GROWTH IN OIL THEFT AND THE NIGERIAN STATE RESPONSE: EVIDENCE OF A FAILED STATE?

Ibaba, Samuel Ibaba
Department of Political Science, Niger Delta University, Wilberforce Island Bayelsa State

Okoye, Anthony C.
Department of Political Science, Federal University, Otuoke, Bayelsa State

Abstract

Is the inability of the Nigerian State to effectively deal with the challenge of oil theft an evidence of state failure? This paper was developed to answer this question. The analysis which was located in the failed state debate indicates that Nigeria is not yet a failed State, rather, it is a failing State. Nigeria's rating in the failed states index shows that the country's capacity to perform its core functions have deteriorated badly; but not absolutely, indicating that the Nigerian State has not failed, but is failing. This in our view explains the country's inability to adequately checkmate the growth in oil theft which relates to state failure measures such as state legitimacy, defined by corruption, government effectiveness, and illicit economy which the oil theft trade represents.

Key Words: Oil Theft, State Failure, Nigerian State, Niger Delta, Governance

Introduction

Oil theft is not new to the Nigerian Oil Industry as it dates back to the 1980s (Ikelegbe, 2005:221). The menace has three dimensions. Firstly, it involves the breakage of crude oil pipelines and related infrastructure, and the subsequent siphoning of crude oil for sale or local refining. Secondly, pipelines carrying refined products such as kerosene, petrol, and diesel are vandalised for the purpose of stealing the contents ((Ikelegbe, 2005; PRSTF, 2012). The third dimension involves under invoicing of crude oil exports, using manipulated bill of lading (Ufuoma & Omoruyi, 2014). This paper focuses on the stealing of crude oil for sale or local/private refining, a growing quagmire that is blamed on factors such as corruption and collusion by state officials, military personnel and oil company staff; militancy and failures in the amnesty programme, the state's lack of capacity to provide maritime security, widening network of oil theft actors, and quest by politicians to secure funds for the forthcoming 2015 general elections in the country (Giroux, 2013; Ufuoma & Omoruyi, 2014; Chatham House, cited by the Guardian, 2014).

Although available statistics are contradicted, it indicates that there is significant growth in oil theft. In 2002, it was estimated that the country lost about 200,000 bpd, or 10 percent of total production to oil thieves (Ikelegbe, 2005: 222). But in 2012, the estimates rose to 17 percent lose (400,000 bpd) in crude oil production, translating to nearly 20 percent lose in revenue (Ejiofor, 2012). The figures for 2013 was put at 215,000 bpd lose. (Ugwuanyi, 2014: 53). Other figures put the nation's loses to oil theft at 7 billion naira a day (Andrew & Sunday, 2014); 272 billion naira daily (Eboh, 2014: 8) and 19.2 billion naira daily (The Guardian, 2014) Only recently, Nigeria was "listed as the country with the highest incidents of crude oil theft in the world", leading Mexico, Iraq, Russia, and Indonesia that are worst affected by oil theft incidents in the world (Eboh, 2014: 8).

A major concern of the militia led insurgency years in the Niger Delta (2005-2009) was the attack on oil infrastructure and consequent decline in oil production and loss of oil revenue. It was reported that oil production output dropped from 2.6 million barrels per day in 2005 to 1.3 million barrels per day in June 2009 (Obi, 2010:219-236). Other sources put the figure at 700,000 barrels per day (Joab-Peterside, 2010: 94) and 800.000 barrels per day (Muogbo, 2012). It is estimated that the country lost USD 17,120,320,000, USD 18,805,262,000 and USD 20,720,842,000 in 2006, 2007 and 2008 respectively to attacks by militia groups (NDTCR, 2008). Because this threatened the national economy which is largely driven by oil revenue, the Nigerian Government responded with the Amnesty Programme (AP) which sought to checkmate the insurgency and drop in oil production.

