Public agencies in Nigeria’s oil sector: Wealth distribution, economic development and poverty alleviation in the Niger Delta

Robert O. Okere¹ and Nobert Osemeke²*

¹Faculty of Business and Law, University of Sunderland, Sunderland, SR6 0DD, UK.
²Liverpool Business School, Liverpool John Moores University, Redmonds Building Liverpool, UK.

Received 9 April, 2020; Accepted 19 October, 2020

Why are host communities where oil companies are operating in the Niger Delta region of Nigeria undeveloped despite huge contribution of petroleum resources to the economy? This question has led to debates among scholars on the role and operation of multinational oil companies in Nigeria. To address this question, detailed literature search was conducted including reviewing archival documents, company information and media reports in order to gain a richer understanding why there is so much poverty, absence of social mobility and negation of socio-economic and infrastructural development in the Niger Delta region. This study also examines how Nigeria's abundant wealth is distributed by some public agencies in oil and gas sector in contemporary Nigeria. The study found that transformative leadership would involve not only the government, but also collaboration and support from crude oil companies, NGOs as well as the local communities. Essentially, the government, politicians, local leaders and crude oil companies must provide a fertile business footprint which can allow less privileged people and communities within and outside the Niger Delta region to develop their capacity and creativity. This study recommends that the concept of community co-operatives which would make a difference to the wider population in the region is a model that must be embraced.

Key words: Nigeria, Niger Delta, corporate governance, CSR, stakeholders, public agencies, wealth distribution, economic development, poverty alleviation.

INTRODUCTION

The context of this paper as introduced in the abstract leads Omoweh (2005) to postulate that the country has witnessed constant instability and summarised that Nigeria represents not only a fragmented capitalist tool, but like other capitalist projects, exists merely to propagate capitalist objectives which directly or indirectly create opportunity for selfish and fraudulent acquisition of wealth. Therefore, it cannot be overstated that the availability of oil resources in Nigeria has promoted a predatory culture and abysmal governance (Moore, 2004), ignited catastrophic social crisis (Idemudia and Ite, 2006); escalated poverty and produced nothing but huge negative infrastructural and economic development (Obi, 2010; Onigbinde, 2008; Karl, 1997).

*Corresponding author. E-mail: N.osemeke@ljmu.ac.uk. Tel: 01512318086.

Author(s) agree that this article remain permanently open access under the terms of the Creative Commons Attribution License 4.0 International License.
The separation of business by its owners (shareholders/principal) from the managers (executives/agents) caused some concern and led to increased debate about how to match executive interest with owner’s interest. Adam Smith ignited this argument far back in 1776 when he stated that the separation and control of a business manifested in little reward for managers to effectively run a business (Pande and Ansari, 2014). The agency theory recognises the supremacy of the shareholder and sees “the shareholder as a principal in whose interest the business should be run” (Clarke, 2004: 5). The agency theory is concerned with “delegation of authority within a hierarchical relationship” (Jacobides and Croson, 2001: 203). The agency theory argues that managerial ownership provides an effective influence in the functionality of an organization and makes it possible for them to work together with investors and pursue common interests (Jensen and Meckling, 1976). Theoretically, empirical accounts of literature suggest that corporate governance evolved out of the agency theory and a focus on the agency framework reveals that much attention is concentrated on monitoring and control aspects of governance (Filatotchev and Wright, 2011).

However, corporate governance is a combination of checks and balances and it ensures that managerial/executive creativity and entrepreneurial drive thrive in a way that brings result for the benefit of all (Filatotchov et al., 2006). While it has been recognised that there exists a conflict of interest between the agent and the principal in two fundamental areas: (a) the level or amount of effort the agent can realistically commit or dedicate to serve; (b) risk sharing-agents wash off their hands from negative outcome at the principal’s detriment (Bosse and Phillips, 2016); it is still the case that not much attention has been accorded to the transformation processes in governance including variations in relationship between the agent and the principal within national boundaries. For example, Jensen and Meckling (1976) stated that the agency is a component of organizational corporate governance which emerged as an aftermath of executive behaviour in the sense that rather than acting as agents of the principal, they were busy pursuing selfish interests at the expense of the organization (Hendry, 2002). The agency problem refers to the willingness of the executive to ignore risk factors in preference to building a business empire with a view to gaining personal advantage, authority, high status and influence (Hope and Thomas, 2008; Masulis et al., 2007; Stulz, 1990; Jensen, 1986). This behaviour is not limited to businesses alone; it is also the case in government and public sector establishments in Nigeria and other parts of the world.

