

Natural Resource Governance and Conflict in Nigeria

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Abstract: *Background:* Nigeria is blessed with abundant natural resources, which accounts for over 65% of her total tax revenue, motivated mostly by an upsurge in export earnings from the oil and gas sector. Most of the resource-based conflicts are caught up by the unfair and inequitable distribution of benefits accruing to resources. The government and some acclaimed elite, in alliance with foreign corporations, enjoy the gains and benefits of the exploited resource. Meanwhile, the host-communities face the devastating and undesirable environmental impacts with discrepancy between indigenous traditional laws and state laws that define ownership of natural resources in a federal structure has led to controversial relations among states in Nigeria. *Objectives:* The paper took an extensive look at the politics of natural resource governance in Nigeria and explored broadly the themes through which the causative link between natural resources and conflicts can be distinguished. The study further explores the role of good governance of natural resources in promoting socio-economic and people-centred development in Nigeria. *Methods:* The paper relied solely on secondary sources of data, focusing on the three main variables: conflict, politics and power. *Results:* The study revealed among others that the political economy of natural resources as embedded within the broader global power relations has not been properly explored by the Nigerian government. *Conclusion:* The paper therefore concludes that regulation must be attached to reflect on the principles of good governance, especially democracy, rule of law, transparency and accountability, as well as efficient and equitable management and distribution of resource revenues.

Keywords: Natural Resource, Governance, Conflicts, Politics, Constitution

1. Introduction

The presence of natural resource and its extraction influences socio-political and economic relations in countries, specifically, in numerous and multifaceted ways in Nigeria. The country has sub-soil resources such as hydrocarbons and minerals, called natural resources which it pursues to transform into surface resources, both human and physical capital that can be used to promote employment and generate economic growth and development Venables [1]. Nigeria is among the most populous country in the world and the most populated country in Africa with over 200 million inhabitants. Located on the Gulf of Guinea on the Western coast of Africa, Nigeria covers a land mass of around 924 thousand square kilometres. Among Nigeria's natural resources are: petroleum, Timber, natural gas, coal, tin, iron ore, limestone, niobium, lead, zinc and arable land OPEC [2].

So far, the expected transformation has proven difficult to achieve. Instead, one of the most observable impacts of natural resources has been the propensity to create variety of violent conflicts in the country; ranging from low-intensity violent to a large-scale uprisings mostly in the oil rich Niger Delta, Middle belt and Northern Nigeria. These low-intensity conflicts have a tendency to erupt and create long term impacts and disruptions to host communities and their livelihoods. The conflict may be as a result of both environmental issues, such as resource extraction as well as tensions caused by inequitable distribution of revenues in the affected region World Bank [3], Jagger [4] and World Bank [3]. The Middle belt of Niger State, Zamfara in North Central and some other pockets in other parts of the North are experiencing the complexities of illegal or dishonest extraction of resources that are deepening conflicts and insurgencies, that require urgent intervention in that region.

There must be motivations to build reliable and sustainable governance processes for natural resources to arise from both within the local circle as well as the global governance circle. These incentives will not just focus on controlling or regulating the extractive practices of private enterprises (such as, the Voluntary Principles on Security and Human Rights) but also the methods in which governments manage the resources that are accrue as established in the Extractive Industries Transparency Initiative, (EITI). Acosta [5] described these numerous access points to natural resource governance as “the set of strategies aimed at improving the transparency and accountability of governments and private companies during the licensing, exploration, contracting, extraction, revenue generation and allocation of natural resources”. Conversely, Alao [6] opined that violent conflict further thwarts this governance practices and which therefore will requires innovative strategies that can link resources to peaceful development.

The World Bank [3] conducted a study of the economies in different mining countries between 1990 and 1999 and revealed that the per capita gross domestic product (GDP) growth was perfectly negative. Auty [7] coined the term ‘resource curse’ to explain the deficit of resource-rich economies, drawing attention to the fragile performance of countries such as Bolivia, Nigeria and Venezuela, among others. Africa is often said to be a paradox of plenty or anguishing from a ‘resource curse’. This simply suggests that Africa is resources rich, but among the poorest and the continent with most conflicts in the world; Africa has over 30% of the world’s mineral reserves, as well as 90% of the world’s platinum and 40% of its gold’ Southall, cited in Carmody [8].

This paper look at various themes that associates natural resource extraction and the methods of practice in natural resource governance from the vantage theme of numerous actors such as the state, global community, civil society among others. Also explores the more recent trends in resource governance that will serve as important indications of the future of governance processes in the sector. To position this discourse within the broader context of peace building and conflict resolution in Nigeria, this work recognise that not just the extraction that generate the tensions and conflicts but the resource governance as well.

