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Unpacking the factors behind success and challenges in oil-producing countries: A comparative study of Norway and Nigeria oil resources and development.

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DEDICATION

I dedicate this work to the memory of my maternal grandmother late Chief Mrs. Janet Morojuromobi Reju (14th July 1923- 8th October 1995) whose tireless efforts made me who I am today.

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ACRONYMS AND ABBREVIATIONS:

BPD- Barrel per day

CBN- Central Bank of Nigeria

DPA- Distributive Pool Account

ECA-Excess Crude Account

EITI- Extractive Industries Transparency Initiative

GDP- Gross Domestic Product

GPF-G- Government Pension Fund Global

HDI- Human Development Index

MOSOP- Movement for survival of Ogoni People

NCS- Norwegian Continental Shelf

NDDC- Niger Delta Development commission

NEITI- The Nigeria Extractive Industries Transparency Initiative

NSIA- The Nigerian Sovereign Investment Authority

OPEC- Organization of petroleum exporting countries

OMPADEC-Oil Mineral Producing Areas Development Commission

SDFI- State Direct Financial Interest

SWF- Sovereign wealth Fund

UN- United Nations

UNDP- United Nations Development Programme

ABSTRACT

Oil and gas are the important industries in the world energy sector because they play a crucial position in the global market. Elsgård (2014) argued that previous studies show that institutions are an important determinant for the impact of resource inequality and resource curse in the oil dependent countries. In his comparative analysis, transparency, accountability and a strict rule of law are found to be among the features that distinguish successful countries. Meanwhile, despite the efforts of Elsgård's study on oil dependent countries, there are still limited studies exploring the possible factors that determine the success in the use of oil resources. Building from existing studies, the purpose of this thesis is to take a step further to compare the discovery of oil resources in both Nigeria and Norway and establish the factors that explain the difference in the way they manage resource revenue for the development of their respective countries.

Within this context, the critical main research question answered in this thesis is: 1) What are the social, economic and political factors influencing the oil revenue management and development in two oil-producing countries of Nigeria and Norway? To answer this research question, this thesis applied a comparative qualitative approach, employing a scoping review method to search for relevant documents (e.g., articles, and reports) reporting on oil production, management and development in the two countries of Norway and Nigeria. Using this approach, 35 studies were retrieved and analyzed to answer the research question. Based on the resource curse theory as the theoretical framework, the key findings of this study highlighted those strong institutions and political systems influence the nature of development in resource-rich countries. The findings have shown that contrary to the assumptions of the resource curse theory, not all mineral natural resourced countries end up with worse economic situations. The key element is strong institutions as in the case of Norway, which determine the way resources are distributed and managed. The findings in this study have strong implications for resource-rich but less democratic countries.

1. CHAPTER ONE: INTRODUCTION

Oil and gas are the important Industries in the world energy sector because they play a crucial position in the global market, according to Natalie and colleagues (2005), they argued that the processes and the system involved in the producing and distributing oil and gas are highly complex, capital -intensive which involve huge investment in modern technology

From the inception of its discovery, natural gas has been linked to oil due to the production process or upstream angle of the business, Petroleum has been used for waterproofing construction and lighting purposes spanning back to ancient civilization from the 1800 ancient history. Petroleum and bitumen (Asphalt) could be found in seepages in Italy, China, Egypt (Gebel Zeit) Cuba, and the dead sea, Baku, in present-day Azerbaijan which was well known from antiquity to the modern era for its natural seeps of crude oil.

Adam (2019) categorizes the energy sectors into three key areas.

1- Upstream- Is the exploration and production (E&P) which involves the search for underwater and underground natural gas fields or crude oil fields and the drilling of exploration wells and drilling into established wells to recover oil and gas.

2- Midstream- This entails the transportation, storage, and processes of oil and gas, once resources are recovered, it has to be transported to a refinery which is often in a completely different geographical region compared to the oil and gas reserves, transportation can include anything from tanker shops to pipelines and trucking fleets.

3- Downstream- This refers to the filtering of the raw materials obtained during the upstream phase, it means refining crude oil and purifying natural gas. The marketing and commercial distribution of these products to consumers and end-users in a number of forms including oil, petrol, natural gas, diesel, gasoline, lubricants, kerosene, jet fuel, asphalt, heating oil, LPG (Liquified Petroleum Gas) as well as a number of other types of petrochemicals

The discoveries and the exploration of oil in the last couple of decades has equally witnessed a quiet number of shortcomings and lows. Examples are the price collapse of 2013, the environmental disasters, Deepwater horizons Gulf of Mexico oil spill in 2014, etc. Adam pointed further that the world's dependence on oil and gas is increasing as global economies and infrastructure continue to rely heavily on petroleum-based products.

The trend toward renewable and alternative energy is another challenge to traditional oil and gas companies while generating electricity from solar power systems and the offshore wind is becoming increasingly cheaper and cost-effective. According to The International Renewable Energy Agency (IRENA), over 80 percent of newly commissioned renewable energy will be cheaper than new oil and gas natural gas sources.

Meanwhile, despite the increasing interest in oil production, to-date, limited research has been conducted to explore the factors that explain the success of oil producing countries. As I will explain later in the thesis, proponents of theories such as resource curse theory argue that countries with natural resources tend to grow at a slower pace than those without resources. In an effort to establish the rationale behind this, in this thesis, I study two resource-rich countries with one growing at a higher rate due to oil production (Norway), while the other one growing at a slower pace (Nigeria) even with higher oil production levels.

1.1 Choice of Topic and Research Problem

Before the advent of oil in the Niger Delta region of Nigeria, the people were actively involved in various economic activities. The three major economic activities which dominated the economy of the people were fishing, local craft, and trade. I was born in Aiyetoro, a theocratic settlement founded in 1947 by a group of local fishermen. It is one of the oil-producing communities located along the coastline of Ilaje Government Area of the Ondo state of Nigeria where oil was discovered in commercial quantities in the year 1970 and a great amount of my understanding and knowledge of community life comes from growing up in a society where everybody was happy together. By 1960, according to public records- Proceeds from fishing made Aiyetoro one of the richest rural communities in West Africa, the community flourished partly because of the ingenuity and obstinate of the people.

However, in my adult life, my academic pursuits gave me the privilege to travel outside Nigeria to Norway, and as an oil-producing country, I had the quest to visit Balder in Stavanger where oil was discovered in 1967. During the tour, I was surprised to see the wide gap in development between the two oil-producing nations.

I am aware that the resources and opportunities in Norway cannot be compared to Nigeria. Yet, my Norwegian experience continually challenged my thinking that with Nigeria's human and natural resources, why is it that the people of oil-producing communities are living in abject poverty yet in Norway the majority of the population is experiencing a positive impact of their natural resources? According to the World population review (2021), Nigeria with a total population of 211,400,708 million, produces 1,948 barrels per day while Norway with a very low population of 5,465,630 million produces 1,398 barrels per day. *"Poverty in the midst of plenty*" (*Odeigah,2017*) In addition, a thorough review of existing research showed that no study to the best of my knowledge has attempted to study the state of oil production in the two oil-producing countries of Norway and Nigeria. Thus, considering the existing gaps in the literature, my childhood experiences, the present state of oil-producing communities in the Niger Delta region, and my encounter in Norway contributed to my quest for answers and the idea to do comparative research on the oil revenue management and development in the two countries.

1.2. Research Questions

I formulated one main research question to guide the thesis:

What are the social, economic, and political factors influencing the oil revenue management and development in two oil-producing countries of Nigeria and Norway?

1.3. Research Objectives

1.3.1. To examine the social, economic, and political factors influencing the oil revenue management and development in two oil-producing countries of Nigeria and Norway

1.4. Justification of the Study

This study is important now because, in the last five decades of oil extraction, one fundamental problem that faces Nigeria, especially in the Niger delta where oil was discovered and currently exploited is the degradation of the environment which is attributed to gas flaring, oil spillage and underdevelopment of the host communities. Okonta and Douglas (2001) observed that the oil companies operating in the areas have, through negligence and cynical indifference, orchestrated a vicious ecological war in which the victims are the hapless people of the region and the land and rivers on which they lived and thrived for centuries.

By contrast, Norway is continuing to invest its oil and gas money in a giant sovereign wealth fund, which is worth about 800 billion dollars. According to a 2012 study by New York Columbia University, only 4% of the surplus from the fund is spent or invested in public projects. Alexander Capellen (2014) argued that Norway believes in investing a lot of money before spending anything, this informs why the country has apparently avoided the pitfalls of vast wealth.

However, the Nigeria government has created several development intervention agencies in the oil-producing areas of the Niger Delta to bring about an improved quality of life for the people, but these attempts mostly translate into enormous disappointment for the communities in the region whose hopes and aspirations have been raised and then repeatedly shattered. Abosede Babatunde (2010) argued further that Niger Delta remains pervasively poor and underdeveloped, lacking adequate physical infrastructures, such as electricity, potable water supply, educational facilities, medical facilities, roads, and shelter.

Few studies have been carried out to assess the level of underdevelopment in the Niger Delta region of Nigeria but less has been done by the established agencies to implement any developmental projects as Imobigbe (2004) opined that all the agencies' efforts are merely cosmetic, having failed to significantly improve the fortune of the country and the oil-producing Niger Delta people.

1.5 Scope of the Study

This study focuses primarily on comparing the social, economic, and political factors influencing the oil revenue management between Nigeria and Norway. To achieve this goal, the thesis employed a scoping review approach that involved the analysis of existing literature (details are provided in the methodology chapter). This being the first study of its kind that attempts to analyze development differences between two oil-producing countries, this thesis may contribute to the understanding of the Norway oil success story, which could help in shaping Nigeria's management of oil revenues as well as other oil exploitation countries, particularly in the developing world.

1.6. Thesis Outline

This thesis is composed of 5 chapters. Chapter 1 provides a general overview of the research problem, the motivation, and the research questions being addressed. Chapter 2 delves in-depth into relevant literature, specifically the historical background of oil exploitation in Nigeria and Norway, and the political environment in the two nations. Chapter three highlights the theoretical framework that guided the analysis of the study findings. The fourth chapter outlines the methodological procedures, clearly explaining the methods used in the collection and analysis of the study findings. Chapter five presents the findings and analysis, while Chapter 6 draws conclusions from the thesis, implications, and recommendations for future research.

