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THE POLITICAL ECONOMY OF CRUDE OIL THEFT IN NIGERIA: DYNAMICS, IMPLICATIONS AND CHALLENGES

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Abstract

This study examines 'the political economy of crude oil theft in Nigeria: Dynamics, implications, and challenges', through the lenses of Resource Curse Theory and Regulatory Capture Theory. It investigates the political and economic forces sustaining crude oil theft, institutional weaknesses enabling its persistence, and its socio-economic and environmental consequences. Employing a quantitative-dominant mixed methods approach, data were collected from 400 randomly selected respondents across Rivers, Delta, and Bayelsa States, including community members, oil workers, security agents, and regulatory officials. Findings reveal widespread perceptions of political complicity (MI = 3.03), economic hardship (MI = 2.95), and youth unemployment (MI = 2.91) as key drivers. Institutional enablers such as corruption within regulatory and security agencies (MI = 3.46), weak enforcement (MI = 3.39), and poor surveillance (MI = 3.36) significantly contribute to the persistence of oil theft. Its implications include major revenue losses (MI = 3.54), environmental degradation (MI = 3.44), insecurity (MI = 3.39), and underdevelopment in oil-producing communities. The study finds that state responses are largely ineffective due to a lack of political will (MI = 3.42) and weak institutional capacity. It recommends seven strategic interventions: enhancing political accountability, reforming institutions, deploying modern surveillance technologies, promoting community inclusion, addressing youth unemployment, strengthening legal frameworks, and institutionalizing transparency through global standards like the Extractive Industries Transparency Initiative (EITI).

Keywords*:* Crude oil theft, Development, Governance, Niger Delta, Political Economy

Introduction

Before the commercial discovery of crude oil in Oloibiri-located in present-day Bayelsa State, Nigeria's economy was predominantly agrarian, with agriculture constituting the bedrock of national development. The sector employed over 70% of the labour force and contributed more than 90% to the Gross Domestic Product (GDP), anchoring both economic stability and livelihood sustainability (Audu, 2017). However, the 1956 discovery of oil marked a paradigmatic shift in Nigeria's developmental trajectory. The ascendancy of petroleum as the principal revenue source precipitated the gradual erosion of the agricultural sector, culminating in the emergence of a mono-cultural, rentier economy heavily dependent on oil rents.

Over several decades, crude oil has profoundly shaped Nigeria's national economic structure, establishing the country as Africa's largest crude oil producer and ranking it 15th globally among oil-producing nations. Paradoxically, despite this resource wealth, Nigeria has failed to achieve inclusive development or meaningful poverty reduction, earning the unfortunate label of the "poverty capital of the world" (Habeeb, 2021). This paradox highlights a persistent disconnect between resource abundance and human development, rooted in elite predation, institutional weaknesses, and structural inequalities. As noted by Ojo (2008) and the Federal Office of Statistics (1996), poverty in Nigeria is not merely widespread but deeply embedded within the country's socio-economic and political frameworks.

What emerges, therefore, is not a mere instance of underdevelopment but a multidimensional crisis-aptly termed "structural poverty" by Abiola and Olaopa (2008)-manifesting in high levels of hunger, illiteracy, unemployment, and reduced life expectancy. Scholars such as Nwaobi (2003) and Omotola (2008) point to the tragic irony of a resource-rich state debilitated by institutional decay and human underdevelopment. Indeed, as Okpe and Abu (2009) argue, Nigeria's poverty intensified even as oil revenues surged, with poverty rates climbing to 74.2% by 2000, illustrating the failure of oil wealth to catalyze transformative development.

Central to this conundrum is the pervasive and institutionalized phenomenon of crude oil theft. Once a fringe activity limited to small-scale local actors, oil theft has evolved into a sophisticated, industrial-scale criminal enterprise. Well-financed and often politically connected cartels now dominate this illicit economy, exploiting Nigeria's porous regulatory frameworks, weak enforcement mechanisms, and the opacity of its oil accounting systems. Onuoha, Ezirim, and Enyiazu (2017) argue that the collusion of state officials-across political, military, and commercial spheres-has entrenched oil theft as a systemic threat to economic sovereignty.

Former President Goodluck Jonathan's 2012 depiction of oil theft as a "serious cancer" speaks to the gravity of this crisis. A decade later, the state's failure to effectively confront this menace reveals more than institutional lethargy-it signifies a broader condition of state fragility and eroded legitimacy (Rufus & Sinikiem, 2024). In 2013, major oil sector unions such as PENGASSAN and NUPENG issued an unusual appeal to the federal government to secure vital petroleum infrastructure, thereby exposing the paradox of a security-saturated but enforcement-deficient state.

