

Policyweekly

Oil Theft in Nigeria:

The Politics and Economics Behind It



(Photo credit: Gbaramatuvoiceneews)

Policy Recommendations

- 1** Meters should be installed at strategic points of oil theft.
- 2** No person or organisation, no matter their connection, should be spared in the war against oil theft.
- 3** Members of the Nigerian Navy should be given adequate state-of-the-art training to provide the needed support to Tantita Security Services Nigeria Limited.
- 4** Security officers should be regularly redeployed in and around the oil region.
- 5** More effective collaboration with other states in the Gulf of Guinea.

The atrocious oil theft in Nigeria has made local and global headlines in recent months. In October 2022 alone, two illegal pipelines were discovered to siphon the country's crude oil from the Forcados Terminal to the 48-inch Trans Forcados Export Trunk line. Such discovery has become common since the Nigerian National Petroleum Company Limited (NNPC) awarded a [N48 billion-a-year](#) pipeline protection contract to Tantita Security Services Nigeria Limited, which is owned by Mr Government Ekpemupolo, alias, Tompolo. The scale and sophistication of oil theft in Nigeria are telling such that oil revenues have [dwindled](#) astronomically. In 2022, the government will collect just \$2.9 billion in [oil proceeds](#), compared to nearly \$60 billion in 2011. Between January and July 2022, Nigeria, Africa's biggest oil producer, lost an average of 437,000 barrels of oil daily to criminals. Also, Nigeria's crude

oil [production](#) has crashed by 24.73 per cent in September 2022 to 937,766 barrels per day, compared to 1.246 million barrels per day recorded over the corresponding month in 2021. This and other issues, such as persistent fuel scarcity, exorbitant prices, and the opaque oil subsidy, have led to [agitation](#) for the NNPC to be unbundled or privatised outright. This edition of Nextier SPD Policy Weekly examines the politics and economics of oil theft in Nigeria and highlights how the enormous economic sabotage can be addressed.

The Politics of Oil Theft

Despite the ubiquity of oil theft in Nigeria, the key perpetrators remain elusive. Local gangs and [communities](#) youths involved in oil thievery often bear the brunt, while the bigger thieves with enormous political and security influence remain at large. While that of the locals is mainly from a moral economy justification, the much-organised large-scale gangs operate under the Nigerian state's weakness and incoherence. This is why they can deploy superior technology and expertise to drain off about [80 per cent](#) of the crude oil the country depends on for survival. In 2019, Rivers State Governor Nyesom Wike boldly accused a serving top military officer of the state's scandalous crude oil theft. More recently, a 3-million capacity supertanker, [MV Heroic Idun](#), illegally loaded crude oil in the region and sneaked into the nation's territorial waters without a trace by the Nigerian Navy. The Navy of Equatorial Guinea later arrested the ship. Following a terrible weakness of the state and the collusion of security personnel in organised crime, only a few perpetrators have been brought to book. Instead, there has been blaming game among government ministries, departments and agencies. The entire politics lies around the idea of a failing state with an unconcerned elite and political class. This is significantly supported by the Nigerian state's character, which forces every part of the country to feel less concerned about what is happening in the other areas. For the political class, it does not matter what is happening to the oil sector; so far is enough to get the country going.

The Economics of Oil Theft

The top power elite, oil industry captains and security personnel are the winners in Nigeria's complex web of oil-fuelled corruption, especially at the oil well-heads

and export terminals. The country expends over [\\$15.7](#) billion on opaque fuel subsidies every year. This brazen embezzlement has been compounded by oil theft which engenders terrible implications for the ailing economy. The 2018 oil and gas [audit report](#) revealed that 1,894 breaks were recorded on pipelines, resulting in a revenue loss of ₦27.551 billion. The loss increased to [₦851.84](#) billion in 2019 and reduced slightly to ₦159 billion in 2020. Sadly, efforts by the Buhari administration to address the homologous theft of oil and widespread corruption in the public service have not been effective. Key insiders in the oil sector are pessimistic that the administration might not give Tompolo the necessary support to stamp out oil theft in the Niger Delta. "Once Tompolo arrests the big oil thieves, the cabal in the corridor of power in Abuja will ask for their release" (key informant interview). "Very little is to be expected from this administration since politicians who were prosecuted and jailed were granted state pardons by the Buhari administration" (key informant interview).

Addressing the Horrendous Economic Sabotage

As has been acknowledged over the years, Nigeria suffers from a terrible oil curse whose current manifestations are the petroleum subsidy scam and oil theft. This curse of the Black Gold must be holistically addressed if the crippled giant of Africa is to witness people-centred development (Alao, 2007). Some policy measures are needed to kick-start the process of oil sector reform.

1. The metering of oil production: Despite persistent clamours and agitations by civil society groups over the years, Nigerian oil production has not been metered. Thus, Nigeria hardly knows how many barrels of oil are extracted from its soil daily. To address oil theft, especially at the well-heads and export terminals, meters should be installed at these strategic points of oil theft. Most oil-producing countries have deployed this metering technology to ensure transparency and accountability in their oil production and exportation processes.
2. Non-politicization of the war on oil theft: Since the award of the pipeline protection contract to Tompolo, there has been a renewed zeal to address the phenomenon of oil theft in Nigeria. However, to succeed, Tantita Security Services Nigeria Limited requires enormous

support and political will from the Buhari administration. No person or organisation, no matter their connection, should be spared in the war against oil theft. Instead, the government should support the renewed zeal of Tompolo to stamp out pipeline vandalism from Nigeria.