2. CHAPTER TWO: LITERATURE REVIEW

This section will discuss in detail the literature of relevance to this thesis. This review section is broadly grouped under three categories namely:

1- Historical background and strategies prior to the discovery of oil in Nigeria and Norway, the era of an oil boom, and the Biafra war in Nigeria.

2- The Political system, Political actors, and institutions, the role-play, and the importance of legal frameworks regulating the activities of the oil industry while at the same time helping the host countries to achieve their national policy objectives.

3- The Third and last categories are financial strategies and the fiscal regimes in the resources rent extraction. This section sets the foundation for analyzing the management and regulation of the resource revenue in the context of Norway and Nigeria

2.1 Historical Background: Nigeria and Norway

Nigeria

In Nigeria, oil was discovered in 1956 at Oloibiri (present-day Bayelsa state) in the Niger Delta region after half a century of exploration. The discovery was made by Shell-BP, at the time the sole concessionaire (www.nnpcgroup.com). In 1958, Nigeria joined the ranks of oil producers when its first oil came on stream producing 5,100bp (Omotola, 2006). After 1960, exploration rights in onshore and offshore areas adjoining the Niger Delta were extended to other foreign companies, and in 1966, the EA field was discovered by Shell in shallow water southeast of Warri. Boye (2000). At the end of the Nigeria civil war in 1970, coinciding with the rise in the world oil price, Nigeria was able to reap instant riches from its production, this era was popularly called the Oil boom Olanrewaju (2017). Olanrewaju further reports that the discovery of crude oil in Nigeria is a watershed event that signified a remarkable change in the political and economic history of the country. Prior to this period, the Nigerian economy was sustained by agriculture, and each region specialized in the production of certain crops for which Nigeria was a major global producer. The eastern region was renowned for oil palm cultivation, while the western and

Northern regions were popular in growing cocoa and groundnut respectively. Other cash and food crops are grown in different parts of the country, which contributes to the national GDP. Fisheries were also a major source of livelihood, especially for the riverine population residing predominantly in the coastal Niger Delta.

Norway

In Norway, the discovery of gas at Groningen in the Netherlands in 1959 drew attention to the North Sea for the possibility of more discoveries in the Norwegian continental Shelf (NSC). In 1962, Phillips Petroleum sent an application to the Norwegian authorities for a license for exploration in the North Sea with an offer of 160,000 dollars per month (Bjorlykke, 2019; Berthelsen, 2020).

According to Mckay (2019), the offer was rejected by the authority because it was seen as an attempt to get exclusive rights, and for the authorities, it was out of the question to hand over the whole shelf to one company. If the areas were to be opened for exploration, more companies had to participate. The production licenses gave exclusive rights for exploring, drilling, and production in the license area. The first well was drilled in the summer of 1966, but it was dry.

The Norwegian oil adventure began with the 1969 Ekofisk discovery, and production from the field began on 15 June 1971. Ekofisk remains one of Norway's most important fields which consists of eight oil fields with a vast central network of rigs and platforms that pump oil to Teesside in the UK and gas to Emden in Germany via the Norpipe. These activities started in 1971 and it is estimated that they will be active until 2050 (NDP, 2013). During the following years, several large discoveries were made in the North Sea. In the 1970s exploration activity was concentrated in the area but gradually expanded northwards during the 1980s. Only a limited number of blocks were announced for each license round, and the most promising areas were explored first. This led to world-class discoveries (Norwegian Petroleum Directorate, 2013).

2.2 The Political System, Political Actors, and Institutions

2.2.1 The Nigerian Political System

Nigeria is a federal republic with a presidential system under a democratic structure. The constitution provides for a separation of powers among the three branches of government: namely the executive, legislature, and the judiciary. Prior to the 1999 General elections that brought about a democratically elected government, since independence in 1960 from Great Britain, Nigeria has witnessed various political instability by the military intervention in politics through coup d'état. According to Easton (1956), the political system is the integrating activity through which social policy is formulated and executed. This means that a political system is a policy-making process. In this study, the political actors are the policymakers, the politicians, government officials, and stakeholders in the political system, while institutions are the government and private-owned companies.

The Norwegian Political System.

Norway is a constitutional monarchy and divides state power between the parliament, the cabinet, and the supreme court. The signing of the constitution in 1814 was an important milestone for modern Norway, although full independence from Sweden was not achieved until 1905 (www.regjeringen.no, 2017). The constitutional monarchy is led by King Harald V. In practice, the king has very little political power. As all legislative power resides in the elected Parliament led by a Prime Minister. Despite this, Norway's Royal Family remains popular throughout the country (www.lifeinnorway.no).

2.2.2 Political actors and Institutions: Nigeria and Norway

Nigeria

In 1914, after the amalgamated of the southern and Northern protectorate in Nigeria, the newly instituted colonial state expressly declared Sovereignty rights over oil resources within its dominion by passing the mineral Act that empowered the Governor General to grant licenses and leases to British Subjects and companies (Pearson, 1970). In 1938, the consortium of Shell/D'Arcy Exploration Parties (later known as Shell-British Petroleum Development Company was given an exploration license for the entire land space of the country. It decided to limit its focus to an area of 15,000 square miles that was considered promising and to return the residual to the government. The chosen area was the Niger Delta, and this is where Shell-BP drilled its first oil well in Oloibiri in Bayelsa state. Encouraged by its success, the company converted its oil prospecting lease of the delta into an oil mining lease. Pearse (1970) and Schatz (1969) both argued further that the state extended similar concessionaire rights to a number of companies including Tenneco, Gulf, Agip, and Phillip, and divided the offshore continental Shelf into twelve blocks to grant leases to Mobil and Texaco overseas.

The largest of the companies is Anglo-Dutch Shell Petroleum Development Company, which produces 42.2% of the country daily output, followed by Mobil (US) 21.2%, Agip (Italy) 7.5%, ELF (6.1%), Texaco overseas Petroleum /US) 2.6% and others accounting for 1.7%. Each is in partnership with the state-owned Nigeria National Petroleum Corporation (NNPC) that commands 55-60% of the shares VanGenlder and Moerkamp (1996:15-16) but has no contact with the host communities in the Niger Delta region, Only Shell and Elf produce in the main Niger Delta and have immediate contact with the communities.

Nigeria joined the Organization of Petroleum Exporting countries in 1971 and established the Nigeria National Petroleum Company (NNPC), a state owned and controlled company which is a major player in both the upstream and downstream sectors to prosper, produce and market oil and began to acquire an equity stake in the oil companies , from 33.33% (in ElF) in 1971, these stakes rose progressively in all the companies to 55-60% in 1978, 80% in the case of Shell-BP in 1979. Thus, the state had become the owner, producer and marketer of oil Ejobono (2000).

Norway

In May 1963, the Prime Minister of Norway Einar Gerharsen and his government under the Labour party proclaimed sovereignty over the NCS, a committee under the leadership of Jen Evensen at the foreign ministry and his colleague Leif Terje Løddesøl drafted a new formal law which stipulated that the state owns any natural resources on the Norwegian Continental Shelf (NCS), and that only the King (government) is authorized to awards licenses for exploration and production. The same year, companies got the possibility to carry out preparatory exploration, the licenses included rights to perform seismic surveys, but not drilling Mckay (2019).

Even though Norway had proclaimed the sovereignty of the large offshore areas, some important clarifications remained on how to divide the continental shelf with Denmark and Great Britain. An agreement in accordance with the principle of the median line was reached in March 1965. The first licensing round was announced on the 13th of April 1965. 22 production licenses for a total of 78 blocks were awarded to oil companies or groups of companies (www.norskolje.museum.no)

Foreign companies dominated the exploration of Norway in the initial phase and were responsible for developing the country's first oil and gas field. Norwegian participation gradually increased as Norsk Hydro became involved. Saga Petroleum, a private Norwegian company was established in 1972, Statoil (now Equinor) was also created in 1972 and the principle of 50 % state participation in each production license was established. This rule was later

changed so that the Storting (the Norwegian parliament) can evaluate whether the level of state participation should be lower or higher, depending on circumstances. (www.norskpetroleum.no)

The state's participation in petroleum operation was later reorganized on the 1st of January,1985, whereby it was split in two, one linked to Statoil and the other becoming part of the state`s Direct Financial Interest (SDFI) in the petroleum industry.

According to the Norwegian Petroleum Directorate (2020). SDFI is an arrangement in which the state owns an interest in a number of oil and gas fields, pipelines, and onshore facilities, each government take is decided when production licenses are awarded and the size varies from field to field, and the state pays its share of investments and costs, and receives a corresponding share of income from the production license as one of the several owners, the Norwegian government held 81.7% of the share.

2.3. Financial strategies and Fiscal management.

Nigeria

According to Ejobonoh (2000), Nigeria extracts about 93.1 million tons of oil annually from its soil to account for 2.9% of the world's production. The entire annual production comes from the

Niger Delta region and the sea off its shore, which host a dozen oil companies producing what accounts for at least 80% of Nigeria's annual revenue. From a modest 5% of total national revenue in 1965, the share of oil revenue rose to 26.6% in 1970, 43.6% in 1971, and 80% by 1980.

Ejobowah (2000) stated further that a petroleum profit tax ordinance passed in 1959 required companies to pay 50% of their oil profit to the government to offset royalties, rentals, and taxes. In 1960, oil was derived from the Eastern and the Midwestern regions, each of which, going by the country revenue allocation formula of the period, was entitled to 50% of rent and royalties under the Chicks commission of 1953/54.

Raisman commission of 1958 tempered the derivation principle by working out a formula to correct the defects of the Chicks commission which required that certain types of revenue (including those derived from petroleum) be split into three:

1- States of derivation – 50%

2- Federal government- 20%

3- Distributive Pool Account- 30%

This was shared among the regions based on population and equality. Oil had not emerged as a dominant source of revenue, so what was returned in terms of rents and royalties did not mean much to the two regions. In 1967, OPEC terms required the treatment of royalties as expenses, so that in addition to the 50% profit tax, the companies were to pay royalties to the government.