Kachikwu (2017) estimates that Nigeria loses up to $80 billion annually to crude oil vandalism and illicit siphoning. These losses constitute far more than fiscal aberrations-they represent systemic economic sabotage that undermines fiscal stability, drains foreign reserves, and impairs the state's developmental capacity. Corroboratively, Dimkpa et al. (2023) document annual losses of $2.1 billion in 2019, $1.9 billion in 2020, $7.2 billion in 2021, and a staggering $22.4 billion in 2022. Such figures illuminate not only the scale of the hemorrhage but also the entrenched governance failures sustaining it.

The drivers of oil theft are multifaceted. Odalonu (2015) identifies elite corruption, youth unemployment, and transnational criminal networks as key enablers, while Omoyibo and Omoruyi (2014) emphasize the historical marginalization of Niger Delta communities, which has fostered both resistance and complicity in oil theft as a survival strategy. Obado-Joel (2014) estimates daily losses of 400,000 barrels-nearly 20% of national output-leading to macroeconomic dislocations, including revenue shortfalls and foreign exchange disruptions (Osah & Charles, 2020).

Chukwuma and Okafor (2024) further illuminate this crisis by linking oil theft to revenue collapse between 2015 and 2022. Their findings reveal a peak loss of 101.05 million barrels in

2016-equivalent to ₦1.1591 trillion-while Nigeria forfeited an average of 7.6% of its annual output to theft. This underscores the structural vulnerability embedded within the oil value chain.

Against this backdrop, crude oil theft in Nigeria transcends criminality; it is emblematic of deeper political economy pathologies-marked by rent-seeking, state capture, and institutionalized impunity. Consequently, this study interrogates the structural drivers, governance lapses, and elite complicity that sustain oil theft. It further evaluates the socio-economic and environmental costs of this crisis and critiques existing policy responses. Ultimately, the objective is to propose evidence-based strategies that can dismantle this entrenched criminal economy, restore accountability, and reimagine Nigeria's extractive governance architecture for sustainable development.

Statement of the Problem

Crude oil remains the linchpin of Nigeria's economic structure, yet the nation continues to endure the debilitating consequences of widespread and institutionalized crude oil theft. Despite over six decades of petroleum extraction, the Nigerian state has failed to operationalize a transparent and verifiable system for accounting oil production and exports. This governance vacuum has enabled systemic pilferage, with estimates by Kachikwu (2017) indicating annual losses as high as $80 billion-a figure that not only reflects economic hemorrhage but also institutional erosion.

The dynamics of oil theft are multifaceted, encompassing pipeline sabotage, artisanal refining, and transnational bunkering. Far from being random criminal acts, these operations are entrenched within complex political, economic, and social matrices. As Onuoha, Ezirim, and Enyiazu (2017) and Katsouris and Sayne (2013) observe, oil theft spans from subsistence-level siphoning by marginalized youths to industrial-scale theft orchestrated by political-military-business cartels embedded in state and global networks.

The consequences are profound. Economically, oil theft depletes government revenue, compromises fiscal planning, and destabilizes macroeconomic policy. Environmentally, it devastates the Niger Delta through frequent spills and ecosystem degradation. Politically, it weakens state legitimacy and fuels armed militancy. These crises are exacerbated by the state's reactive, militarized approaches that fail to address the structural and transnational dimensions of the illicit oil economy (Ngada & Bower, 2018; Akpomera, 2015). Soremi (2020) frames the crisis within the broader discourse of the "resource curse," where resource abundance fuels elite capture, weak institutions, and underdevelopment. While Yeeles and Akporiaye (2016) urge caution against overestimation, scholarly consensus affirms oil theft's systemic and destabilizing impact.

This study interrogates the political economy of oil theft, its enablers and consequences, and evaluates the efficacy of state responses, aiming to offer policy recommendations toward transparency, accountability, and sustainable sectoral governance.

Research Questions

The study seeks to answer the following questions:

i. What underlying political and economic dynamics perpetuate the incidence of crude oil theft in Nigeria?
ii. In what ways do institutional fragilities and structural deficiencies sustain the continuity of illicit oil extraction and distribution?
iii. What are the broader socio-economic and environmental repercussions of crude oil theft on Nigeria's developmental trajectory?
iv. How effective are current governmental interventions in addressing crude oil theft, and what policy frameworks could offer sustainable solutions?

Objectives of the Study
The objectives are to:
i. Analyze the political and economic forces underpinning the entrenchment of crude oil theft in Nigeria.
ii. Examine the institutional and structural incapacities that enable the systemic perpetuation of oil theft.
iii. Evaluate the socio-economic and environmental impacts of crude oil theft on Nigeria's developmental outcomes.
iv. Assess the effectiveness of existing state responses and propose evidence-based, strategic policy interventions to combat crude oil theft and enhance sectoral governance.

