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REVISITING THE RESOURCE CURSE IN NIGERIA: THE CASE OF NIGER DELTA

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ABSTRACT

Natural resources endowment is a blessing to the endowed states due to their catalytic development-driving potential. The exploitation of the endowment should result in rapid socio-economic development. However, for most developing states, the blessing of these natural resources strangely tends to turn disadvantageous; a phenomenon that has been distinctly identified in the literature as 'the resource curse. This paper examines that phenomenon, using Nigeria Niger Delta as a case study given the serious environmental, political and socio-economic challenges occasioned by the country's exploitation of its oil and gas endowment. The paper further explores efforts made to reverse the trend of the phenomenon in Nigeria and also what could be the most effective means of containing the said problems in light of their implications for the future of the country and its people. The study recommended that that there is a well-planned and coordinated program for socio-infrastructural development across the region. Government should provide the grounds for both the oil companies and the host oil communities to cooperate with each other and ensure compliance of the MOUs signed by the oil companies and the host communities. The amnesty program initiated by late President Umaru Musa Yar'Adua should be effectively implemented to avoid the resurgence of militancy and other forms of conflict. Government and the oil companies should guarantee the indigenes that they are a part of the business of crude oil exploration and production in the communities, this will help reduce or possibly stop the issue of regular vandalization of oil pipelines and other facilities of the oil exploration companies. There should be equitable sharing of revenue from the sales of crude oil, particularly by the Federal Government.

Keywords: Natural Resources Endowment, Socio-Economic Development, Natural Resources Strangely, Resource Curse

INTRODUCTION

Nigeria, a country ranked as the 13th largest oil and gas producer globally, faces the Paradox of the Surplus. It is among Africa's top oil and gas exporters, and its oil is unique as it is a rare light sweet crude. Unlike the more common sulfur-rich Brent blend crude, the light sweet crude is predominantly produced in Algeria, Libya, the North Sea, and Nigeria. Crude petroleum is a scarce natural resource that only a few countries possess, and it is often referred to as "black gold."

The possession of natural resources is seen as a desirable advantage for both a state and its inhabitants. Unfortunately, the expected benefits of such resources are often not realized due to external factors such as poor governance, corruption, and lack of accountability. This leads to a paradoxical situation of having plenty of resources but little development and poverty. This issue is extensively discussed in literature, and it is unfortunately the reality of the people living in Nigeria's Niger Delta, the country's oil-producing region. The cause of such a situation is often attributed to state officials neglecting their public and fiduciary duties and instead prioritizing personal gain, which harms the state's socioeconomic development prospects. This phenomenon is commonly referred to as the "resource curse" or "natural resource curse," which is a prevalent issue in Nigeria and a significant hindrance to the country's rapid socioeconomic development. In Nigeria, this phenomenon manifests as the "oil curse." Despite the challenges associated with the oil curse, there is renewed effort to reverse the trend and mitigate its impact in the country.

Nigeria seems to be a prime example of the curse that natural resources can bring (Collier/Hoeffler 2001; Le Billon 2001; Auty 1993; Sachs/Warner 2001). Indeed, 50 years of substantial oil production have not resulted in sustainable socioeconomic development in the country. The poverty rate today is extremely high, in fact the current poverty rate exceeds that of the period before the first oil boom in the 1970s, which was 35 percent. The national social and transport infra- structure is in a desolate condition, and the country is marked by chronic internal instability and periodic flare-ups of violent conflict.

When observing Nigeria's economic situation and the high level of poverty despite having abundant natural resources, one may question whether these resources are actually a curse to the country's economy. According to general economic theory, higher revenues from natural resources should lead to wealth creation, but this is not the case for Nigeria, which suffers from the "resource curse." As a result, natural resource revenues should not only generate wealth but also facilitate economic growth and poverty reduction. The question then arises: do countries with abundant natural resources tend to have worse economic performance and poverty reduction than countries without such resources? (Steven, 2008)

Objectives of the Study

The main objective of this study is to examine the link between the conflict of underdevelopment and the discovery and exploration of crude oil in Nigeria, a situation which has been described as a curse rather than a blessing to the people. However, the specific objectives of research are to:

1. Ascertain if the discovery of crude oil deposits in the Niger Delta areas of Nigeria is a curse or a blessing to the region in particular and to the country in general, andii.
2. Suggest ways by which a balance is created between oil exploration and economic development to achieve sustained peace and security in the Niger Delta in particular and, Nigeria in general

LITERATURE REVIEW

The "resource curse," also known as the paradox of plenty, is the phenomenon where many countries with abundant natural resources fail to reap the full benefits of their wealth and have ineffective government responses to public welfare needs. It is often expected that countries with natural resources will experience better development outcomes, but instead, these countries tend to have higher levels of conflict and authoritarianism, and lower rates of economic stability and growth compared to non-resource-rich neighboring countries. This reading material delves into political and economic theories that attempt to explain why some resource-rich countries do not perform as well as expected.

The Resource Curse Phenomenon

Despite the surge in oil prices, many oil-exporting countries have not yet become some of the wealthiest nations in the world, which Karl (1997) calls the Paradox of Plenty. This remains one of the greatest puzzles and counter-intuitive phenomena in economics. However, the impact of the resource curse is undisputed, with almost all resource-rich countries experiencing it or suffering from its consequences. This paper focuses on the potential dangers of natural resource abundance, which inevitably pose challenges for governments of such countries. Specifically, the paper will evaluate the presence of the resource curse in Ecuador and Venezuela, both rich in oil and gas, as well as the "innovative" left-oriented government strategies implemented to combat it. Therefore, the paper begins with a brief introduction to the complex topic of the resource curse, which will be further explored in later sections.

Resource curse has been extensively studied. Many of these studies have found that resource-rich countries tend to have slower economic development, less economic diversification, higher levels of corruption and opacity, greater economic instability, increased oppression, and higher rates of internal conflict compared to non-resource-rich countries at similar income levels (Sachs and Warner 2001; Collier and Banno 2003; Karl 1999; Wick and Bulte 2006). At the same time, the large revenues generated by natural resources enable governments to pursue more radical policies than they would otherwise be able to support.

Stiglitz (2003) offers a succinct but comprehensive explanation of the intricate phenomenon known as the resource curse. Countries with valuable natural resources attract rent-seekers who try to maximize their share of the revenue inflow. This is often followed by corruption, bribery, and even armed conflicts in the absence of strong state and judicial institutions. Governments may also stop taxing citizens, which reduces civil engagement, accountability, and the link between ruling elites and the people. Economic consequences exacerbate these political difficulties. Countries may experience the "Dutch disease," where they become overly dependent on a single primary commodity export, leading to adverse effects on exchange rates and productivity in other sectors. The abundance of natural resources may also shift factors of production away from industries with increasing returns to scale. Weak linkages between the oil industry and the rest of the economy lead to significant and persistent unemployment rates, while broad-based development and growth do not occur. This, in turn, creates even more rent-seeking, stifles development, and leaves the country trapped in the resource curse.

Managing natural resources is a complex challenge for governments, particularly when it comes to petroleum resources. On the one hand, the revenues from these resources can provide a significant boost to a country's economy, allowing for investments in infrastructure, education, and healthcare. On the other hand, without proper management, the windfalls from oil can have negative effects such as the "Dutch disease," corruption, and political instability. Thus, governments must strike a balance between utilizing the resources to promote economic growth and development and ensuring that the revenues are distributed fairly and used efficiently. While there are many examples of countries that have struggled to manage their natural resources, there are a few positive cases that stand out. Botswana is often cited as a successful example of a developing country that has managed its diamond resources well, using the revenue to invest in education and healthcare and diversify its economy (Stevens 2003; Birdsall and Subramanian 2004). Norway, a wealthy country with significant petroleum resources, is also often held up as an example of successful resource management, with the government setting up a sovereign wealth fund to invest the revenues for the long-term benefit of its citizens. Despite these success stories, many resource-rich countries continue to struggle with the resource curse. However, by studying the examples of Botswana and Norway, and analyzing the factors that contributed to their success, governments can learn valuable lessons about how to manage natural resources for the benefit of their citizens.