2. Theory and Concepts of Natural Resource Governance

2.1. Conceptualising Resource Governance

The concept of resource governance is relatively new concept that tries to elucidate why resource-rich countries are impotent to sustain the well-being of their people despite the availability of resources in their reach. However, it could be defined as a ‘set of strategies intended to improve transparency and accountability in the management of natural resources’ Acosta [5]. Meanwhile, transparency and accountability initiatives involve areas of licensing,

managing, exploration, contracting and extraction, as well as natural resource revenue generation and distribution. The appropriate stakeholders involved government (the executive, Parliament and other state institutions), private enterprises (whose work relates to extraction), non-governmental organisations (NGOs), the media as well as the civil society organisations (including community organisations).

Transparency in resource governance refers to the discernibility of decision-making methods, the simplicity with which the rationale behind the decisions is communicated and the accessibility of relevant information about governance and performance in the industry. That is, making important issues in the natural resource sector and investments offered to stakeholders and the host communities or local habitants. In other words, transparency in natural resource governance is essential because it tells how certain decision are made, and how justified was the decision grasped. These decisions are usually made according to the authority convened on or delegated to an individual or certain body, though, according to laid down techniques or procedures like majority voting or consensus decision, or on the basis of proficient opinion, professional judgement and formal decision aids such as multi-criteria analysis or cost-benefit analysis.

Accountability is the distribution and acceptance of obligation for decisions and actions as well as the demonstration of whether and how these tasks have been appreciated. Accountability is an essential issue in resources governance within the backgrounds of efficiency in decision-making processes which is important for the authority and credibility. If accountability becomes unachievable through democratic participation, the need of citizens to appropriately access information, through expressive consultation, and for improved opportunities for active involvement become more important. Submission with regulatory requirements is an vital component of good governance for a public entity. Accountability in the extractive industries also requires compliance, which means the level to which governments and other actors in the sector perceive pertinent legislations, values and codes and have a compliance regime that is unified with their operational and financial plans; systems to monitor conformity, such as internal and external audits; and processes to meet external reporting necessities. Reporting requirements should be the minimum necessary to provide financial, governance and performance accountability Lockwood et al [9]. Other key concepts of resource governance are participation and equity, which are also necessary. Participation refers to the opportunities available for stakeholders to be involved directly or indirectly in decision-making processes as it concern resource sector. Governance is usually regarded as both inclusive and comprehensive when everyone in possession of mineral governance practices are engage with them on equivalent to that provided to all other stakeholders. Most cases, resolutions to mineral governance tasks often demand considerable variations in practices; their implementations usually require involvements of many affected actors as

possible Danso [10].

It is also important for the stakeholders in resource governance to have an access to numerous and different standpoints of knowledge so as to positively partake and contributes to decision making process in the sector, as no particular actor has the resources to provide solutions to natural resource related problems. Danso [10] notes that this involves stakeholders looking for idea from numerous sources; having knowledge of and appreciating variety; and having policies and structures to promote stakeholder contributions and engagement in the sector.

Moreover, equity is another essential aspect of resource governance resourcefulness and it refers to the honour and attention given to stakeholders' opinions, the reliability and non-inclusive of personal bias in decision-making, and the attention given to sharing of costs and benefits of decisions. Therefore, those responsible for the promotion of resource governance are thus, expected to be fair and equitable in the position of authority entrust on them, mostly in relation to the sharing and distribution of power, appreciating of diverse values, intergenerational respect, and the development of proper devices of sharing costs, benefits and responsibilities of decision-making and action are sacrosanct Osawe & Ikhayere [11].

Dovers [12] notes that addressing resource problem is complex owing to misperception regarding who should be in charge of and, given the cross-cutting nature of such teething problems, it is particularly important to make sure that tasks and responsibilities do not descent unfairly on particular actors, in other to guide against future glitches; such as private benefits being likely to shoulder the bulk of the costs for public consequences or future generations being weighed down with the outlays of the present generation's actions. Fairness in resource governance is also involves practices founded on stewardship of natural resources for protection of biodiversity and ecological processes. It is important that the mineral governance process treats stakeholders with respect and supports their dignity, which is a moral responsibility and has the potential to foster acceptance of outcomes. Fairness and equity must always be guaranteed and people should be treated alike and they should also be making irrelevant when necessary like; the gender, ethnicity, religion, ill health or handicap and socio-economic status of a person should not be a determinant factor for partaking in decision-making processes or outcomes Danso [10].