Literature Review
Crude oil theft, much like other constructs within the social sciences, is inherently contested and lacks a universally accepted definition. The term is variably interpreted, shaped by disciplinary frameworks and contextual nuances. Broadly, crude oil theft encompasses the unlawful appropriation of crude oil via unauthorized means such as pipeline vandalism, artisanal refining, and illegal oil bunkering.

Legally, Section 44(3) of the 1999 Constitution (as amended) vests ownership and control of all mineral resources, including crude oil, in the Federal Government of Nigeria. This constitutional provision forms the foundational legal basis upon which any extraction, production, or transaction in petroleum resources outside government authorization is deemed illegal and constitutes theft. Building upon this constitutional authority, a number of legislative instruments have been enacted to criminalize unauthorized dealings in petroleum resources. Notably, the Petroleum Act (1969) provides the regulatory framework for oil exploration and production; the Special Tribunal (Miscellaneous Offences) Act (1983) addresses oil-related economic sabotage through expedited prosecution; the Petroleum Production and Distribution (Anti-Sabotage) Act (1990) imposes stringent penalties, including life imprisonment or death, for acts of sabotage; and the EFCC Act (2004) empowers the Economic and Financial Crimes Commission to investigate and prosecute illicit oil-related financial crimes. Collectively, these laws establish a comprehensive, albeit inconsistently enforced, legal regime aimed at deterring crude oil theft and economic sabotage. However, their practical effectiveness is often undermined by enforcement gaps, institutional corruption, and political interference, thereby weakening deterrence and perpetuating a climate of impunity in the sector.

Onuoha, Ezirim, and Enyiazu (2017) identify three typologies of oil theft: (i) pipeline vandalism-deliberate rupture of pipelines to siphon crude; (ii) artisanal refining-rudimentary local distillation of crude oil; and (iii) illegal bunkering-unauthorized transshipment or fueling of vessels. These forms vary in scale, organization, and environmental impact. Katsouris and Sayne (2013) outline three operational modes: small-scale siphoning for local refining; mid-level diversions using hoses connected to manifold points; and "white-collar" variants involving falsified shipping records and manipulated export data. These operations often involve actors

ranging from disenfranchised youths to politically connected elites and transnational criminal networks (Ikelegbe, 2005; Akpomera, 2015).

Ngada and Bower (2018) link oil theft to both global and local dynamics, citing a correlation between international crude prices and theft intensity along pipelines. Similarly, Soremi (2020), applying the resource curse theory, implicates Nigeria's rentier state structure in fostering corruption, conflict, and criminality. The consequences include fiscal revenue loss, environmental degradation, socio-political instability, and inhibited development in oil-producing regions. Onuoha et al. (2017) estimate Nigeria's annual loss to oil theft at $8 billion, underscoring systemic failure and elite complicity. Conversely, Yeeles and Akporiaye (2016) argue that the threat may be exaggerated, asserting minimal impact on oil production and federal revenue. They caution against politicized narratives that may obscure more pressing developmental priorities.

Historical Trajectory of Crude Oil Theft in Nigeria

The historical trajectory of crude oil theft in Nigeria is deeply intertwined with the evolution of the country's political economy, dating back to the late 1970s and early 1980s-a period dominated by military authoritarianism. During this era, oil theft was orchestrated predominantly by military elites who exploited the absence of institutional accountability to perpetrate economic malfeasance. Katsouris and Sayne (2013) argue that high-ranking officers utilized direct orders to appropriate crude oil, motivated by personal enrichment and the entrenchment of authoritarian control, thereby embedding kleptocratic tendencies within the governance of petroleum resources.

The dynamics of oil theft underwent a significant transformation in the 1990s with the intensification of resource control agitations by Niger Delta indigenes. These agitations-rooted in demands for equitable derivation formulas and local participation in oil wealth-met with state neglect, which gradually radicalized segments of the youth. As militancy escalated, oil theft evolved from an elite-driven act into a decentralized political economy involving armed groups. Initially, militant youth offered logistical and protective services to oil thieves, but eventually amassed sufficient financial and military capital to conduct independent, large-scale theft operations (Ikelegbe, 2005).

This transition marked a pivotal shift, transforming crude oil theft into an entrenched and sophisticated criminal enterprise. Contemporary manifestations now involve a collusive network encompassing political elites, NNPC officials, military personnel, community leaders, and international syndicates. As Rufus and Sinikiem (2024) observe, security operatives-mandated to safeguard national assets-are often complicit, providing safe passage for illicit oil operations. A poignant illustration of this systemic complicity is found in the statement of Peter Akpatason, a federal lawmaker, who asserted:

> Crude oil theft is not possible without the connivance of the security agencies... Barges are not small and ships are not small, but these are the instruments they use in carting crude away (Niyi, 2013, as cited in Onuoha, Ezirim & Enyiazu, 2017, p.31).