The AP led to the cessation of attacks on oil infrastructure by militants, kidnapping of oil company personnel and increase in oil production output from 700,000 to 800,000 per day in mid 2009 to 2.4 or 2.6 million barrels per day in 2011 Muogbo, 2012). But crude oil theft has now risen to a point where the threat it poses to the economy is comparable to the insurgency years in the region. Whereas this is worrisome, perhaps more significant is the impunity with which oil theft is carried on despite the threat it poses to national security and the economy, and the fact that although the country provided N170 billion in 2014 alone to deal with the issue (*The Guardian*, 2014), a recent Chatham House Report (cited by *The Guardian*, 2014) "doubts whether anyone capable of curbing it really has the will to do" noting that "the web of beneficiaries of oil theft makes it difficult to stop". This questions the Nigerian State's capacity to perform its core function of maintaining law and order; suggesting that the inability of the Nigerian State to effectively confront oil theft is an evidence of state failure. Is this correct? This paper attempts to answer this question. It is designed as a desk study, and the analysis is located in the context of the failed state theory/debate. It proceeds by locating the context of oil theft.

Oil, the Niger Delta and Oil Theft

This section locates the Niger Delta, the oil industry and the roots of oil theft in Nigeria. It begins with a description of the Niger Delta

(a) The Niger Delta

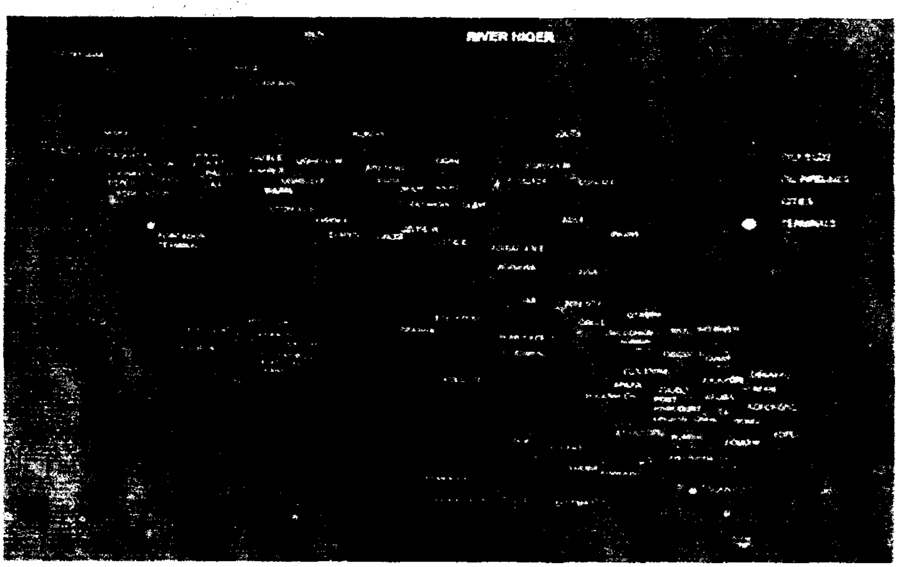
The Niger Delta is located in the southern part of Nigeria, and has a landmass of about 112,110 kilometers, covering 9 states, of the 36 states in Nigeria- Abia (4,877km^2), Akwa-Ibom (6,806km^2), Bayelsa (11,007km^2), Cross River (21,930km^2), Delta (17,163km^2), Edo (19,698km^2), Imo (5,165km^2) Ondo (15,086km^2), and Rivers (10,378km^2). The vast land mass of the region is spread across five ecological zones (low land rain forest zone, the montane zone, derived savannah zone, fresh water swamp zone and mangrove forest/vegetation zone) (NDDC, 2006). The Niger Delta is the host to Nigeria's oil industry and this has made it famous around the globe.