Regulations within the oil sector

In Nigeria, there are many government departments, agencies or commissions specially and specifically created under the law of the land to act on behalf of the government and discharge services as regulatory agencies. As agents of the state, Fox et al. (2002) suggested that public bodies perform four significant roles in promoting better life and fostering economic development in developing economies through mandating, facilitating, partnering and endorsing functions. Nigerian government has sometimes shown some appetite to confront its mandating roles by bringing into existence some institutional mechanisms or public agencies at federal and state levels. In the oil and gas sector, key notable agencies are: the Nigerian National Petroleum Corporation (NNPC), the Department of Petroleum Resources (DPR), Ministry of Petroleum Resources, the Niger Delta Development Commission (NDDC), National Petroleum Investment (NAPIMS), Nigerian Gas Company, the Nigerian Maritime Administration and Safety Agency (NIMASA), the Petroleum Products Pricing Regulatory Agency and the Nigerian Content Development and Monitoring Board (Idemudia, 2010; Akinbajo, 2012; Owolabi et al., 2014; Hanson, 2015; Daniel and Nwagbuiogu, 2015). As part of their functions, both Ministry of Environment and the Department for Petroleum Resources were constituted to support environmental legal provisions including the Oil and Gas Bill (2004) which requires crude oil firms in Nigeria to pursue social responsibility objectives (Idemudia, 2010). Being public bodies, these agencies function as regulators and agents of the government and formulate institutional and organizational policies, strategies and regulate the activities of oil and gas companies. As part of their responsibilities, they are also expected to ensure enforcement and full compliance of policies, rules and regulations and equally endeavour to see that the benefits of Nigeria’s oil resources and other essential services are delivered to the people, localities and regions (Kettl, 2000; Owolabi et al., 2014). Ideally, poverty is expected to be eradicated through efficient wealth distribution and by mobilising and entrenching socio-economic empowerment and infrastructural development across board in the Niger Delta region.

In 2003, the government under the auspices of two public bodies namely: the Securities and Exchange Commission (SEC) and Corporate Affairs Commission in an effort to give a face-lift to corporate governance in Nigeria, came to agreement with the International Corporate Governance and adopted the International Code of Best Practices for companies registered in Nigeria and/or listed on the Nigerian Stock Exchange (Idolor and Braimah, 2015). However, given the aforementioned measures and the plurality of agencies in the oil and gas sector in Nigeria and also taking cognisance that 90% of the total export of the nation’s oil wealth is derived from the Niger Delta region (Owolabi et al., 2014), the question that comes to mind is: why have most host communities in the Niger Delta remained impoverished and lack basic social amenities and infrastructural development more than 50 years since oil exploration and exploitation began in the region?
CHALLENGES AFFECTING THE NIGERIAN OIL SECTOR

Weak regulation

According to Idemudia (2010), Nigerian government’s inability to use its mandating function to boost economic and social conditions or revive the local communities can be attributed to the following factors: poorly equipped institutions, lack of technical knowledge and inability of policy and regulatory agencies like the Department of Petroleum Resources and Ministry of Environment to deliver or effectively discharge their constitutional functions, hence monitoring and compliance over crude oil firms cannot be guaranteed. For example, the National Oil Spillage Detection and Rapid Response (NOSDRA) which came into existence in 2007 to deal with oil spillage in Nigeria admitted that the agency lacks commensurate capacity as well as the technological equipment required to perform the role (Ojo, 2012). In this regard, Echefu and Akpofure (2003) argued that the entire environmental regulatory system indicates a failure of responsibility. It was also on this basis that Akanki (1994) and Yerokun (1992) stated that appointments to executive positions in government establishments centre mostly on political, ethnic and religious grounds rather than merit, skill and individual productivity.

This has been worsened by Nigerian regulators’ reliance on crude oil firms for information that can aid them in their monitoring and regulatory roles to the extent that government authorities find it hard to make their way to crude oil installations at swampy and offshore locations (Idemudia, 2010). The agencies and their representatives come on board with the rent seeking culture (Bhagwati, 1982) of their political and bureaucratic masters as against accountability, diligence, productivity and national development. It is hard to see how effective monitoring and enforcement can be carried out, let alone crude oil firms complying with regulatory requirements. Sadly, it has become a case of Nigerian agencies handing over their constitutional authority to the multinational oil corporations and submitting to control against national interest (Idemudia, 2010). What emerges from weak regulatory channels (Ahunwan, 2002) and vulnerable technical capability can be traced to the features of the Nigerian economy with its characteristics designed fundamentally to gain and consume as much wealth as possible without accountability and undermine channeling resources to equip regulatory bodies for productive ventures and enterprise that aid development (Idemudia, 2010).