Three operational modalities of oil theft have been identified (Katsouris & Sayne, 2013). First is localized siphoning and artisanal refining, involving rudimentary pipeline perforation and informal refining of crude into low-grade products for community-level sale (Asuni, 2009). Second is industrial-scale diversion, where crude is extracted using hoses connected to wellheads, then conveyed through creeks to tankers bound for export via mother vessels in international waters (Ikelegbe, 2005). Third is white-collar oil theft, perpetrated by licensed

operators manipulating bills of lading to misrepresent export volumes, thus institutionalizing oil theft through bureaucratic fraud.

Dynamics, Implications, and Challenges of Crude Oil Theft in Nigeria

Crude oil theft in Nigeria constitutes a complex and deeply institutionalized phenomenon with grave economic, environmental, security, and socio-political ramifications. As a rentier state heavily reliant on petroleum exports, Nigeria is especially vulnerable to the disruptive consequences of systemic oil theft. The criminal enterprise involves a wide array of actors, including non-state militants, corrupt political elites, complicit security personnel, and some officials within the Nigerian National Petroleum Company (NNPC). Daily production is significantly undermined by illicit siphoning, bunkering, and artisanal refining. For instance, the Nigerian government reportedly lost between N14 trillion from 2003 to 2008, with daily losses of up to 200,000 barrels-a volume equivalent to the output of smaller oil-producing nations. In 2021, nearly 200 million barrels were lost in just 11 months, illustrating the entrenched and industrial scale of the crisis.

The environmental implications are equally alarming. Artisanal refineries operate without any regulatory oversight, resulting in frequent spills and toxic discharges. Onuoha, Ezirim, and Enyiazu (2017) estimate that only 30 percent of crude processed by illegal refiners is recovered, with the remainder polluting rivers, farmland, and aquatic ecosystems. This contamination undermines fishing and agriculture-critical livelihoods in the Niger Delta-and contributes to widespread health issues in already marginalized communities.

The security dimension is no less significant. The illicit oil economy fuels the proliferation of arms among militants and criminal networks. Proceeds from stolen crude are often reinvested in weaponry, fostering confrontations with security forces and rival groups. This militarization deepens insecurity and entrenches violence as a mechanism of survival and political expression. Internal divisions among militant factions and allegations of collusion with state operatives further exacerbate instability.

Socio-politically, oil theft contributes to the displacement of communities due to pollution and conflict. Displaced populations often relocate to urban centers, where they face economic precarity and deteriorating living conditions, straining already fragile urban infrastructures. These migrations disrupt communal cohesion and pose new governance challenges.

Efforts to curb oil theft are undermined by weak institutions, poor surveillance, and the complicity of state actors. The absence of rigorous monitoring systems and punitive measures has fostered a culture of impunity. Moreover, the underdevelopment and marginalization of oil-producing communities perpetuate the cycle of illegality, as local actors rationalize theft as a form of economic redress. Thus, oil theft in Nigeria reflects a broader governance crisis rooted in inequality, state failure, and contested resource control.

Theoretical Framework

This study adopts an eclectic theoretical approach, drawing insights from both the Resource Curse Theory and the Regulatory Capture Theory. These frameworks illuminate the structural, institutional, and behavioural underpinnings of crude oil theft in Nigeria. Through their

integration, the study explores how resource abundance-often perceived as a national asset-has paradoxically engendered economic stagnation, political instability, and widespread criminality.

The Resource Curse Theory

Originally articulated by Richard Auty (1993) and popularized by Sachs and Warner (1995), the Resource Curse Theory posits those countries rich in natural resources-particularly point-source resources like oil-often suffer slower economic growth, weak institutions, and political conflict. Resource Curse Theory has three interrelated strands: the economic performance thesis, the civil war thesis, and the regime type thesis. The *economic performance thesis* argues that resource dependence hampers other productive sectors, fostering economic volatility. In Nigeria, oil wealth has become a site for primitive accumulation by rent-seeking elites, marginalizing inclusive development, especially in the Niger Delta (Soremi, 2013; Badeeb et al., 2017).

The *civil war thesis* suggests that natural resource abundance increases the likelihood of conflict. Collier and Hoeffler (2000) and Fearon and Laitin (2003) argue that oil provides both motive and means for rebellion. Ross (2004) emphasizes how the value of territorial control rises in oil-rich areas, intensifying contestation. In the Niger Delta, conflicts among communities, MNOCs, and the state have been fueled by struggles over control, compensation, and environmental degradation (Okoye, 2014).