During the 1967-70 Biafra civil war, oil ownership was disputed for the first time, the eastern and Midwest regions were the oil producers. The leader of the attempted secessionist eastern region ordered oil companies to pay rents, royalties, and taxes to the newly declared Republic of Biafra bolstered by the political support of France (Khan 1994:10-11). The Nigerian government contends by insisting that royalties be paid to itself, the fierce war ended with the liberation of oil areas from Biafra control. In November 1969, according to Soremekun (1995:16), the Nigerian government promulgated the petroleum Decree that nullified all concessions held by oil companies and granted itself the power to issue fresh oil exploration licenses and production leases. The Decree vested in the state the control and ownership of:

1- All petroleum in, under, or upon any lands in the country

2- All petroleum under the territorial waters of Nigeria

3- All land forming part of the continental shelf of the country

Ikein and Anigbo (1998:140) and Pearse (1969:112) found that Oil was derived principally from Rivers, Midwest, and Cross River states, the 50% rent and royalties that came to them was reduced in absolute terms by the federal government's claim to offshore rents and royalties via Decree 9 of 1971. The Distributive pool account (DPA) Decree No 13 of 1970 reduced from 50% to 45% the share of petroleum revenue going back to the state of derivation while the share that went into DPA rose to 50%. The distribution of oil revenue through the DPA activated demands for and creation of more states; seven new states were created in 1976, but minorities of the Niger Delta did not benefit from the exercise. In the same year, the federal government passed the constitution Decree No 6 of 1975 increasing to 80% the share of oil revenue going to DPA and reducing to 20% the share that went to states of derivation.

The 1979 constitution revised the petroleum Act of 1969 by declaring the federal government's ownership of all mineral resources both onshore and offshore and the derivation share of oil revenue was slashed to 5% by the Second Republic government of Alhaji Shehu Shagari. By the end of the General Ibrahim Babangida regime in 1993, the derivation principle had practically been eliminated as it fell to 3%. In 2004, the federal government of Nigeria was created ECA to act as a fiscal revenue to cushion the economy from the volatility of oil prices by acting as a stabilizing fund to meet the country's yearly budget deficit and to also fund the development of local infrastructure www.nairametrics.com

A benchmark price for oil is considered and oil revenues over and above the benchmark price are pooled into the excess crude account (ECA) so that in the event of price volatility, ECA is used to bridge the gap between the actual oil income and the budgeted one www.nairametrics.com. Khan (1994:41-3), and VanGelder and Moerkamp (1996:35) also argued that the Niger Delta people believe that oil will be depleted and there will be nothing to show for it. For example, the first oil well in Oloibiri has been capped, emptied, and abandoned. They also cited some examples like the giant oil field in Obaji (that includes Erena) has been drained of 386.01million barrels right from its discovery in 1964 to December 1990, and the Olomoro field, another giant one (that includes the Afisiere, Eriemu, and Oweh) discovered in 1963 has been emptied of 292.36million barrels by the end of 1990. The anxiety that the nonrenewable rich resources might someday be gone.

Norway

In Norway, as I have mentioned in the earlier sections, in 1985, the ownership interest in the production licenses through Statoil (Equinor) was split into two where SDIF was created and in 2001 after Equinor was listed on the stock exchange, the responsibility for managing the SDFI portfolio was transferred from Equinor to a new state-owned management company called Petoro. At the end of 2020, the SDFI portfolio consisted of financial interest in 194 production licenses, 36 producing fields, and holdings in 16 joint ventures that own pipelines and onshore facilities. Net cash flow from SDFI in 2021 is estimated to be around NOK 91.4 billion.

According to www.norskpetroleum.no/en/economy/government-revenue/ net cash flow from SDFI in 2021 is estimated to be around NOK91.4billion, Norwegian state owns 67% of the shares in Equinor and receives dividends in the same way as the other shareholders. In 2021, the expected dividend paid to the state is NOK8. 7billion.The direct investment in oil by the state has allowed the government to directly benefit from the oil and gas activities rather than allowing the profits to disappear abroad.

Summary of the review chapter

The above section has provided a summary of the historical background of oil discovery in Norway and Nigeria. I have also provided a summary of the political system, actors, and institutions of both Norway and Nigeria. Lastly, I presented the financial strategies and the fiscal regimes and how they impacted the way oil revenues were managed. An important aspect to note from the above review is that some clear differences between the two countries are clear. However, during my review, it was not clear, to what extent, the different political systems and financial strategies affect the way oil revenue is used in the two countries. It is from this background that I was motivated to take a more critical stance on these institutions to establish how and the extent to which they could explain the way oil revenues are managed and to highlight any lessons for oil-producing companies in both the developed and developing country contexts (details are provided in the findings chapter). In the next section, I present the theoretical framework that guided the analysis of findings in this thesis.

3. CHAPTER THREE: THEORETICAL FRAMEWORK

In this section, I present the theoretical framework that guided the interpretation of the study findings. I used the resource curse theory-which is a widely used framework for studies on oil and other mineral resources within countries with abundance in mineral production but with limited economic growth. Hence, a suitable framework to use in the current study intended to explore the possible factors for the low development (Nigeria) and high development (Norway) outcomes from oil production. The details about the framework are presented below.

3.1. Resource curse theory- Dutch Disease

According to the findings of Omodadepo and Akanni (2013), the resource curse argument says that natural resource rich countries tend to grow at a slower pace while countries with little or no natural resources grow at a faster rate. Revenue received from natural wealth should generate economic progress and bring wealth to a resource rich country. However, economic realities and empirical studies seem to be a variance with theoretical explanations. Many resource-rich countries appear to have experienced a worse performance in terms of economic progress and poverty reduction than countries without such apparent "benefits" (Steven, 2003). While some cross-country studies establish only a statistical connection between large resources and poor economic growth (Sachs & Warner 1997, 2001; Brute et al., 2005).

Initial research, most notably by Sachs and Warner (1995,1999,2001) generally pointed to macroeconomic transmission mechanisms, most specifically the *Dutch Disease*, as the main mechanism behind the negative effects of resource abundance growth (Stevens & Dietsche 2008). Dutch Disease mentioned here is the name originated from the problems experienced by the Netherlands during the 1970s. The Netherlands experienced a recession after the discovery of large natural gas deposits in the North Sea. The Dutch Disease model focuses on lost competition in non-resources sectors- manufacturing being the most significant in developing economies, like in the Netherlands during the 1970s. High demand in the resource sector inflates wages and the currency appreciates, in turn, this causes sectors not affected by the increased demand to lose competition in the international market. The contraction of no-resource sectors causes productivity loss that slows down economic growth.

Sachs and Warner (2001) use the expression “crowding out logic”. If activity X drives growth, growth suffers if natural resources crowd out activity X. crowding- out happens because profits are reduced from higher input prices, Sachs and Warner identify X as traded manufacturing activities.

Norway is the 10th largest oil exporter in the world with a daily production capacity of 1.712million barrels which is the same level of the output as Nigeria, the largest oil producer in Africa and the sixth-largest exporter in the world (www.wordesports.com) According to the oil and gas journal, Nigeria produces 2.4million barrels of crude oil daily and holds the tenth largest proven oil reserves in the world with the second-largest reserves in Africa after Libya. As of 2021, the proven oil reserves stood at 36.9billion barrels but according to the UN 2021 Human Development Index (HDI), Nigeria was among some of the poorest nations in the world and is ranked 158th out of 177 countries assessed in the index, which has not changed significantly in the last decades.

Meanwhile, Norway has the largest oil reserve in western Europe with 8.122billion of proven crude oil as of 2021(www.countryeconomy.com) and has successfully steered away from the resource curse by minimizing rent-seeking behaviors and corruption. Norway has escaped from the resource curse because the management of the oil resources reflects the view of the decision-makers that the resources belong to the current and the future generations. UNDP human capital development indicator shows that Norway is currently ranked among the countries with the highest GDP per capita. In 2005, the GDP per capita was 42,000 dollars, and was one of the countries providing welfare for its people (Mehlum, et al 2008).

Mehlum et al (2008) define producer friendly as a system that encourage investors into their production or manufacturing sectors while on the other hand grabber friendly are the agencies that make it attractive for investors to prefer the unproductive activities like rent seeking, they used every means to exploit as much rent from natural resources. one of the examples of weak institutions is malfunctioning bureaucracy, low corruption control, and weak property, and contractual rights. Under the producer-friendly arrangement, rent-seeking and production are complementary activities while with the grabber-friendly system, these are competing activities that bring about economic redundancy.

In this regard, it is evident that oil in itself may not be the curse but rather the unstable political system, weak institutions and inappropriate management of oil resources, corruption, and mismanagement of the economy. This argument and other explanations put forward by the proponents of the resource curse theory will be elaborated on and utilized in the discussion of findings in chapter five.

4. CHAPTER FOUR: METHODOLOGY

This chapter presents the methodology of this thesis, giving a precise description of how the study was conducted, and the justification for the methodological choices made. In this chapter, I highlight the research design, data collection procedures, analysis, and consideration of validity and reliability issues to allow the reader to assess the validity of the conclusions and inferences made from the study findings

4.1 Research Design:

4.1.1 A comparative Qualitative approach.

This thesis adopted a comparative case study design utilizing qualitative approaches. A case study is an in-depth examination of a single case to explore a given phenomenon (Bryman, 2008). Comparative studies involve an examination of two or more case studies to understand how and why particular problems observed differ or relate within and across contexts (Silverman, 2016). A comparative case study approach was selected for this thesis because it was deemed appropriate to explore and compare the different factors influencing the success and challenges in two oil-producing countries (e.g. Norway and Nigeria). It is important to emphasize that even though the two countries are at different levels of development, the fact that they are both oil-producing countries supports the decision to compare them in an effort to understand how the different economic, social and political factors could justify the different levels of development, particularly in connection with revenue from oil.

