sectors in Nigeria has had many consequences on the politics of Nigeria. The system is dominated by military and civilian elites who have shaped the institutions and cemented their control over the sectors. The formulae for oil revenue allocation have been progressively eroded and not adhered to as per the guidelines of the constitution. Laws have been modified leading to economic marginalization of the other states where oil is not produced.[78]

The political power in Nigeria accentuated by petroleum revenues is a cause of nepotistic appointments in the petroleum management positions. Positions in the Ministry of Petroleum and NNPC are highly coveted. Politicians pay to monitor who is appointed based on ethnicity and how

[77] Ukiwo, Ukoha. "Nigeria's Oil Governance Regime: Challenges and Policies." In Oil Wealth and Development in Uganda and Beyond: Prospects, Opportunities, and Challenges, edited by Ukiwo Ukoha, Langer Arnim, and Mbabazi Pamela, 309-30. Leuven (Belgium): Leuven University Press, 2020. Accessed December 29, 2020. doi:10.2307/j. ctvt9k690.20.
[78] Ibid p.10

his cronies shall benefit. Although the Nigerian constitution provides for balancing of ethnicities in all regions, this is not adhered to in most cases. In some instances, the top management in NNPC and the petroleum industry have been dismissed and new appointments done in a client-patron relationship.[79]

Oil production in Nigeria is characterized by corruption of state institutions, increased poverty and widening of the income gap. Corruption is exacerbated by the weak control on petroleum governance. This has been seen through bribery, fraud, money laundering, and other financial crimes.[80] The study revealed that as a result of corruption within the oil industry in Nigeria, the NDDC had lost a lot of money. The corruption is now perceived to have declined due to strenuous efforts by the Economic and Financial Crimes (EFC) to arrest and prosecute those found guilty of corruption offences. The high-profile political office bearers have been targeted in the purge especially after President Buhari came to power.[81]

Besides corruption, oil revenues have also been lost through other ways such as 'bunkering', which is linked to the militants in the Niger Delta. Bunkering is the loss of oil as a result of theft through siphoning of oil being pumped through pipelines or during exportation. It is always very difficult to obtain the figures of the oil lost and to quantify it because of the nature in which it is lost. Nigeria losses millions of dollars annually, through bunkering, which occur in different ways and volumes. Additionally, oil bunkering has resulted in vandalization of oil pipelines, interfering with transportation of the oil. There are also numerous small-scale crude oil thieves that steal crude oil and undertake refining in their illegal local refineries. Lack of political

---

[79] Bouchat, Clarence J. Report. Strategic Studies Institute, US Army War College, 2013. Accessed December 29, 2020. http://www.jstor.org/stable/resrep11258.

[80] Transparency international. Corruption Perceptions Index. 2018. www.transparency.org/cpi

[81] Page, Matthew T. A New Taxonomy for Corruption in Nigeria. Report. Carnegie Endowment for International Peace, 2018. 6-17. Accessed December 29, 2020. doi:10.2307/resrep21006.6.

accountability has escalated this problem in Nigeria. Militant gangs have stolen, refined and sold the oil claiming that it was their resource in the first place and that it was the government stealing from them. The resource control conflicts have created more opportunities for criminal gangs to steal oil, where they sell and get money to procure arms that they use to resist the government security forces.

The Movement for the Emancipation of the Niger Delta (MEND) is one of the largest militant groups in the Delta region of Nigeria. The purpose of the MEND is to force for the host communities to benefit from resources that are exploited from their land rather than it being exploited and taken to benefit a few outsiders and none of the natives.[82] This group has interfered with management of the oil sector in Nigeria. The study found out that The Niger Delta, which is where majority of Nigeria's oil and gas is produced has a lot of vandalization of pipelines and bunkering which has greatly hindered activities in the oil and gas industries. There has also been unrest in the area over how the revenue is being shared. To deal with this challenge, the government a host community development fund to cater for the development and wellbeing of these communities.[83]

Bunkering is large scale and organized, as it involves large ocean tankers owned by international criminal groups that are well organized, they buy the crude oil and take it abroad for refining. It must be profitable enough for international criminal groups to get this organized in executing such a risky venture. The international community has been blamed of not cooperating

[82] NNPC Respondent 2. 2021.
[83] Ibid.

with security agencies in attempts to stop the bunkering of oil. It is also believed that the state security agencies such as the navy are complicit in the illegal bunkering.[84]

2.9 Historical Background of Oil in Angola

The first commercial oil discovery in Angola was done in 1955 in Kwanza basin. This was an onshore exploration venture. The offshore oil exploration began in 1990s and in 1994, licenses were given for the deep-sea oil blocks. Between 2002 and 2008, Angola began production of oil onshore, at the deep waters. In 2002, Angola became a member of OPEC.[85]

Before the discovery of commercial crude oil, Angola depended on coffee and other agricultural exports for economic growth. It was the 4th largest exporter of coffee in Africa between 1950s and 1960s.[86] It was also recognized as a major food producer in Sub-Saharan Africa. Until 1973, oil had not surpassed coffee in terms of export revenues. In 1965, Angola introduced public investment in infrastructure and liberalization of the economy in bid to spur economic growth. However, this development did not benefit the African population but the Portuguese settlers who drove economic development and were the main beneficiaries of economic growth that followed. During this time of colonial economic expansion, there was a private consumption of about 70% GDP and government consumed less than 20%.[87] It was during this time that the economy of

---

[84] Uwasomba, Chijioke, and Victor S. Alumona. "Militancy in the Niger Delta and the Deepening Crisis of the Oil Economy in Nigeria." Africa Development / Afrique Et Development 38, no. 3-4 (2013): 21-32. Accessed December 29, 2020. http://www.jstor.org/stable/afrdevafrdev.38.3-4.21.

[85] Tako Koning. Milestones in Angolas Oil History. GEOEXPRO. Vol 9. (2012) no. 3

[86] Ferreira, Roquinaldo. "Agricultural Enterprise & Unfree Labour in Nineteenth-century Angola." In Commercial Agriculture, the Slave Trade and Slavery in Atlantic Africa, edited by Law Robin, Schwarz Suzanne, and Strickrodt Silke, 225-42. Woodbridge, Suffolk; Rochester, NY: Boydell & Brewer, 2013. Accessed December 30, 2020. doi:10.7722/j. ctt31nj49.18.

[87] Ovadia, Jesse Salah, and Sylvia Croese. "Towards Developmental States in Southern Africa: Post-War Angola: The Dual Nature of Growth without Development in an Oil Rich State." In Towards Democratic Development States in Southern Africa, edited by Kanyenze Godfrey, Jauch Herbert, Kanengoni Alice D., Madzwamuse Masego, and Muchena Deprose, 257-303. Avondale, Harare, Zimbabwe: Weaver Press, 2017. Accessed December 30, 2020. http://www.jstor.org/stable/j.ctvh8r4hk.11.

Portugal was declining and many Portuguese settlers moved to Angola and fought to retain Angola as a colony.

Angola gained independence in 1975 and the majority of the Portuguese who controlled the economy (development and growth) had to leave abruptly. This action left the economy severely damaged. Between 1975 and 1979, the then President Agostino Neto changed Angola's economy from free market-led to Marxist controlled economy. For instance, President Neto instituted a new pricing system with low pricing of agricultural products and introduced policies that further distorted the prices. This led to scarcity of basic needs and decline in industrial production. Further damage to the economy resulted from the nationalization of Portuguese properties and companies.[88]

Angola had been in a conflict situation since the advent of Portuguese colonialism that began in the sixteenth century. In earlier times, "the conflict revolved around the trading of slaves and later the control of land. Conflict in the modern era date from the mid-1950s when socio-political movements emerged to demand for equity and political inclusion in the affairs of the country. The main nationalist movement was the Popular Movement for the Liberation of Angola (Movimento Popular de Liberacao de Angola – MPLA) which led the struggle for the independence from the Portuguese colonial masters."[89]

The conflict in Angola has been characterized into three phases. The first phase was between 1961 and 1975. During this period, the conflict was a classic struggle for independence from Portugal. The movement was led by Agostino Neto and espoused Marxist-Leninist ideologies. This attracted the support of the Soviet Union and other socialist countries like Cuba.

---

[88] Ricardo Soares De Oliveira. "Business Success, Angola-Style: Postcolonial Politics and the Rise and Rise of Sonangol." The Journal of Modern African Studies 45, no. 4 (2007): 595-619. Accessed December 30, 2020. http://www.jstor.org/stable/4501948.

[89] Kaldor M, Karl T L, & Said Y (Ed), Oil Wars, Pluto Press, New York, 2007, Pg 101-103

Another movement that emerged during this time also was the National Liberation Front of Angola (FNLA). "This group represented about 15 % of the population and was concentrated along the north-west of the country. The National Union for the Total Independence of Angola (UNITA) also later emerged and was headed by Jonas Savimbi. This group represented the largest ethnic group in Angola- the Ovimbundu. Savimbi portrayed UNITA as the party of the black Africans struggling to free Angola from the domination of the white settlers and the mixed race that supported MPLA.

The second phase of the conflict began immediately after Angola's independence in 1975 and lasted until 1991. During this time, Angola found itself sucked into the cold war politics and apartheid South Africa's bid to destabilize neighboring frontline states. The FNLA accepted the election results but UNITA disputed the victory of MPLA and a civil war ensued that continued until 1991. In 1991 the Bicesse Peace Accords were signed between MPLA and UNITA and peace was observed in Angola briefly. General elections were held in 1992 and President Jose Eduardo dos Santos was declared the winner with 49 % of the votes against Jonas Savimbi's 40%. UNITA refused to accept the results and Angola was once again thrown into the third phase of the conflict.

From 1975 to 2002, ethnic tensions between MPLA, UNITA and FLNA had led to a civil war, which contributed to the collapse of the rural economy. People from the countryside migrated to the cities in search of work. The rural infrastructure especially roads were severely damaged and the interior was cut off from coastal urban centers." Oil production was not disrupted because the MLPA depended on oil revenue for their operations and had political power over it. From 1979-2017, the president, together with MPLA consolidated power and the oil economy and instituted Angola as a one-party state.[90]

[90] Ruiz, Pablo Rodríguez. "The Experience of a Multidisciplinary Research into Angola's National Question: Anthropology in a War Context." In Cuba and Africa, 1959-1994: Writing an Alternative Atlantic History, edited by

Oil dominates Angola's economy; "it constitutes 50% of GDP and 92% of exports. Angola's has attracted a lot of foreign direct investment with many investing in the oil industry. The Multinational corporations operating in Angola are Royal Dutch Shell, ExxonMobil, Sinopec, CNOOC and British Petroleum. Angola's national oil company is Sonangol, and is a highly professionalized and competitive company that drives the oil economy. Oil revenue is used to fund government projects and security for MPLA. In 2014, the government was hard pressed and cut the oil subsidies which led to protests in the country. From 2004, Angola has been relying on China for external financing of development projects. Together with Oil companies, China is also a key player in the political economy of Angola."[91] The key stakeholders in Angola'soil sector are the government of Angola, oil companies engaged in drilling and exploration of oil, oil distribution companies and the consumer. Sonangol and the drilling companies are the main actors in this. The objective of Sonangol is to ensure optimal exploitation of oil resources in Angola for the benefit of the citizens.

The increased inflows of FDI to Africa have traditionally been directed at the extractive or natural-resources sectors (UNCTAD 2014). The rise in FDI inflows may largely be accounted for by a wide array of policies and regulations that been introduced in many African countries, Angola Included. The table below indicates the recipients of FDI among five leading African countries between 2000 and 2008.

BONACCI GIULIA, DELMAS ADRIEN, and ARGYRIADIS KALI, 109-29. Johannesburg: Wits University Press, 2020. Accessed December 30, 2020. doi:10.18772/22020116338.14.

[91] Ojakorotu, Victor, Richard Kamidza, and Olukayode Segun Eesuola. "Oil Wealth Paradox and Its Implication for Sustainable Development in Angola and Nigeria." Journal of African Foreign Affairs 5, no. 1 (2018): 85-106. Accessed December 30, 2020. Doi: 10.2307/26664053.