(b) The Niger Delta and the Oil Industry

The literature shows that oil exploration actually began in the Araromi area of present Ondo State in about 1908. The pioneering effort was by the Nigerian Bitumen Company (a German Company). The initial efforts were cut short by the First World War in 1914, and when exploration was re-started, it was done by the Anglo-Dutch Consortium, Shell D'Archy, which later became the Shell Petroleum Development Company (SPDC). In 1956, the company struck oil in Oloibiri (presently located in Bayelsa State), and by 1958 it began commercial production with an output of about 5,000 barrels per day and 1.9 million barrels for that year (OMPADEC Report, 1993; Ikein, 1990; Aham, 2008). From this little output and insignificant contribution to total exports and national revenue, oil output rose to over two million barrels per day, just as it became the "jewel" of the Nigerian economy. Presently, daily production is estimated at about over two million barrels per day, while proven oil reserves were estimated to be 37.2 billion barrels in 2011. Similarly, estimated gas reserves stood at 187 trillion cubic feet in 2010, representing about 8 percent of global gas reserves (USEIA, 2011).

Presently, oil and gas production in Nigeria are entirely done in the Niger Delta, and available data indicates that the oil production infrastructure/facilities include: 1) 5,284 drilled oil wells; 2) 257 flow-stations used for crude oil processing; 3) over 7000km length of oil and gas pipelines; 4) 10 export terminals; 5) 31,000 sq km of land criss-crossed with oil pipelines; and 6) 10 gas plants (Adeyemo, 2008). About 90 percent of these oil production infrastructures/ facilities are concentrated in six of the Niger Delta States- Akwa-Ibom, Bayelsa, Cross River, Delta, Edo, and Rivers States (see figure 1)

Figure 1: Oil Production in the Niger Delta



Source: http://www.rigzone.com/news/image_detail.asp?img_id=139

Although the Niger Delta is host to the Nigerian oil industry that sustains the national economy, the region is lowly developed due to oil induced environmental degradation, poor funding of infrastructural development projects, corruption at all levels of government, public expenditure patterns that neglects concerns of the poor, poor corporate social responsibility by oil multinationals that operate in the region, and the politicisation of revenue allocation in the country.

(c) The Roots of Oil Theft

From an initial crude method, oil theft has grown in sophistication and become a national tragedy. According to Ikelegbe (2005:221-222):

> There is a large scale illegal local and international trading on crude oil. This has grown from a few amateurs in the 1980s who utilized crude methods to extract crude from pipelines to a very sophisticated industry which uses advanced technologies to tap crude and sophisticated communications equipment to navigate through the maze of hundreds of creeks, rivers and rivulets. The oil theft syndicates have also graduated from boats and barges to ships and large oil tankers in the high seas. Crude oil is tapped from pipelines and terminals of the oil producing companies with advanced technological equipments in the waterways, creeks, swamps and high seas. Plastic pipes are fixed to manifold points and intersection of several pipelines and crude oil is then pumped into barges. In some cases, ships are hooked to hoses that siphon crude from MNC facilities that may be several hundred meters away.... The stealing and smuggling of crude has become very extensive and large scale since the late 1990s.

The roots of oil theft in Nigeria can be located in three contexts. First is the development plight of the Niger Delta despite the huge oil resources which flows out of the region. Although oil revenue which is the pivot of the Nigerian economy is sourced from the Niger Delta, and at huge environmental costs which undermine livelihoods, the Nigerian State at all levels overlooked the development problems and aspirations of the Oil Producing Communities. This resulted in grievances which triggered protests and agitations. Beginning from the 1970s, oil producing communities (OPCs) engaged the oil multinationals operating in the region, making demands for development support, environmental protection, payment of compensation for damages caused by oil production activities, and economic empowerment through the award of contracts to indigenous companies and employment.

The inability of the oil companies to meet the expectations of the OPCs and interventions by the Nigeria Police Force to break up protests turned the initially peaceful protests to violent engagements, and set in a process that transformed the violence into insurgency. In a bid to protect the OPCs and sustain their demands, youth groups and civil/pan-ethnic organisations emerged to mobilise the communities and equally led the protests against the oil companies and later the Nigerian State. The youth movement which came out of this led to the militianisation of the conflict, as several militia groups emerged. Although other factors such as communal and inter-ethnic conflicts and political thugery laid the basis for the militia movement through the exposure of youths to arms and violence, the agitations for development attention and access to the oil wealth motivated the emergence of militias and the subsequent insurgency (Joab-Peterside, 2005; Okonta, 2006, Watts, 2007; Ukiwo, 2007; Ukiwo & Ebiede, 2012).