Creswell (1998) provides some conceptual clarification by defining qualitative research as an inquiry process of understanding based on distinct and methodological traditions of inquiry that explore a social or human problem. The researcher builds complex, holistic pictures, analyzes words, reports detailed views of informants, and conducts the study in a natural setting (p. 15). The type of methodology adopted by any research depends upon the central research objective and questions (Crabtree & Miller, 1999). Qualitative research methodology typically answers the where, what, who, and when question (Silverman, 2000). However, it has been noted that qualitative research methodologies do not adequately answer why a phenomenon occurs or how it occurs (Denzin & Lincoln, 2000; Silverman, 2000). To understand the processes or the how and why of a given phenomenon qualitative research provides the necessary in-depth and exploratory tools to achieve a clear picture of the process (Symon & Cassel, 1998). Collis et al. (2003) argue that only qualitative research in the business environment provides a stronger basis for analysis and interpretation because it is grounded in the natural environment of the phenomenon. The methodology typically answers where what, who and when questions (Silverman, 2000). However, it has been noted that qualitative research methodologies do not adequately answer why a phenomenon occurs or how it occurs (Denzin & Lincoln, 2000; Silverman, 2000). To understand the processes or the how and why of a given phenomenon qualitative research provides the necessary in-depth and exploratory tools to achieve a clear picture of the process (Symon & Cassel, 1998). Collis et al. (2003) argue that only qualitative research in the business environment provides a stronger basis for analysis and interpretation because it is grounded in the natural environment of the phenomenon.

4.2 Methods of data collection and analysis

4.2.1 A scoping review approach

To answer the thesis research question, a scoping review approach was employed to gather the necessary literature on oil production from the two countries. In this thesis, the methodological framework of undertaking a scoping review suggested by Levac et al. (2010) and used in previous scoping review studies (e.g. Kaliisa et al., 2021) was followed. Anderson et al. (2008) defined scoping reviews as an approach concerned with contextualizing knowledge in terms of identifying the current state of understanding, identifying the nature of things we know and do not know, and setting this within policy and practice contexts. In this regard, researchers using this approach tend to provide a synthesis and analysis of a wide range of research and non-research material to provide greater conceptual clarity about a specific topic (Davis et al., 2009).

According to Levac and colleagues, a scoping review goes through five key stages including Identifying the research question, identifying relevant studies, Study selection, Charting the data, and Collating, summarizing, and reporting the results. In the following section, I present and define each of the stages in relation to how it was used and implemented in this thesis.

Identifying the research question

I started by identifying a research question to guide the data collection exercise. As is the case with most scoping reviews, I came up with a general question, as the focus of the current study is to summarize the breadth of evidence regarding oil production revenues in Norway and Nigeria. Thus, I formulated the following research question; What are the social, economic and political factors influencing the oil revenue management and development in two oil-producing countries of Nigeria and Norway?

Identifying relevant studies

A strength of scoping studies includes the breadth and depth, or comprehensiveness, of evidence covered in each field (Levac et al., 2010; Cooper et al., 2019). The following criteria provided by Cooper et al., (2019) were considered in the study selection namely (1) describing the inclusion and exclusion criteria clearly to determine the eligibility of studies; (2) an iterative process, including searching the literature, refining the search strategy, and reviewing articles for inclusion; (3) involving at least two reviewers who independently review the title and abstracts and reach consensus on studies for inclusion; and (4) summarize the study selection in a flow chart.

Thus, to identify relevant studies, I took a number of steps. First, I decided on the inclusion and exclusion criteria as illustrated in Table 1. After the inclusion and exclusion criteria were formulated, in consultation with my supervisor, I created the search terms, and the sources to search for relevant research articles and relevant reports. The search string used included variations and different combinations of the following words: "Oil production in Norway". "Oil production in Nigeria", Oil revenue AND Norway AND development; Oil revenue AND Nigeria AND development. For the purpose of this thesis, I searched articles and reports from three databases namely Scopus, Google Scholar, and the general Google search engine to search for reports not published in academic journals. In the end, 1200 articles were found, which were later sorted based on abstracts and titles. Later, the sorted articles were analyzed through full-text skimming. The process started in September 2021 to March 2022. The process was iterative involving frequent discussions with a research assistant to ensure that the papers retrieved are relevant to the thesis research question. Following this process, the final dataset included 35 papers of which 22 were journal articles, 7 book chapters, and 6 conference papers,

Table 1. Inclusion and Exclusion Criteria

Inclusion	Exclusion
The study reports on oil production in Nigeria or Norway	Papers reporting on oil production revenue in countries other than Nigeria or Norway
The study is published in a peer-reviewed journal or conference proceedings	The study is not published in a peer-reviewed journal or conference proceedings
All articles (empirical, theoretical, conceptual, editorials, book reviews)	Sources other than empirical, theoretical, conceptual, editorials and book reviews
Reports published by government Agencies or international organizations	Other reports on oil production not produced by government or reputable organizations
Study is published in English	Study not published in English

Charting the data

Following the identification of relevant studies using the keywords and data sources discussed above, I followed the steps suggested by Cooper et al. (2009) to chart the data in a format that allowed me to identify the relevant information, which was further used to answer the research questions. In particular, I decided upon the dimensions to choose from each of the identified articles/reports. The process of developing the charting table involved discussions with a research assistant (fellow student) to ensure that the variables chosen are relevant to the research questions. The final charting matrix included the following dimensions. Authors of the document, title of the research, study objective, country of focus, main issues reported (e.g. political, social, and economic factors), and any key results of relevance to the research questions. The full details of the charting table are provided in Appendix A. After charting the data into a table, the initial analysis of the coded data began. To ensure validity in the coding process, I worked with a fellow student to code 4 articles guided by the charting manual and the research questions. This was followed by a meeting to discuss any inconsistencies in our coding process. For example, we realized that dimensions such as the political, economic, and social factors are not explicitly defined by most papers. In this regard, we agreed that where such aspects are not explicit, we can code this as not applicable (N/A). In this regard, social moderation-a validation process that involves the discussion between two or more researchers to resolve coding inconsistencies as used in previous scoping reviews (e.g. Kaliisa et al., 2021) was employed. Once the coding matrix was agreed between me and the assistant, the full coding process began whose results are reported in Appendix A.

Collating, summarizing, and reporting the results

After the studies were coded, the next stage involved extracting relevant insights and presenting them as findings. In particular, I summarized the key findings e.g number of papers per country, focus, and main issues addressed (e.g. political, economic, social) among others. The analysis process was completed manually without the use of a specific software. This was because the dataset was relatively small which meant that automated softwares were not needed. The results are presented in a form of narratives, tables, and sometimes in graphs (see the findings section for details). The presentation of the results was done guided by the thesis objectives and research question. By doing so, I was able to ensure coherence and make sure that the reported findings are directly relevant to the thesis.

Validity issues

Well-defined literature-search strategies are critical for enhancing the validity and rigor of any type of review (Cooper, 1998). To ensure rigor in this study, the literature search was exclusively conducted using electronic databases such as Google Scholar, and SCOPUS. In addition to these databases, I manually searched for relevant papers on government websites, particularly those relevant to the oil industry. Besides, as highlighted in the charting section, I used social moderation as a method to ensure the validity of the papers included in the analysis and the actual content extracted from each of the articles. The regular discussions I had with my research assistant ensured that what was coded and later used as findings in this thesis were reliable.

5. CHAPTER FIVE: FINDINGS AND DISCUSSION

This chapter presents the key findings generated from the review of relevant literature reporting on oil production in both Norway and Oslo. The first section of this chapter provides a brief description of the characteristics of studies that form the basis of the findings presented in this section.

5.1 Descriptive findings

The findings reported in this chapter were derived from scholarly articles and reports. Of the included literature, 22 were journal articles, while 7 sources were book chapters, and 6 were conference papers. The majority of the studies were published from 2010 to 2022. In addition, 19 articles were reporting on oil production in Norway, while 20 articles were reporting on oil production in Nigeria. It is important to note that only studies included in the findings section were included in this reporting. The rest of the studies used as part of the introduction, review, and theoretical framework are not reported but included in the reference section. The full details of all the papers that formed the findings section are included in an appendix (see Appendix X). In the following section, the key findings are presented.

5.2 General findings for the research question

The findings presented in this section are aimed at answering the following research question: **What are the social, economic and political factors influencing the oil revenue management and development in two oil-producing countries of Nigeria and Norway?** The findings are organized following the above research question by highlighting the key themes from the review of relevant studies and reports. In the next section below, various social, economic, and political factors (see Table 2) will be considered and discussed in comparing the oil revenue management and the disparities in the development of the two countries. Table 2. highlights the key themes derived from the review of literature, which will also be the basis of answering the research question. The themes include the system of government, oil dependency, welfare distribution, environmental risk, taxation, and revenue earning. In presenting these themes, I provide a comparison of both Norway and Nigeria and include relevant examples whenever possible.

Table 2: The Social, Economic, and Political factors Influencing the Oil Revenues Management and Development In Norway and Nigeria

FACTORS	**NORWAY**	**NIGERIA**
1-System of Government	Mature Democracy	Lack of continuity in governance due to military intervention in politics (kleptocracy)
2-Oil Dependency	• 10th exporter of crude oil in the world • 18% of the country GDP • 62% of the country export earning	• 8th exporter of crude oil in the world • 19% of the country GDP • 90% of the country export earning
3-Welfare Distribution/Leadership	Universalistic and Redistributive welfare system: • Gives room for over ¼ of the adult population on disability pension social income security • Encourages out of wedlock birth and redundancy in able-bodied men and women	Under-Developed and Poor leadership programs and policies • NBDC-Failed • OMPADEC- Failed • NDDC-Failing
4-Environmental Risk	Carbon-dioxide emissions: • Reports- Under control Carbon-dioxide emissions per capita: • Reports- Under control Oil Spills: • Reports- Few recorded; Well Monitored and Controlled	Carbon-dioxide emission: • Reports- High volume and Uncontrolled Carbon-dioxide emissions per capita: • Reports- High volume and Uncontrolled Oil Spills: • Reports- Large volume recorded and causes

		environmental-degradation.
5-Taxation and Revenue earning (Fund)	Sovereign Wealth Fund (SWF): ● The highest in the world with a total of 1.3trillion dollars ● Saving for the generation yet unborn (Future generation)	Excess Crude Oil Account/ Sovereign Wealth Fund: ● Created to provide a financial back-up for the country's economy in a distress fall of oil price. ● As of, January, 2022, Nigeria Excess Crude account now stands at 35 Million dollars as against the figures of 3.6billion dollars and 2 billion dollars in 2014 and 2015 respectively