Table 2.1. Ranking of Top 5 African FDI Recipients and Share of Inflows

Ranking	Country	Average (in million USD)
1	Angola	6, 631.5
2	Egypt	4, 586.5
3	Nigeria	4, 529.1
4	South Africa	3,510.3
5	Morocco	1, 812.6

Source; UNCTAD 2010

The Angolan government encourages the flow of the FDI as essential for economic growth, diversification and industrialization. While most of Angola's other economic sectors suffered during the civil war, the oil sector was a paradoxically booming. The sector continued to receive a lot of interest from investors. Currently, much of the oil production is offshore and contributes 95 per cent of total oil production[92].

The institution responsible for the oil industry in Angola is the Sociedad Nacional de Combustiveis (Sonangol). The company was established immediately after Angola gained independence in 1975. In 1978, a petroleum law was passed that decreed "all deposits of liquids and gaseous hydrocarbon belong to the Angolan people. The law gave Sonangol the authority to enter into joint ventures with foreign companies to secure the resources and expertise necessary to exploit the country's oil reserves".

[92] "Manyuchi a e, Foreign Direct Investment and the Transfer of Technologies to Angola's Energy Sector, African Spectrum, Vol.51 no.1, 2016, P 55-83"

2.10 Political Economy of Petroleum Management in Angola

Angola enacted the Petroleum Activities Law of 2004 which mandates Sonangol as the national oil company that has exclusive powers and rights to explore petroleum resources in the country. The law allows a select group of companies to bid for tenders.[93] According to the 2010 constitution, "petroleum resources are owned by the government and all stakeholders should maintain some relationship with the Sonangol in developing the resources. All the companies seeking to develop petroleum resources must go through a selection process and those selected must be associated with Sonangol.[94] The Ministry of Petroleum is responsible for oil associated activities and collaborates with other ministries such as Ministry of Environment and Finance to do oversight and regulatory role. The Ministry of Petroleum oversees Angolanization policy in the upstream segment of the petroleum industry to ensure that many Angolans are employed in the management positions and also hired as local contractors. International Oil companies (IOCs) are required to limit their expatriate staffing levels to 30% of its total workforce and provide funding for training programs during the exploration phase. These regulations help finance Sonangol. IOCs operate under joint venture with Sonangol. Sonangol is a shareholder in all oil and natural gas production and exploration projects in Angola." It is involved in all functions of the oil industry such as production, refining, storage, marketing and distribution.[95]

Exploration activities are conducted offshore in Kwanza basins and deep waters in lower Congo. There are two refineries in operation in Angola. The Luanda refinery is owned and operated by Sonangol, which processes sweet crude oil. The Malongo refinery produces gasoil

[93] Ricardo Soares De Oliveira. "Business Success, Angola-Style: Postcolonial Politics and the Rise and Rise of Sonangol." The Journal of Modern African Studies 45, no. 4 (2007): 595-619. Accessed December 30, 2020. http://www.jstor.org/stable/4501948.
[94] Constitute. Angolas Constitution 2010.
[95] Usman, Adamu Kyuka. "International Oil and Gas Organizations." In Nigerian Oil and Gas Industry Laws: Policies, and Institutions, 59-71. Lagos, Benin, Ibadan, Jos, Port-Harcourt, Zaria: Malthouse Press, 2017. Accessed December 30, 2020. http://www.jstor.org/stable/j.ctvgc60hz.11.

destined for power generation and upstream activities in the petroleum sector. There are plans to expand and build another refinery - the Sonaref refinery.[96] Angola exports almost all its oil because its refining capacity is limited. Since 1970s, the United States has been the major importer of the oil. However, since the US discovered its own sweet crude oil, it has reduced the importation from Angola.[97]

2.11 Sonangol's Effect on the Economy of Angola

It has been argued that "Sonangol has crowded and undermined the financial system of Angola through its parallel financing system. Sonangol has been accused of using oil to guarantee loans borrowed by MPLA and using the oil revenues to pay back the loans from multiple banks. The state has also allowed elites to bypass formal and above-board methods of financing. The capacity of Sonangol to finance the debts exceeds their capabilities compared to other financial institutions such as Angolan Ministry of Finance and the Central Bank. Centrality of Sonangol in Angola's oil sector has resulted in an undeveloped market economy in the country." The monopoly of Sonangol is political and helps to maintain the interests of the elite at the expense of developing the country. Sonangol has also insulated itself from criticism by the international community that would want to see reforms in the large oil market. Therefore, multinational cooperation are hesitant to cause trouble.[98]

[96] Manyuchi, Albert Edgar. "Foreign Direct Investment and the Transfer of Technologies to Angola's Energy Sector." Africa Spectrum 51, no. 1 (2016): 55-83. Accessed December 30, 2020. http://www.jstor.org/stable/43941304.

[97] Bader, Julia, and Ursula Daxecker. "A Chinese Resource Curse? The Human Rights Effects of Oil Export Dependence on China versus the United States." Journal of Peace Research 52, no. 6 (2015): 774-90. Accessed December 30, 2020. http://www.jstor.org/stable/24557466.

98 Sonangol. https://www.sonangol.co.ao/English/AboutSonangolEP/Pages/About-Sonangol-EP.aspx

2.12 Conclusion

Chapter two has given an overview of the global management of oil, the main players and the future trends in the industry. In trying to understand the relationship between the world system theory and global oil industry. The relationship exhibits a symbiotic relation between the core, semi-periphery and the periphery. The oil global oil industry is controlled by companies of the western industrialized countries. Companies like Shell, BP, Exxon Mobil and Total run budgets that are above most of the oil producing countries who are mainly in the periphery of the world international economic order. The chapter then moves ahead to look at the historical development of oil in Nigeria and Angola and evaluated how development in Nigeria and Angola has been affected by the oil sector. The study observed that the search of oil in Nigeria started in 1908 by the Nigerian Bitumen Company and British Petroleum Oil Company. However, commercial benefits of the oil exploitation were not fully realized until around 1970. Earlier on in 1956, substantial oil deposits had been discovered in the Niger Delta region. In 1958, the first commercial production of oil was done. After 1958, more oil fields were discovered and in 1971 Nigeria became a member of the Organization of Petroleum Exporting Countries (OPEC). In 1977 the government of Nigeria established state owned Oil Corporation, known as Nigerian National Petroleum Corporation (NNPC).

The Nigeria oil fields later on came to be dominated by international oil companies like Mobil Oil Company, Tenneco, Gulf Oil, Chevron, Agip, Elf, Shell and BP. Nigeria gained independence from the British in 1960. After independence Nigeria underwent political turbulence that was characterized by military coups up to 1999, when the country returned back to a multiparty democratic political system. The oil wealth of Nigeria is dominated by political elites who have permeated into the economic and political order in the country. The ‘opulence’ is normally exhibited during campaigns for Federal and State elections. The NNPC is controlled by the few with political power who influence the appointment of the top management. Top positions in NNPC are political. NNPC is market by high corruptions. No equal distribution of oil revenue in the federal states. For many years Nigeria has been nominated by conflicts between the government and local communities because of oil. Militant gangs, and international criminal groups well organized have been threat to the oil sector.

The oil exploitation in Nigeria exhibits the manifestations of the world systems theory in which the companies' doing exploration and exploitation of the oil are mainly from the core countries of the industrialized west. Nigeria and Angola are in the periphery as the producers of this commodity. The relationship between Nigeria and Angola with the western world is that of the core and periphery. This system has cascaded to creation of mini-systems in these countries as the elite who have captured the economic and political order and can be referred to as the core while the state and the majority population are the periphery. The periphery is there to be exploited by the core the elite. The irony is that these elite in the oil producing countries transfer the financial resources to the financial institutions of the western countries.

On Angola's case, the first commercial oil discovery was done in 1955. After this, more oil reservoirs were discovered. Angola joined OPEC in 2002. For a long time during colonial and post-colonial period, Angola has experienced internal conflicts with a long protracted civil war that took the ideological division of the cold war period. The Angolan oil sector dominated by political elites just like in Nigeria. The oil sector is under management of Angola's National Oil Company- Sonangol. The Angolan oil fields are much dominated by multinational oil corporations. Namely: Royal Dutch Shell, Exxon Mobil, Sinopec, CNOOC, and BP. Angola heavily depends on China for external financing of development projects. China is a key player in the Angola's political economy.

According to the Angolan constitution of 2010, petroleum resources are owned by the government and Sonangol is the institution responsible for the oil industry in Angola. The Ministry of Petroleum is responsible for all regulatory activities associated with oil and work closely with Ministry of Environment and Finance to do oversight and regulatory implementation. To conclude, Sonangol Oil Company has mismanaged the oil sector of Angola and underdeveloped economy of Angola. Sonangol therefore has been turned into a political instrument to serve and maintain the interests of elites at the expenses of developing the country.

CHAPTER THREE

HOW OIL HAS IMPACTED DEVELOPMENT IN NIGERIA AND ANGOLA

3.1 Introduction

This chapter discusses how oil as a resource has impacted development in Nigeria and Angola in a positive developmental way. The chapter tries to answer question two of the thesis- How has development in Nigeria and Angola has been impacted by the Oil sector. The two countries are endowed with the resource and it is expected that they have earned a lot of wealth and riches from the resource, created jobs and enhanced other sectors to develop the countries, bring out economic growth and improve human development index. The chapter shall find out whether oil in Nigeria and Angola is a blessing or a curse.

According to Venables A J, the concept of using natural resources to promote economic development may seem easy and doable but evidence indicate that most countries have failed to harness these natural endowments for the benefit of their people. The existence of huge natural resources is beneficial to a country and provides the much-needed revenues to undertake massive infrastructure projects and payment of wages. In this aspect the society is impacted and changed.

According to Stefan Andreasson the wealth created by natural resources in Sub-Sahara Africa has generated major revenues for the otherwise poor countries. Natural resources have been a key source of financing development.[99] Paul Collier in his part argues that the era of natural resource extraction is only beginning in Sub-Sahara Africa where new discoveries of oil and gas deposits are being discovered. There have been recent reports of huge discoveries of oil and gas in Nigeria and Angola. With these new extra discoveries, the countries are poised to enjoy huge windfalls of revenue. This will in turn have an impact on the economies of these countries.

[99] Andreasson S, The Future of Resource-led Development in Sub-Saharan Africa, Queens University, Belfast

Nigeria has been part of Africa rising story. There has been seemingly impressive achievements and economic performances that have prompted high expectations of countries endowed with natural resources among them Nigeria and Angola. The African rising stories are seen in Sub-Saharan Africa's high levels of economic growth buoyed by resource export revenues. These lucrative exports have been maintained by a strong demand of natural resources in the rapidly growing emerging markets in China and India.

The oil resource has generated major revenues for Nigeria and Angola since their discoveries and eventual exploitation. However, these revenues have also been a source of corruption, conflicts and predatory politics. This clearly is a manifestation of the concept of the resource curse. There is therefore need for diversification of revenue streams to reduce dependence on oil as a key source of financing development. It remains imperative to understand how oil resources can be channeled into sustainable national development projects.

3.2 The Blessings of Oil Wealth in Nigeria

Oil is a big contributor towards Nigeria's energy sector and plays an important role in the country's economy. The total proven oil reserves both on shore and off shore in Nigeria is 37 billion barrels. Currently, there are 159 oil fields and 1481 wells that are being exploited. The top oil companies in Nigeria are Exxon mobile, Chevron, Stato, Shell, Nigerian Agip, Petrobras, Total, Hardy Oil and gas, Nexen Inc and Addax Petroleum. These companies have entered in to massive, royalties and joint venture and production sharing agreements which have aided in revenue generation in the country.[100] NNPC is focusing on gas development alongside oil, and with the passage of PIB, now PIA, favorable fiscal terms are expected to attract more investors in to the market.

[100] NNPC respondent, 2021.