The *regime type thesis* links oil wealth with authoritarianism and democratic deficits. Ross (2001) contends that oil-dependent states are less likely to democratize. Drawing on the rentier state concept (Beblawi & Luciani, 1987), this thesis describes how external rents-especially from oil-allow the state to distribute wealth without public accountability. Beblawi (1990) identifies three characteristics of rentier states: reliance on rent-based revenues, their external origin, and government centrality in distribution. These dynamic fosters patronage, corruption, and weak institutions.

The culture of rent-seeking also permeates society. As noted by Chaudhry (1989) and Omeje (2007), both elites and citizens engage in extractive behaviours. The phrase "sharing the national cake" encapsulates this distributive mindset, undermining innovation and productive labour. This context helps explain the rise of a shadow economy around oil theft in Nigeria. A coalition of militant youths, corrupt officials, and criminal syndicates has emerged, siphoning and selling petroleum products illicitly. This is both a symptom and a cause of governance failure. State neglect and environmental degradation in oil-rich communities have created grievances that fuel participation in oil theft as a form of economic reparation.

Regulatory Capture Theory

Regulatory Capture Theory offers another critical lens for understanding why institutional responses to oil theft remain ineffective. Rooted in public choice and institutional economics, the theory draws on early contributions from Black (1948), Buchanan and Tullock (1962), and George Stigler (1971). It has been extended to examine corruption and elite manipulation in transitional economies (Hellman et al., 2000).

Regulatory capture occurs when agencies meant to serve the public are co-opted by the interests they are supposed to regulate. Ngwu and Nwokedi (2016) argue that such capture subverts public institutions, skewing policy in favour of dominant elites. Stigler (1971) posited that

industries often deploy financial and political resources to "capture" regulatory agencies. As Onuoha (2008) notes, these captors-often political and economic elites-wield influence through campaign financing, media ownership, or covert operations.

In Nigeria, this theory explains why institutions such as the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) have struggled to address crude oil theft. Despite their mandates, these agencies are widely perceived as compromised by elite interests embedded in the illicit oil economy. These "political heavyweights" manipulate state institutions to shield themselves or their associates from legal repercussions, thereby deepening the culture of impunity.

The implications are dire. Regulatory capture undermines institutional autonomy, weakens accountability, and sabotages reform. Onuoha, Ezirim, and Enyiazu (2017) document how the Nigerian state's ambivalent response to oil theft reflects systemic complicity. Yusufu (2004) asserts that those who control economic production inevitably shape political and legal institutions, thereby entrenching elite domination.

Research Methodology

This study employs a quantitative-dominant mixed methods approach. This methodological orientation enables the integration of quantitative rigor with qualitative depth, allowing for a comprehensive analysis of the multidimensional nature of crude oil theft. The target population consists of 400 respondents, randomly selected from three key oil-producing states-Rivers, Delta, and Bayelsa. These states form the core of Nigeria's Niger Delta region and serve as the geographical locus of crude oil theft. The respondents include local community members, oil sector workers, security personnel, and officials from relevant regulatory institutions, thereby ensuring a diverse and informed sample.

Data collection was primarily executed through a structured questionnaire, carefully designed in alignment with the study's four core objectives. The instrument features Likert-scale items aimed at capturing respondents' perspectives on the political and economic drivers of crude oil theft, institutional and structural enablers, socio-economic and environmental impacts, as well as the adequacy of existing state responses.

Quantitative data were analyzed using descriptive statistical techniques such as frequencies, percentages, Total Weighted Values (TWV), and Mean Indices (MI) to identify trends, patterns, and variations across stakeholder groups and states. Likert-scale responses were interpreted to assess the level of agreement or disagreement with key statements related to the political and economic drivers, institutional enablers, and socio-environmental impacts of crude oil theft in Nigeria. This approach enabled a straightforward yet effective interpretation of the data in line with the study's objectives.

Results and Discussion

Table 1: Proportional Distribution of Respondents by State and Stakeholder Category

State	No. of Respondents	Local Community Members	Regulatory Agency Personnel	Security Officials	Oil Sector Workers
Rivers	160	40	40	40	40
Delta	137	34	34	34	35
Bayelsa	103	26	26	26	25
Total	**400**	**100**	**100**	**100**	**100**

Source: Field Survey, 2025

The data in Table 1 reflects a balanced and proportionate distribution of 400 respondents across Rivers, Delta, and Bayelsa States, drawn from four stakeholder groups: local community members, regulatory personnel, security officials, and oil sector workers. Rivers accounts for 40% of respondents, followed by Delta (34.25%) and Bayelsa (25.75%). Each stakeholder group contributes equally-100 respondents-across the three states. This stratified approach enhances the study's credibility, allowing for comparative analysis across geographic and institutional divides. Rivers' larger representation underscores its strategic oil-producing significance and vulnerability to crude oil theft. Meanwhile, Delta and Bayelsa, though slightly underrepresented, provide critical perspectives reflecting their roles in oil production and the complexities of regulatory, security, and socio-economic challenges in the Niger Delta.