Oil subsidy scam

Justice Ayo Irikefe Tribunal of enquiry constituted in1980, while probing NNPC over oil sales and other financial misconducts, ruled that “NNPC was virtually irrelevant in the management and control of the oil industry” (Ebohon, 2012: 204). Because the government depends so much on oil income, the oil companies receive better attention and higher priority than the Niger Delta communities and as a result, desired economic, social and infrastructural development in the region are ignored because NNPC as a leading government agency has neither the impetus nor the organizational leadership needed to control the behaviour of its own officials let alone questioning the activities of the oil companies (Idemudia, 2010) or manage the national oil resources and pursue desired social and economic development. For example, President Muhammadu Buhari won a landslide election victory in 2015 general election under the anti-corruption mandate (Turkson, 2016) with a promise to tidy up the oil industry in Nigeria including the state owned NNPC (Clarke and Akwagyiram, 2015).

In an attempt to be open and upfront, the president expressed that as Nigeria’s Minister of Petroleum and Natural Resources between 1976 and 1978, the Nigerian National Petroleum Corporation (NNPC) did not have more than three bank accounts but on assumption of office as president in May 2015, he discovered that under the previous administration, the NNPC and Finance Ministry could not identify the number of bank accounts they had (News 24 Nigeria, 2015). Between 2009 and 2011, the country lost about $6.8 billion as a result of dubious practices and shady oil subsidy deals at NNPC where the Minister of Petroleum Resources had a conflicting role by sitting not only as a board member of NNPC – the country’s importer of refined fuel and government regulator and supervisor, but also a board member of the Petroleum Products Pricing and Regulatory Agency (PPPRA), the official fuel subsidy regulators (Brock, 2012).

According to a report produced by Mr Farouk Lawan, Chairman Federal House of Representative Committee that investigated the fuel subsidy scam on behalf of the government, the Nigerian government through its agencies (NNPC, Ministry of Petroleum Resources, PPPRA and DPR) was over-invoicing for domestic fuel consumption and paying daily excess of 24 million litres which was not needed at all; indicating that the government on daily basis was paying for 59 million litres which was not needed at all; indicating that the government actually paid over $17 billion in fuel subsidy consumed a...
Thousands of people in the Niger Delta are dying of hunger, poverty and from the effects of oil spillage and pollution. According to the Act that established the Nigerian National Petroleum Corporation (NNPC) in April 1977 as a national oil corporation, NNPC is expected to balance its books, sort out its cost elements and transfer balance to the central treasury account - but in June 2015, the National Economic Council reported that from 2012 to 2015, NNPC realized $41 billion but could only manage to remit $21.6 billion to the treasury (Adesina, 2015; Reuters News, 2015). Meanwhile, in 2013 when the Central Bank of Nigeria governor at the time, Lamido Sanusi dictated the abnormality and raised it with NNPC executives and the presidency, he was relieved of his appointment and asked to shut up (Turkson, 2016). Furthermore, the Auditor General of Nigeria, Samuel Ukura, released a report to Nigerian law makers and disclosed that NNPC failed to release about $16 billion meant for 2014 annual return. Rather than playing the role of a responsible agency, NNPC and some other agencies have become adversaries and prefer to pursue selfish pleasure and enrichment at the expense of highly deprived communities in the Niger Delta, hence President Buhari in February 2016 sacked 26 bosses of public agencies and state-owned companies (Turkson, 2016).

In another scandal with extensive caveats that involved the US oil servicing giant Halliburton, the Halliburton $182 million bribery scandal as it was called; the International Consortium of Investigative Journalists (ICIJ) in 2015 revealed that Halliburton on behalf of an international consortium used syndicates, offshore and secret bank accounts to pay bribe to some public officials in Nigeria in order to be awarded $6 billion highly complex liquefied natural gas construction project at Bony Island in the Niger Delta. The concept and planning of the bribery dates to 1994 when the federal government tried to kick start the new multi-billion-dollar gas project. This illegality was perpetrated up until 2003 through a British lawyer who was later convicted in the United States in 2012 for the role he played in the scandal while Halliburton was fined heavily for the same offence by US authorities. Like other instances, the money was paid to Nigerian public officials and the political party in power at the time through the NNPC (Fitzgibbon, 2015). The personalities involved in the Halliburton bribery issue included high and mighty oil executives as well as former Nigerian leaders to the extent that an official government document published in 2010 confirmed that among those that not only robbed Nigeria through fraudulent oil and gas practices and deals, but halted social mobility and socio-economic development in highly deprived Niger Delta region and Nigeria in general were company executives, minister(s), military and security chiefs, vice president including at least three former Nigerian Presidents (Fitzgibbon, 2015).