Since the 1970s, Oil has dominated the economy of Nigeria and currently Nigeria is the leading producer of crude oil in Africa.[101] Nigeria is ranked 11th in the world as an oil producing country and has a capacity to produce over 2 million barrels per day. However, the production in the recent past has been limited to 1.4 million as per OPEC-led quotas. Between 2015 and 2019, Nigeria produced 2 million barrels per day.[102] When Nigeria started selling oil the price per barrel was about 2 USD and Nigeria was selling about 6000 barrels per day in 1960. "The end of civil war in 1970 saw a rapid increase in field development which led to a sharp increase in the nation's oil output.[103] The oil industry in Nigeria has matured and the country is poised to play a key role in the world energy supply well into the future. The main strength of the Nigerian oil industry is the abundance of both proven and undiscovered reserves of high-quality oil which can be exploited at a relatively low cost. About 70% of Nigeria's oil production is accomplished by Joint Ventures (JVs) and another 25% by production sharing contracts (PSCs). In these JVs, the Nigerian government holds 60% of the equity. The government has made efforts to bring indigenous companies into oil production through mergers and other legal frameworks."[104] Nigeria has done efforts to develop untapped resources and monetize the existing ones. This has been accomplished through construction of more pipeline projects, revision of Petroleum Industry Bill (PIB) and heightened mergers and acquisitions (M&A) activities.

In terms of population and dependence, Nigeria ranks number seven with over 206 million people which is equivalent to 2.64% of the total global population.[105] The age structure is typical

[101] Goodrich Grace. Nigeria: Africa's Leading Producer. Sept 15, 2020. Retrieved on 6th Jan, 2020 from https://www.africaoilandpower.com/2020/09/15/nigeria-africas-leading-producer/.
[102] William Carpenter. The Main Oil Producing Countries in Africa. 7 Jun 2020. Accessed on 6th Jan 2020 from https://www.investopedia.com/articles/investing/101515/biggest-oil-producers-africa.asp.
[103] Olusakin, A M, Peace in the Niger Delta: Economic Development and the Politics of Dependence on Oil, International Journal of World Peace, Vol. 23 no. 2 June 2006
[104] Ibid
[105] Worldometer. https://www.worldometers.info/world-population/nigeria-population/

to that of a developing country with the biggest population being dependents. The economy of Nigeria heavily depends on oil sector since the revenue accrued from it is used to fund all capital expenditures in the Nigerian system.[106] In the next years, the energy demand in Nigeria will increase given that its population in increasing every year. Nigeria is inclining more towards gas an energy source being a cheaper and cleaner fossil fuel. It is also looking towards the development of renewables such as solar, bio fuels etc.

Oil and gas are very important components in industrial development and economic growth of a country. Nigeria is "highly dependent on hydrocarbons, mining and petroleum taxes as the main source of government revenue. The Federal government controls the administration and collection of taxes levied from these activities.[107] Oil accounts for over 95% of the total foreign exchange in Nigeria, where 40% of this money goes to Gross Domestic Product (GDP), and the rest to government revenues. The petroleum industry alone accounts for 9% of the GDP in Nigeria.[108] Nigeria has proven reserves of up to 80 million barrels of oil, with an average production of 1.67 million barrels per day. Oil accounts for 94% of the total exports from Nigeria.[109] The National government distributes federal allocations between states as follows, 40% divided equally between states, 30% proportionally to the state's population, 10% on the basis of land and terrain, 10% on social development factors and 10% for internal revenue efforts. Oil producing states receive 13% of oil revenues generated in their territories."[110] This therefore makes oil an important commodity. Its contribution to the economy cannot be gainsaid. However,

---

[106] Ogochukwu, Obasi Noble. "The oil price fall and the impact on the Nigerian economy: A call for diversification." *JL Policy & Globalization* 48 (2016): 84.
[107] Gboyega et al, Political Economy of the Petroleum Sector in Nigeria, the World Bank, 2011
[108] Sola Fajana. Industrial Relations in the Oil Industry in Nigeria. WP. 37. International Labor Office, Geneva. 2005.
[109] Simona Varrela. Oil Industry in Nigeria-Statistics and Facts. Dec 1 2020. Accessed on 7th Jan 2021 from https://www.statista.com/topics/6914/oil-industry-in-nigeria/
[110] Gyobera et al, Political Economy of the Petroleum Sector in Nigeria, The World Bank, 2011

according to the study, the respondents would not say that oil has been a blessing to the country or not. Those working at the oil companies would say that there has been a fall and lack of functional refineries, which is not a blessing. The rebels would tell you that their interests have not been taken care of.

In a way, the generous endowment of oil has been a blessing to Nigeria. The sale of oil has offered attractive opportunities that generate national income and has enhanced living standards for Nigerians. Oil is an internationally traded commodity and has therefore earned Nigeria foreign exchange and capital accumulation.[111]

The oil industry in Nigeria has brought a lot of benefits to the people of Nigeria. First, oil has created employment opportunities for majority of Nigerians. The dream of many job seekers in Nigeria is securing a job in the oil and gas industry. Employers in this sector are willing to invest in programs in the sector and are pushing for innovations to improve the industry. Despite the fact that the naira has been depreciating against the US Dollar, the Nigeria oil industry has provided job opportunities to many young Nigerians. The industry has employed many people, though at the expense of other industries which can be managed to spur economic development in the country. The oil and gas sector offer exciting careers to both technical and non-technical professionals. Thousands of Nigerians have been employed in the geochemistry, geology, drilling engineering, petroleum engineering, energy engineering, mud logging, petroleum economics and many more.[112] The employment has been both direct and indirect in the overall economic sectors. Secondly, there is improvement in the wellbeing of families as people that are employed in the oil and gas industry support their family members. The oil and gas sector offered trainings and

[111] Irina Romanova. "Oil Boom in Nigeria and its consequences for the country s economic development. 2007."
[112] FutureLearn. The Biggest Employment Industries in Nigeria. 30th July, 2020. Accessed on 7th Jan, 2020 from https://www.statista.com/topics/6914/oil-industry-in-nigeria/

sponsorship for technical courses in engineering to empower their staff which advances their skills. Additionally, oil revenue has been used in construction and renovation of schools and in infrastructure development. The standards of living have been improved through fuel subsidies. The oil industry has taken responsibility in corporate social responsibilities by building and renovating schools, hospitals, roads and other infrastructure.[113]

3.3 Oil as a Resource Curse in Nigeria

Nigeria has been unable to convert the oil resource towards economic improvement and human development. Exporting of oil in Nigeria has negatively affected the country's economy, political and social development. "Nigeria is a true example of a 'resource curse', where natural resource wealth has led to poor economic growth and development and increased civil conflicts.

Although the concept of using natural resources to promote economic development seems straight forward, the practice however for most countries has proven difficult. Few developing countries have been successful in transforming their natural assets such as hydrocarbons and minerals into surface assets of human and physical capital that can be used to generate economic growth.[114] The resource curse further refers to the failure of many resource-rich countries to benefit fully from their natural resource wealth and for governments in these countries to respond effectively in provision of social services to their citizens."

Most developing countries with huge natural resource deposits have also been afflicted by what has come to be referred to as the 'Dutch Disease'. The term refers to the adverse effects on other economic sectors occasioned by the discovery of natural resources such as oil.

[113] Sola Fajana. "Industrial Relations in the Oil Industry in Nigeria. WP. 37." International Labor Office, Geneva. 2005.
[114] Venables A J, Using Natural Resources for Development: Why has it proven difficult? The Journal of Economic Perspectives, Vol 30 n0. 1, 2016

"This occurs when a country experiences a resource boom from a highly tradable resource or when there is an increase in resource price. A real appreciation reduces the international competitiveness of other tradable sectors because resource-based exports crowd out commodity exports produced by those sectors. One of the ways in which a resource boom affects the economy is through the spending effect. A boom in the natural resource sector caused by either a rise in the world price of a resource or by a discovery of a new deposit leads to an increase in the income of the country which in turn brings about increased imports and domestic absorption for both tradable and non-tradable."

The resource curse manifests itself in the inability of resource endowed countries to undergo transformation. Economically, the oil industry often exists in isolation from the rest of the economy, which makes it skill and technology spill over difficult. Oil extraction has crowded out other sectors such as the agriculture and manufacturing in most countries that have discovered oil and other minerals and more so in Nigeria and Angola. This makes resource-rich countries that are overly dependent on oil experience erratic swings in pricing making it unreliable as revenue sources for government planning. This study revealed that Nigeria is dependent on oil production and has been slow on other sectors of economic development such as agricultural production. This has led to de-industrialization and lower long-term economic growth for the country, which is now referred to as the Dutch disease.[115] Nevertheless, the huge revenues from oil enables countries to undertake massive projects mainly infrastructure development.[116]

Politically, oil dependent countries have been found have dictatorial forms of government, experience outbreak of civil unrest and are perceived to have higher levels of corruption and weak governance institutions. In social and environmental sectors social mobility and transformation is

[115] Respondent 1, 2021.
[116] Skeet I, Geopolitics of energy exploration and exploitation, Vol. 14 no. 314, Sage, 1995

stunted and the inequality between the rich and the poor is high. These countries score low on the Human development index.

As the largest producer of oil in Africa, Nigeria has received a total accumulation for 25 years of over 300 billion dollars.[117] Despite this wealth, Nigeria has one of the highest levels of poverty and income inequality. As of December 2020, 40.1% of the total population in Nigeria lived in poverty. These are people living under 361 US dollars per year. The majority of these are found in Sokoto, Taraba, Jigawa, Ebonyi, among other states.[118]

3.3.1 Economic Implications of Oil Wealth in Nigeria

With the discovery of oil and entry of Nigeria into OPEC, oil became a national source of wealth and the oil revenue distribution formulae changed drastically and dramatically. Political reasoning deduced that regions with oil should not get majority of the revenue accrued from oil. As a result, the Federal government collects revenue from oil producing regions and the income is theoretically shared equally amongst all the other regions. Because of Nigeria's dependency on hydrocarbons, mining and petroleum taxes are the main source of government revenue. "The Federal government controls the administration and collection of taxes levied on these activities. The National government distributes Federal allocations between states as follows, 40% divided equally among states, 30% proportionally to the state's population, 10 % on the basis of land mass and terrain, 10% on social development factors and 10% for internal revenue efforts. Oil producing states receive 13% of oil revenues generated in their territory."[119]

---

[117] "Augustine Ikein, DSP Alamieyeseigha, and Steve Azaiki,*Oil, Democracy and the Promise of True Federalism*, (Lanham, MD: University Press of America, 2008), chap. 1-28, 42

[118] Simona Varrela. Poverty Headcount in Nigeria 2019, by State. Accessed on 7th Jan 2021 from https://www.statista.com/statistics/1121438/poverty-headcount-rate-in-nigeria-by-state/"

[119] Gboyega A et al, Political Economy of Petroleum Sector in Nigeria, The World Bank, 2011

Since the discovery of oil in Nigeria, it has become one of the dominant factors in the country's economy. The resource peak gave rise to an increase in oil exports resulting in an appreciation of the real exchange rate that led to the increase in the real wages of workers. The peak also led to a decrease in the export of other goods mainly the agricultural products which had hitherto been the mainstay of Nigeria's economy. Ironically, although Nigeria has in the recent times been referred to as the fastest growing economy in the continent, majority of the population have not benefitted from the oil boom. Most of the people still live below the poverty line despite the huge windfalls of revenue from the extraction of oil.