Acosta [5] believes that mineral governance has two major goals: first, it seeks to develop the processes through which stakeholders and institutions can efficiently bring governments of mineral-rich countries to account; and second, to commendably contribute to better results, such as aiding to develop the socio-economic conditions of people or alleviating poverty in the society. These two main goals, though different in there functions, but are closely related in objectives and goals. Because, when the democratic state of affairs and practices in the extractive or exploration segment of government are properly enhanced, there is tendency that results will be better achieved. It is almost certain that for

goals to be achieved, glitches related to natural resource governance must be addressed. These problems include but not limited to; administrative challenges in terms of the qualified staff; information management, infrastructural, technological and financial resources necessary to manage the sector effectively; weak political institutions and civil society organisations, as well as lack of effective policies to guarantee natural resource benefits local people where most resources are extracted. The problems also go beyond the executives' arms of governments to include Parliamentary, issues; the judiciary arms of government who are supposed to carried out some oversight responsibilities, support and control over the mining sector.

Therefore, to deal with the challenges and create enabling environment that promotes good governance in natural resource wealth, the country must as much as possible strengthen those institutions that are indispensably in controlling, show the way and overseeing the appropriate agencies involved in resource governance in the country. The government particularly, the Parliament needs to be given the necessary support to perform their functions effectively and independently. Most importantly, there is need to build capacities of local community as well as civil society groups to enable them make decisions and contribute meaningfully to the governance process directly or indirectly. Also, good governance can be achieved through the enactment of an participatory and inclusive legal and policy frameworks to regulate the sector although promoting transparency, accountability, participation and equality for development is necessary.

2.2. *Rent-Seeking Government Theory*

Natural resource-rich countries are likely to experience less economic growth and amplified poverty than non-mineral rich countries Auty [7]; Sachs & Warner [13]. A number of reasons are responsible for these, the extractive sector is motivated to be highly capital-intensive, and for this purpose it generates few jobs and few spin-off accomplishments. Another factor that is counterproductive to poverty alleviation in resource-rich countries is that, wealth creation is only possible in few business ventures in those countries, resulting to complex and high risks of rent-seeking and corrupt practices among government personnel. Though, quite a lot of discussions on the relationship between natural resources and economic development have often focused on the deserted connection between governance and development Danso [10].

The main focus of this theory is the repeatedly neglected link between politics and the economy in most less-developed countries. There are three main types of rents acknowledged by the theory, viz. natural resource rents, rents derived by government interference to change relative prices and geographical or foreign aid rents Tollison [14]. Rosser [15] similarly explains that while, for example, oil profits, taxes from exports and royalties are economic rents, foreign aid is an instance of political rents and renter states are usually states or countries that get substantial and consistent

amount of rents. Which according to Auty [7], three kinds of rents constitute a large proportion of the gross domestic product (GDP) of developing countries, about 15–30% or even more, and as a result, this has the capability to twist the political economy. The main disagreement of the rentier state theory is that the beneficiaries freely place rents; this is simply because the ruling elites often spend their rents for their own benefit as the state becomes very much involved in the economy. The ruling elites also spend the rents on visible consumption rather than on production. They conceal and build up their positions of power to enable them to access more rents, creating a clientele state. Aside of this, they additionally spend the rent on bigoted and untenable public expenditures. The consequences are weak state institutions and unguaranteed socio-economic development that is not justifiable Beck [16]. Auty [7] hypothesised that: The higher the rent/GDP ratio and the more focused the rent's placement upon a handful of political and economic agents, the more likely it is that; (i) the political state is greedy; (ii) the rent is cycled unproductively through support channels and (iii) the economy will lose its fundamental proportional advantage. High rents increase the stakes for its capture: capturing such rent offers the elites more instant reward than using it to promote long term wealth making, the benefits of which may accumulate to successor political and economic actors Beck [16].

Baldwin [17] submit that rents that are usually diffusely discrete, such as those from peasant farming, tend to be more efficiently deployed than rents focused upon economic agents, such as those produced from taxing larger scale capital intensive mines and plantations.

Auty [7] Posits that high rent intensifies the 'Olson effect' Beck, cited in Auty [7], which is when ventured interests eventually manipulate economic policies with the purpose of diverting the efforts of government, to seize and allocate rent rather than deploy these rents into development intervention that would create broad-base wealth. The incessant reliance on export of primary products has the propensity of delaying competitive industrialisation and also reduces the intake of surplus labour from particularly rural areas. Also, Auty [7] explains that incessant urban unrest may compel governments to create non-market support jobs. Governments as well do protect infant industries and extend their bureaucracies which normally expand the rent-seeking sector, thereby slow down the economic expansion of these countries.