Although the LNG plant is up and running, one stands to reason that given the controversial circumstances surrounding the LNG project, it is not impossible that the project may have been inflated or over-budgeted and proceeds channelled into private accounts of some public officials. The bribery scandal must have also caused some distractions thus taking infrastructural and socio-economic development in the Niger Delta for granted. It therefore follows that Nigerian public agencies may not be the rubber bullet needed for ambitious development in the region unless genuine reformation is undertaken.

Scandal in the Department of Petroleum Resources (DPR)

Back in 1998, the Department of Petroleum Resources (DPR) created in the 1950’s to function as government agency with the responsibility to license and regulate oil companies involved in upstream and downstream activities in Nigeria in conjunction with the Minister of Petroleum Resources and NNPC were all connected in a complex oil bloc reserve deal commonly identified as OPL 245, an offshore location in the Niger Delta (Akinbajo, 2012). In this scandal, it was disclosed that Shell and Agip used DPR, Minister of Petroleum Resources, NNPC and other dignitaries in government to manipulate established statutory and regulatory requirements and paid the sum of $1,092,040,000 billion in a desperate effort to acquire the OPL 245 oil bloc projected to contain about 9 billion barrels of crude petrol (Akinbajo, 2012; Hollingsworth, 2016). In this deal, while the director, Department of Petroleum Resources (DPR) on behalf of the Minister of Petroleum Resources, wrote and signed the letter approving the Malabu OPL 245 oil bloc allocation, the Minister of Petroleum Resources awarded the license to Malabu, a company with neither a traceable address nor record/history at a give-away amount of $20 million. NNPC was involved because the
Nigerian (military) head of state when this oil bloc was awarded was also in-charge of NNPC while his son was overseeing his interest in the fraudulent oil bloc deals (Akinbajo, 2012; Hollingsworth, 2016).

Notwithstanding the controversy over the Malabu oil bloc award, in 2011, Nigerian authorities went ahead to sell the oil field to Shell and Agip (Eni) and a recent report in London Evening Standard stated that the Malabu oil block belongs to the Nigerian Petroleum Resources Minister that awarded the license. The report also indicated that, while Nigerian government received about $208 million from Shell and Eni oil companies as administrative costs, more than $1 billion was paid to Malabu and five other accounts spread across London, Switzerland and other offshore territories (Hollingsworth, 2016). In the London Evening Standard report, an observer and anti-corruption campaigner pointed that the fraudulent $1 billion which has been lost could be equated to 80% of the country’s health budget but regrettably the money disappeared without benefiting the Nigerian communities or citizens to the extent that more than $85 million Malabu OPL 245 oil deal proceeds traced to Natwest Bank in London became a subject of legal dispute in a British court (Hollingsworth, 2016) while millions of Nigerians are hungry and dying in poverty, pollution and lack basic social amenities.

Similarly, between 2005 and 2007, a private investigator revealed that: DPR, a junior Ministry of State for Energy and NNPC acting as government agencies, awarded an oil bloc OPL 291 and collected management fees/bonus and in an unclean deal, gave away a prosperous oil field to Starcrest Energy, a firm that came into existence few days before the bid (Ifeanyi Izeze). The front men were high profile business executives and politicians with strong connections to the Nigerian President, who under his regime, also acted as Minister of Petroleum Resources and sole administrator of the state oil company NNPC, whereby subordinate ministers were overshadowed and influenced whenever important decisions concerning oil and gas in Nigeria were to be taken. At the end of the day, the oil license for OPL 291 ended up in the hands of Addax Petroleum and Starcrest in unclear circumstances (Ifeanyi Izeze). According to Premium Times report, the reality is, Shell has succeeded in taking control of the oil and gas sector in Nigeria (Akinbajo, 2012).

**Lack of internal control and uncompleted projects**

Shell has been operating in Nigeria since oil exploration and exploitation began at Oloibiri in the Niger Delta and evidence in the region, Ogoniland inclusive strongly indicate that Shell has caused more harm than good and perhaps part of the reason why development in the Niger Delta is a far cry. It is a shame that the public agencies being agents for economic and social development, have failed to account to the impoverished Niger Delta communities and Nigerians as a whole as they prefer to account to themselves thus making good governance or accountability not to occupy a single space “while mediocrity and impunity have a field day” in Nigeria (Ikpeze, 2013: 155). Following the creation of the Niger Delta Development Commission (NDDC) in 2000 as the name suggests to function as agent for economic, social, infrastructural empowerment and development in the Niger Delta, it was assumed that as a stakeholder, the federal government had commenced complying with its constitutional and moral mandate to pursue socio-economic development through partnership with crude oil firms in the region (Goodstein and Wicks, 2007). While it can be said that NDDC has made some efforts in providing scholarship opportunities and initiated some social projects in health and agriculture (Idemudia, 2007a); it has also been suggested that the NDDC has failed to deliver development to the people of Niger Delta (Omotola, 2007).