Table 2: Political and Economic Drivers of Crude Oil Theft in Nigeria

Statement	SA (4)	A (3)	D (2)	SD (1)	TWV	MI
Political elites benefit directly or indirectly from crude oil theft in Nigeria.	120	200	50	30	1210	3.03
Economic hardship significantly contributes to individuals' involvement in oil theft.	100	210	60	30	1180	2.95
The politicization of oil resources increases the prevalence of crude oil theft.	110	190	70	30	1180	2.95
High levels of youth unemployment drive participation in oil theft activities.	105	195	60	40	1165	2.91

Source: Field Survey, 2025

The data in Table 2 reveal a strong consensus among respondents regarding the political and economic drivers of crude oil theft in Nigeria. The highest Mean Index (MI) of 3.03 is recorded for the statement that *political elites benefit directly or indirectly from crude oil theft*, indicating strong agreement. This suggests that political complicity is widely perceived as a major enabler of oil theft. The statements on *economic hardship* and *politicization of oil resources* both have an MI of 2.95, showing broad agreement that poor economic conditions and the political manipulation of oil resources contribute significantly to the problem. The lowest MI of 2.91 still indicates agreement that *youth unemployment is a key driver*, highlighting the socio-economic roots of oil theft. Overall, all four items scored above the midpoint of 2.5, showing general agreement and confirming that both political and economic factors are widely viewed as key contributors to crude oil theft in Nigeria. The findings affirm Regulatory Capture and Resource Curse theories, showing political elites' complicity and socio-economic grievances as key drivers of crude oil theft. This aligns with Odalonu (2015) and Omoyibo and Omoruyi (2014), highlighting elite corruption, unemployment, and regional marginalization as structural enablers of oil-related criminality in Nigeria.

Table 3: Institutional and Structural Factors Facilitating Crude Oil Theft

Statement	SA (4)	A (3)	D (2)	SD (1)	TWV	MI
Weak enforcement of existing laws encourages the persistence of crude oil theft.	220	130	35	15	1355	3.39
Corruption within security and regulatory agencies enables oil theft operations	240	120	25	15	1385	3.46
Poor surveillance infrastructure contributes to oil pipeline vandalism and theft.	210	140	35	15	1345	3.36
Institutional fragmentation among government agencies weakens anti-theft efforts.	200	130	50	20	1310	3.28

Source: Field Survey, 2025

The analysis of institutional and structural factors facilitating crude oil theft in Table 3 reveals a complex interplay of governance failures and systemic weaknesses. Corruption within security and regulatory agencies, with the highest mean index of 3.46, emerged as the most significant factor. Respondents overwhelmingly agreed that the complicity of those entrusted with enforcing oil sector regulations significantly enables crude oil theft. This finding reflects a deep public perception that institutional actors, rather than deterring criminal activity, are often compromised and facilitate such operations. Closely following is the issue of weak enforcement of existing laws (MI = 3.39), which underscores the gap between legal frameworks and actual implementation. Despite the presence of laws designed to deter oil theft, inconsistent and ineffective enforcement has allowed such criminal activities to thrive, reinforcing a culture of impunity and diminishing the deterrent power of the law. In addition, poor surveillance

infrastructure (MI = 3.36) was identified as a critical enabler of oil theft. The inability to adequately monitor pipelines and installations-due to outdated or insufficient technological systems-creates vulnerabilities that are exploited by oil thieves. This infrastructural gap leaves the oil sector highly susceptible to vandalism and unauthorized tapping. Lastly, institutional fragmentation among government agencies (MI = 3.28) also contributes to the persistence of crude oil theft. While it recorded the lowest mean index among the four, it remains significantly above the neutral midpoint, indicating that respondents recognize the detrimental effects of overlapping mandates, poor inter-agency coordination, and bureaucratic inefficiencies. This fragmentation weakens anti-theft strategies by blurring lines of responsibility and diluting accountability.

The findings underscore systemic governance failures-particularly institutional corruption, weak law enforcement, inadequate surveillance, and inter-agency fragmentation-as critical enablers of crude oil theft. Consistent with Regulatory Capture and Resource Curse theories, and corroborated by Rufus and Sinikiem (2024) and Onuoha et al. (2017), they reveal entrenched complicity within security institutions and regulatory bodies.