3. Re-training of Naval personnel: Members of the Nigerian Navy should be given adequate state-of-the-art training to provide the needed support to Tantita Security Services Nigeria Limited. In particular, unprofessional elements within the Navy who collude with oil thieves should be monitored and prosecuted.
4. Security officers should be regularly redeployed in and around the oil region. While their understanding of the terrain is important in the fight against oil theft, constant change of guards will help to reduce collusion with criminal cartels who specialise in oil theft.
5. More effective collaboration with other states in the Gulf of Guinea: In the last couple of years, the incidence of piracy in the Gulf of Guinea has reduced drastically because of the effective collaboration between the security personnel of the region. Such collaboration needs to be further strengthened to arrest the phenomenon of oil theft in Nigeria.

Conclusion

Oil theft is one of the major threats to the Nigerian economy. To address the phenomenon, there is an urgent need to deploy state-of-the-art technology of oil metering, non-politicisation of the war against oil smuggling, re-training of Naval Staff, and effective collaboration among the security personnel in the Gulf of Guinea region. Furthermore, only an effective state could make gains from its resources.

Reference

Alao, A. (2007). *Natural Resources and Conflict in Africa: The Tragedy of Endowment*. New York: University of Rochester Press.

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Nextier SPD Policy Weekly provides an analysis of topical conflict, security, and development issues and proposes recommendations to address them. It is a publication of Nextier SPD.

Nextier SPD (www.nextierspd.com) is an international development consulting firm that uses evidence-based research to develop and build knowledge and skills to enhance human security, peace, and sustainable development as means to achieving stability and prosperity in Nigeria, and in the African region.

Weekly Update

Power Dialogue

Wed, October 26th 2022
 6:00 pm – 7:45 pm
 Thought Pyramid Art Centre,
 18 Libreville Crescent, Wuse II, Abuja

THE FUNDING CONUNDRUM II

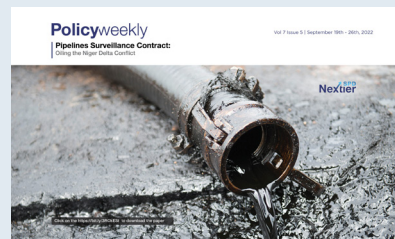
Attaining Sustainable Grid Balance

Nextier Sample Publications



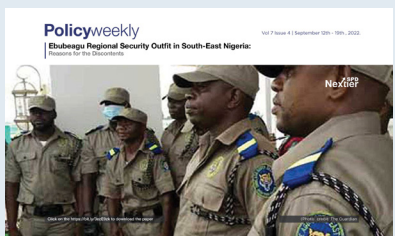
Census, Integrity of Voters' Data and Nigeria's 2023 Presidential Elections

Reliable census data is inevitably required to ensure a voter register's integrity. Census details provide the needed control data for validating information ...



Pipelines Surveillance Contract: Oiling the Niger Delta Conflict

Currently, Nigeria is faced with the stark reality of the existential threat. As the country battles insurgency in the North-East, banditry in the North-West,...



Ebubeagu Regional Security Outfit in South-East Nigeria: Reasons for the Discontents

General elections in Nigeria will take place on February 2023, which is seven months away.



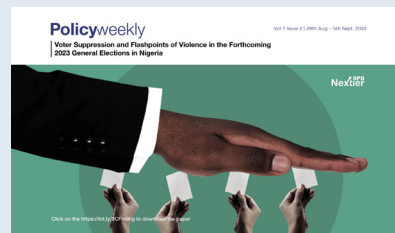
The Zamfara Paradox: Peace Deals, No Security

The Zamfara State government has, in addition to hard security, relied on an appeasement strategy to address pervasive banditry in the sprawling area.



Building Capacity of Local Leaders for Effective Resolution of Communal Conflicts in South-East Nigeria

Communal conflicts are a recurring feature of some communities in South-East Nigeria. Data from Nextier violent conflict database shows...



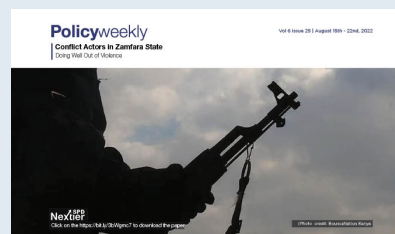
Voter Suppression and Flashpoints of Violence in the Forthcoming 2023 General Elections in Nigeria

Voter suppression is a quiet but potent threat increasingly gaining momentum in Nigeria, especially as the 2023 general elections approach.



Strengthening Civilian Autonomy for Conflict De-escalation: Reflections on Anambra State, Nigeria

South-East Nigeria is experiencing unprecedented and alarming violence occasioned by the activities of Non-State...



Conflict Actors in Zamfara State: Doing Well Out of Violence

Zamfara State has been on the edge of a precipice in the last couple of years because of escalated banditry.