The oil-related conflict in the Niger Delta provides the context for oil theft, as attacks on oil infrastructure is a critical engagement tactic. The sabotage of oil installations was used both as tactic for getting the attention of the oil companies, and also as a commercial enterprise. Initially oil pipelines and manifolds were attacked as an expression of violence, but later became a means of inducing oil spillage in an attempt to make money through the payment of compensation for damages by the oil companies. The law which prohibits the payment of compensation for damages caused by sabotage induced oil spills made this unattractive, thus setting the stage for illegal oil bunkering; siphoning and selling crude oil in the 'black market'. Later in the militia and insurgency years, oil was stolen and sold to fund activities of the militia groups. The militia involvement in oil theft was in two dimensions. First was direct theft by the militias, and second was the giving of protection to local and international oil theft cartels (Legaloil.com, 2007: 2).

Furthermore, the militias also engaged in local/private refining of crude oil, producing kerosene, petrol and diesel. These were sold at prices cheaper than the official pump price of these products. This started in the Kalabari area of Rivers State, and was linked to the Niger Delta People Volunteer Force (NDPVF) led by Asari Dokubo. This explains the availability of petrol commonly referred to as "Asari petrol" in the pre-amnesty period.

The second point on the roots of oil theft is linked to the character of the Nigerian State is privatised, and consequently used by the custodians of political power to pursue private interests. Consequently, the State is used as an instrument for the accumulation of wealth; leading to high level bureaucratic corruption and neglect of development and national interests (Ekekwe, 1986; Nnoli, 1978; Oyovbaire, 1980; Ake (2001). One outcome of this is the collaboration by public officers in Ministries, Departments and Agencies, the Armed Forces and other Security agencies, and oil multinationals to engage in oil theft. This is a critical precondition for, and sustenance of the theft of Nigerian crude oil. The third factor is the network of international syndicates who facilitate the buying and selling of Nigerian crude, and the laundering of proceeds in foreign countries. A recent report by Chatham House which was quoted by the Guardian (2014) makes this grim point:

> Oil theft, sometimes "funds politics in Nigeria, including election campaigns."It named the United States, Britain, Dubai, Indonesia, India, Singapore and Switzerland as likely money-laundering hotspots. Also, the U.S., Brazil, China, Thailand, Indonesia and the Balkans are the most likely destination for stolen oil.....The report also noted that Nigeria's supposedly legitimate oil sales business is murky itself, with almost all its crude oil exports sold through traders, a unique system among oil exporting countries."Lines between legal and illegal supplies of Nigerian oil can be blurry. The government's system for selling its own oil attracts many shadowy middlemen, creating a confusing, high-risk marketplace," the report said... Stolen Nigerian oil worth billions of dollars is sold every year on international markets and much of the proceeds are laundered in world financial centres like Britain and the United States.

The above reference and discourse show that oil theft has been plaguing the Nigerian oil industry for decades now, but has come to a troubling point in the last few years; threatening the national economy. But a critical question arises here. Is the Nigerian State's ineffective response to increasing oil theft an evidence of State failure? We do not think so. Rather, it is evidence of a failing State. The understanding of our position will be enhanced by interrogating the literature on state failure. The next section looks at this.

Increasing Oil Theft in Nigeria: Evidence of State Failure?

> The Nigerian state has lost the capability to provide security for its citizens, much less provide them with public political goods. It is therefore no exaggeration to say that the Nigerian state project has failed (Akude, 2007:11).