Causes and Effects of the Resource Curse

Political scientists and economists argue that oil, mineral and gas wealth is distinct from other types of wealth because of its large upfront costs, long production timeline, site-specific nature, scale (sometimes referred to as large *rents*), price and production volatility, non-renewable nature, and the secrecy of the industry. Below are some of the leading observations and theories about how these special characteristics of natural resource revenues create additional challenges for countries:

i. **Democracy**: Natural resource wealth, particularly oil wealth, has made it more likely for governments to become or remain authoritarian over the past 30 years. The explanation for this lies in taxation. In general, political scientists find that governments are more responsive to their citizens and are more likely to transitionto democracy when government spending is reliant on citizen taxation. When countries collect large revenues from natural resources, they are less dependent on levying taxes on citizens, and thus citizens feel less invested in the national budget. Politicians and government officials are also less directly tied to citizen requests or demands. Further, when resource revenues are secret, citizens do not have a clear sense of whether the resource revenues are being spent well or not. Those who outline this theory suggest that the tendency toward authoritarianism can be mitigated by increasing transparency of revenues and strengthening the links between government and citizens through citizen participation in budgeting or direct distribution of wealth (e.g., cash transfers).

ii. **Conflict**: Natural resources can, and often do, provoke and sustain internal conflicts as different groups fight for control of the resources or use natural resources to finance their fighting. Since 1990, oil-producing countries have been twice as likely to have a civil war compared with non-oil-producing countries. Political scientists point to examples of the Democratic Republic of the Congo, the Niger Delta, Iraq, Libya and Angola to illustrate this tendency. *Petro-aggression*, the tendency of oil rich states to instigate or be targets of international conflict, has been observed in some cases, such as with Iraq's invasion of Iran and Kuwait, but researchers debate whether the data supports the conclusion that resource-rich countries do this at a greater rate than non-resource-rich countries.

iii. **Inefficient spending and borrowing:** The amount that governments collect in resource revenues can change drastically from year to year because of changes in commodities prices and production. Several studies have shown that it is very difficult to effectively spend fluctuating and unpredictable revenues. Governments often get trapped in boom-bust cycles where they spend on legacy projects, such as airports and monuments, when revenues are rising and then must make painful cuts when revenues decline. Resource-rich governments have a tendency to over-spend on government salaries, inefficient fuel subsidies and large monuments and to underspend on health, education and other social services. In addition, governments often over-borrow because they have improved credit-worthiness when revenues are high. This type of behavior led to debt crises when revenues declined in Mexico, Nigeria and Venezuela in the 1980s. The private sector can be similarly impacted, as it can over-invest in boom times and then experience widespread bankruptcy during busts.

iv. **Dutch disease:** A large increase in natural resource revenues can hurt other sectors of the economy, particularly export-based manufacturing, by causing inflation or exchange rate appreciation and shifting labor and capital from the non-resource sector to the resource sector (see revenue management reader). This is known as "Dutch disease." While inflation and exchange rate appreciation can harm large swathes of the economy over within a few years, their impacts can be felt for decades. The detrimental effect of natural resources on other industries has been well documented in Iran, Russia, Trinidad and Tobago, and Venezuela, all of which have either stunted manufacturing sectors or saw a precipitous decline in manufacturing. These impacts can be minimized if the country has the *absorptive capacity* to transform resource revenue inflows into tangible investments, such as roads and electricity; the government uses resource revenues to make investments in the economy that generate non-resource sector growth; or the government places a portion of its resource revenues in foreign assets. Over the last 25 years, Chile, Indonesia, Norway and the UAE have largely managed to overcome Dutch disease.

v. **Patriarchy and gender-based challenges:** Natural resource wealth seems to disproportionately impact women. Recent research indicates that oil-rich countries tend to have fewer women in the workforce and a smaller representation of women in government. One explanation for this is that industries that are usually easier for women to enter, such as export-oriented manufacturing, are less likely to succeed in resource-rich countries because of Dutch disease. In addition, studies have shown that women in resource-rich regions often have higher rates of HIV/AIDS and other life-threatening diseases. The large influx of men to communities surrounding a mine has also been associated with an increase in rates of gender based. This trend is particularly concerning as study after study shows that gender reforms are key to lasting poverty reduction. To address this, researchers suggest countries take steps to protect manufacturing through avoiding Dutch .disease and that governments surrounding resource-rich areas include gender perspectives in their development plans.