Furthermore, there is believe that the NDDC and other agencies in Nigeria’s oil and gas sector have stifled socio-economic development opportunities and failed to effectively coordinate development initiatives and eradicate poverty in the region (Idemudia, 2009). These views cannot be overemphasized. For example, in a report published by Vanguard News in August 2015, the NDDC was expected to award contracts based on laid down procedures as contained in the Public Procurement Act (PPA). Rather than following the rules, NDDC officials deliberately by-passed the laid down PPA rules and procedures before projects could be awarded to contractors thereby creating fraudulent avenues through which their cronies go away with huge amounts of money meant for Niger Delta development (Daniel and Nwangbukiogu, 2015) without a real vision or idea of what to do with their loot.

Findings revealed that NDDC executives adopted contract splitting procedure under which big and complex contracts are awarded without necessarily invoking the provisions of the Bureau for Public Procurement (BPP) which makes it easy for officials/agents and political heavyweights to thrive and cart away with billions of NDDC resources while the people and communities are left behind. Amid poverty, inequality and massive underdevelopment in the region, the NDDC officials operate a lavish lifestyle (Daniel and Nwangbukiogu, 2015; Isine, 2015). Report published in The Nation Newspaper in August 2015 indicated that at the inception of NDDC, an elaborate and detailed plan about the way to comprehensively develop the impoverished Niger Delta region through the Niger Delta Regional Development Master Plan was created and disseminated to all sectors. But instead of following the master plan and using it as an important guide to develop the Niger Delta area, it became a tool some senior officials used to lobby for big investments into the NDDC which end up into their
personal accounts leaving the Commission’s huge funds hijacked by politicians and others with selfish ambitions (Hanson, 2015). In 2008, the number of projects such as roads, canals, dredging, bridges and shoreline protection awarded by Niger Delta Development Commission (NDDC) were slightly above 2500; as at 2013, the number of projects awarded went up to 6000 and rose further to 8000 in 2015. But there was no project on ground across the region to show for the budgeted 2.2 trillion naira out of which, more than half had been collected. The NDDC’s immediate past chairman disclosed that there were about 8000 outstanding projects valued at 1 trillion naira and that extra 800 billion naira would be required to cover the outstanding cost (Hanson, 2015). This means, the 2.2 trillion naira earlier budgeted and dispensed was squandered or wasted and could not be accounted for by NDDC.

Meanwhile, not only have there been clear evidence of high-level corruption, budget, documentation and procurement fraud going on at NDDC, it has also been stated that the established mechanisms used for monitoring projects have been negated which is indicative of the reason why majority of the road projects handled by NDDC only last for a few months. The Niger Delta region is deprived of basic infrastructure and means of survival. The impunity and recklessness at NDDC are such that genuine contractors who do not have connection with the authorities are denied payment for executed projects while special priority is given to fraudulent payments that end up in private bank accounts (Hanson, 2015).

According to Isine (2015), a statement credited to former Nigerian President, Goodluck Jonathan while in office pointed at financial abuse by NDDC management by admitting that the federal government over the years committed so much money on the agency, but, there has been nothing much on ground to show or prove that. Mr Jonathan, who incidentally comes from Niger Delta, regretted that rather than NDDC board working harmoniously with the management to pursue common goals or objectives that benefit the people of the region, both the board and management abandoned their responsibilities and engaged in endless battle over money (Isine, 2015). Furthermore, in a full-page open letter advertisement addressed to President Buhari on assumption of office published in the Vanguard Newspaper in November 2015, the Agbarho (Urhobo) Kingdom in Ughelli Delta State expressed their disgust about “massive corruption going on at NDDC in relation to developmental projects in the Niger Delta” (Vanguard Newspaper, 2015: 29). The community while insisting that Mr President probed the atrocities at NDDC and bring both the contractors and officials to order, also brought to light that after many decades of neglect, the NDDC in 2009 awarded a 23-kilometre road construction contract in respect of Agbarho Township roads with huge initial payments made between 2011-2012 but as at November 2015, there was “no job done on the project” (Vanguard Newspaper, 2015: 29). The Agbarho Kingdom also highlighted that over the years, the NDDC “awarded several contracts to their cronies and made advance payments and sometimes full payments with little or no job done in the affected communities”. The community further disclosed that enquiries they conducted at Corporate Affairs Commission (CAC) at Abuja revealed that since 2010, the company that got the contract failed to file or pay its annual returns to CAC and as a foreign company with three directors, “the three directors of the company curiously applied to have their signatures changed in 2010 after awarding the contract and the said application was granted”. Similar complaints have also been made by other communities such as Uzere community in Isoko and Warri in Itsekiri (Vanguard Newspaper, 2015: 29).