Although the concept of using natural resources to promote economic development sounds straight-forward, in practical terms however, it has proven difficult for most countries as the case is with Nigeria. "Few developing countries have been successful in transforming their natural assets such as hydrocarbons and minerals into surface assets of human and physical capital that can be used to generate economic growth."[120]

Nigeria has neglected other sectors that can generate revenue and concentrated on the oil sector which has contributed to the impoverishment of the rural population. The economy heavily depends on oil and license fees from multinationals for infrastructure development. Oil revenue has thus displaced income taxes as a source of government revenue. There are low tax ratios and high consumption expenditures by the government. The economy therefore has not diversified as it should have. The Oil and gas industry in Nigeria is a mono-economy that does not have other sectors to compete with. the oil industry has not boosted other industries and fall of the industry can cause a heavy economic downfall of the country. If the government can as well invest in the

[120] Venables A J, "Using Natural Resources for Development: Why has it proven so difficult? The Journal of Economic Perspectives, Vol. 30 no. 1 2016, Pg 162-183"

agriculture sector like they have in the oil sector, then Nigeria could be far with Economic growth and development.[121]

Most developing countries with huge natural resource deposits have been afflicted by what has come to be known as the 'Dutch Disease'. The term 'Dutch Disease' refers to "the adverse effects on the manufacturing sector created by the discovery of natural resources. This occurs especially when a country experiences a resource boom or when a highly tradable resource is discovered or when there is an increase in resource price. A real appreciation of the commodity reduces the international competitiveness of other tradable sectors because resource-based exports crowd out commodity exports produced by those sectors. One of the ways in which a resource boom affects the economy is through the spending effect. This is experienced when there is a 'boom in the natural resource sector caused by either a rise in the world price of the resource or by a discovery of a new deposit. This leads to increased income for the country which in turn brings about increased imports and domestic absorption for both tradable and non-tradable."[122]

Oil production has led to the 'Dutch Disease' effect of mineral production in Nigeria whereby oil boom led to increase in exchange rates and inflow of foreign exchange. It also led to labor and capital to be concentrated on oil industry at the expense of other sectors. These two effects led to reduced competition with goods and services from other sectors and thereby reducing agricultural and manufacturing exports from Nigeria. Nigeria has a high foreign debt accumulation, especially with China. The country has borrowed heavily from the Chinese government to fund their ongoing projects. If Nigeria is not able to pay the loans, then China might take national assets to recover the loans.[123]

---

[121] Respondent 2, 2021.
[122] www.ecostat.unical.it
[123] Yomi Kazeem. Misinformation and Politics are fueling fears of a Chinese Debt Trap in Nigeria. Aug 10, 2020. Accessed on 7th Jan 2021 from https://qz.com/africa/1890276/china-denies-plan-to-seize-nigeria-assets-over-debt/

3.3.2 Social and Political Implications of Oil Wealth in Nigeria

Besides the economic implications, Nigeria has had a lot of social and political consequences as a result of the oil discovery. In the social sector, the country exhibits poor healthcare system especially at the local government levels. The surveillance systems are not functional and there is no tracking system for communicable diseases. The health care in Nigeria has been unable to deal with several infectious disease outbreaks.[124] The government has little expenditure on social services and performs poorly in the education sector.

There are increased conflicts in Nigeria as a result of the oil resource. The factors in the oil conflict in Nigeria are in acquisition, control and disposition of the oil resource. The elites who dominate the state are the principal stakeholders of oil in Nigeria. The elites are at the top hierarchy of the oil industry and have taken advantage to rob from the oil-bearing communities. This has created conflicts as the communities fight to be allocated more revenue from their resource and to have positions amongst the elite.[125] This is also coupled with increased corruption in the oil industry in Nigeria.[126]

Environmental challenges are quite severe in the Niger Delta region where crude oil flaring and spillage have damaged the soil fertility, destroyed wildlife and breeding grounds of marine fishes. The indigenous people suffer environmental abuses they struggle to survive. The government has failed in dealing with the challenge of environmental degradation due to inefficiency and corruption. As oil production increases, Pollution of land and rivers increase and

---

[124] Menizibeya Osain Welcome. “The Nigerian health care system: Need for integrating adequate medical intelligence and surveillance systems. J Pharm Bioallied Sci. 2011 Oct-Dec; 3(4): 470–478. 10.4103/0975-7406.90100”

[125] Kenneth Omeje. Oil, Conflict and Accumulation Politics in Nigeria. Report from Africa: Population, Health, Environment and Conflict. Accessed on 7th Jan 2021 from https://www.wilsoncenter.org/sites/default/files/media/documents/publication/Omeje12.pdf

[126] Marc-Antoine Perouse De Montcos. Oil Rent and Corruption: The Case of Nigeria. Ifpri Nov 2018. Accessed on 7th Jan 2021 from https://www.ifri.org/sites/default/files/atoms/files/perouse-de-montclos_oil_rent_corruption_nigeria_2019.pdf

communities keep losing income earning opportunities.[127] Communities have migrated to the oil producing areas putting more strain on infrastructure and public health.[128]

3.4 Oil Wealth as a Blessing in Angola

In Angola, oil production has a long history; during the country's long civil war of 28 years, the oil sector in Angola continued to thrive as other infrastructure and human resources were devastated. With discoveries of deep-water wells after the end of the civil war, Angola was transformed to be the second oil producer in Africa. Oil revenue has been used in the reconstruction of a peaceful economy in Angola. From 2002 to 2014, hundreds of Billion dollars were used by the state to recover the economy in rebuilding infrastructure. The development post war era in Angola has had a reasonable pace, although it could be better if resources are efficiently deployed. However, the country's diversified economy of what used to be has not been rejuvenated.

In 2017, "Angola used to produce over 1.6 million barrels of oil per day. This has dropped and today, Angola produces approximately 1.2 million barrels of oil per day. The country is third largest oil producer in Africa, preceding Nigeria and Libya. It has oil reserves of 37.4 billion barrels." Since 2008, oil production in Angola has remained flat and more recently, has begun to decline.

Angola heavily depends on oil as a source of revenue and foreign exchange earnings. In 2017, oil revenue accounted for 64% of total revenue and 95% of total exports. The country has faced challenges of budgeting and revenue allocation due to volatile oil prices hence volatility in public spending.[129] The oil industry has created job opportunities both directly and indirectly for

---

[127] Respondent 2, 2021.
[128] E. C. Onwuka .Oil extraction, environmental degradation and poverty in the Niger Delta region of Nigeria: a viewpoint, International Journal of Environmental Studies, 62:6, 655-662, (2005) DOI: 10.1080/00207230500040823
[129] IMF. Angola, Selected Issues, IMF. 2018.

Angolans who constitute majority of the staff in the Multinational corporations operating in Angola.[130] The revenue from oil has been used in the in development of infrastructure and the education facilities in Angola. According to the respondents, Angola has its own challenges with economic growth and development but the country is still on course of development as a medium economy. 95% of the oil revenue has been used towards economic growth and development.

3.5 Oil Revenue as a Curse to Angola

Since the oil prices started to fall, Angola has been cutting the national budget. It being a state where the government is the major employer and financier, cutting the budget is felt throughout the economy. Revenue from petroleum exports has really decreased in the recent past. Decreased oil prices have led to inflation because of Angola's depreciating currency in an economy that relies on imports. Over 80% of consumable goods in Angola are imported. The cost of living has been rising and as a result, people have been struggling to afford basic needs in the country.[131] Despite the significant progress in reforming the macroeconomics and other structural reforms, Angola is still experiencing the effect of low oil prices. The GDP has contracted to 1.2% in 2018. There have been efforts to transform the state-led economy to a private-led one, which is a very complex model and a long-term process. During this transition period, oil continues to play an important role.

Since the end of the civil war in 2002, Angola has made a progress in economic and political progress. However, the country still has massive development challenges, they need to reduce their dependency on oil and diversify the economy. Despite the oil and Diamond wealth in

---

[130] Rachel Cooper. Fossil Fuels and Job Creation in Africa. University of Birmingham. 15th Nov 2019. Accessed on 7th Jan 2021 from https://assets.publishing.service.gov.uk/media/5e3c5040e5274a08deb46b8a/697_Fossil_Fuels_and_Job_creation_in_Africa.pdf

[131] Rebecca Engebretsen. How long can Angola Hold on with Oil Prices? Dec 2015. Accessed on 7th Jan 2021 from https://africanarguments.org/2015/12/how-long-can-angola-hold-on-with-low-oil-prices/

Angola, the country still rates low in Human development Index, roads are poor, health services are poor, poor governance, improving institutional capacity, improving public financial management systems, living conditions of the citizens and human development indicators.[132] "A large population in Angola lives below the poverty line and do not have access to basic services, with a poverty index of 40.6% in 2018/2019.[133] As such, Angola is ranked 147/189 countries in Human Development Index despite its enormous oil wealth and high per capita GDP implying its poor scores in health and education.[134]

Angola has plans to build an independent and market led private sector which is price-competitive. This agenda remains secondary as the government prioritizes economic, political and financial interests of elites. Today, the financial and banking sector in Angola remain underdeveloped, and the country does not have a stock market. This means that oil wealth cannot maximized for long term. The banks focus on few, small and medium enterprises and pay more attention in serving large and commercial clients. Therefore, the costs of capital remain high and small businesses are prohibited from acquiring loans. It is also not easy to acquire permits to do a business in Angola because the process is lengthy and tedious.[135]

Sonangol collects over 90% over government revenue and employs more than 5000 people. It is argued that Sonangol has crowded and undermined the Angolan financial system through its parallel financing system. Loans that are paid in oil are backed by multiple banks and are issued by Sonangol when MPLA is in need of cash." This means that elites can bypass the formal methods

---

132 Le Billon, Philippe. "Angola's Political Economy of War: The Role of Oil and Diamonds, 1975-2000." *African Affairs* 100, no. 398 (2001): 55-80. Accessed January 8, 2021. http://www.jstor.org/stable/3518372.

133 The World Bank. The World Bank Group Supports Angola's efforts to reduce poverty and promote economic growth by working with the Government, Development Partners and Civil Society. Accessed on 7th Jan 2021 from https://www.worldbank.org/en/country/angola/overview

134 UNDP. *'Human Development Indices and Indicators: 2018 Statistical Update'.* New York: united Nations Development Programme. 2018.

135 US & Foreign Commercial Service and US Department of State. "Doing Business in Angola: 2017 Country Commercial Guide for US Companies"

of financing. "Centrality of Sonangol and Angola oil sector has resulted in uncompetitive and underdeveloped economy."[136]Angolans depend on informal institutions such as networks for help in times of need.[137]

3.6 Conclusion

Both Nigeria and Angola have huge oil and gas reserves which have been a source of their revenues. The paradox of plenty or resource curse applies in these two countries because they seemingly have little long-term development. Despite the bestowment of oil and other mineral resources, the two countries still have low Human Development Index, and are deteriorated in terms of redistribution and democratization. The stronger economic explanation for this is that Angola and Nigeria have over years had increased revenue from oil which increased their exchange rate and made other sectors in the countries less competitive. For instance, in Nigeria, the government concentrated their efforts in developing the oil sector and less on the agriculture sector which has the capacity to contribute significantly towards the GDP of the country. In Angola, the country only depends on oil and fluctuation in oil prices greatly affects planning and development in the country. The volatility of commodities in such countries has been disruptive. The negative price effect has crowded out the agriculture and manufacturing sectors in those countries resulting in to what is known as the Dutch disease. From the literature examined, the institutions have failed the states. The states could channel the oil resources into a productive economy and capture the ruling of the elite who take advantage of their positions for personal gains, status quo and power.[138]

---

[136] Soares de Oliveira, Ricardo. "Business success, Angola-style: postcolonial politics and the rise of Sonangol. 2007.

[137] Inge Tvedten, Gilson Lázaro & Eyolf Jul-Larsen. Comparing Urban and Rural Poverty in Angola. 2018. Accessed on 8th Jan 2021 from https://www.cmi.no/publications/6676-comparing-urban-and-rural-poverty-in-Angola

[138] Amundsen, Inge. "Drowning in Oil: Angola's Institutions and the "Resource Curse"." *Comparative Politics* 46, no. 2 (2014): 169-89. Accessed January 8, 2021. http://www.jstor.org/stable/43664097.

Strong institutions will ensure that resource revenue in utilized in stimulation of production and economic development, capital and raising the non-productive investments. Development experts believe that resource curse is not universal, neither is it inevitable, it affects certain types of countries that are under certain conditions.