The above reference captures a view point that appears dominant in the description of Nigeria. But the opposing view is very fierce. The opinion of David Mark, the Nigerian Senate President, and Senator Uche Chukwumerije highlights this. Here them:

> ...It took only 21 years to transform Turkey from a feudal state to a highly modernised state today. South-East Asian countries took less than 30 years to move from ex-British colonies to what they are today, Asian Tigers, and are highly developed ... one of them, Malaysia, took our palm produce. It took South Korea 18 years to move from 3rd dependent country to one of the third exporters and they have today developed to one of the top most and it took China exactly 48 years to move from a small status, being described by the West as the begging bone of Asia, to a super power. With our 52 years as a country, a country who took palm produce from us some years back has grown into a prosperous country and turned that product into its main exporting product. How would you describe us now importing it? I can only describe Nigeria as either a failed state or on the verge of being a failed one"... (Uche Chukwumerije, *Vanguard*, October, 3, 2012)... ".. I do not agree that Nigeria is a failed state; we are not on the way to being a failed state either...We may not have done well, but to say we are a failed state is going to the extreme of it and I disagree completely" ...(David Mark, *The Nation,* October 10, 2012)

But what is a failed State? What are the characteristics of a failed State? How do we measure a failed State? Failed State is defined in relation to the performance of the core functions of the State, and has been variously described as the lack of capacity of the state to perform the core functions in relation to the degree of incapacity (Sekhar, 2010). A "polity that is no longer able or willing to perform the fundamental tasks of a nation-state in the modern world" (Akude, 2007: .3); "States that lack the capacity to discharge their normal functions and drive forward development" (Osaghae, 2007:691). The definitions here indicate that for a state to be described as a failed state, it must fail or lack the capacity to perform any of its core functions, suggesting that a state that performs or has the capacity to perform at least one of its core functions may not be described as failed. Can a state which performs just one of its functions be described as fragile state? We do not think so as the characteristics of failed and fragile state appear to be the same (See table 1). In this regard, failing state can be used to describe certain states.

Table 1: Characteristics of Failed and Fragile States

Fragile State	Failed State
1. "Weak, ineffective, and unstable political institutions and bad governance 2. Inability to exercise effective jurisdiction over its territory; 3. Legitimacy crisis; 4. Unstable and divided population; 5. Underdeveloped institutions of conflict management and resolution; including credible judicial structures, etc, and 6. Pervasive corruption, poverty, and low levels of economic growth and development"	1. "Loss of physical control of territory or monopoly on the f legitimate use of force; 2. Erosion of legitimate authority to make collective decisions; 3. Inability to provide reasonable public services; 4. Inability to interact with other states as a full member of the international community; 5.Deteriorating and destroyed infrastructure; 6. Flourishing Corruption ; 7.Indebtedness to International Financial Institutions; 8. Disrespect for the local currency; and 9. Loss of legitimacy."

Source: Osaghae, 2007, pp. 692-693; Akude, 2007, p.3; www.fundforpeace.org

Since 2005, the Fund for Peace has ranked state in its annual failed states index, and the annual ranking of failed states by the Fund for Peace, and the indicators of vulnerability to failure further clarify the status of the failed or fragile state. Beginning from 2005, the Fund for Peace has used 12 social, economic and political/military indicators to rank the vulnerability of states to failure. On the basis of the aggregate score, countries are classified as stable or not, or categorised into zones which measure their strength or weakness.

Table 2: Measurement/Rating of Failed States

Categorisation by Zones		Classification by Level of Stability	
Type of Zone	**Aggregate Score**	**Level of Stability**	**Aggregate Score**
Alert Zone	90-120	Unstable	60.0-120
Warning Zone	60-89.9	Stable	30-59.9
Monitoring Zone	30-59.9	Most Stable	29.9 or less
Sustainable Zone	29.9 or less		

Source: www.fundforpeace.org

The explanation is that countries that obtain aggregate scores of 60.0-120 are unstable, just as those with aggregates scores of 90-120 are considered to be in the "Alert" zone or most vulnerable to fail. Countries with aggregate scores of 60-89.9 are also in unstable and in danger of failure, while those with scores of 30-59.9, although seen to be stable, require monitoring. The most stable countries with aggregate scores of 29.9 or less are also seen to be sustainable and most unlikely to fail. The understanding of the ranking/rating of states as failed or not will be enhanced by knowledge of the indicators and parameters used by the Fund for Peace in arriving at the failed state index. Table 3 provides these details.

Table 3: Social, Economic and Political/Military Indicators of Failed States.