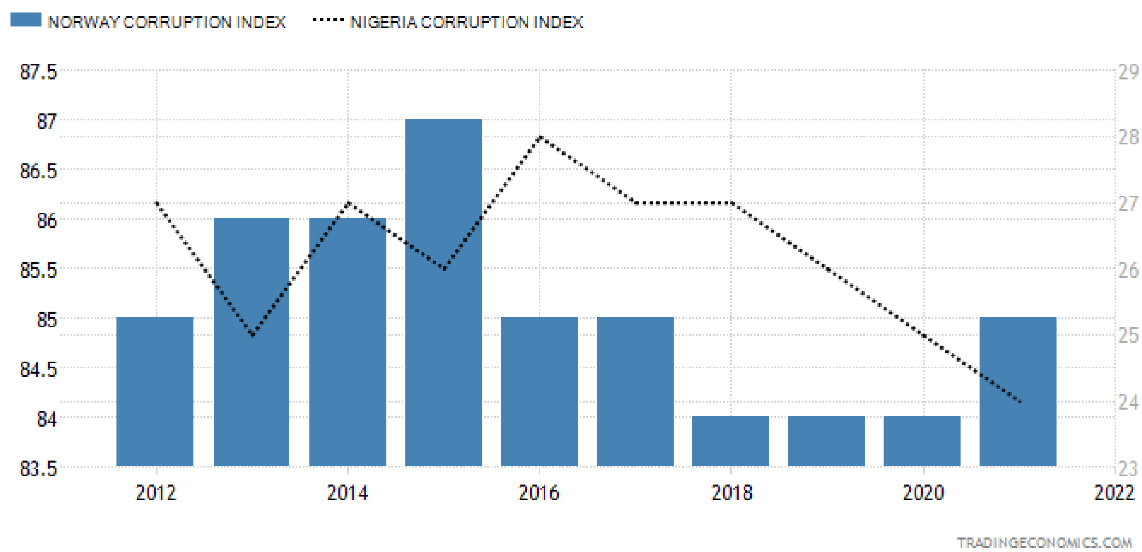
5.2.1. System of government: Nigeria and Norway

One of the key themes that came across during the analysis was the different systems of government between Norway and Nigeria which lead to different ways in the way oil is managed and how the resources are managed. For example, Eifert et al. (2002), conceptualizes and analyzes various types of rentier states. Karl, (2007) defines rentier states as states that live off profits from resource exploitation rather than surplus production of the population. The study separates rentier states into five categories: Paternalistic autocracies, predatory autocracies, reformist autocracies, mature democracies, and finally factional democracies (Karl 2007).

All the institutions involved in these rentier states vary in areas of, the level of transparency, stability and the quality of the policy, the length of the political perspectives, political power of non-resource sectors, and the power of interest that are part of the state spending. The different institutional attributes of these rentier states ascertain the extent to address the challenges caused by natural abundance and they argued that mature democracies and reformist autocracies are the best to address these policy challenges. For example, mature democracies, like Norway, enjoy the dividend of stability of the party system, a high level of social consensus, competent and independent bureaucracies and judicial systems, and highly educated electorates. Political stability and institutional accountability give politicians incentives to long-term policy horizons because party reputation and economic performance are important to compete for political power. The features of mature democracies give citizens opportunities to influence government spending and keep excessive government consumption, patronage, and rent-seeking to a minimum. In this regard, when it comes to managing oil resources, such systems perform better as it has been the case in the Norwegian context.

Factional democracies, paternalistic autocracies, and predatory autocracies have a greater weakness as regards resource curse than the rentier states mentioned above. The type of states that are likely to experience the curse of natural resources are predatory autocracies. They are characterized by an unstable political environment, often legitimized by military forces. The regimes are “Kleptocracies”- a government whose corrupt leaders use political power to appropriate the wealth of their nation by embezzlement or misappropriation of government funds at the expense of the wider population (Odeigah, 2007). One of the obvious examples of predatory autocracies is Nigeria. As mentioned earlier, Nigeria is one of the largest oil producers in the world, yet it remains one of the poorest in the world (Odeigah, 2007). As illustrated in figure 1, corruption which is a result of the weak institutions plays a big role as compared to Norway with lower levels of corruption. For example, In 2021, Norway scored 85 points out of 100 with a 4th position out of total 180 countries on the corruption perceptions index while Nigeria scored 24 points out of 100 making the position 154th out of 180 countries (see figure 1). In this sense, even though both countries produce oil, the governance structures and varying corruption levels within the public systems justify the differences in the way oil revenue is managed and utilized for social and economic development.

Figure 1: A corruption index between Norway and Nigeria (2012-2022)



Source: Transparency International.

5.2.3. Oil Dependency: Nigeria and Norway

One fundamental question to ask is why should countries rich in natural resources diversify their economies instead of specializing in their comparative advantage in the work of David Ricardo? Natural resources dependency can be measured from different variables, primary exports in the percentage of total exports, resources revenues as a share of total fiscal revenue, or the resources sector contribution to GDP among others (Karl 2007). My literature review in chapter 2 of this study provided more details on the resource dependency of Norway and Nigeria.

The premise that diversification is exclusively beneficial may not seem obvious from an economic perspective, however, several researchers including Humphreys et al. (2007) and Gelb (2010), argued that diversification is one of the main solutions to avoid the resource curse.

Furthermore, Lederman and Maloney (2007) discovered a negative correlation between export concentration and economic growth. Even though the recommendations are not adequately conclusive, the majority of the resource-rich countries remain dependent on the exploitation of these resources at the expense of the host communities as in the case of Nigeria associated with the Niger Delta oil producing regions. Oyefusi (2007) examined oil dependence and the civil conflicts in Nigeria. His focus was on the economic dynamics of resource-induced conflict by identifying two dimensions to oil related civil conflict in Nigeria. The first is violent rent seeking, political violence linked to excessive government dependence on oil revenues, institutionally unstable revenue allocation system, corruption, and weak political institutional arrangement. The second is the Niger Delta crisis which is mainly attributed to poor institutional arrangement-underdevelopment, environmental degradation, etc.

Irina (2007), believes that Nigeria oil dependency has been characterized with unprecedented high poverty rates, poor health care, high child mortality, reduced expenditures on social services, and poor educational performance which also brought about income inequalities.

In Nigeria, the Agricultural sector is neglected resulting in the impoverishment of the rural population, Yet economic diversification is key to attaining sustainable growth in countries rich in non-renewable resources like petroleum and minerals. Diminishing reserves will certainly result in declining production rates and without strong non-resource sectors, these economies are likely to experience severe recession.

This can also be said of the textile industry in Norway because, since the discovery and exploration activities of oil, not much has been heard of the textile industry which was among the first industries to be established in Norway. Meanwhile, it can be said that the situation in Norway is slightly different since other sectors such as oil, gas and the service sector have remained strong, which means that the economy is not just dependent on the oil sector.

5.2.4. Welfare Distribution/Leadership: Norway and Nigeria

According to the Government white paper report to the Storting No.9 tagged; Work, welfare and Inclusion, under the Ministry of Labour and Social Inclusion, it is stated that Universalistic principles are one of the essential features of the Norwegian welfare state system which covers all inhabitants both citizens and legalized immigrants. This means that all categories of the population are accounted for in the welfare arrangement. Nwoma (1994) argued that it is not based on the previous contribution or mean-test conditionality, every sick, unemployed or disabled Norwegian is covered and supported in old age. There is free access to medical care, free access to education, and child allowance for every family irrespective of household income.

Under the white paper, the government policy has a strong commitment to securing access to employment through a work-first approach which helps to improve the economic condition of the people living under the poverty threshold. According to the report, about 700,000 persons, which is the ¼ of the adult population below the pension age (67) are out of work, receiving social public income security benefits. The aim and objectives of the government, however, is to reverse the trend of an increasing number of people on continuous benefits, others argued that the growth might be a reflection of an aging population.

Another important feature of the Norwegian welfare redistributive system is the cash support from the National Social Security System (folktrygden), however , in as much that the effort of the Labour Party can not be overemphasized in the emergence of the Norwegian welfare state, the fact remains that, the North Sea oil production, exploration and the revenue accrued can not be downplayed as one of the significant factors that are influencing the economic growth in understanding the development of the Norwegian welfare state. Mehlum et al. (2008) mentioned Norway as one of the countries providing welfare for its populace. In his study on mineral rent and social development in Norway, he shows that natural resources in Norway kept the economy growing because oil discovery stimulated production forces. Norway Petroleum activities have contributed significantly to the economic growth and to the financing of the Norwegian welfare state, according to www.regjeringen.no since production started on the Norwegian Continental Shelf in the early 1970s, petroleum activities have contributed to more than NOK15,700billion NOK to Norway's GDP, this does not include related service and supply industries.

In the face of the numerous and juicy welfare packages in the Norway welfare distributions to the citizens, one of the major criticisms and augment against this is the fact that the system has made virtually all the able-bodied-men and women in the country lazy and redundant. Marshall (1965) in his residual welfare model of social policy, emphasized that there are two naturals or socially given channels through which individual needs are properly met, the private market and the family, only when these break down should social welfare institutions come into play and it's only for temporary, as a last resort. This explains why Professor Peacock (1960) said that " The objective of the welfare state is to teach people how to do without it". (Titmuss, 1974; Esping-Andersen,1990; Marshall, 1963)

The argument is, has there been 100% equality in the Norwegian welfare redistributive arrangement? In the areas of income inequality and social inclusion, especially on the part of the immigrant minority groups. This explains why some American Libertarians argued against the welfare state ideologies because they are of the view that the welfare programs do not work to reduce poverty, to improve education, health, or the aging populations, they submitted that it encourages and increases out of wedlock births and reduces the motivation to work.