vi. **Limited government capture of benefits:** In some cases, only a small share of the production value of the resource stays in the country. One explanation is that many fiscal regimes, rules about how to split the profits between companies and governments, fail to compensate the state and communities for depleting their resources and related environmental damage or loss of livelihood. These bad deals can happen when countries are so eager to encourage resource extraction that they lower the rates for taxes and royalties without understanding the true value of their resources. In Argentina, Canada, the United States and South Africa, the average effective tax rate (AETR) on many oil projects is less than 50 percent, and in Cameroon, DRC, Peru and the Philippines, the AETR on many mining project is less than 40 percent. In comparison, the AETR on many oil projects in Angola, Libya, Norway and Timor-Leste is more than 70 percent. Also, in capital-intensive (rather than labor-intensive) extractive industries, few non-tax benefits, such as jobs, accrue to locals. While expectations for *local content*, that is employment, local business development and improved workforce skills, are often very high, the actual number of opportunities may be few. The industry has a very low employment rate relative to the size of investments and those jobs, and the machinery required to implement them, mostly imported from abroad, tends to be extremely specialized.

vii. **Weaker institutional development:** Some researchers argue that institutions are weaker in resource-rich countries because it is easy for elites to capture or take large sums of cash. The theory suggests that large single-point sources of revenue, such as an oil project, can be managed outside the normal budget process and are relatively easily captured by powerful elites. Examples of tools used to capture revenues include sovereign wealth funds, national oil companies and contractors for extractive operations. As such, elites in natural resource-rich countries are less likely to invest in productive enterprises, such as job-creating manufacturing industries, and instead pursue rent-seeking, that is, fight for control of these resources. In some cases, politicians or government officials have also purposefully dismantled societal checks or created new regulations to get access to these resources or to provide access to friends or family, a process nicknamed rent-seizing. Some argue that elite focus on rent-seeking and rent-seizing promotes corruption and is damaging to institutional development. In turn, the theory suggests that countries with elite rent-seekers and rent-seizers tend to have weaker institutions and lower levels of public service delivery. The data behind this theory is hotly debated, but there are well-documented examples in Afghanistan, Sierra Leone and Tunisia.

viii. **Social and environmental problems**: The point-source nature of extractive industries often creates challenges when trying to balance the needs of the people and environments that surround the mining area. Sharing and compensating for resources such as land, water and the minerals can create conflict between the extraction companies and the communities. In addition, extraction projects often attract large influxes of people, whether or not additional employment is actually available. This can cause stress on economic, social and cultural relations. Environmental issues include a host of problems, such as dust from mining, scarring of the landscape, noise from process operation, contamination of hydric sources (from waste rock and tailing disposal), massive use of water in the extractive process, gas flaring (causing health problems and wasteful CO_2 emissions) and seismic disturbances. In addition, many of the political and economic problems outlined above constitute or can result in the violation of human rights. The contract between the government and the extraction company could address these issues and clarify whose responsibility it is to manage these impacts.

The negative effects of the resource curse are not always present, and some countries with abundant natural resources do not experience them. Therefore, the Natural Resource Governance Institute (NRGI) avoids using the term "resource curse" and instead refers to the challenges that come with natural resource extraction. Nonetheless, research suggests that low-income countries are more susceptible to these challenges. Since many of these countries are discovering new resources, policymakers must be aware of the risks involved and respond accordingly. The Natural Resource Charter is a resource developed in response to this research to assist countries in understanding the risks and opportunities associated with natural resource governance at various decision points.

Government Policies for Niger Delta

The policies were categorized into federal ministry of Niger Delta (FMND), Niger Delta Development Commission (NDDC), and the Presidential Amnesty Program for ex-militants of Niger Delta (PAD).