CHAPTER FOUR

STRATEGIES TO IMPROVE THE OIL SECTOR IN NIGERIA AND ANGOLA

4.1 Introduction

The previous chapter discussed how oil has affected development in Nigeria and Angola. This chapter analyses what strategies have been put in place to improve the oil sector in Nigeria and Angola. Strategy mainly includes defining objectives and targets, deciding activities to accomplish the objectives and preparing resources to execute the activities. A strategy depicts how the ultimate objectives will be accomplished by the means assets and it includes exercises like strategic arrangements and vital reasoning.[139]

4.2 Nigeria

4.2.1 The Oil Sector Strategy for Nigeria

Nigeria is Africa's most populous nation with over 250 tribes. The majorities of the Nigerians are Christians and followed by Muslims. Nigeria for a long time colonized by the British. Nigeria has suffered from the destruction of colonialism, civil wars, military coups, economic instabilities and uprising of the Boko Harem militia group which is becoming threat to the country's stability. Nigeria has abundance of oil, minerals and agricultural wealth but many of its people have remained to be poor. Despite those problems Nigeria has managed to stay together for over many years. For maintaining the peace of the country, the Government of Nigeria has adapted strategy of peaceful transition of power.[140] This has enabled Nigeria to avoid fragmentation of the nation in its modern history.

---

[139] P.Haddock, *The New Choice English Dictionary*, UK; Geddes Publishers, 1999.
[140] C., Obi, Oil extraction, dispossession, resistance, and conflict in Nigeria's oil-rich Niger Delta. Canadian Journal of Development Studies, 2010, 30(1–2), 223.

4.2.2 Reshaping Domestic oil and Gas companies in Nigeria

The Nigerian government has started reforming the oil sector. The oil sector has been reshaped especially in domestic oil and gas companies. The domestic oil and gas companies have expanded aggressively purchased assets worth more than $10 billion from the major oil companies in the last five years. The Nigerian government has brought changes in Nigeria’s 60 years old oil industry. Many oil companies have been sold. Nigerian National Petroleum Corporation subsidiary has retained its 55% ownership and has become the operator for the oil fields. More than 10 local Nigerian oil companies have emerged; many are conglomerates with oil as business line.[141]

4.2.3 Nigeria’s Fight against Corruption

Oil is the lifeblood of Nigeria’s economy, as the biggest in Africa. It gives generally 50% of government incomes and essentially all of its foreign trade receipts just as a major piece of its quality on the worldwide stage. It has additionally been overexploited by corrupt organizations and government officials, and underutilized as an asset for Nigeria's 200m individuals in the a long time since Royal Dutch Shell first tapped a well in quite a while of the Niger Delta. Due to corruption, Nigeria had reduced the allocation of revenue in the development sectors of the country.

The Nigerian government under president Buhari motives has been to clean up the government administration and carried out legal investigation on high corrupt politician in the government and state-owned corporations. The president has vowed to end graft at NNPC where

---

[141] Ibid.

billions of dollars and payments were not sent to state coffers in the past, and reform the NNPC with a new board of management and managing director.[142]

To deal with the challenge of illegal militants in the Niger Delta, the government of Nigeria has introduced a host community development fund to cater for the development and wellbeing of these communities.

4.2.4 The Massive Shake Up of NNPC

The government introduced new reforms in oil sector. Nigerian National Petroleum Oil Corporation went under massive shake up. A new top management team has been appointed to manage the state-owned oil corporation. NNPC old management has been changed. The government has been preaching zero tolerance to corruption and encouraging transparency accountability and service delivery in oil sector and within the NNPC in doing business. The government is focusing on refining oil sector and the export of crude oil.[143]

The Nigerian government through reforming the NNPC has enabled the Corporation for the first time in many years to publish details of its earnings. Introducing more openness about incomes. NNPC started reviewing contracts with joint ventures partners to improve transparency more on sale of crude oil. NNPC introduced commercial certainty in the sale of Nigeria's crude in the international market, to make sure that the crude oil ends with the ultimate end user. In the past contracts often went to companies that did not have the background to trade.[144] Further NNPC has planned to improve oil refineries to cut down the cost of exporting crude oil. The refineries have to replace with new ones. The new administration is supporting private investors to invest in oil refining to control and minimize Nigeria's reliance on imports. Nigeria depends heavily on imports

[142] Interview NNPC respondent on 8thfebruary, 2021.
[143] Ibid.
[144] Interview with NNPC staff on 8thfebruary, 2021.

for more than 70% of its supply of products. The NNPC encouraging private refineries to be constructed along the state units so that they can benefit from the available infrastructure.[145] The NNPC is a member of the National Extractive Industries and Transparency Initiative (NEITI) and (EJTI) and publishes their annual audited financial statement. This is a good move towards fighting corruption in the oil sector.[146]

4.2.5 Petroleum Industry Bill and Act in Nigeria

Nigeria is aiming at breaking up the petroleum bill into smaller laws focused on fiscal and regulatory measures. The main objective of petroleum industry bill is to “modernize the sector by commercializing the national oil company and ironing out revenue sharing agreements in joint ventures with international oil companies”[147]. Delays in passing petroleum industry bill in Nigeria is meant to put the industry on par with the current realities and global best practice.

The Nigerian Oil and Gas Industry Content Development Act (NOGIC) has been very effective because it has aided in skill acquisition in the oil and gas industry for the majority of Nigeria’s populace. NOGIC has been very instrumental in facilitating the development of employment opportunities for the youth in Nigeria.[148] The purpose of this Act was to “facilitate the local content in the oil and gas industry, which has been achieved, albeit there is room for improvement.”[149] The Petroleum Industry Act (PIA) will also address the issues raised by the MEND because 3% from the OPEX of the previous year of oil companies would be allocated for host community development.

[145] Ibid.
[146] Respondent NNPC respondent, 2021.
[147]Interview with senior staff, Nigerian Department of Petroleum Resources, on 9thfebruary, 2021.
[148] NPC Respondent 2, 2021
[149] Ibid

A joint venture (JV) refers to "a business arrangement in which at least two parties consent to pool their assets to achieve a particular goal. This undertaking can be another task or some other business task. In a joint endeavor (JV), every one of the members is answerable for benefits, misfortunes, and costs related with it." Notwithstanding, the endeavor is its own element, separate from the members other financial matters. Further Nigeria is inadequate with regards to a substantial administrative structure that has passed on the country's most significant industry to be engaged with vulnerability since returned of majority rules system in 1999.[150]

4.3 Angola

4.3.1 Strategies Put in Place to Improve the Oil Sector in Angola

Angola is among leading oil producers in Africa. However, the country dependents heavily on imported refined petroleum products. It imports 80% of its interest for refined oil based goods. Just 20% of refined items are sources locally. The refining of unrefined petroleum and conveyance of refined oil stays well underneath the homegrown interest. The public authority of Angola has wanted to build public petroleum treatment facilities to lessen the nation's undeniable degrees of reliance on imported refined oil based goods.[151]

4.3.2 Global Market Strategy in Angola

The expanding competitive worldwide market and lower oil value climate intensely impacted Angola's high creation costs which normal USD 40 for each barrel. Oil organizations have been calling for more serious business climate with decreased creation costs and expanded efficiencies. The expanded interest to reduce down creation expenses has been empowered by

[150] Ibid.
[151] Interview with Angolan government senior officer, on 9th February, 2021.

limitations on getting to foregn trade which has cost numerous oil administrations organizations to shut down organizations. The Angolan government has begun presenting favorable climate for oil organizations for reasonable business rivalry to duplicate with worldwide market.[152].

4.3.3 Foreign Exchange Strategy in Angola

The government of Angola decided to remove foreign exchange restrictions the country by allowing the petroleum companies operating in Angola, "all their payments process to be done through local banks and in local currency. This provided oil operators some flexibility in foreign payment; however, transaction required approval of the National concessionaire, Angolan Petroleum, Gas and Biofuels Agency (ANPG) and central bank."[153] Therefore, Angola is working to attract more investors to the drilling fields. Sonangol has plans to continuously engage stakeholders to increase production.

4.3.4 Legal Reforms in Angola

The government of Angola introduced legal reforms to improve the oil sector. These legal reforms were directed to the Angolan state-owned oil corporation, Sonangol. Sonangol was authoritatively settled in 1976 with elite concession freedoms for liquid and gaseous hydrocarbons in Angola. The organization is completely possessed by the Angolan government under Decree 19/99, the law of public organizations. It doesn't have a regular directorate, however rather has an organization board designated by a committee of clergymen for a three-year term .The public authority began rebuilding the state oil organization Sonangol and further made the public

[152] Interview with Angolan businessman (name withheld), on 9th February, 2021.
[153] Ibid.

concessionaire, ANPG to further develop speculations, its parts in the oil area, administration, helpless bookkeeping practices and fumble of oil income.[154]

4.3.5 Revenue Strategy

Angola's economy is vigorously depending on hydrocarbon generation, Angola profoundly wards on oil as the income generator and this reliance on oil income has made its economy to be fluid. The economy is effectively impacted by unrefined petroleum price changes. The public authority has been executing a macroeconomic adjustment program to decrease its financial shortfall, and further develop swapping scale adaptability, and fortify administration to draw in more noteworthy private secture venture.[155]

4.3.6 Presidential Task Force

The concession award and management process were a government strategy in oil sector to improve tender process. The government introduced it to make tender process easier and minimize corruptions in tendering process. The presidential task force of 2017 introduced more reforms in the petroleum industry including "concessions award and management process found in presidential degree no. 86/18 of April 2, 2018 that simplifies the control mechanism for petroleum industry operations related to public tenders and procurement. Stated that the tender process of concessions a ward and licenses will be public and will no longer require prequalification from bidders. The process for approval of contracts with third parties to carry out petroleum operations was simplified."[156]

---

[154] Interview with Sonangol oil company staff (name withheld), on 9th February,2021.

[155] Corkin, L, *After the boom: Angola's recurring oil challenges in a new context*, Oxford Institute for Energy Studies, 2017.

[156] Interview with Angolan Government officer (name withheld), on 9th February, 2021.

4.3.7 Fiscal incentive Regulation for Marginal Field Development

The presidential task force additionally suggested the monetary impetus guideline for peripheral turn of events. The Presidential pronouncement no. 6/18 passed on May 18, 2018 presented another monetary system of minor field advancement zeroing in on under 300 million barrels of stores, and fields that were not monetarily serviceable due to deficient of foundation. It curtails oil charge 10% from 20% and lessening oil personal duty on peripheral fields to 25 percent from 50%. The official team continued and suggested on field surrender process: "In the official declaration no. 91/18 passed on April 10, 2018: gives rights for destroying deserted wells and decommissioning of oil and gas offices as per Quality Health Safety and Environment (QHSE) industry best practices. The official announcement tends to develop well relinquishment that requires oil field administrator to outfit an endorsed deserting plan to the Ministry of Mineral Resources and Petroleum to survey. It likewise gives a structure to defending assets for definite destroying activities toward the finish of oil well's financial life."[157]

4.3.8 Natural Gas law Strategy

Presidential task force focused on natural gas law in improving the oil sector in Angola. Presidential degree no. 7/18 of May 2018 was first law to be introduced and acted on "regulating natural gas exploration, production, monetization and commercialization." The introduction of new gas law brought more benefits in the gas sector.[158]

[157]"Interview with senior officer Ministry of Mineral Resources and Petroleum" (name withheld), on9thfebruary, 2021."\

[158] Ibid.