On the part of Nigeria, social welfare services were enacted in 1974 as Decree 2 of 1974, it is regarded as a component part of the Social Development Directorate (SDD). Brian (2017) stated that the department commenced in 1989 with the creation of Federal Ministry of Culture and Social Welfare saddle with the responsibility of crime prevention and reduction of social vices, care, and support of all vulnerable groups (destitute, the indigents, the sick and their families)

In 2008, the Federal government of Nigeria created the Ministry of Niger Delta Affairs to promote and coordinate policies for the development , peace, and security of the Niger Delta regions which comprises all the oil-producing areas of Nigeria. The Ministry is created as a vehicle to implement all government plans and programs for the rapid social economic development of the region, and to tackle the challenges of infrastructural development, environmental protection, and youth empowerment in the region and Nigeria as a whole. Meanwhile, as illustrated in figure 2, compared to Norway, unemployment in Nigeria remains very high. Evidently, the region produces over 90% of the Federal government revenue through the exploration and exploitation of petroleum resources from the region. Prior to the creation of the Ministry of Niger Delta in the year 2008, the government has created some agencies for the responsibility of development and welfare of the oil-bearing region but it has not yielded the desire and positive impact on the host communities of the oil region due to poor leadership, bad policies and implementation with various uncompleted projects.

There have been a lot of agitations from the youths, scholars, environmental activists, Traditional rulers, women activists, farmers, and market women because of the social-economic crisis that bedeviled the region in the areas of underdevelopment, environmental damage, poverty, corruption, and leadership failure from both the oil-producing companies, the state governors and all the agencies namely; Niger Delta Development Board (NDDB) Oil Mineral Areas Producing

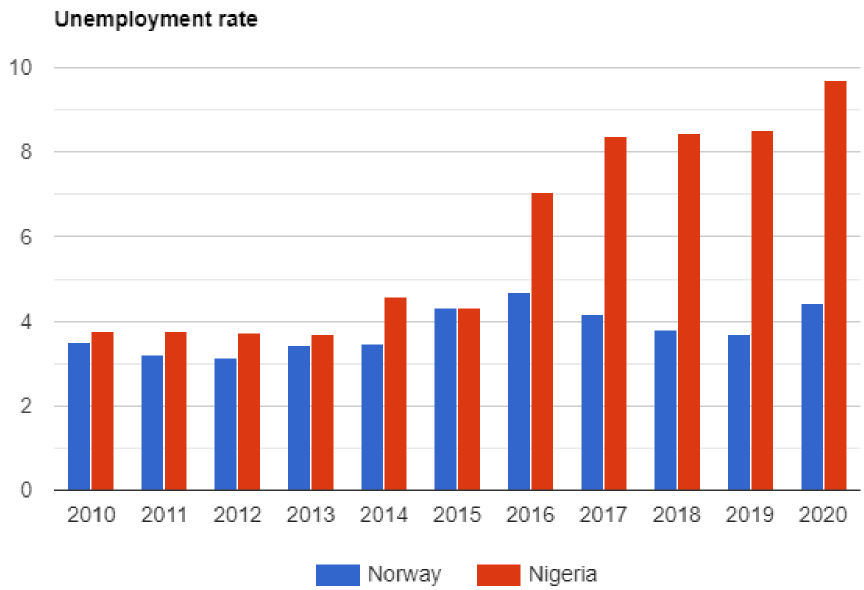
Development Commission (OMPADEC) and lastly in 2000, Niger Delta Development Commision (NDDC) was created. Odeigah (2017) in his study of poverty and underdevelopment in the Niger Delta regions of Nigeria, submitted that "there is poverty in the midst of plenty" In the last decades, Udeh (2008) in his findings argued that ethnic communities in the Niger Delta region have risen to make ownership claims to the rich resources derived from their land and to challenge the federal government's collection of rents and royalties.

There has been a quest for a succession of the Niger Delta region from Nigeria starting from 1966 by Isaac Adaka Boro and his Niger Delta volunteer service (NDVS) this was prior to the earlier mention of the Biafra war of 1967-70. This agitation for resource control is caused by the neglect of the people of Niger Delta and their environment by the federal government. These have been followed by the subsequent emergence of armed militia controlling and trying to regularize the oil companies operating within the regions. Such militia in the Niger Delta People Volunteer Force (NDPVF), the Movement for the Emancipation (MEND) of Niger Delta. According to an interest group known as (Delta Minorities Forum 1994;4) its argued that there are several causes of their recent posture, firstly is the elimination of the derivation principle as an index of revenue allocation, this was one of the reasons that prompted Ken Saro Wiwa led the movement for the survival for the Ogoni People (MOSOP) to rebel in the early 1990s. It was also one of the reasons that caused Ijaw youths in the Niger Delta regions to issue the Kaiama Declaration of December 1998, giving an ultimatum to the federal government and oil the oil companies to vacate Ijaw land demand an end to over 40years of environmental damage and underdevelopment of the region.

After doing research on the social-economic crisis in the Niger Delta region of Nigeria, a Lagos based weekly Magazine finding show that:

Widespread poverty, unemployment, (see figure 2), *and underdevelopment are responsible for the rage and violence against oil companies and the government, for example, in the over 12 riverine communities in Niger Delta regions, there was deep-seated lamentation by the people over their neglect, the Ijaw live in pitiable tents, making do with brackish and saline water, there are hardly traces of development in social amenities (Newswatch, 1998a, Newswatch, 1998b).*

Figure 2: Unemployment rate between Norway and Nigeria (2010-2020)



Measure: Percent; **Source:** The World Bank

The United Nations Development Programme (UNDP) in a succinct description of the conspicuous social economic crisis of the region aptly observed that, in the Niger Delta area, Life expectancy is falling in an age of blockbuster oil prices (see table 3). Energy availability is poor in a region that provides one-fifth of the energy needs of the United States…… there is an almost total lack of roads in a region whose wealth is funding gigantic infrastructural development in other parts of Nigeria and expensive peacekeeping activities in other parts of Africa (UNDP, 2006:25). According to the UNDP (2006) Report on Niger Delta, the oil-producing region of Nigeria suffers from administrative neglect, crumbling social infrastructure and social deprivation, abject poverty, and endemic conflict, a situation that is not expected of a region, that produces 80% of the country's total revenue.

Table 3: UNDP- Human Development Indicators (2020)

	Norway	**Nigeria**
Life expectancy at birth (years)	82.4	54.7
Index	0.957	0.539
Rank	1	161

However, further argument shows that successive governments at the center have since the country became independent in 1960, put in place certain palliative measures aimed at solving the economic and the social problems that seemingly become a permanent feature of the region. some of the measures according to (Omotola, 2007:79) include the establishment of such agencies as the Niger Delta Development Board (NDDB) in 1960, the Niger Delta Basin Development Authority (NDBDA) in 1967, the Oil Minerals Producing Areas Development Commission (OMPADEC) in 1992, the Niger Delta Development Commision in (NDDC) 2000, and the Ministry of Niger Delta Affairs in 2008, Sadly the all the agencies failed to achieved their objectives due to allegations of corruption, mismanagement, and in-house squabbles (Omotola 2007) (see table 2). It is important to note that the NDDC was established as a response to the failure of OMPADEC, but just like the other agencies before it, it also became a conduit through which few individuals within the oil-producing region enrich themselves. contracts were said to be awarded at inflated prices, to traditional rulers, politicians in the region, retired military officers, and other people close to the corridors of power.

Reports also show that in 2009, a group of Niger Delta citizens under the auspices of the "Concerned Niger Deltans" sponsored a newspaper advertorial accusing the NDDC of corruption. The group also called on the Economic and Financial region Crimes Commission (EFCC) to investigate the commission because billions of naira voted to the commission by the federal government and oil companies have no positive impact on the lives of the people of the Niger Delta (This Day, 12 January:2009).

Another school of thought submission which criticized the NDDC according to Afinotan & Ojakorotu (2009:195), is misplacement of priority. They argued that the commission-built schools in the creeks without roads leading to them, and a sufficient number of qualified teachers to teach in them. It has built jetties in several communities and provided fishing gears to catch fishes that have since migrated from the region due to gas flaring or been completely decimated by oil spills. The NDDC has indeed provided pipe-bone water in several communities in the creeks, most of whose inhabitants have been decimated or have been sacked by inter-ethnic wars and political violence, while many others have been kept away from the waterways due to piracy, criminality and oil spills.

5.2.5 Environmental risk: Nigeria and Norway

The oil exploration and exploitation activities of the oil companies in the Niger Delta region of Nigeria have contributed to the crisis due to environmental degradation, air, and water pollution has been identified as one of the most critical environmental challenges facing the Niger Delta due to the pipeline corrosion, absence of adequate maintenance, and negligent on the part of the multinational companies and the governments (Omotola, 2006).

Etu-Efeotor (1995:64) emphasized the pollution of the environment as another major aspect of the underdevelopment and neglect of the oil-producing region of Nigeria. He argued that pollution of the environment arises from the vanity of sources, among which are the disposal of mud and formation of water and ruptures of pipes and hoses due to corrosion and high pressure; it also arises from oil well blowouts and free disposal of gas flaring. No less than 3, 005 oil spills were recorded between 1976 and 1986, and over 7,000 oil spill incidents were reported over a 50years period.

According to the National oil spill Detection Agency (NOSDRA) data, the total number of oil spills recorded from 2015 to 2021 is 4,919, and lost over 4.5trillion barrels of oil to theft, pipeline vandalization, and bunkering in four years, in the United Nation Development Programme (UNDP) analysis more than 6,800 oil spills were recorded in the oil-producing region of Nigeria between 1976 and 2001, about 3million barrels spilled and less than 30% of that oil recorded

In a document released in 1996, Ake noted that in Rivers and Delta states, the two major oil-producing states in the country, about 300 major spills occur annually discharging about 300 cubic meters of oil, then there is the hazardous flaring of 76% of the country 4billion cubic meters total gas production at a temperature of 1,300 to 1,400 degrees centigrade (World Bank 1995:59; Ake, 1996) this releases 35million tons of carbon-dioxide and 12million tons of methane that caused Nigeria's oilfield to contribute more to global warming than the rest of the world together.