Indicators	Failure Risk Elements	Impact on State's Capacity to Perform Core Functions
Social Indicators		
Demographic Pressures	Pressures and measures related to: Natural disasters, diseases, environment, pollution, food scarcity, malnutrition, water scarcity, population growth, youth bulge, and mortality	Population pressures undermine the capacity of the government to protect citizens or demonstrates a lack of capacity or will
Group Grievance	Pressures and measures related to: Discrimination,	Tension and violence between groups inhibits

	powerlessness, ethnic violence, communal violence, sectarian violence and religious violence	the state's ability to provide security and curb fear/violence
Refugees and Internally Displaced Persons (IDPs)	Pressures and measures related to: Displacement, refugee camps, IDP camps, diseases related to displacement, refugees per capita, and absorption capacity	Pressures related to population displacement strain public services and have the potential to pose a security threat
Human Flight and Brain Drain	Pressures and measures related to: Migration per capita, human flight, and emigration of educated population	People migrate when there is little opportunity or an account of conflict; creating a vacuum of human capital.
Economic Indicators		
Uneven Economic Development	Pressures and measures related to: GINI coefficient*, income share of highest 10 percent, income share of lowest 10 percent, urban-rural service distribution, access to improved services and slum population	The government tends to be uneven in its commitment to the social contract when there are ethnic, religious, or regional disparities
Poverty and Economic Decline	Pressures and measures related to: Economic deficit, government debt, unemployment, youth employment, purchasing power, GDP** per capita, GDP growth, and inflation	Poverty and economic decline strains the ability of the state to provide for its citizens, and this can trigger conflicts, particularly between the "haves" and "have not's'
Political/Military Indicators		
State Legitimacy	Pressures and measures related to: Corruption, government effectiveness, political	Corruption and a lack of representativeness in the government directly undermine the social

	participation, electoral process, level of democracy, illicit economy, drug trade, protests and demonstrations, and power struggles	contract
Human Rights and Rule of Law	Pressures and measures related to: Press freedom, civil liberties, political freedoms, human trafficking, political prisoners, incarceration, religious persecution, torture, and executions	The state fails in its ultimate responsibility when rights are violated or unevenly protected
Factionalized Elites	Pressures and measures related to: Power struggles, defectors, flawed elections, and political competition	Brinksmanship by local and national leaders undermines the social contract
Public Services	Pressures and measures related to: Policing, criminality, education provision, literacy, infrastructure, quality healthcare, telephone, internet access, energy reliability, and roads	The provision of health, education, and sanitation services, among others, are key roles of the state. Thus inability of the state to provide these services indicates its failure to perform core functions.
Security Apparatus	Pressures and measures related to: Internal conflict, small arms proliferation, riots and protests, fatalities from conflict, military coups, rebel activity, militancy, bombings, and political prisoners.	Security apparatus should have a monopoly on the use of legitimate force. The social contract is weakened where this is affected by competing groups.
External Intervention	Pressures and measures related to: Foreign assistance, presence of peace keepers, presence	When the state fails to meet its international or domestic operations, external actors may

	of UN mission, foreign military intervention, sanctions, and credit rating	intervene to provide services or to manipulate affairs.

* GINI Coefficient is the measure of inequality of variance, often used to measure inequality of incomes in an area ** GDP means the Gross Domestic Product
Source: www.fundforpeace.org/global/, accessed 30/10/2012

Using a scale of 1-10 for each indicator, and an aggregate score of 120, the Fund for Peace identifies countries that are most and least vulnerable to fail. To arrive at the aggregate score which serves as the basis for ranking, scores are assigned on the scale of 1-10 on the basis of performance for each indicator. The scores obtained by a country for each indicator are then added to arrive at the aggregate or total score for the country. The scoring ascends from 1-10 based on performance. For example, a country that adequately provides public services will have a high score, while the country that performs poorly in the provision of public services will score low.