Table 4: Socio-Economic and Environmental Implications of Crude Oil Theft

Statement	SA (4)	A (3)	D (2)	SD (1)	TWV	MI
Crude oil theft significantly reduces government revenue and economic stability.	260	110	15	15	1415	3.54
Communities near theft hotspots suffer from severe environmental degradation.	230	130	25	15	1375	3.44
Oil theft contributes to the underdevelopment of oil-producing regions.	210	140	30	20	1340	3.35
Social unrest and insecurity in the Niger Delta are partly linked to oil theft activities.	220	130	35	15	1355	3.39

Source: Field Survey, 2025

The findings presented in Table 4 reveal a strong consensus among respondents regarding the socio-economic and environmental implications of crude oil theft in Nigeria. The item with the highest Mean Index (MI = 3.54) indicates that respondents overwhelmingly agree that crude oil theft significantly undermines government revenue and economic stability. This suggests a broad recognition of the fact that illicit activities in the oil sector deplete national income, disrupt fiscal planning, and weaken the country's overall economic foundation. Closely following is the perception that communities near theft hotspots suffer from severe environmental degradation (MI = 3.44). Respondents agree that oil theft contributes to environmental hazards such as oil spills, soil contamination, and water pollution. These conditions not only harm local ecosystems but also negatively impact agriculture, fishing, and public health, thereby compounding the hardship experienced by residents in affected areas. Another major implication identified is the link between crude oil theft and social unrest in the

Niger Delta (MI = 3.39). The responses reflect a common understanding that the theft economy fuels armed militancy, gang violence, and widespread insecurity, particularly in oil-producing states. These conditions not only endanger lives and property but also discourage investment and development in the region. Lastly, respondents acknowledged that oil theft contributes to the underdevelopment of oil-producing regions (MI = 3.35). Despite their resource endowment, these regions remain economically marginalized due to the diversion of oil revenues and the destruction of critical infrastructure. This systemic neglect reinforces a cycle of poverty, deprivation, and underdevelopment.

The findings affirm Resource Curse Theory and align with Chukwuma and Okafor (2024), Obada-Joel (2014), and Kachikwu (2017), revealing that crude oil theft undermines government revenue, fuels environmental degradation, incites social unrest, and entrenches underdevelopment in oil-producing regions-despite resource wealth-due to institutional failure, elite capture, and systemic neglect.

Table 5: State Responses and Policy Recommendations

Statement	SA (4)	A (3)	D (2)	SD (1)	TWV	MI
Government interventions to curb oil theft have been largely ineffective.	230	120	30	20	1360	3.40
There is a lack of political will to tackle oil theft decisively	240	110	30	20	1370	3.42
Community engagement and inclusion in oil governance would reduce oil theft	220	130	35	15	1355	3.39
Strengthening institutional capacity and accountability can mitigate crude oil theft.	210	140	35	15	1345	3.36

Source: Field Survey, 2025

The data in Table 5 reveals key insights into public perceptions regarding the effectiveness of government responses to crude oil theft and the necessary steps for policy improvement. A majority of respondents identified the lack of political will to decisively tackle oil theft as the most significant challenge (Mean Index = 3.42). This suggests a widespread belief that despite the prevalence and economic cost of oil theft, there has been insufficient commitment from political leadership to address the problem rigorously and transparently. Closely following this is the perception that government interventions to curb oil theft have been largely ineffective (MI = 3.40). Respondents seem to believe that existing strategies have not yielded the desired results, possibly due to weak enforcement, limited resources, or entrenched corruption. This reinforces concerns about policy failures and implementation gaps within anti-theft measures. Additionally, respondents overwhelmingly supported greater community engagement and inclusion in oil governance as a viable strategy to reduce oil theft (MI = 3.39). This response reflects the recognition that sustainable solutions must involve local stakeholders-particularly communities in oil-producing regions-who are directly affected and often possess critical knowledge and incentives to protect oil infrastructure. Lastly, the need for strengthening

institutional capacity and accountability (MI = 3.36) was also emphasized. Although this factor recorded the lowest mean index among the four, it still surpassed the benchmark of 2.50, indicating general agreement on the importance of building robust, transparent institutions capable of enforcing regulations and ensuring responsible governance of oil resources**.**

Conclusion

The phenomenon of crude oil theft in Nigeria emerges not as a discrete criminal enterprise, but as a deeply entrenched political economy challenge, sustained by a convergence of structural, institutional, socio-economic, and governance deficiencies. The empirical findings of this study expose a disturbing continuum of complicity and dysfunction-one that implicates the state, its institutions, and the broader socio-political environment in the perpetuation of this economic sabotage. That political elites are widely perceived to benefit-either directly or tacitly-from crude oil theft (MI = 3.03) signals a troubling erosion of public trust in governance and an embedded elite capture of the oil economy. Such political complicity, compounded by economic hardship, youth unemployment, and the politicization of resource allocation, forms a fertile ground for the normalization of oil theft as both a livelihood strategy and a political instrument.