The demands from rent recipient countries ultimately increases, more than the primary sector's ability to meet these demands, which is usually a result of decline in the global price of the primary commodity or structural changes. This could compel Governments to promoting markets through economic reforms to reduce prospects for rent-seeking. As it were, this usually attracts strong resistance from the recipients of these rents. As a result, governments of high rent economies tend to find it politically convenient to increase the rent generated from the primary commodities, making the primary sector skimp mainly on wages and maintenance. This results in creating a staple trap where as a

result of the expansion of the rent dependence the sustainability of the primary sector on which it depends is destroyed. This reduces investments and capital rates; making the economies of this expansion of the rent dependence the sustainability of the primary sector on which it depends is destroyed. Rent-dependent countries are vulnerable to external decline shocks. A collapse of the growth of the economy may eventually lead to a staple trap, which destroys and runs down all forms of capital.

The rentier state theory also proposes the hypothesis that natural resource wealth, especially oil wealth makes states less democratic. Ross's [18] study revealed quantitatively that 'oil is obstacle to democracy not only in the Middle East region, but that it does harm oil to oil exporters elsewhere'; and further asserted that there is lack of democratic pressure on these governments.

In corroborating this argument, Ross [18] advances several causes which could bring about these: The rentier state is closely associated with 'rentier effects', which is based on the notion that the ruling political elites can employ rent resources to prevent social pressure by dismantling democratic institutions, and by so doing gain independence from the public. According to Meissner [19], there are three ways in which this can happen. The first is the 'taxation effect'. With the government getting more money from oil, they are less likely to impose high taxes or sometimes none at all. The public therefore is less likely to demand these governments account for their stewardships, making these governments less responsible to the population ('no representation without taxation').

The 'spending effect' also explains that governments of rentier states often gain legitimisation not by free and fair elections but by buying legitimisation through the use of resources for populist social welfare interventions such as supporting basic commodities as food, petrol, oil fuel, coal and electricity, and also create more jobs by expanding the public sector. The population oftentimes tends to be ignorant regarding the short-sighted nature of these involvements and policies and how they can disrupt the economy, and often incentive these governments supporting them. This spending effect is targeted at the population as a whole. On the contrary, the 'formation effect' is geared towards independent societal group organisations or movements. The rentier state government often uses its resources to impact their leaders by co-opting or even sometimes buying them the security apparatus with the view of using it as an instrument to suppress any democratic aspiration Ross [18]; Bardt [20].

While all the above provide logical explanations and reasons for the resource curse, one very important acknowledgement is the lack of a common agreement among scholars on the way forward to incapacitating the resource curse. Moreover, mineral wealth countries have the propensity to witness quite a lot of negative impacts on good governance. Studies by authors such as Collier and Hoeffler [21], Sachs and Warner [13] and Gelb [22] identify some of the harmful effects.

3. Natural Resources in Nigeria: The Multifaceted Politics of Extraction, Revenue Distribution and Conflict

According to Osawe & Ikhayere [11] natural resources debate is particularly sharp not only in the context of divided societies, but in circumstances where uneven geographic sharing of natural resources corresponds with ethnic, religious or linguistic divides. While these issues are particularly significant in spread out nations and are mainly incomparable in a federal context, they can arise in any state confronted with demands for increased autonomy over local resources from individual communities. Under these conditions, the structure for the treatment of natural resources can strengthen a national coherence or can aggravate conflict. One of the major and clear facts has been that a federal system of government often rises from people's desire to constitute a union without losing their identities within the federation. This is the main beauty in the context of ethnic pluralism as in the case of most African countries, and most cohesive approach to manage the diversity in the ethnic groups.

Since when oil was first discovered in Nigeria by Shell-BP in 1956 in Oloibiri in the present day Bayelsa State, after half a century of exploration activities has become monumental and huge on the host communities. Oil production became important in the 1960s, though, truncated in 1967 owing to the Nigerian civil war. Further expansion was delayed till the end of hostility in 1970. A major reservoir are located in and around the Niger Delta, both on-shore mangroves and shallow off-shore basins; since 1990 exploration has increasingly moved to deep, offshore areas Akpbio & Akpan [23].

The obvious fact is that natural resources were not seen as important enough to require extensive treatment in constitutions or peace agreements globally. In most countries where natural resources do not constitute a significant sector of the economy, they fall under general provisions dealing with the treatment of revenue, fiscal and financial issues (in Western states). Similarly, many peace treaties made only passing reference to natural-resource arrangements. In more recent constitutions and legal agreements, it is, however, more common to deal with natural resources separately from other elements of the wealth-sharing framework. There are a number of reasons for this: in some developing countries, natural resources are the only or major source of wealth. Hence, these resources are very often seen as a national heritage to be shared equitably. However, they often generate strong feelings of local community ownership over their development and the resulting revenues. The challenge is to balance these local interests against the overall importance of natural resources to national development. Constitutions or peace treaties are often called upon to mediate this tension and the conflict that can result from it Danjuma [24] therefore becomes important to develop conceptual clarity on the categories of issues that can arise in natural-resource

negotiations. Experience in these types of negotiations to govern natural resources arrangements can be categorised into three broad areas, as follows:

3.1. Ownership of Natural Resources

The rule governing ownership of natural resources is often a fervent and passionate issue that needs a corresponding of the rights of private ownership, communal and state ownership. The determination of ownership of resources is usually the most disputed phase of statutory concession. However, there is the misunderstanding between ownership and the intractable issue of management, control and distribution of revenue derived from natural resources. As it is, the right and benefit of ownership can vary and there could be some degree of regulation and treatment of the issues listed below:

3.2. Allocation of the Power to Manage and Develop Natural Resources

Constitutions are regularly called upon to decide what bodies at the national and regional levels of government should have the power to make and administer laws relating to the development and exploitation of natural resources. This amounts to the power to control, regulate and control or manage natural resources and is potentially more significant than ownership rights in themselves. This method of sharing and allocation could have intense effects on the development of the sector and even on the general structure of the state when natural resources are a major source of income. In unified states this may be less of an issue, while it remains essential in resource-rich country particularly, federal system structure.

3.3. Treatment of Natural-Resource Revenues

The proper accountability, share transparency and rational generation, collection and distribution of natural resources revenues can be a decisive factor of the feasibility of a peace pact for development. Also, the proper management of resource revenues may keep an eye on the allocation and sharing of these resources. However, Hayson [25] believes that the second will be possible because of the objectives that influence the statutory distribution of duties and responsibilities for the management of natural resources which is substantially different from the usual political goals that reinforce merely on how the revenue generated from those resources should be shared. In Nigeria for instance, the issue of an acceptable formula for distributing the generated revenue or sharing method among the arms of government or federating units remains one of the most lingering and controversial issues in the political environment and in the structure of macroeconomic management of the country Ekeji [26].

In 2004, Michael Ross review of the collected works on the link between natural resources and civil wars; he however, highlights and based his point of view on four main arguments that: "resources have diverse stages of influence on conflict; in

this respect, while oil upsurges the likelihood of conflict, others like farming products have almost no influence. The second argument is that while the so called rip-off or lootable “commodities like diamonds do not necessarily induce conflict, but they tend to make it intractable when it does erupt. Thirdly, there are certain commodities, namely legal agricultural products, which have no evident link with civil war and finally that the connection between resources in general and the onset of civil wars is weak”.

Here, the focus is on many low intensity conflicts which are not heard in international news or few kilometers from it occurrence, but on the other hand critical to a state whose stability is becoming more delicate like Nigeria. A good example is the farmer-pastoralist conflicts in Nigeria’s middle belt Higazi [27]; Osawe [28]. This example has also raise questions about the general statement in this works that agricultural resources have almost no influence or impact on civil wars Collier and Hoeffler [21]. In a study published by Oxford University Center for the Study of African Economies (CSAE), the study revealed that unlike what is generally assumed, there is no empirical correlation between resource discovery and the emergence of violent conflict. To say the least, this line of argument is difficult to sustain in the face of widespread evidence of seemingly intractable violence that appears to be so apparently linked to the politics of resource extraction and the accompanying social inequalities.

Nigeria has experienced cyclical causative pattern of natural resource exploitation and conflict repeated in volatile oil rich Niger Delta Ako [29]. Iwilade [30] even went further to show that natural resources do not even need to be physically extracted for them to generate brutal conflict. He argues that simply by being discovered, natural resources have the potential of generating violent contestations that may ironically prevent them from actually being extracted; example is the Bakassi for Nigeria /Cameroon.

3.4. Resource Type

The impact on conflict is more significant for natural resource which stakeholders compete for and easy to extract and distribute such as Metallic minerals; for instance, resources like iron ore, diamonds, gold, tin, coal etc which can be extracted with relatively crude methods, transported very easily and sold very easily as are happening within the Middle belt region, all through Kaduna, Katsina, Kebbi, Kogi, Nasarawa, Niger, Plateau and Zamfara States where an estimate of 80% of mining are conducted illegally on artisanal basis, involving over two million people who depend on it for survival Kedem [31], and which are more likely to generate conflict than resources like oil which require more sophisticated extraction methods. These suggest that the type of resource could have an effect on how they are able to shape social relations, and invariably the likelihood to generate or exacerbate conflict. It is important to note that before the civil war, 1967 -1970, Nigeria had an active mining sector and a significant exporter of certain mined minerals including coal and tin. The changed scenario is that

today, mining generates only 0.3% of GDP, while the country scramble to import mineral. Conversely, oil and gas sector produces about 10% of GDP and 65% of government revenues Kedem [31]. The 2007 mining law, the “Nigeria Minerals and Act” (NMMA) which deregulated mining of solid minerals, remains outdated since and this is seen as stifling growth and has rendered the nation’s mining sector underdeveloped.