Ake (1996) noted that in Rivers and Delta states, the two major oil producing states in the country, about 300 major spills occur annually discharging over 300cubic meters of oil. The oil communities also produced a document explaining the negative effect of pollution on their health and livelihood. According to them, there is abundant evidence that the disease pattern of oil producing communities particularly the Urhobo population and Ayetoro coastal community in Ilaje as mentioned earlier in this study has changed from well-known malaria and Pneumonia to disease of the Respiratory Tract Central Nervous System and rivers sites around the flare sites also resulted to the death of shellfish and fish, all these activities by the oil companies damage agricultural and fishing livelihood of the communities. The poor fish yield is a combined annihilation in a poisoned environment. According to Amnesty International, in 2008 and 2009, there were two massive oil spills in the fishing town of Bodo in the Niger Delta region of the oil producing community.

Angered by the devastation of the local environment, high rate of unemployment especially among the youth, and generalized poverty, the youth of the Niger Delta became restive. Human Rights watch (HRW) indicated that, since oil exploitation began in Nigeria, the nine states that constituted the Niger Delta have been sites of intense oil-induced violence among communities and between communities and the oil companies. Research shows that the relationship between the oil companies and the host communities is most often characterized by suspicion, lack of trust, hostility, and violence. Hostage-taking, Kidnapping of oil personnel, piracy, and illegal oil bunkering are tactics adopted by the youth to exert more payment from the oil multinationals because of the lack of transparency around compensation for oil pollution. The oil communities under the umbrella of Urhobo communities in Delta state have produced a document detailing the effect of pollution.

Analysis of soil and post spill studies of some communities' sites shows increased levels of chromium, mercury, copper, cobalt, cadmium, nickel, vanadium, and lead. There is abundant evidence that the disease patterns of the oil producing communities particularly the Urhobo population have changed from traditional malaria and pneumonia to diseases of the Respiratory Tract Central Nervous System (Brain and Spinal Cord), Blood system with the result that the people now suffer from cancer of the various organs of the body (Ake,1996).

Analysis of the river sites in the oil producing areas around flared sites show increased water temperature as high as 10 degrees centigrade have been recorded in some water bodies which causes the death of many algae present in the water, since these algae are the base of the food chain, an organism that feeds on them dies, eventually leading to the starvation and consequent death of shellfish and fish. At any rate, fishes can avoid unpleasant environments and move away to safer environments. The poor fish yield is a combined result of annihilation in a poisoned environment and avoidance environment (Urhobo oil communities 1994:7-8)

In the same document, the communities went on to demand:

i-Immediate studies of the soil, water, and atmosphere with a view to tackling the looming environmental disaster.

ii- Abrogation of the 1978 Land Decree, 1971 mineral Decree, and the 1969 Petroleum Decree because "the oil on our land is our God's given resources and we reserve the rights to dispose of it and its content the way we consider most beneficial "

iii- 20% of the federal account with arrears dating back to the day oil was discovered on their land, after that, they will have 100% of the oil revenue from which federal/state taxes will be paid (Urhobo communities 1994:18-19).

In 2008, A group of farmers in the oil producing states of Nigeria filed a lawsuit against Royal Dutch Shell on the ground of widespread pollution and the Dutch appeal court ruled in favor of the farmers that Shell Petroleum Company in Nigeria is responsible for the damage caused by the leaks in the regions. The court further ordered the company to pay compensation to Nigerian farmers while the court instructed Shell Nigeria to install equipment to prevent future damage.

Furthermore, in an argument, Lederman and Maloney (2007) discovered a negative correlation between export concentration and economic growth. Even though the recommendations are not adequately conclusive, the majority of the resource-rich countries remain dependent on the exploitation of these resources at the expense of the host communities as in the case of the Nigeria Niger Delta oil-producing regions. Oyefusi (2007) examined oil dependence and the civil conflicts in Nigeria. His focus was on the economic dynamics of resource-induced conflict and his findings identifying two dimensions to oil-related civil conflict in Nigeria. The first is violent rent-seeking political violence linked to excessive government dependence on oil revenues, institutionally unstable revenue allocation system, corruption, and weak political institutional arrangement. The second is the Niger Delta crisis, which is mainly attributed to the poor institutional arrangement-underdevelopment, and environmental degradation.

Norway on the other hand has recorded significant success in the management of the environmental hazard, this does not exclude Norway from the chemical and oil spills, there are registered incidents in Barents sea-Lofoten area in 2001 and chemical spills in the Norwegian Sea and North Sea Skagerrak but substantial measures were put in place to negate the adverse effects on the environment, ecosystem and the people living closely within the area (www.regjeringen.no)

The environmental risk associated with Petroleum activities is primarily related to oil spills, releases of natural gas emissions, and chemicals that are not associated with high levels of environmental consequences from acute pollution. www.regjeringen.no

The operator's analyses and assessments of environmental consequences and environmental risk with other available knowledge about the potential environmental consequences are used as a basis for determinants requirements for acute pollution preparedness and response. Two notable agencies working closely for environmental safety are the Petroleum Safety Authority and the Norwegian Environmental safety, it will be difficult to reduce environmental risk significantly through preparedness measures in some particular areas and a certain period of time of the year therefore scheduling activities outside the areas and time associated with highest environment risk is one of the measure s that can give the greatest reductions in the consequences of spills.

Under section 43 of the Norwegian pollution control act, municipalities are required to provide the necessary emergency preparedness and response system to deal with minor acute pollution incidents. The Norwegian Environmental Agency is the supervisory authority for the municipality preparedness and response while the Norwegian coastal Administration is responsible for coordinating the natural preparedness and response system.

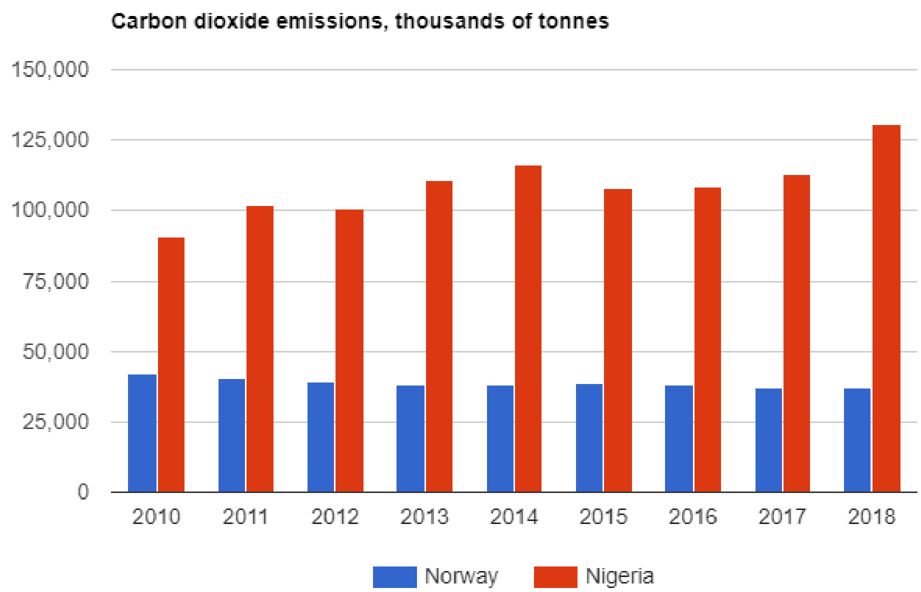
However, with the help of technology development, Norway has achieved a massive improvement in conventional methods for spill containment and recovery in open seas and coastal waters , but the cold , presence of ice, and long distances still make response operations in both coastal water and the shore zone a challenging task. Accounting to www.regjeringen.no recent field trials has shown that mechanical equipment can be operated in areas with up 10% ice cover, the use of in-situ burning has been considered as a way of dealing with oil trapped in ice and oil polluted sediments in areas lacking the infrastructure needed to handle large quantities of waste .

There have been both large and small spills from oil and gas activities on the Norwegian Continental Shelf, but they have occurred relatively far from land and under favorable weather conditions, and response measures were implemented, so that the pollution has not reached land or caused environmental damage. According to Bellona President- Fredrik Hauge, Statoil was fined for breaking petroleum laws when it lost control of an oil well at the Gullfaks C platform in May 2010.

According to https://www.heritage.org/index/country/norway, Norway is one of the world's most prosperous countries, and oil and gas production account for 20% of its economy, Under the environmental taxes, the carbon tax (CO2) and the Nitrogen Oxides tax (NOx) are important environmental taxes in the petroleum sector,(see figure 3) the petroleum industry is also included in the emission trading system. Companies that are licensees on the Norwegian Shelf must therefore purchase emission allowances if their greenhouse gas emission exceeds their allocated amount for the year. It started further that Norway was one of the first countries in the world to introduce a carbon tax in 1991, in accordance with levied on all combustion of gas, oil, and diesel in petroleum operations on the continental shelf and on releases of CO2 Tax Act on Petroleum Activities. By 2021, the tax rate is estimated to be NOK1.27 per standard cubic meter of gas or per liter of oil or condensate. For combustion of natural gas, this is equivalent to NOK543 per ton of CO2. For emissions of natural gas, the tax rate is NOK8.76 per standard cubic meter. The expected total tax levied is NOK 6billlion in 2021. Co2 emissions per capita in Norway are equivalent to

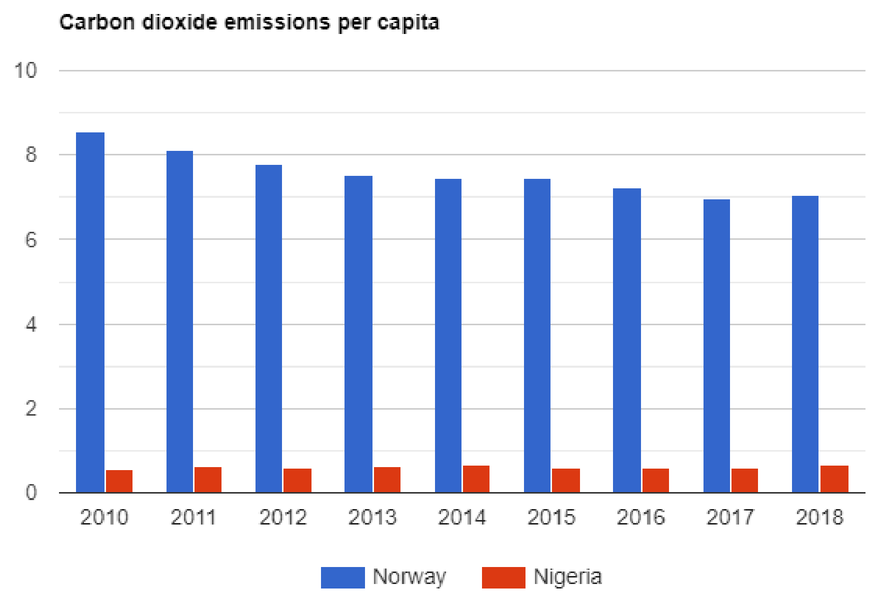
8.28 tons per person based on the population of 5.511million, while in Nigeria are equivalent to 0.44 tons per person based on the population of 216.7million (see figure 3 and 4).