The Federal Ministry of Niger Delta (MNDA)

The Ministry of Niger Delta Affairs (MNDA) was established 2008 to promote and coordinate policies for the development, peace and security of the Niger Delta. It serves as way for the execution of government's policies and programmes for rapid socio-economic development of the Region. It is also expected to formulate and execute plans, programmes and other initiatives as well as coordinate the activities of other agencies, communities, donors, NGO's and other relevant Stakeholders involved in the development of the Delta Region of Nigeria. It has the mandate to ensure the infrastructural development, youth empowerment by way of developing and organizing skills acquisition programmes for youths and women and environmental protection in the Niger Delta. Additionally, it organises and supervise public education programmes and serve as a link between the oil-producing communities in the region and the federal government and other oil stakeholders in the Niger Delta. In 2019 according to the Vanguard, in the efforts to execute its mandate in the area of skill acquisition, over 34,004 youths were shortlisted for training by the ministry in ten identified sectors ranging from oil and gas to maritime, but only 701 youths were sent to India, Benin Republic and Israel to be trained in just 3 out of 10 sectors, namely-agric (90 youths), oil and gas (341 youths) and maritime (270 youths). The expectations of the people of Niger Delta continue rising as the challenges of the ministry since its creation. The issue of corruption and misappropriation of public funds afflicted the ministry with the many believed the ministry is mere political gesture and the achievement of political pay masters. The federal government approved 2.5billion naira, that is over 6million US dollars equivalent for the ministry in the 2022 budget as shown in Appendix B in item 60, this comes as the ministry continue to face challenges in carrying out its mandates. For instance, the ministry had received budget appropriations of over US$14billion for the past two decades (Vanguard, 2022), unfortunately the Delta region continue to face challenges tasked by the ministry

The Niger Delta Development Commission (NDDC)

The NDDC as explained in the introductory part this study, has its development mandate in the areas of infrastructural, technology, economic, ecological/environmental, and human resource development in conflict resolution and peace-building process. The commission addresses the issues of the Niger Delta people on the lack of development, poverty, unemployment, pollution, and environmental degradation. The NDDC have been accused by many, of receiving significant sums from the budget appropriation of government since establishment for many years now. However, the well-being of the Niger Delta people, including growth and development have remained unchanged. Unlike the Niger Delta ministry, the people of the region are beginning to wonder if the establishment of the Niger Delta Development Commission (NDDC) has served any real purpose or made any measureable positive impact on the lives of the people in the region

Presidential Amnesty Programme for Ex-Miltants (PAP)

The Presidential Amnesty Programme (PAP) was created in 2009 with the intension to curtail and disarm the militant insurgency that destabilised the oil-rich Delta region of Nigeria over decade as well as achieve socioeconomic and stability objectives. It seeks to transform and reintegrate ex-agitators through trainings, further education, job placements, and business startup support, and pay a monthly social support throughout the training period. This is done through effective collaboration with relevant public and private institutions and state governments in the region. Appendix C item 122 shows total of about US155million dollars equivalent approved from the 2022 budget for the PAP. However, mismanagement makes it easier for elites to divert budget funding into private gains, reducing the delivery quality of the program.

Contents of the New Vision for the Niger Delta

The New Vision for the Niger Delta (NEVIND) is President Muhammadu Buhari’s Peace, Security and Development Agenda for the Niger Delta, the oil-producing region of Nigeria. The New Vision for the Niger Delta was launched in 2016, following engagements with leaders and representatives of the region, under the aegis of the Pan Niger Delta Development Forum (PANDEF). This new vision will define the future of the region.”

Increased Budgetary Allocation

71.20 billion Allocated in the 2018 Budget for the Niger Delta Development Commission 53.89 billion allocated in the 2018 Budget for the Ministry of Niger Delta, up from the

34.20 billion provided in 2017.

Maritime University, Delta State

The new Maritime University in Okerenkoko, Delta State, has now commenced operations, inviting job applications for academic staff. President Muhammadu Buhari administration recently approved an increase in the take-off grant from the N2bn earlier announced to N5bn.This sum was included in the 2018 budget presented to the National Assembly earlier this week, under the Federal Ministry of Education allocation.