Koubi et al. [32] in their work noted two categories of impacts that natural resource types can have on conflict. The first category is ‘where there is a scarcity of resources with typically low market value like cropland and water. Even though such resources may have low market value in relation to global trade, they are often central to the livelihood and social mobility of the local consumers. As a result, violent conflict over access to these resources can be brutal, long running and intractable. An example of this type of resource based conflict is the farmers’/herdsmen crisis where violence over grazing land and cattle have claimed thousands of lives and causing instability across various agrarian communities the country, with hostility between pastoralists and farmers heating up significantly in the last two years.

Homer-Dixon [33] argued that ‘it is the scarcity of natural resources that generate violence rather than abundance’. He argues that ‘even where resources appear to be abundant, the scarcity created by socio-economic distortions of livelihood that the process of extraction often causes is the key trigger of violent conflict rather than the fact of abundance’. This suggests that conflict is likely to increase where access to resources becomes increasingly precarious as a consequence of scarcity TANA [34].

Two factors of climate change and rapid population growth has amplified the chances that such important resource scarcities will turn out to be more common Kaplan [35], Homer-Dixon [33], and the volatile effect of climate change and induced droughts mix with rising population and increased industrialization of the adjacent areas means that they themselves will begin to demand for more resources at a time that supplies will drop noticeably, in that way threatening stability in many parts of the country.

4. Global Power Relations and Natural Resource Governance

Like many other aspects of contemporary international politics, natural resources are profoundly amenable to the complex nature of global power relations and competitions. From multinational companies to super powers, natural resources usually tend to attract deep and extensive interests. As efforts to feed the giant industrial complex brings the likelihood of conflicts. The extraction, processing and distribution of natural resources located across the planet, far and apart, with political boundaries of statehood only retard the logic of access and distribution. Auty [7] made a point in his observation that geographical factors like the distribution centers of supply and demand of natural resources could

potentially have important implications for state and non-state behaviour. So, the choice of options and how they operationalised their access to natural resources shapes the global politics of energy security.

Some recent emerging global politics of extraction include the rising economies of China, India and Brazil; being shaped through social movements, business and multilateral institutions in determining norms; the ongoing securitisation of resource extraction; and the strong wind of resource nationalisms evident in collective demands for participation and control of natural resources and accruable benefits.

4.1. Emerging Economies and Resource Extraction

The last decade witnessed significant change in global politics with the growing influence of emerging economies like China, India and Brazil in the extractive sectors in Nigeria and African states. The scramble for natural resources by global powers in Africa's extractive sectors cannot be discussed without the seismic shift of power towards emerging economies. This is seen as critical to the governance infrastructures to emerge in the coming decades. Alden and Alves [36] posited that in 2009, China was responsible for 30% of global growth in the demand for oil, this figure elucidates that by 2030 China will consume some 15 million barrels of oil per day. To safe guide regular access to natural resources; the Chinese government has tied its increasing bilateral infrastructure aid programme to mining rights. For instance, China's Export-Import bank funded major infrastructure projects in Angola for \$4.5billion in 2004 in exchange for oil; \$3billion in Gabon in 2006 for manganese exploration; and \$6billion for DRC infrastructure in exchange for copper and cobalt from the Kolwezi Copper Mine in 2008. These levels of investment indicate china's foreign policy being integrated into their diplomatic objectives to achieve its energy security concerns in line with its growing resource hungry economy. Similarly, India is also into this resource focused investments and foreign policy choice as exemplified by the Indian Prime Minister's announcement in 2011 of a \$5billion credit line to African States. According to Large [37], India's petro-partnership with Sudan began in 2003 when OVL bought a 25 percent stake in Sudan's main oil consortium; especially in Sudan that was India largest destinations for Indian foreign investment between 1995 and 2005. This effort fits into India energy security logic as these investments aimed at securing India's access to resources.

There are debates that investments by emerging economies do not essentially reflect the economic goals of the states involved. But the controversy is seen as part of a broader global struggle by new powers to unseat or compete on an equal footing with key western countries that have subjugated global economic politics for decades. This is the new scramble for the natural resources of African states. According to Padraig Carmody [8] writes that commodities have been at the very core of this new scramble and that emerging markets are now both the destinations and partners of choice for many African states. One reason for this is that

investments from states like China and India are masked with a language of non-interference and common history of marginalization.

4.2. NGO in Natural Resource Management (Extractive Industry Transparency Initiative-EITI)

The EITI was a campaigns led by International Non-Governmental Organizations (INGOs) such as Global Witness, Open Society Institute, Oxfam, Save the Children and Transparency International which gained popularity following the endorsement from the Tony Blair administration in the United Kingdom. The initiative was designed primarily to "improve the management of natural resources, reduce corruption, and mitigate conflict" Haufler [38]; EITI Report [39].