Nneji (2016) revealed that the governor of Imo state, one of the oil-producing states expressed anger and displeasure over NDDC and branded the agency a notorious moneymaking machine that is majorly serving the interest of the Peoples’ Democratic Party and pointed that for a long time, the NDDC has defrauded and short-changed Imo state and her citizens. Being deeply shocked, the governor publicly refuted NDDC’s claim that they committed several billions on 272 projects in Imo state which he stated could not be traced or identified anywhere in the state. While labelling the NDDC as a corrupt and fraudulent agency, the governor confirmed that Imo state was yet to benefit or experience a visible impact from NDDC in terms of poverty alleviation and infrastructural development projects (Nneji, 2016). Unfortunately, it can be recalled that similar practices contributed in bringing down the Oil Mineral Producing Areas Development Commission (OMPADEC) which was commissioned through a decree in 1992 purposely to rehabilitate and develop the oil mineral bearing communities. Rather than pursuing its statutory functions, OMPADEC like other agencies, became a medium through which the political establishment and their associates embezzled the national wealth (Omotola, 2007) and failed to deliver the expected and highly deserved development to the people and communities in the Niger Delta region.

Unemployment

The high unemployment rate and absence of basic social amenities such as food, tap water, good health care, sanitation/sewages, electricity and good roads in the region are by and large the result of the actions taken by Nigerian public agencies and corrupt officials who are on board mainly to promote their selfish interests. Contrary to facilitating equality and development through responsible practices, the agencies as regulators and instruments of wealth distribution and change have over
the years facilitated corruption (Ahunwan, 2002) looting, squandering of wealth and destroyed accountability (Idemudia, 2010; Ikpeze, 2013). This culture perhaps facilitated the disappearance of several billion dollars of oil income from 1960 to 1999 (Human Rights Watch, 2007). Corruption has become the philosophy of Nigerian public bodies thus making it much harder for the government to drive forward sustainable corporate social enhancement programmes in the Niger Delta because resources that could be used to promote development end up in private accounts of corrupt public agencies, government officials and cronies (Ahunwan, 2002; Idemudia, 2010). Amidst huge oil resources and wealth, the region remains the most deprived and poorest part of Nigeria (Watts, 2007).

Although the then Imo State governor as a public officer and agent of change like others, may not particularly be enjoying high public rating in his state; however, in this respect, one can argue that he was as well speaking on behalf of the voiceless millions of impoverished people in the Niger Delta who have been deprived of development opportunities and whose destiny and future have been stolen before their own eyes. The central argument therefore is that the magnitude of scandals and fraudulent practices associated with public agencies, government officials and privileged individuals in Nigeria have become as unbearable as those communities in the Niger Delta suffering them. Consequently, the region has not only been turned upside down, but also recklessly fuelled into crisis and unbearable hardship leading to increased level of sudden death, kidnapping/rebellious activities on government agencies, oil companies/installations (Ikpeze, 2013). The woes of the Niger Delta communities compared to other parts of Nigeria, present an immeasurable image of socio-economic and political disparity. Public mood has become less positive with loss of confidence on public officials and big businesses in the region. These complex crises in the Niger Delta play a part in inspiring this study. Whether or not there would be prosecution over decades of corrupt practices and embezzlement of public funds may not only be a discussion for another day, but also forms a topic for academic research. However, in the meantime, the reality does not match the rhetoric.

**Implications on leadership and culture**

In the midst of this agency and regulatory quagmire, the behaviour of Nigerian public bodies in the oil sector have huge implications on leadership and culture. Because corruption has become the philosophy of Nigerian public bodies, it makes it much harder for the government to drive forward sustainable corporate social enhancement programmes in the Niger Delta and Nigeria in general. What is needed more than ever before is a new dimension of moral transformation or culture change. Putting Nigerian public bodies on the spot is a reminder that over the years, their behaviour has been so abysmal to the extent that some government regimes in Nigeria have been brought down as a result. This is a culture that requires systematic and collective responsibility and solution which must be taking seriously by different stakeholders including those in authority at federal, state and local government levels as well as businesses or organizations.

The risks are enormous for a country that is widely regarded as corrupt by the international community. Fundamentally, the caveat ranges from suspicion and labelling to reputational humiliation and lack of trust many Nigerian citizens or passport holders experience inside and outside Nigeria. Historically, the behaviour of public agencies often attracts businesses or some individuals with questionable characters in Nigeria which encouraged fraudulent activities and financial scams such as advanced fee fraud otherwise known as ‘419’ to become notorious with small population of lazy people. However, it also hinders genuine and trustworthy investors from investing in Nigeria. This deprives the country the foreign direct investment (FDI) which it so desperately needs to invest in jobs and boost economic development in the Niger Delta and other parts of the country.