4.3.9 Marginal Projects Strategy

Many oil and gas activities in development areas were suspended when they became less economical to be developed. The government has however aimed at encouraging the reactivation of oil and gas exploration activities in these areas. Law makers wanted to “upgrade the oil and gas business climate through giving new aides on oil and gas tasks and cycles that incorporate gushing of work programs. The government additionally plans to carry out agreement and financial motivations that will advance functional effectiveness in experienced and negligible fields.[159]

4.3.10 Legal Business Framework Strategy

The government of Angola has provided a legal business framework in the oil and gas sector, as one way of improving the sector. The Ministry of Mineral Resources and Petroleum turned into the public authority administrative and oversight body, liable for managing the oil and gas area in Angola. As indicated by official degree no. 49/19 of February 6, 2019, the National grantor of concessions turned into the National Agency for Petroleum, Gas and Biofuels (ANPG), which has the holder of the concession freedoms and has power to direct, execute and guarantee oil and gas tasks in Angola. In Upstream tasks must be practiced under a permit granted by ANPG.” Global oil investigation organizations in Angola are needed to work through organization with ANPG and such affiliation might appear as a partnership, consortium, creation sharing arrangements, and hazard administrations arrangements. Global oil organizations energize the public grantor of concessions in the creation sharing understanding.[160]

[159] Ibid.
[160] Interview with senior International oil company, on10th February, 2021.

4.6 Conclusions

Nigeria is a leading country in Africa in oil production. The Nigerian government heavily relies on crude oil and natural gas revenues for its development. Its economy largely depends on the oil sector. Similarly, Angola is the second largest oil producing country in sub Saharan Africa. Its economy also heavily relies on oil sector. Nigeria and Angola are members of OPEC. Nigeria and Angola have put in place strategies to improve their oil sector. Nigeria has adopted strategy of peaceful transition of power to avoid political conflicts and civil war. The fight against corruption in the government and oil sector has started. Massive shakeup in the Nigerian National Petroleum Corporation has been carried out. The government bringing in a new management team with transparency and accountability. The Nigerian government has introduced a new petroleum industry bill that aims at modernizing the oil sector by commercializing the national company and ironing out revenues sharing agreements in joint venture with other crude oil producer.

Angola has done a lot to improve the oil sector. Several strategies have put in place to improve the oil sector. The government of Angola has planned to build national oil refineries to cut down the dependence on imported refined petroleum products. The industry players have emphasized the need for more competitive business environment to reduce production costs and increase efficiencies, to counter check the increasing competitive global market, the government has been encouraging flexibility in foreign exchange by allowing the petroleum companies operating in Angola to process their payment through local banks and in local currency. The government has introduced legal reforms. Started restructuring the state-owned oil company Sonangol. Implementing a macroeconomic stabilization program to reduce its fiscal deficit to improve exchange rate flexibility and strengthening governance to attract private sector investment. Finally, the presidential task force of 2017 introduces more reforms in oil sector. It focused on: control mechanism for petroleum industry operations related to public tenders and procurement, fiscal incentive regulation for marginal field development, natural gas law, marginal project and legal business framework.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The purpose of study was to determine the political economy of oil and its role in enhancing development in Africa using the case study of Nigeria and Angola. The study investigated the management of oil sector in Nigeria and Angola, evaluated how oil affected development in Nigeria and Angola, and finally analyzed strategies put in place to improve the oil sector in Nigeria and Angola. The study exposed that the two countries Nigeria and Angola are leading producer of oil in Africa. The economy of Nigeria and Angola heavily depends on oil sector. The oil sector in Nigeria and Angola is managed by the state-owned corporations. Nigeria is Nigeria National Petroleum Corporation (NNP) while in Angola is Sonangol Oil Company. In Nigeria and Angola, a state power is dominated by elites who have control over oil sector. Federal government control the administration and collection of taxes levied from oil products and other oil activities. In Nigeria Top positions in oil sector are political appointments based on ethnicity. The oil sector is highly characterized by high corruptions, illegal local oil refineries, international criminal groups much involved in buying crude oil. Lack of political transparency and accountability has encouraged corruption oil sector.

The oil sector in Angola is controlled by the Sonangol Oil Corporation. The Angolan government has been much involved in oil sector. According to Angolan Constitution of 2010 all petroleum resources are owned by the government. The Sonangol Oil company as a state-owned corporation its activities has affected negatively the economy of Angola. The Sonangol oil company is under heavy loans. Sonangol is a political institution and serves the interest of elites.

The economy of Nigeria heavily depends on oil sector. The revenue obtained from oil is used to fund the entire capital expenditure in the Nigerian systems. The oil production has raised national income and standard of living. The oil production has increased foreign exchange, creation of jobs, enhanced social amenities, health care, education and other infrastructure. The oil in Nigeria has not achieved economic, political and social development. The economic growth is poor. The country is experiencing high level of poverty and income inequality, revenues collected from oil not fairly distributed government has neglect non-oil sector. Foreign debt is high because of heavy borrowing. The study established that Nigeria is facing poor health care system, poor education, high corruptions in social institutions and conflict over oil revenues.

Angola heavily depends on oil as a major source of revenue as foreign exchange earnings. The oil sector has created employment opportunities for local communities. Despite the factor that Angola is rich in oil. The human development is low. Angola is characterized by the poor roads, health care services and other infrastructures. What strategies have been put in place to improve the oil sector in Nigeria and Angola. The study revealed that Nigeria and Angola have put in place several strategies to improve the oil sector. Nigeria has adopted strategy of peaceful transition of power to avoid political conflicts that might affect the oil sector. The government of Nigeria has started implementing reforms in oil sector. The government has launched fight against corruption targeting government administration and oil stated owned corporation (NNPC). Petroleum industry bill have been introduced with intention of modernizing the oil sector, through commercializing the national oil company and ironing revenue sharing agreements joint ventures with oil companies.

Angolan government has put in place some strategies to improve the oil sector. The government has started constructing national oil refineries to control high dependence on imported refined petroleum products. The governmental and other oil stakeholders are emphasizing on "competitive business environment with reduced production costs and efficiencies to achieve increasing competitive global market and lower price environment Act threaten Angola's high production costs. Foreign exchange – the study established that the government of Angola is oil companies encouraging payment process to be done through local banks and local currency, give oil company operators flexibility in foreign exchange. Payment, the government has introduced legal reforms on restructuring Sonangol. Finally, the presidential task force of 2017 results government has started taking actions.

5.2 Conclusion

The purpose of the study was to look at the political economy of oil and its role in enhancing development in Africa. A case study of Nigeria and Angola. The study concluded the following: At the center of the political economy of the oil business are the oil multinationals and state oil partnerships that rule the complex incorporated tasks of the business on a worldwide scale. The power relations between worldwide oil organizations and African petroleum states keep on underestimating individuals in networks of non-industrial nations from which they 'remove oil." Such individuals have nothing to do with the activities of organizations regularly lose prime land, waters and livelihoods to the unfavorable natural effect of oil tasks, and come up short on the assets to look for review or sufficient pay. Unjust power relations generated by worldwide oil creation add to developing imbalance between God inside nations, the infringement of individuals' privileges, filling complaints, distance and brutality. The finish in friendly monetary and biological emergencies and feed an endless loop of opposition, restraint and vicious battle over oil. To finish up oil extraction and creation by global oil organizations, working in association with public oil enterprises of African oil delivering nations keeps on undermining neighborhood societies, and vocations of poor rustic laborers, native people groups, and ethnic minorities.

5.3 Recommendations

The study, political economy of oil in enhancing development in Nigeria and Angola has drawn various recommendations. Firstly, both economies need diversification. Nigeria and Angola are largest oil procedure in Africa with their economy hierarchy majorly dependent on oil revenue and make their economics vulnerable to oil price volatility. Secondly, the oil sector in Nigeria and Angola is controlled by the state-owned corporations; Nigerian National Petroleum Corporation and Angolan Sonangol Oil Company. The two countries should therefore liberalize the oil sector and diversify the national economy.

The oil and gas sector in Nigeria should be fully digitalized with AI technologies, Machine learning, etc. The government should invest in technology and management. In the oil sector the international oil companies dominate technology and management of the oil industry meaning that the local oil companies do not have a say.

Policies on oil exploitation, marketing and allocation of revenue should be revised and implemented. Effect of oil operations that obliterate nearby vocations and ruin neighborhood networks, flushing broad resentment and secures. Distressed local people regularly "take out their disappointment on foreign oil organizations either by impeding oil establishments or through the activity of volunteer armies and equipped gatherings that assault or seize oil organization staff and damage or take oil from burst pipelines, which unfavorably influences oil tasks and products.

Government should introduce mechanism to counter check insurgency. The militarization and politics at the Niger Delta mean that oil largely helps to fuel a brand of politics that operates much like war in spite of the country returns to democratic governance in 1999." The government should introduce a culture of transparency and accountability in government administration and oil sector. This will minimalize the corruption and malpractices in the business. The constitution should be adhering allocation of oil revenues to all federal states. The government should introduce the policy of equality and equity in revenue allocation. They should stick to all principles of democracy for good governance.

The study recommends for further research on international oil company's activities in oil industry. Both Nigeria and Angola should invest in more research and development to come up with more innovations and attract investment in the oil sector. They should also focus more on gas development as a clean source of fuel and other sources of clean energy due to the challenge of climate change.

REFERENCES

Adam Sieminski, Sarah Ladislaw, Frank Verrastro and Andrew Stanley. U.S Oil in the Global Economy: Markets, Policy and Politics. Accessed from https://www.csis.org/features/us-oil-global-economy on 3rd December, 2020.

Adedokun aa. Local Government Tax Mobilization and Utilization in Nigeria: Problems and Prospects. The Polytechnic, Ibadan. 2004.

Ahmad Rafiee, Kaveh Rajab Khalilpour, in Polygeneration with Polystorage for Chemical and Energy Hubs, 2019

Anderson, Emily Jean. "Will Tax Reform Drive Equitable Development in Oil-Dependent Angola?" (2013).

Asadurian, T. Transfer Dependence and Regional Disparities in Nigerian Federalism. In Wallack, Jessica S. and TN Srinivasan. Federalism and Economic Reform: International Perspectives. New York: Cambridge University Press. 20006.

Augustine Ikein, DSP Alamieyeseigha, and Steve Azaiki,Oil, Democracy and the Promise of True Federalism, (Lanham, MD: University Press of America, 2008), chap. 1-28, 42

Amundsen, Inge. "Drowning in Oil: Angola's Institutions and the "Resource Curse"." Comparative Politics 46, no. 2 (2014): 169-89. Accessed January 8, 2021. http://www.jstor.org/stable/43664097.

Alexander Liegl. Peak Oil Theory. 2014.

Ayuk, N. J. Billions at Play: The Future of African Energy and Doing Deals. Made for Success Publishing, 2020.

Bader, Julia, and Ursula Daxecker. "A Chinese Resource Curse? The Human Rights Effects of Oil Export Dependence on China versus the United States." Journal of Peace Research 52, no. 6 (2015): 774-90. Accessed December 30, 2020. http://www.jstor.org/stable/24557466.

Bielecki, Janusz. "Energy security: is the wolf at the door?" The quarterly review of economics and finance 42, no. 2 (2002): 235-250.

Britannica. The Standard Oil. Encyclopedia Britannica. March 24, 2020. Accessed December 02, 2020 from https://www.britannica.com/topic/Standard-Oil

Bouchat, Clarence J. Report. Strategic Studies Institute, US Army War College, 2013. Accessed December 29, 2020. http://www.jstor.org/stable/resrep11258.

Constitute. Angolas Constitution 2010.

Cook, Earl. "The flow of energy in an industrial society." Scientific American 225, no. 3 (1971): 134-147.

Cooper, Andrew Scott. The oil kings: how the US, Iran, and Saudi Arabia changed the balance of power in the Middle East. Simon and Schuster, 2012.

Costa Tatiana. Moyo, Dambisa. Dead aid: Why aid is not working and how there is a better way for Africa. Macmillan, 2009. VER ANGOLA. Accessed on 22nd February from https://www.verangola.net/va/en/112020/Energy/22809/Sonangol-approves-review-of-anti-corruption-policies-to-protect-and-enhance-the-company's-reputation.htm

Courson Elias. Movement for the Emancipation of the Niger Delta (MEND): Political Marginalization, Repression and Petro-insurgency in the Niger Delta. The Nordic African Institute. 2009.

Dele Ishaka. The Thoughts of Karl Marx and It. Research Gate 2019.