4.3. Civil Society Organizations (CSOs) and Oil Resource Governance in Nigeria

CSOs play regulatory functions through their activities in the Oil and natural gas sector, particularly related to Multi-National Corporations (MNCs). Through the instrumentality of EITI, the Nigerian CSOs affiliates have challenged companies through boycott, call public campaigns and other forms of pressure movement Obiora [40]. The CSOs act as watchdogs of the Oil sector, a perfect instance is its engagement in the Nigerian Extractive Industries Transparency Initiative (NEITI).

The NEITI often involves CSOs in its activities as a way of improving transparency and unlocking the process to the Nigerian public. This deliberate strategy of NEITI's engagement with CSOs can be linked to a coalition of CSOs efforts to fuel by "Publish What You Pay" campaign that sensitized the Nigerian people on the inherent benefits accruing from EITI operations to the extractive companies, government and Nigerian public. In addition, CSOs have been active in providing inputs and the NIETI boards (management) have been giving out training and support to strengthen the capacity of CSOs' effective participation in the NEITI in the country Eghosa [41].

5. Laws, Norms and Institutions in the Governance of Natural Resources

Africa's natural resources shaped the continent's integration into the global economic and political system with three identified waves of this integration process governed by the prevalent political situation.

- i) The arrival of trans-continental exploration of natural resource extraction, by Europeans imperialistic ambitions across the continent during the period of trans-Atlantic slave trade in 1807. This coincided with the pre-colonial era.
- ii) Regulations and laws governing access and exploitation by colonial governments to serve their own narrow interests. In Nigeria, the British colonial government enacted the Mining Regulation (oil)

Ordinance of 1907 which granted exclusive rights to exploit oil to firms, syndicates or companies that were “British”. ‘Section 15 of the Ordinance stated that: No license or lease shall be granted under the provisions of the Ordinance to any firm, syndicate, or company which is not British in its control and organization, and in the case of a company, all the directors shall be, and shall at all times continue to be, British subjects, and the company shall be registered in and subject to the laws of some country or place which is part of His Majesty’s territories, or in which His Majesty has authority Raji & Abejide [42]’. This standard was reserved in the 1914, 1925, 1950 and 1958 amendments to the natural resources Ordinance.

- iii) Constructed their economies on their naval capacity to enforce agreement and a global economy based on political dominium. The communities were neglected and deprived from part of decision-Making as it concerns natural resources beneath and underneath the land they depend on for livelihood. Colonialists were merely concern about the economic suppression and ability to wrest power and control of the local economy from African rulers.

With the end of colonialism and independence African states witnessed the initial phase of resource nationalism, through nationalistic policies that aimed to assert their “independence”. These were to immediately get over the economic suppression suffered under colonialism, and extract control of their economies. Independent African States exercised absolute ownership and control of natural resources as integral to, and evidence of, political independence, that attracted substantial revenues to the state. They ignored laws made by the colonial authorities that limit local involvement in the decision-making processes and natural resource management. This made communities feel a sense of ownership of natural resources in their domains even without the technical capacities to exploit them. The result was a rise to a plural system of management of natural resources that became the norm on the communities; where local perceptions were guided by ancestral inheritance and individuality as well as religious beliefs competed with and subsist alongside laws inherited from colonial authorities that remained in post-independence era.

The 1979 constitution confers on the federal government an exclusive right of ownership of oil and solid minerals resources and to pay minimum of 13% of accruable revenue from the federation account to the oil producing states; and went further to state that the derivation principle “shall be constantly reflected in any approved formula” (This was 100% in 1960 and the 1963 constitution reversed it to 50% payable to the regions where the natural resource were attracted. The issue of deprivation of littoral states of revenues from the off-shore became a legal matter in 2001). Other legislations are: the Petroleum Act 1969, the Land uses Act 1978, the Territorial Water Act, the Exclusive Economic Zone Act and the United Nations Law of the sea, 1982. The 1999 constitution (as amended) vested the ownership and

control of the natural resources on the federal government in section 44 (3). It also provides that the mines and minerals inclusive of oil fields, oil mining, geological survey and natural gas are the exclusive preserve of the federal government of Nigeria. The discrepancy between indigenous traditional laws and state laws that define ownership of natural resources created the controversial relations among states in Nigeria and several countries in Africa. For example, land is a very important resource in Nigeria and in Africa which is appreciated for more than its economic value and benefits. Land, is essentially considered a source of ancestral and cultural identity; individual and communal, as well as the link between generations past, present and future. Therefore, for the majority of Nigerians most of who live in the rural areas where most of the exploitation of natural resources occurs, the significance of land extends beyond the comprehension of post-colonial laws that tends to place value and considers ownership and access based on its economic value and benefits.