While there is little sign that Nigerian public bodies/agencies and those in leadership positions would ever get better in terms of wealth distribution, poverty alleviation, socio-economic and environmental development becoming a thing of the past remain to be seen, those in authority across Nigeria must know that the greatest leaders are not those that come up with the greatest ideas, but instead, great leaders are those that motivate others to achieve higher results (Wallace, 1975; Mcdermott, 2004). Perfection is not the most important quality in leadership, what matters most is credibility. Credibility can only be built by honest action, not by covering up or mere pretext (Warren, 2002) as developments or events in the Niger Delta region indicate.

**SO, WHAT IS THE WAY FORWARD?**

As part of urgent steps that must be taken to empower the people and regenerate development in the Niger Delta, policy makers should follow a strategic bold step starting with the Co-operative Society to move the region forward. This is discussed in the following.

**The co-operative society: A panacea and model for community development in the Niger Delta region**

The history of the co-operatives can be traced back to the 18th century as a landmark development. The Fenwick Weavers Society widely known as the earliest formed co-operative in the world was formed in Scotland in 1761 to look after the weaving industry and its members
The co-operatives evolved as a turning point and a necessary response for addressing the crisis of social inequality that threatened the existence of the less privileged workers and other members of the society (Mori, 2014). The co-operatives are sometimes viewed as enterprises that are triggered into existence by necessity to counter human socio-economic hardship, deprivation, poverty and wider market failures (Ben-Ner, 1984; Caves and Petersen, 1986).

In a simplistic term, a co-operative is a business that constitutes individuals who volunteer to work together in unity to pursue mutual benefits of socio-economic and cultural nature (Tang, 2007; Yu, 1994). Similarly, the International Cooperative Alliance (1995) defined the co-operative as an independent association of individuals bound together on voluntary basis with the objective of meeting basic needs. Fici (2013) identified mutual benefits and interest as important attributes for co-operative categorization while Jones and Kalmi (2012) argued that ownership through membership as well as systematic control added together are attributes that qualify a small business into a co-operative. The transformations that followed paved way for the co-operatives to extend their services to rural communities.

**BENEFITS OF THE COOPERATIVE SOCIETY**

Across the world, notable instances abound. For example, in Italy, the co-operatives operated in neglected rural communities and provided essential services that were particularly beneficial to their members in key areas like agriculture, electricity and banking services. It was not until the tail end of the 20th century did elaborate objective to extend dividends to the society become the focal point of the co-operative enterprise (Mori, 2014). This meant that greater stakeholder engagement and the need to foster a profound collective process became symbolic as key tenets of the co-operative strategy (Jarventie-Thesleff et al., 2011). In Nigeria, the co-operative Act was passed in 1935 leading to the formation of the cooperative federation of Nigeria in 1945 (Tar, 2008). While there has been limited research in the co-operative discourse in Nigeria, the history of the cooperative is traceable to the long standing unconventional customary savings/loans methods and the earliest experience in the cooperative agenda began in the agricultural sector and slowly moved into marketing as a result of government interest and concentration in crude oil economy rather than promoting both sectors of the economy (Tar, 2008). However, there had been an assumption that back in 2010, about 82,460 cooperative associations with more than 1.4 million membership population were in existence in different local authorities in Nigeria (Enhancing Financial Innovation and Access, 2012).

In China, the history of the co-operative dates to 1918 at Peking University when a professor and some students teamed up to form the Peking University Consumer Cooperative (Liu, 2013) before Chairman Mao’s government brought into existence the Railway Workers Consumer Cooperative in 1922 (Zhang, 1995). However, the creation of a new agricultural development policy in 1953 promoted rural agricultural cooperative with remarkable success and established government support has followed ever since with extra directives backing farmers and co-operative enterprises (Deng et al., 2010), thus positioning agricultural cooperatives as the main type of cooperative and an important channel not only for rural development, but also an avenue for economic empowerment to the local population in China (Butcher and Xu, 2014). In the UK, the Co-operative Group, previously called the Co-operative Wholesale Society (CWS) until recently, employed more than 110,000 individuals within its business units such as banking, insurance, food, farming, pharmacy, funerals, property, legal services, online electrical and travel (Calderwood and Freathy, 2014). As the world’s biggest consumer cooperative, the Group in 2010 delivered a whopping profit of about £606 million (Co-operative Group, 2011). Chell et al. (2010) suggested that the improvement of social enterprises at global level through the cooperative platform could be narrowed down to three important factors: (a) demand factors, this covers stakeholders/customers or public desire to seek for services from social providers; (b) supply factors, which implies the provision of essential services from social enterprises to end users, and (c) organizational factors and circumstances arising from strategic relationships. Moreover, in China and other economies in Asia, the key factors that have been instrumental to the success of the co-operatives in the agricultural sector for example, includes: full government backing, policy initiatives, encouragement and support from local leaders, facilitation of market reforms, social and environmental considerations (Taimni, 1994).