At the institutional level, the overwhelming perception of corruption within security and regulatory agencies (MI = 3.46), alongside weak enforcement of extant legal frameworks and fragmented governance structures, underscores the inability of the Nigerian state to effectively assert control over its strategic oil assets. This institutional fragility is further exacerbated by inadequate surveillance infrastructure and poor inter-agency coordination, which create operational vacuums readily exploited by sophisticated oil theft networks. The institutional failure is not merely administrative; it is a symptom of deeper governance pathologies rooted in rent-seeking behavior, lack of accountability, and systemic impunity.

Moreover, the socio-economic and environmental implications of oil theft are profound and multi-dimensional. The significant depletion of government revenues (MI = 3.54) due to oil theft constrains fiscal capacity, undermines macroeconomic stability, and stifles national development efforts. Concurrently, the environmental degradation suffered by communities in oil-producing areas (MI = 3.44), the rise in social unrest and armed militancy (MI = 3.39), and the persistent underdevelopment of resource-rich regions reflect a paradox of dispossession in the midst of abundance-a condition often theorized as the "resource curse." These dynamics not only destabilize local economies but also reinforce cycles of violence, deprivation, and state failure in the Niger Delta and beyond.

Policy Recommendations

Based on the findings derived and the conclusion drawn, the study makes the following recommendations:

i. Strengthen political commitment and leadership accountability: To dismantle the entrenched elite complicity that facilitates crude oil theft, there is an urgent need for unequivocal political will at the highest levels of government. This requires transparent leadership that prioritizes anti-theft policies as a matter of national security and economic sovereignty. Establishing independent oversight bodies with the authority to investigate and sanction political actors involved in oil theft-related corruption would be critical in restoring public trust and enforcing accountability.

ii. Institutional reforms and capacity enhancement: Institutional weaknesses-manifested through corruption, fragmented mandates, and enforcement gaps-must be addressed

through comprehensive reforms. This includes professionalizing security and regulatory agencies tasked with oil sector oversight by instituting merit-based recruitment, rigorous training, and robust anti-corruption measures. Enhancing inter-agency coordination through integrated task forces and centralized intelligence-sharing platforms will improve operational efficiency and reduce bureaucratic bottlenecks.

iii. Technological modernization of surveillance and monitoring systems: Investment in cutting-edge technological infrastructure is imperative to mitigate vulnerabilities exploited by oil thieves. Deploying advanced pipeline monitoring technologies such as drones, remote sensing, and real-time data analytics can significantly improve surveillance and early detection of illicit activities. Partnerships with private sector technology firms and international agencies could facilitate knowledge transfer and resource mobilization for these initiatives.

iv. Community inclusion and participatory oil governance: Recognizing the pivotal role of local communities in safeguarding oil infrastructure, policies must institutionalize mechanisms for meaningful community engagement. This involves creating legal frameworks that empower host communities through revenue-sharing, transparent benefit programs, and participatory decision-making forums. Supporting community-based surveillance and reporting networks can foster local ownership of anti-theft initiatives and reduce alienation that often fuels militancy.

v. Socio-economic development and youth employment programs: Tackling the socio-economic root causes of oil theft necessitates targeted interventions to alleviate poverty and youth unemployment in oil-producing regions. Integrated development programs focusing on vocational training, entrepreneurship support, and social safety nets can provide alternative livelihoods and reduce the allure of illicit activities. Collaboration between federal, state, and local governments is essential to ensure these programs are contextually relevant and effectively implemented.

vi. Legal and regulatory overhaul with enhanced enforcement mechanisms: To close the gap between law and practice, legislative frameworks governing oil theft must be reviewed and strengthened to include harsher penalties, expedited prosecution processes, and protective provisions for whistleblowers. Equally important is the establishment of specialized judicial bodies to handle oil theft cases expeditiously, thereby reinforcing the deterrent effect of the legal system.

vii. Strengthen sectoral transparency and institutionalize anti-corruption mechanisms: There is a critical need to deepen transparency through the consistent publication of audit reports, contract details, production figures, and revenue flows. This should be complemented by the rigorous implementation of international governance frameworks such as the Extractive Industries Transparency Initiative (EITI). Institutionalizing such global best practices not only enhances public oversight and accountability but also builds stakeholder confidence and deters corrupt practices by exposing opaque transactions to sustained civic and regulatory scrutiny.

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