Ogoni Cleanup

The Buhari administration initiated the implementation of the 2011 United Nations Environment Programme (UNEP) report on Ogoniland, which had been devastated by oil spills for decades, in June 2016. To facilitate this, an Inter-Ministerial committee on Hydrocarbon Pollution Restoration Project (HYPREP) was established under the Federal Ministry of Environment. HYPREP has established necessary structures to enable the clean-up and restoration of the region affected by oil spills. This indicates the government's commitment to restoring the area. To select the most suitable technology for the remediation work, eight companies were engaged by HYPREP to conduct demonstration clean-up exercises in the four local government areas of Ogoni Land. These demonstrations were recently completed, and the results are currently being studied by the Governing Council of the Ogoni Clean-up Project. Additionally, HYPREP has trained 15 indigenous Ogoni scientists in environmental assessment remediation and evaluated existing water facilities in Ogoni land in line with the UNEP recommendation report that potable water should be provided for the Ogoni people following the pollution of water sources in the region by oil spills. Finally, a health impact assessment study is set to be conducted to determine whether there is a link between certain disease patterns and oil pollution in the affected communities.

Infrastructure

Investment in Ibaka Deep Sea Port: The Federal Government has budgeted N1 billion towards the development of Ibaka seaport in Akwa Ibom. Investment in Bonny-Bodo Road Project: TheN120 billion Bonny-Bodo road project was flagged-off in October 2017 by the Vice President, Prof. Yemi Osinbajo, and SAN. The 34-kilometre road project, linking Bonny Island to the mainland was first mooted about 40 years ago. The Bonny-Bodo bridge and road project is a Public Private Partnership arrangement jointly funded by Nigeria LNG and the Federal Government, in which the Federal Government and the Nigeria Liquefied Natural Gas Company Limited (NLNG) will each bear 50 percent of the N120.6 billion that it will cost to complete the project. When completed, the 34-kilometres road would connect several major communities in the Niger Delta region and boost socio-economic development and improve the lives of people in the Niger Delta region. Export Processing Zone (EPZ) in Delta State. The Federal Government approved the establishment of the Export Processing Zone (EPZ) comprising the Gas City Project at Ogidigben, and the Deep Seaport in Gbaramatu, Warri South-West local government area, Delta State.

Modular Refineries

The establishment of modular refineries in the Niger Delta region aims to achieve various objectives, including creating a robust domestic refining sector that can surpass the national demand, tackling the spread of illegal refineries in the area and reducing the resultant environmental damage, and providing employment opportunities for unemployed youths in the region. At present, two of the 13 refineries are almost ready for shipment, and efforts are being made to secure customs duty waiver and some tax exemptions. To address the financial limitations of local partners who are expected to contribute at least 15% of the project cost as counterpart funding, the government is collaborating with organizations such as the Nigerian Sovereign Wealth Fund (NSWF), Bank of Industry (BOI), AfrExim Bank, and Nigerian Content Development Management Board.

Presidential Amnesty Programme (PAP)

The formal education, vocational skills acquisition, and empowerment schemes of the Presidential Amnesty Programme aim to engage ex-militants and youths from the affected communities. In 2018, the Niger Delta Amnesty Programme was allocated a budget of N65 billion, and as of now, 21,615 beneficiaries have been trained, out of which 4,079 have been empowered. These empowered beneficiaries have established businesses such as agriculture (cluster farms), and 3,237 ex-militants are currently undergoing vocational training and university scholarship programmes. The Amnesty Office has also begun training 10,000 beneficiaries in modern agriculture and has established 10,000-hectare cluster farms across the nine (9) Niger Delta States. It is projected that the modern agricultural schemes of PAP will generate 80,000 new jobs in three years.