Deloitte. The Future of Work in Oil, Gas and Chemicals. 5th October 2020. Accessed on 25th February 2020 from https://www2.deloitte.com/us/en/insights/industry/oil-and-gas/future-of-work-oil-and-gas-chemicals.html

E. C. Onwuka .Oil extraction, environmental degradation and poverty in the Niger Delta region of Nigeria: a viewpoint, International Journal of Environmental Studies, 62:6, 655-662, (2005) DOI: 10.1080/00207230500040823

European Commission. Offshore oil and gas production in Europe. 2012. Accessed from https://euoag.jrc.ec.europa.eu/node/63 on 3rd December, 2020.

Eurostat. Oil and Petroleum Products-a statistical Overview. June 2020. Accessed from https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Oil_and_petroleum_products_-_a_statistical_overview&oldid=315177#Production_of_crude_oil on 3rd December, 2020.

Ferreira, Roquinaldo. "Agricultural Enterprise & Unfree Labour in Nineteenth-century Angola." In Commercial Agriculture, the Slave Trade and Slavery in Atlantic Africa, edited by Law Robin, Schwarz Suzanne, and Strickrodt Silke, 225-42. Woodbridge, Suffolk; Rochester, NY: Boydell & Brewer, 2013. Accessed December 30, 2020. doi:10.7722/j. ctt31nj49.18.

Figueirôa, Silvia Fernanda, Gregory A. Good, and Drielli Peyerl, eds. History, Exploration & Exploitation of Oil and Gas. Springer International Publishing, 2019.

FutureLearn. The Biggest Employment Industries in Nigeria. 30th July, 2020. Accessed on 7th Jan, 2020 from https://www.statista.com/topics/6914/oil-industry-in-nigeria/

Gerard A. Besson. The First Oil Well in the World. The Caribbean History Archives. Paria Publishing Co. Ltd. 18 Aug 2011. Retrieved from http://caribbeanhistoryarchives.blogspot.com/2011/08/first-oil-well-in-world.html on 2nd December, 2020.

Great Insights. Mining for Development. Volume 6 - Issue 3 July/August 2017. Retrieved from https://ecdpm.org/wp-content/uploads/GREAT-6-3-July-August-2017-1.pdf on 2nd December, 2020

GoK. Kenya's Updated Nationally Determined Contribution (NDC). 2020

Goodrich Grace. Nigeria: Africa's Leading Producer. Sept 15, 2020. Retrieved on 6th Jan, 2020 from https://www.africaoilandpower.com/2020/09/15/nigeria-africas-leading-producer/.

Hannah Snyder. Literature review as a research methodology: An overview and guidelines. Journal of Business Research. Volume 104, 2019. Pages 333-339. https://doi.org/10.1016/j.jbusres.2019.07.039.

Harriet Sergeant, “Does Aid Do More Harm Than Good?” The Spectator, February 17, 2018, https://www.spectator.co.uk/2018/02/does-aid-do-more-harm-than-good/

IMF. Angola, Selected Issues, IMF. 2018.

Inge Tvedten, Gilson Lázaro & Eyolf Jul-Larsen. Comparing Urban and Rural Poverty in Angola. 2018. Accessed on 8th Jan 2021 from https://www.cmi.no/publications/6676-comparing-urban-and-rural-poverty-in-angola

International Trade Centre. Africa’s Trade Potential: Export Opportunities in Growth Markets. 2012.

Irina Romanova. Oil Boom in Nigeria and its consequences for the country s economic development. 2007.

Kenneth Omeje. Oil, Conflict and Accumulation Politics in Nigeria. Report from Africa: Population, Health, Environment and Conflict. Accessed on 7th Jan 2021 from https://www.wilsoncenter.org/sites/default/files/media/documents/publication/Omeje12.pdf

Kesler, Stephen E., Adam C. Simon, and Adam F. Simon. Mineral resources, economics and the environment. Cambridge University Press, 2015.

Le Billon, Philippe. "Angola's Political Economy of War: The Role of Oil and Diamonds, 1975-2000." African Affairs 100, no. 398 (2001): 55-80. Accessed January 8, 2021. http://www.jstor.org/stable/3518372.

Marc-Antoine Perouse De Montcos. Oil Rent and Corruption: The Case of Nigeria. Ifpri Nov 2018. Accessed on 7th Jan 2021 from https://www.ifri.org/sites/default/files/atoms/files/perouse-de-montclos_oil_rent_corruption_nigeria_2019.pdf

Mercy Ebere, Ndubueze-Ogaraku, Anthony. O Onoja, and Blessing Monsi. "A Comparative Analysis of Productivities in Shellfish Collection in Oil Spill and Non-Oil Spill Communities of River State, Nigeria." Consilience, no. 15 (2016): 34-49. Accessed December 29, 2020. http://www.jstor.org/stable/26188757.

Morse, Edward L. "A New Political Economy of Oil?" Journal of International Affairs 53, no. 1 (1999): 1-29. Accessed December 3, 2020. http://www.jstor.org/stable/24357782.

Moyo, Dambisa. Dead aid: Why aid is not working and how there is a better way for Africa. Macmillan, 2009.

Manyuchi, Albert Edgar. "Foreign Direct Investment and the Transfer of Technologies to Angola's Energy Sector." Africa Spectrum 51, no. 1 (2016): 55-83. Accessed December 30, 2020. http://www.jstor.org/stable/43941304.

Magueri L, The Age of oil, the mythology, history and future of the world’s most controversial Resource, Praeger Publishers, 2006, preface, xi

Menizibeya Osain Welcome. The Nigerian health care system: Need for integrating adequate medical intelligence and surveillance systems. J Pharm Bioallied Sci. 2011 Oct-Dec; 3(4): 470–478. 10.4103/0975-7406.90100

National Resource Governance Institute, “Natural Resources for Sustainable Development: The Fundamentals of Oil, Gas, and Mining Governance” (online training module), February-April 2016, https://resourcegovernance

NJ Ayuk. Angolan Legal Reform Shows How Africa Can Use Oil and Gas as a Springboard Towards Job Creation — But Only if It Looks Beyond the Obvious Options. African news 6th Jan 2021. Accessed on 19th Feb 2021 from https://www.africanews.com/2021/01/06/angolan-legal-reform-shows-how-africa-can-use-oil-and-gas-as-a-springboard-towards-job-creation-but-only-if-it-looks-beyond-the-obvious-options-by-nj-ayuk//

NNPC. History of Nigerian Petroleum Industry. Accessed from https://nnpcgroup.com/NNPC-Business/Business-Information/Pages/Industry-History.aspx on 27th Dec, 2010.

N. Sönnichsen. Oil industry in the United States - Statistics & facts. September 16, 2020. Accessed from https://www.statista.com/topics/1706/oil-and-gas/ on 3rd December 2020.

Ogunyemi, Adetunji Ojo. "Revenue Allocation in Post-Colonial Nigeria: Its Laws, Dynamics and Challenges Since 1960." Transactions of the Historical Society of Ghana, no. 16 (2014): 27-44. Accessed December 29, 2020. https://www.jstor.org/stable/26512497.

Ogochukwu, Obasi Noble. "The oil price fall and the impact on the Nigerian economy: A call for diversification." JL Policy & Globalization 48 (2016): 84.

Ojakorotu, Victor, Richard Kamidza, and Olukayode Segun Eesuola. "Oil Wealth Paradox and Its Implication for Sustainable Development in Angola and Nigeria." Journal of African Foreign Affairs 5, no. 1 (2018): 85-106. Accessed December 30, 2020. doi:10.2307/26664053.

Ovadia, Jesse Salah, and Sylvia Croese. "Towards Developmental States in Southern Africa: Post-War Angola: The Dual Nature of Growth without Development in an Oil Rich State." In Towards Democratic Development States in Southern Africa, edited by Kanyenze Godfrey, Jauch Herbert, Kanengoni Alice D., Madzwamuse Masego, and Muchena Deprose, 257-303. Avondale, Harare, Zimbabwe: Weaver Press, 2017. Accessed December 30, 2020. http://www.jstor.org/stable/j.ctvh8r4hk.11.

Oyewunmi, Olabode Adeleke, and Joshua Olusola Olujobi. "Transparency in Nigeria’s oil and gas industry: Is policy re-engineering the way out?" International Journal of Energy Economics and Policy 6, no. 3 (2015): 630-636.

Page, Matthew T. A NEW TAXONOMY FOR CORRUPTION IN NIGERIA. Report. Carnegie Endowment for International Peace, 2018. 6-17. Accessed December 29, 2020. doi:10.2307/resrep21006.6.

Paul Steven. The Role of Oil and Gas in the Economic Development of the Global Economy DOI:10.1093/oso/9780198817369.003.0004.

Phia Steyn. Oil Exploration in Colonial Nigeria, c. 1903–58, The Journal of Imperial and Commonwealth History, 2009. 37:2, 249-274, DOI: 10.1080/03086530903010376

Pinho, Carlos. "Implementation of internal control systems to combat money laundering and financing of terrorism: an applied exploratory study to the Angolan financial sector." International Journal of Business and Social Research 5, no. 7 (2015): 38-50.

Rachel Cooper. Fossil Fuels and Job Creation in Africa. University of Birmingham. 15th Nov 2019. Accessed on 7th Jan 2021 from https://assets.publishing.service.gov.uk/media/5e3c5040e5274a08deb46b8a/697_Fossil_Fuels_and_Job_creation_in_Africa.pdf

Rebecca Engebretsen. How Long can Angola Hold on with Oil Prices? Dec 2015. Accessed on 7th Jan 2021 from https://africanarguments.org/2015/12/how-long-can-angola-hold-on-with-low-oil-prices/

Ricardo Soares De Oliveira. "Business Success, Angola-Style: Postcolonial Politics and the Rise and Rise of Sonangol." The Journal of Modern African Studies 45, no. 4 (2007): 595-619. Accessed December 30, 2020. http://www.jstor.org/stable/4501948.

Rodigues Juliana. Angola: Ramping Up the Fight Against Corruption. Lexology, 2nd May, 2019.Accessed on 22nd February, 2021 from https://www.lexology.com/library/detail.aspx?g=5c8548b5-f073-4ed8-9b79-2346b0e02901

Russell, Paul L. Oil Shales of the World: Their Origin, Occurrence, and Exploitation. Vol. 1. Oxford: Pergamon Press, 1990.

Ruiz, Pablo Rodríguez. "The Experience of a Multidisciplinary Research into Angola's National Question: Anthropology in a War Context." In Cuba and Africa, 1959-1994: Writing an Alternative Atlantic History, edited by BONACCI GIULIA, DELMAS ADRIEN, and ARGYRIADIS KALI, 109-29. Johannesburg: Wits University Press, 2020. Accessed December 30, 2020. doi:10.18772/22020116338.14.

Rosen Michael. Karl Max. accessed from http://ricardo.ecn.wfu.edu/~cottrell/ecn265/rosen_on_marx.pdf on 3rd December, 2020.

Sayne, Aaron, and Aubrey Hruby. Report. Atlantic Council, 2016. Accessed December 29, 2020. http://www.jstor.org/stable/resrep17111.

Simona Varrela. Oil Industry in Nigeria-Statistics and Facts. Dec 1 2020. Accessed on 7th Jan 2021 from https://www.statista.com/topics/6914/oil-industry-in-nigeria/

Simona Varrela. Poverty Headcount in Nigeria 2019, by State. Accessed on 7th Jan 2021 from https://www.statista.com/statistics/1121438/poverty-headcount-rate-in-nigeria-by-state/

Sohil Sharma. Descriptive Research Designs. Researchgate.2019

Sola Fajana. Industrial Relations in the Oil Industry in Nigeria. WP. 37. International Labor Office, Geneva. 2005

Sonangol. https://www.sonangol.co.ao/English/AboutSonangolEP/Pages/About-Sonangol-EP.aspx

Stevens, P., J. Kooroshy, G. Lahn, and B. Lee (2013). 'Conflict and Coexistence in the Extractive Industries', Chatham House Report, November. London: Chatham House.