6. Governing Natural Resource for the Future

The Nigerian natural resource sector has been overwhelmed by conflicts of unreliable scope from mostly localized skirmishes between pastoralists and farmers over access to land to those of violent over resource revenues by militants and bandits. This spate of violence must be reduced by addressing the issue of natural resource governance holistically, to bring the sector from theatre of conflicts to bastion of development and alleviation of widespread poverty.

A number of factors are responsible for conflicts in Nigeria’s natural resource sector; they include the foreclosure of democracy, rule of law and the inequitable distribution of national resources, as well as the lack of transparency and accountability. Studies note that most resource-related conflicts are implicated by the inequitable distribution of benefits accruing to resources UNDP [43]. This may be the environmental “goods” and “bads” of the resource; typical of the extractive industry. The State and elite in alliance with foreign corporations, enjoy the benefits of the exploited resource, while host-communities face the debilitating negative environmental impacts. Investments in host-communities have been inadequate with the quantum of compensation paid for appropriated land, contaminated land and waters, are below economic values leading to anguish and violent reactions.

This situation is aggravated by the absence of rule of law that leaves aggrieved parties without legal and administrative recourse as well as the undemocratic management and decision-making sector. Regarding the latter, for example, land is often appropriated without consultation with the affected local communities; or host-communities are not consulted with regards to resource revenue investments in their domains. With the existing relationship these communities have with ‘their’ land which is also their

fundamental natural resource, it has been experienced that reactions after a while turn into violent. Land is a resource every African has both personal and communal connection with, yet, without doubt, the most unprotected resource that can trigger conflicts more than other resources. Lack of accountability and transparency also feed into the conflict matrix as the situation allows and encourages corruption, misappropriation and embezzlement of resource revenues that ought to be spent on development-related projects and investments. More importantly, specific governance issues must be factored into a framework on natural resource governance if resource-related conflicts are to be efficiently handled.

Presently, there is lack of understanding on the concept and definition of the blue economy that must be overcome. The oceans should be seen beyond as a means of transportation but to appreciate the biodiversity resources it harbours, to the vast reserves of deep shore oil and gas reserves, fisheries, etc. The piracy challenges should be considered as a fundamental issue because the resources of the maritime environment, that are increasingly being exploited, and the likelihood of increase in the rate of piracy.

The Basin Initiative: amongst others issues and challenges faced by the four countries sharing boundaries in the Lake Chad Basin are: Cameroon, Chad, Niger and Nigeria; they are currently entangled in violent conflicts originating from the Boko Haram terrorist group deserves attention. This basin has played an important role in promoting mutual co-operation in the management of marine resources and will have more critical role to play in extenuating disputes and managing conflicts that are likely to occur as the impacts of climate change progressively manifest. There is also the issue of ungoverned areas the need urgent attention.

6.1. Democracy

Within the context of democracy in natural resource governance, the key principles of collective decision-making must be embraced and elevated. So, decisions to explore and use of natural resources should consider different views of stakeholders that are to benefit or be impacted, by the exploitation of the resource. The conduct of Environmental Impact Assessment (EIA) as laws that govern the exploration and extraction of natural resources is one such law that already promotes the principle of democratic governance; that must be consistent across the cycles, from exploration to production and how revenues are utilised.

6.2. Rule of Law

The rule of law as applies to natural resource governance, emphasises equality before the law and free access to judicial and/or administrative systems for dispute resolution. There are three elements of the rule of law that make its presence crucial for any legal system: the supremacy of the law and the absence of arbitrariness, equality before the law, and constitutional law as part of the ordinary law of the land. Generally, rule of law is often applied in its political context

to ensure that political power is not abused. In natural resource governance sphere, the rule of law will function to ensure that laws regulating the sector do not allow individual and/or sectional interests of political actors to disadvantage the citizenry.

7. Conclusion

This paper has taken an extensive look at the politics of natural resource extraction and governance in Nigeria. It explored a range of themes through which the causative relationship between natural resources and conflicts can be differentiated. It also noted that the political economy of natural resources is embedded within the broader global power relations. The paper notes the emerging economies like China and India are fundamentally shifting the authorities of power within Africa's natural resource landscape and that the insinuations of these new shifts are not yet established but will have deep impact on resource politics in the next few decades in Nigeria.

It discussed important global norms, regulations and institutions that attempt to compel some form of order and accountability on the natural resource sector; which must be embedded within a framework that can efficiently monitor compliance capable of promoting transparency. It further notes that while regulation was critical to the effective management of natural resources, it must be devoid of opacity and corruption. The paper concludes that regulation must be key elements of good governance, to an efficient and equitable management of resource revenues that are vital to governance.

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