Contemporary Niger Delta and Resource Curse Conflict

The Niger Delta, located in Nigeria, is a region famous for its abundant natural oil and gas resources, making it the sixth-largest exporter of crude oil in the world. Historically, the region has played a crucial role in the Nigerian economy, providing foreign access to palm produce, timber, rubber, groundnut, and cotton. Despite its strategic importance, the region remains underdeveloped and marginalized both economically and politically. Scholars and political analysts attribute this to the discovery and exploration of crude oil, which led to environmental degradation, poverty, unemployment, violence, and social miscreants. The multinational corporations operating in the region, including Shell Petroleum Development Corporation, Chevron Corporation, Exxon Mobil Corporation, Total Oil, and Agip Oil Company, have contributed to the environmental degradation and poverty in the region. Rather than being a blessing, the discovery of oil became a curse to the people who had hoped for a better life. The situation has resulted in infrequent hostage-taking, kidnapping, militancy, and other criminal vices. Successive governments seem to encourage a lackadaisical approach to caring for people in the region, which has resulted in the center of confrontation between host communities, oil companies, and government security agencies. The pockets of crises in the region are further strengthened by the criminal marginalization, mistreatment, and neglect of the people by the government and the oil producing corporations in the areas of development and empowerment. Despite being a major exporter of crude oil, Nigeria suffers from a lack of economic and infrastructural development.

Indisputably, findings revealed that the country, for a long time, has been infected by Dutch disease or resource curse, and may, for a long period of time, continue to suffer from this affliction if radical or proactive measures are not taken by the government at the federal, state and local levels of administration. At the moment, the uncertainty and seeming inability of governments and the multinational oil companies in Nigeria to curb this menace of resource curse or trap, is the problem which should be tackled to revamp the political economy of the Niger Delta region and those of Nigeria alike, and hence, the recommendations of this study region; an act, exhibited by a select aggrieved members of the host communities over foreigners and other law abiding people living and working in the oil producing areas. Akpotor (2016: 17) argued that the abundance of oil in the country has turned the leaders into gluttonous beggars who share the national cake, the consequence of which has brought impoverishment and untold hardship to the people living in oil rich communities of the Niger Delta. This situation, he argued, is what the resource curse theory perceives as a curse to the people and definitely not a blessing. In affirmative reaction to the situation, Tumbo (2011) noted that the oil prospecting companies operating in the region inherited the capitalist system of the colonialist government which also met their business interests. Shell British Petroleum of old, a subsidiary of the Royal Dutch Shell Group, which began full exploration and production of oil in Nigeria in 1948 after her initial contact with the country in 1937, took the lead in the legacy of becoming one of the corporations which, indirectly, helped to establish a colonial administration in Nigeria in her dealings with the people.

The Resource Curse Theory: Empirical and Theoretical Review

In order to support the findings of this study, it is imperative to provide both empirical and theoretical reviews of the Resource Curse theory, which was first introduced by Richard Auty in 1993. Auty, an economist and geographer, sought to understand why certain resource-rich countries remained underdeveloped despite their abundant natural resources, as exemplified by Nigeria. He coined the term "natural resource curse" to describe the adverse effects of a country's natural resource wealth on its economic, social, or political well-being, as cited in Rose (2014) and Mehrdad (2017: 2).

Azarhoushang and Rukavina (2014) and Mellissa (2017) examined the Resource Curse theory in their respective studies and linked it with the Dutch Disease, a term used to describe the 1960 crisis in the Netherlands following the discovery of natural gas in the North Sea region, which made the country's currency more expensive and its other goods less competitive. They regarded the phrase as an appropriate term to describe the phenomenon when an event, such as a commodity boom, adversely affects a country's economic growth.

Akpotor (2016) highlighted that the Resource Curse theory, also referred to as the Dutch Disease, is used to investigate the negative impact that rich natural resources can have on the economic growth of a resource-rich country. He noted the paradox of countries with abundant non-renewable natural resources experiencing stagnant economic growth and contraction, often accompanied by conflicts or crises related to the marginalization of the host community.