Since 2005, the index has rated Nigeria as a state that is vulnerable to fail, unstable or in the "Alert Zone". With the exception of 2005 when the country obtained an aggregate score of 84.3, it has always scored 90 and above in subsequent rankings. The country being in the "Alert Zone" suggests it is failing, and since this can be arrested to prevent failure, it is important to have a clear view of the country's ratings in the indicators for the determination of policy options to prevent state failure. Table 4 provides the details of the country's performance in the failed states index since 2005

Table 4: Nigeria's Rankings in the Failed States Index (2005-2-12)

Year/ Indicators	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**Aggregate Score**	**Ranking**	
														Global	**Africa**
2005	7.2	3.0	6.5	8.7	8.9	5.8	8.8	6.9	6.7	9.0	8.3	4.5	84.3	54	21
2006	8.0	5.9	9.1	8.5	9.0	5.4	9.0	8.3	7.1	9.2	9.0	5.9	94.4	22	13
2007	8.2	5.6	9.5	8.5	9.1	5.4	9.1	8.7	7.1	9.2	9.5	5.7	95.6	17	8
2008	8.2	5.1	9.4	8.2	9.2	5.9	8.9	8.7	7.5	9.2	9.3	6.1	95.7	18	9
2009	8.5	5.3	9.7	8.3	9.5	6.6	9.2	9.0	8.6	9.4	9.6	6.1	99.8	15	10
2010	8.4	5.8	9.5	8.1	9.3	6.9	9.4	9.1	8.8	9.3	9.4	6.2	100.2	14	10
2011	8.3	6.0	9.6	7.7	9.0	7.3	9.0	9.0	8.6	9.1	9.5	6.9	99.9	14	9
2012	8.4	6.5	9.7	7.6	8.9	7.5	9.1	9.1	8.6	9.2	9.8	6.6	101.1	14	10

1. Mounting Demographic Pressures; 2) Massive Movement of Refugees and IDPs; 3) Vengeance- Seeking Group Grievance; 4) Chronic and Sustained Human Flight; 5) Uneven Economic Development; 6) Poverty, Sharp or Severe Economic Decline; 7) Legitimacy of the

State; 8) Progressive Deterioration of Public Services; 9) Violation of Human Rights and Rule of Law; 10) Security Apparatus; 11) Rise of Factionalized Elites; 12) Intervention of International Actors
Source: www.fundforpeace.org; www.foreignpolicy.com/failedstates2012; accessed 17/10/2012

Nigeria's rating in the failed states index clearly show that the country's capacity to perform its core functions have deteriorated badly; but not absolutely, indicating that the Nigerian State has not failed, but is failing. This in our view explains the country's inability to adequately checkmate the growth in oil theft which relates to state failure measures such as state legitimacy, defined by corruption, government effectiveness, and illicit economy which the oil theft trade represents.

Conclusion

Oil theft is not new to the Nigerian Oil Industry, but the recent growth/increase has attracted the concern of scholars. A major concern of the insurgency years (2005-2009) was the attack on oil infrastructure and consequent loss of oil revenue which threatened the nation's economy. This led to drastic declines in oil revenues and undermined service delivery by the government. However, in spite of the amnesty programme which set out to address the insurgency and checkmate declining oil production, crude oil theft has risen to a point where it now threatens the national economy. Whereas the growth in oil theft is linked to factors such as corruption and collusion by state officials, military personnel and oil company staff; failures in the amnesty programme, the state's lack of capacity to provide maritime security, and widening network of oil theft actors, the impunity with which oil theft is carried on despite the threat to national security and the economy raises concern on the Nigerian State's capacity to perform its core function of maintaining law and order; raising suggestions that it is an indication of state failure. This paper set out to interrogate this suggestion, and the analysis show that the Nigerian State is yet to fail.

Based on the failed state debate and measures of failed state adopted by the Fund for Peace for the ranking of failed states in the world, the paper notes that Nigeria is a failing State and not a failed State. Nigeria's rating in the failed states index clearly show that the country's capacity to perform its core functions have deteriorated badly; but not absolutely, indicating that the Nigerian State has not failed, but is failing. This in our view explains the country's inability to adequately checkmate the growth in oil theft which relates to state failure measures such as state legitimacy, defined by corruption, government effectiveness, and illicit economy which the oil theft trade represents.

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