**THE NEED FOR THE NIGER DELTA COOPERATIVE SOCIETY**

In Nigeria, meaningful result would not be achieved in the cooperative platform without transformative and compromising leadership (Bass, 1985). However, curiosity and transformative leadership would involve not only the government, but also collaboration and support from the crude oil companies, NGOs as well as the local communities. Essentially, the government, politicians, local leaders and crude oil companies must provide a fertile business footprint which can allow less privileged people and communities within and outside the Niger Delta region to develop not only on individual capacity, creativity or based on endowment, but also at a comparative and professional level (Agirre et al., 2014).
This implies that a business leader must be a manager of managers (Bennis, 1997) before success can be achieved which therefore fits into President Buhari’s new economic agenda or mantra on economic diversification from oil and gas to agriculture. Given the alarming gap in social inequality, increase in poverty, deprivation and absence of infrastructural development in the Niger Delta, the concept of community co-operatives that would make a difference to the wider population in the region is a model that must be embraced. 

On long term basis, while it can be an opportunity for major stakeholders (Nigerian government and crude oil companies) to venture into agricultural co-operatives with oil producing communities, extending a percentage of crude oil proceeds to the communities, co-operative models such as transportation, building or housing need to be explored as ways of addressing some of the needs of the people in the Niger Delta. 

Whether or not crude oil exploration by multinational oil companies and the antecedents of the past 50 years in Nigeria is legally right, the fundamental point remains that what has happened in the region has been an aberration and widely held moral wrong. As a region where life has lost its essence or value and grief unites the communities, what would be required includes governmental and organizational support and collaboration that would not be jeopardised by selfish interest hence an explicit co-operative model which attracts and encourages local participation without undermining resource control. Therefore, because the Niger Delta communities are far more united than the forces that divide them, actualisation of the co-operative agenda and participation by people would undoubtedly be a welcome development. 

The management model envisaged is a co-operative practice that involves people and places them at the centre of activities whereby power sharing with other stakeholders regardless of their level, culture or tribe helps to promote individual character and morality, self-discipline and at the same time galvanises a stronger and sustained sense of identity (Grayton, 2004). This was the case in Mondragon Spain. Furthermore, the presence of co-operative movements in and around villages in China helped to forge collaboration and relationship with rural communities and minority groups. It increased local employment opportunities and provided income to local stakeholders (Zhao and Yuan, 2014). This can also be replicated in the Niger Delta region to reduce poverty, underdevelopment and improve peoples’ quality of life. 

Finally, given that the democratic feature of the co-operative model cannot be compromised, the Nigerian government and oil companies should work hard to give business a good name by accepting that work and achievement cannot just be opportunity to bring home a wage. Rather, an avenue of accomplishing essential elements of life including personal and local community development (Agorre et al., 2014). As victims, the Niger Delta communities have more liabilities than stakes in the huge resources that accrue from their native lands. Therefore, providing full support and guarantee for essential products, services and different community needs while ensuring there is absence of discrimination, equal access to opportunities and benefit to the people and communities in the region, the focus of the co-operative model in the Niger Delta must be community owned brands that must be managed by community members. Through this seminal model, Nigerian government and the oil companies can attempt to re-write some of the wrongs they perpetrated in the region. Meanwhile, Shell and NNPC have co-operative franchise for their staff in cities such as Lagos and Abuja. In the spirit of resource control, economic empowerment and poverty alleviation, extending a radical and inclusive cooperative society model to Niger Delta communities will help to improve relations between the government, oil companies and the communities. As stakeholders, it will also guarantee a level of hope and empower people and communities to have access to credit facilities for business ventures; improve job opportunities, provide training and boost development in the region. While this may not necessarily make the headline, it can make a difference for people and communities in the Niger Delta because it is often said that what is good for the goose is also good for gander. 

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

REFERENCES


Business Ethics 37:269

B (2002)


B (2002)


Tar T (2008). The Executive Secretary of Cooperative Federation of Nigeria (an introductory remark) 8th ICA Africa Regional Assembly at the International Conference Centre Abuja Nigeria, November 2008.