Duruji and Dibia (2017: 63) view the resource curse as the failure of many natural resource-rich nations to fully benefit from their wealth due to their governments' inability to effectively respond to public needs. Azarhoushang and Rukavina (2014) argued that rich natural resources such as oil have become a curse rather than a blessing due to poor management by multinational companies, home governments, and local elites influenced by developed nations. This has resulted in weak economic performance, ineffective institutions, socio-economic stagnancy, and political backwardness. Venables (2016) argued that most oil-rich nations fail to diversify their economies, relying solely on crude oil exports, which is detrimental to their economic growth. Stewart (2012) suggested that the resource curse is a deliberate attempt by multinationals and their local allies to undermine the interests of the people for selfish gains. Despite the abundance of natural resources, poverty, inequality, deprivation, and corruption still prevail in resource-rich nations. Escaping the resource curse is difficult, as argued by

Akpotor (2016) and others. The Niger Delta region suffers from exploitation despite being a major oil-producing region, and Nigeria's economy remains overly dependent on oil exports. The resource curse is evident in the fact that crude oil accounts for over 90% of the country's exports but has not significantly improved the country's economic freedom, broadly shared growth, or social peace.

METHODOLOGY

The study utilized the historical research method to investigate the relationship between the discovery and exploration of oil and gas in the region, with a particular focus on the Niger Delta. This research approach was chosen due to its ability to provide insight into the conflict situation in the region and in Nigeria as a whole. By utilizing this method, the study aimed to determine whether the discovery of oil in the Niger Delta region has had a positive or negative impact. To gather data for the study, the researchers relied on various sources of information, including textbooks, journal articles, official documents, and online resources. These sources were carefully selected to ensure that the data obtained was relevant and reliable. By using the historical research method, the study was able to analyze how the discovery and exploration of oil in the region have affected the social, economic, and political landscape of the Niger Delta and Nigeria as a whole. It also allowed the researchers to trace the evolution of the oil industry in the region, from its inception to its current state. In other words, the use of the historical research method provided a comprehensive and detailed understanding of the impact of oil exploration on the Niger Delta region and Nigeria as a whole, helping to shed light on whether it is a blessing or a curse.

CONCLUSIONS

The evidence suggests that many countries that possess abundant natural resources have missed out on opportunities for development due to harmful agreements. Moreover, governments in these countries often lack the necessary capacity and political will to manage revenues from extractive industries in a sustainable and efficient manner that supports social goals and promotes development. Additionally, countries rich in natural resources are vulnerable to problems such as corruption, populism, patronage, and political clientelism. Limited transparency and accountability have further hindered the achievement of development objectives.

The review reveals that much of Nigeria's socio-political and socio-economic conflicts can be attributed to the abundant oil and gas resources in the Niger Delta region. Over the years, conflicts in Nigeria have centered around the control and distribution of oil wealth. The country's civil war from 1960-1970 was caused by the greed and desperation of a section of the elite who sought to seize and hold onto federal power and claim a larger share of the national wealth.

RECOMMENDATIONS

The Federal Government should collaborate with the oil companies operating in the country to ensure the following:

1. Set legal and fiscal frameworks for the extractive industry (EI) sector, in order to protect the interests of the country's people. Existing frameworks or contracts which do not meet this principle and go against the public interest must be revoked or amended, to ensure a fair deal between companies and national governments.
2. Sign up to the Extractive Industries Transparency Initiative (EITI) and impose maximum transparency throughout the sector's value chain, from licensing and the award of contracts stipulating the government's share of revenues, to the point of reinvestment of such revenues in social spending. Governments should also provide forums for accountability, and promote mechanisms of checks and balances through national parliaments and civil society organisations (CSOs).
3. Include civil society and community representatives in decision making about EI policy;
4. Publish details of their EI revenues on a regular basis and avoid the inclusion of confidentiality clauses in new contracts;
5. Detail the use of fiscal incomes from extractive industries within national and local budgets and development plans, in both the short and medium terms (i.e. for mitigating health and education or environmental impacts in exploited areas) and the long term (i.e. for productive diversification and to reconstruct sources of livelihood in exploited areas). Governments should also ensure equity criteria in the distribution of EI revenues at both national and sub-national levels, and should develop counter-cyclical management mechanisms to ensure the sustainability of public investment in the event of significant, sudden, or volatile flows.
6. Establish/enact and implement appropriate regulatory mechanisms that protect affected communities and conduct independent impact assessment prior to approving EI projects; • Establish mechanisms for communities in affected areas to participate in decision making and for protecting the right to free, prior, and informed consent;
7. Promote agreements with tax havens included in OECD lists to automatically receive information on inflows of companies with activities within the country

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