Stevens, P. (2016b). 'The International Oil Companies: The Death of the Old Business Model', Research Paper. London: Chatham House

Soares de Oliveira, Ricardo. "Business success, Angola-style: postcolonial politics and the rise of Sonangol. 2007

Tako Koning. Milestones in Angolas Oil History. GEOEXPRO. Vol 9. (2012) no. 3

The World Bank. The World Bank Group Supports Angola's efforts to reduce poverty and promote economic growth by working with the Government, Development Partners and Civil Society. Accessed on 7th Jan 2021 from https://www.worldbank.org/en/country/angola/overview

Todaro M P & Smith S C, Economic Development, 12th edition, Pearson, 2015 p.1

Todaro, Michael P. & Smith Stephen C: Economic development, 11th, Pearson, 2012

Transparency international. Corruption Perceptions Index. 2018. www.transparency.org/cpi

Timms Matt. Nigeria Urgently needs to Tackle Corruption and Theft in its Oil Industry. World Finance., 21st July, 2016. Accessed on 22nd Feb, 2021 from https://www.worldfinance.com/markets/nigeria-urgently-needs-to-tackle-corruption-and-theft-in-its-oil-industry

Ukiwo, Ukoha. "Nigeria's Oil Governance Regime: Challenges and Policies." In Oil Wealth and Development in Uganda and Beyond: Prospects, Opportunities, and Challenges, edited by Ukiwo Ukoha, Langer Arnim, and Mbabazi Pamela, 309-30. Leuven (Belgium): Leuven University Press, 2020. Accessed December 29, 2020. doi:10.2307/j. ctvt9k690.20.

Umar Ali. The History of Oil and Gas Industry from 347 AD to Today. 7 March 2019. Retrieved from https://www.offshore-technology.com/comment/history-oil-gas/ on 2nd December, 2020.

US & Foreign Commercial Service and US Department of State. "Doing Business in Angola: 2017 Country Commercial Guide for US Companies"

US & World Economies. OPEC Oil Embargo, Its Causes and the Effects of the Crisis. Accessed on 20th May from https://www.thebalance.com/opec-oil-embargo-causes-and-effects-of-the-crisis-3305806

US Energy Information Administration, International Energy Statistics: Crude oil including lease condensate, accessed 2 March 2016.

Usman, Adamu Kyuka. "International Oil and Gas Organizations." In Nigerian Oil and Gas Industry Laws: Policies, and Institutions, 59-71. Lagos, Benin, Ibadan, Jos, Port-Harcourt, Zaria: Malthouse Press, 2017. Accessed December 30, 2020. http://www.jstor.org/stable/j.ctvgc60hz.11.

UNDP. 'Human Development Indices and Indicators: 2018 Statistical Update'. New York: United nations Development Programme. 2018.

UNCTAD. Economic Development in Africa: Migration for Structural Transformation. 2018. Retrieved from https://unctad.org/system/files/official-document/aldcafrica2018_en.pdf on 2nd December, 2020.

Uwasomba, Chijioke, and Victor S. Alumona. "Militancy in the Niger Delta and the Deepening Crisis of the Oil Economy in Nigeria." Africa Development / Afrique Et Development 38, no. 3-4 (2013): 21-32. Accessed December 29, 2020. http://www.jstor.org/stable/afrdevafrdev.38.3-4.21.

Vakhshouri, Sara. Iran's Energy Policy After the Nuclear Deal. Report. Atlantic Council, 2015. 4-8. Accessed December 29, 2020. http://www.jstor.org/stable/resrep03635.5.

Vasudevan, Parvathi. "Democracy in Nigeria." Economic and Political Weekly 46, no. 20 (2011): 26-27. Accessed December 29, 2020. http://www.jstor.org/stable/23018207.

Venouss, Davar, C. K. Walter, and A. Frank Thompson. "OPEC's Goal and Strategies." International Journal of Middle East Studies 16, no. 2 (1984): 199-206. Accessed May 20, 2021. http://www.jstor.org/stable/163099.

William Carpenter. The Main Oil Producing Countries in Africa. 7 Jun 2020. Accessed on 6th Jan 2020 from https://www.investopedia.com/articles/investing/101515/biggest-oil-producers-africa.asp

Worldometer. https://www.worldometers.info/world-population/nigeria-population/

Yergin, Daniel. "The prize: The epic quest for oil, money." Power (1991): 80-110.

Yomi Kazeem. Misinformation and Politics are fueling fears of a Chinese Debt Trap in Nigeria. Aug 10, 2020. Accessed on 7th Jan 2021 from https://qz.com/africa/1890276/china-denies-plan-to-seize-nigeria-assets-over-debt/

Zabbey, Nenibarini, and Gustaf Olsson. "Conflicts–oil exploration and water." Global Challenges 1, no. 5 (2017): 1600015.

https://corporate.exxonmobil.com/Company/Who-we-are/Our-history http://www.fundinguniverse.com/company-histories/royal-dutch-petroleum-company-the-shell-transport-and-trading-company-p-l-c-history/

https://www.bp.com/en/global/corporate/who-we-are/our-history.html

https://www.opec.org/opec_web/en/

https://www.eiti.org

APPENDICES

Appendix 1: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 330001

Date of Issue: 29/May/2021

RESEARCH LICENSE

This is to Certify that Mr.. DANIEL CHERUIYOT TANUI of National Defence College Kenya, has been licensed to conduct research in Lamu, Mombasa, Nairobi on the topic: THE POLITICAL ECONOMY OF OIL AND ITS ROLE IN ENHANCING DEVELOPMENT IN AFRICA: A CASE STUDY OF NIGERIA AND ANGOLA for the period ending : 29/May/2022.

License No: **NACOSTI/P/21/10795**

330001

Applicant Identification Number

Director General

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013

The Grant of Research Licenses is Guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014

CONDITIONS

1. The License is valid for the proposed research, location and specified period
2. The License any rights thereunder are non-transferable
3. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research
4. Excavation, filming and collection of specimens are subject to further necessary clearence from relevant Government Agencies
5. The License does not give authority to tranfer research materials
6. NACOSTI may monitor and evaluate the licensed research project
7. The Licensee shall submit one hard copy and upload a soft copy of their final report (thesis) within one year of completion of the research
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice

National Commission for Science, Technology and Innovation
off Waiyaki Way, Upper Kabete,
P. O. Box 30623, 00100 Nairobi, KENYA
Land line: 020 4007000, 020 2241349, 020 3310571, 020 8001077
Mobile: 0713 788 787 / 0735 404 245
E-mail: dg@nacosti.go.ke / registry@nacosti.go.ke
Website: www.nacosti.go.ke

Appendix 2: Research Questionnaire

ANGOLA SURVEY QUESTIONNAIRE

In the interest of Privacy and Confidentiality, do not write/indicate your name anywhere on the questionnaire.

To who it may concern (stakeholders in the oil sector in Angola),
Dear Sir/Madam,

RE: ACADEMIC RESEARCH ON OIL IN AFRICA

My name is **Daniel Tanui**, a Kenyan student from Institute of Diplomacy and International Studies (IDIS), University of Nairobi. I am a Masters student with Reg. No. R23/821

As a deliverable for my project work, I am conducting a research study on **the political economy of oil and its role in enhancing development in Africa: A Case Study of Nigeria and Angola.**

The objectives of this study are: 1) To examine the management of oil sector in Nigeria; 2) To evaluate how oil has affected development in Nigeria and 3) To analyze the strategies put in place to improve the oil sector in Nigeria.

My questionnaire has three sections, based on the objectives of the study. The questions therein will help answer the research questions of the study. I humbly request you to complete the questionnaire to the best of your knowledge.

Please note that Participation in this interview process is voluntary. Thank you.

SECTION A: Management of Oil Sector in Angola

Q1. Which are the top oil companies in Angola?

Q2. In your opinion, who controls the oil sector in Angola?

Q3. How has Oil affected the politics of Angola?

Q4. In what ways do you think corruption has affected the oil sector in Angola?

Q6. If you work at an oil company, what are your company's management objectives in the oil sector in Angola?

Q7. If you work at the ministry, what is the ministry's management objectives in the oil sector in Angola?

Q8. If you work at the ministry, what are the ministry’s management challenges in the oil sector in Angola?

SECTION B: How Oil has affected Development in Angola

Q9. Would you say that Oil wealth has been a blessing to Angola? Please explain this with reference to

Foreign exchange

Employment opportunities

Industrial development

Education sector

Social welfare of Angolans.

Reducing poverty of Angolans

Q10. What other developments has oil brought to Angola?

_

Q11. In your opinion, what could you say about development in Angola compared to other African Oil producing countries?

Q12. What challenges is Angola facing due to over dependence on Oil?

Q13. Oil resource has contributed to increased conflicts in Angola. Please expound on this?

Q14. What environmental challenges are associated with Oil mining in Angola?

SECTION C: Strategies in Shaping the Oil Sector in Angola

Q15. What strategies do you have in shaping the oil sector in Angola?

Q16. What approaches has Angola adopted to prevent corruption in the oil sector?

Q18. What challenges hinder your strategies?

Thank you very much for your time and cooperation. I greatly appreciate your assistance in advancing this research endeavor.

NIGERIA SURVEY QUESTIONNAIRE

In the interest of Privacy and Confidentiality, do not write/indicate your name anywhere on the questionnaire.

To who it may concern (stakeholders in the oil sector in Nigeria),
Dear Sir/Madam,

RE: ACADEMIC RESEARCH ON OIL IN AFRICA

My name is **Daniel Tanui**, a Kenyan student from Institute of Diplomacy and International Studies (IDIS), University of Nairobi. I am a Masters student with Reg. No. R23/821

As a deliverable for my project work, I am conducting a research study on **the political economy of oil and its role in enhancing development in Africa: A Case Study of Nigeria and Angola.**

The objectives of this study are: 1) To examine the management of oil sector in Nigeria; 2) To evaluate how oil has affected development in Nigeria and 3) To analyze the strategies put in place to improve the oil sector in Nigeria.

My questionnaire has three sections, based on the objectives of the study. The questions therein will help answer the research questions of the study. I humbly request you to complete the questionnaire to the best of your knowledge.

Please note that Participation in this interview process is voluntary. Thank you.

SECTION A: Management of Oil Sector in Nigeria

Q1. Which are the top oil companies in Nigeria?

Q2. In your opinion, who controls the oil sector in Nigeria?

Q3. How has Oil affected the politics of Nigeria?

Q4. In what ways do you think corruption has affected the oil sector in Nigeria?

Q5. The Movement for the Emancipation of the Niger Delta (MEND) is one of the largest militant groups in the Niger Delta region of Nigeria. It is believed that this group has really interfered with the management of oil sector in Nigeria. Oil bunkering is also a big challenge linked with this group. Please expound on this.

Q6. In your opinion, what is the company's management objectives in the oil sector in Nigeria?

Q7. If you work at the ministry, what is the ministry's management objectives in the oil sector in Nigeria?

Q8. If you work at the ministry, what are the ministry's management challenges in the oil sector in Nigeria?

SECTION B: How Oil has affected Development in Nigeria

Q9. Would you say that Oil wealth has been a blessing to Nigeria? Please explain this with reference to

Foreign exchange

Employment opportunities

Industrial development

Education sector

Social welfare of Nigerians.

Q10. What other developments has oil brought to Nigeria?

Q11. In your opinion, what could you say about development in Nigeria compared to other African Oil producing countries?

Q12. What challenges is Nigeria facing due to over dependence on Oil?

Q13. Oil resource has contributed to increased conflicts in Nigeria. Please expound on this?

Q14. What environmental challenges are associated with Oil mining in Nigeria?

SECTION C: Strategies in Shaping the Oil Sector in Nigeria

Q15. What strategies do you have in shaping the oil sector in Nigeria?

Q16. What approaches has Nigeria adopted to prevent corruption in the oil sector?

Q17. What is the government of Nigeria doing to control the MEND and illegal activities affecting oil management?

Q18. What challenges hinder your strategies?

Thank you very much for your time and cooperation. I greatly appreciate your assistance in advancing this research endeavor.