Figure 3: The carbon-dioxide emissions, thousands of tonnes between Norway and Nigeria (2010-2018)



Measure:Kt **Source:** The World Bank

Figure 4: The carbon-dioxide emissions per capita between Norway and Nigeria (2010-2018)



Measure: metric tons **Source:** The World Bank

5.2.6. Taxation and Oil revenues (FUND). Norway and Nigeria

The overall principle of Norway's management of its petroleum resources is that exploration, development, and production must result in maximum value creation for society and that the revenues must accrue to the Norwegian state and thus benefit society. The main reason for this is the extraordinary returns that can be obtained by producing petroleum resources. Since these resources belong to society as a whole The Norwegian state secures a large share of the value creation through taxation and the State's Direct Financial Interest (SDFI)www.norskpetroleum.no. The government's total net cash flow from the petroleum industry was NOK107 billion in 2020 and is estimated to be around NOK154 billion in 2021. The estimate for 2021 is around NOK 47 billion higher compared to the national budget, So far, only about 47% of the estimated recoverable resources on the Norwegian Shelf have been produced and sold.

Another important economic factor influencing Norwegian oil revenue management as related to the power of institutions is the direct investment in oil by the state that allows the citizens to directly benefit from the revenue generated from the oil and gas exploration activities which allows the money to stay at home.

For example, In 1990, the Norwegian government created the oil fund (Oljefondet). The Government Pension Fund Global (GPF-G), originally called the Government Petroleum Fund, the purpose is to invest parts of the large surplus from the petroleum industry, this creates a significant shock absorber, which means Norway’s economy is not at the mercy of the global oil price, it’s the largest pension fund in the world. According to Statistics Norway and NBIM, 2019, the purpose of the fund is to ensure a long-term perspective on the management of government petroleum revenue. In 1996, the ministry of finance made the first transfer to the fund, since then, the government's net cash flow from petroleum activities has been transferred to the fund each year. The Sovereign wealth fund has a long horizon and is among other things intended to be managed so that Norway’s petroleum wealth benefits future generations as well. It was a net inflow to the fund’s capital from the government in 2019. This implies that the transactions from the fund over the government budget were smaller than the net cash flow from the petroleum sector that was added to the fund during the year.

In the Nigeria context, in August 2015, during the early days of the present administration of President Mohammadu Buhari, the Excess crude account (ECA) stood at 2.2billlion dollars. It was 3.6billion dollars in February 2014, one of the highest balances on records.

According to (CBN) Central Bank of Nigeria’s annual report for 2018, Nigeria's excess crude account fell from 2.45billion dollars in 2017 to 480 million dollars as of December 2018. In 2019, Nairametrics reported that ECA had dropped to 480 million dollars, this was because of the controversial 1billion dollar military spending which was withdrawn from Nigeria's Excess Crude Account. The reports of Nairametrics also show that in July 2020, the ECA had fallen by about 98% within the last 5years to 72 million dollars

In 2011, The Nigeria Sovereign Investment Authority (NSIA) was created to replace ECA because it lacks real legal backing and not protected for withdrawals, it was funded with a seed capital of 1million dollar for the purpose of managing and investing the oil fund on behalf of the government (NSIA,2014). This SWF is comprised of three sub-funds with clearly stated objectives:

1- The stabilization Fund- To support the budget in times of economic stress, including to hedge against volatile crude oil prices.

2- The Future Generations Fund- To save for the future generations of Nigeria.

3- The Nigeria Infrastructure Fund- To invest in domestic infrastructure for the promotion of economic growth.

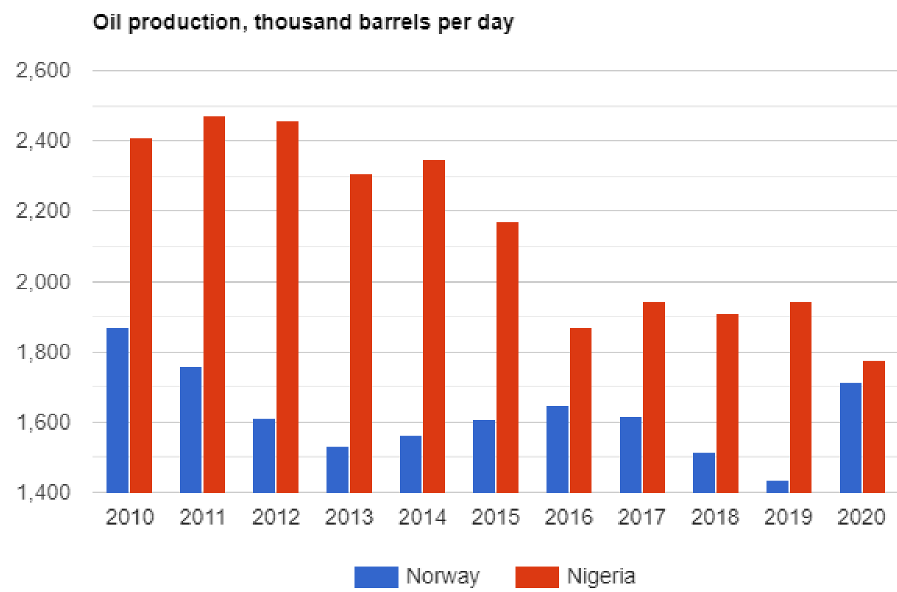
The NSIA receives monthly funding for a significant portion of oil and gas revenues above the budgeted revenue and approved by the parliament. Under NSIA, the assets distribution currently is: *Infrastructure fund- 40%, Future generations fund- 40%, Stabilization fund- 20%. (NSIA, 2014)*

Later studies have focused more attention on the political economy models, with the work of Robinson et al. (2006), Mehlum et al. (2006), Stevens and Dietsche (2008), and Kolstad and Wiig (2009). Sachs and Warner were even criticized by Kolstad and Wiig for putting later empirical studies “on the wrong track”. They argued that the resource curse is not necessarily about abundance, but the economic rents created by the exploitation of natural resources. They argued on the assumption that rents are the source of the resource curse because it causes inefficiency and dysfunctional behavior in countries with weak institution

Norway is the tenth largest oil exporter in the world as of 2021 which is the most important export commodities for the Norwegian economy, with a daily production capacity of 2.4million barrels (see table 2 and figure 5 respectively). In 2020, according to www.norskpetroleum.no, the total export value was about NOK 213billion , or about 27% of the total external trade in goods, which is the same level of output as Nigeria, the largest oil producer in Africa and the sixth-largest exporter in the world, and eighth as of 2021 (see table 2).

According to the oil and gas journal, Nigeria produces 2.4million barrels of crude oil daily and holds the tenth largest proven oil reserves in the world with the second-largest reserves in Africa after Libya (see figure 5).

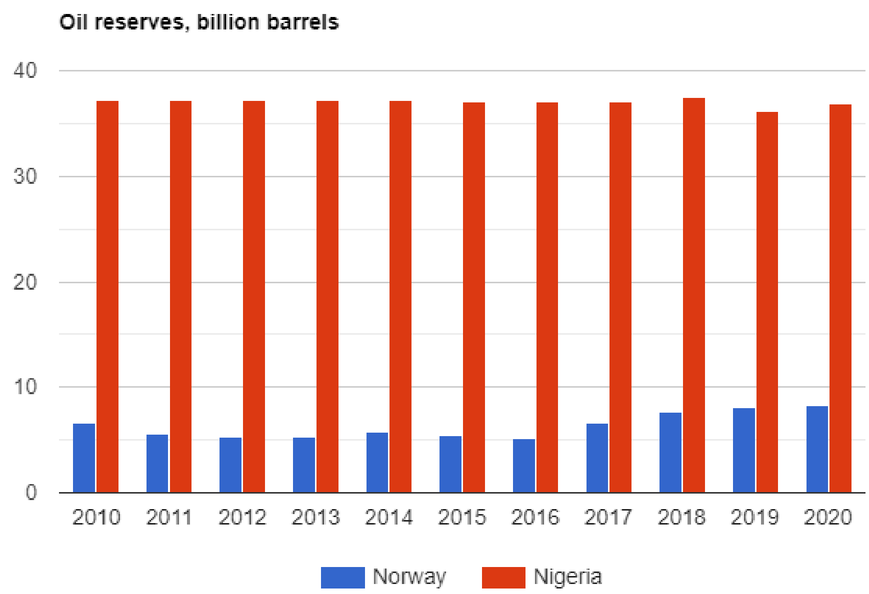
Figure 5. Oil Production, thousand barrels per day between Norway and Nigeria (2010-2020)



Measure: Thousand Barrels Per Day: Source: The US Energy Information Agency

As of 2015, Nigerian proven oil reserves stood at 37.14billion barrels and 36.89billion barrels in 2021. Meanwhile, but according to the UN 2007 Human Development Index (HDI) Nigeria was among some of the poorest nations in the world and is ranked 158th out of 177 and in 2020 ranked 161 and Norway in the 1st position (see table 3) countries assessed in the index, which has not changed significantly in the last decades , it is evident that oil in itself is not the curse rather the unstable political system, weak institutions and inappropriate management of oil resources, corruptions and mismanagement of the economy are the curse in the case of Nigeria, while Norway has the largest oil reserve in western Europe with 5.497billion of proven crude oil as of 2015 and 8.122billion in 2021(see figure 6), Norway has successfully steered away from the resource curse by minimizing rent-seeking behaviors and corruption.

Figure 6: The oil reserves, billion barrels between Norway and Nigeria (2010-2020)

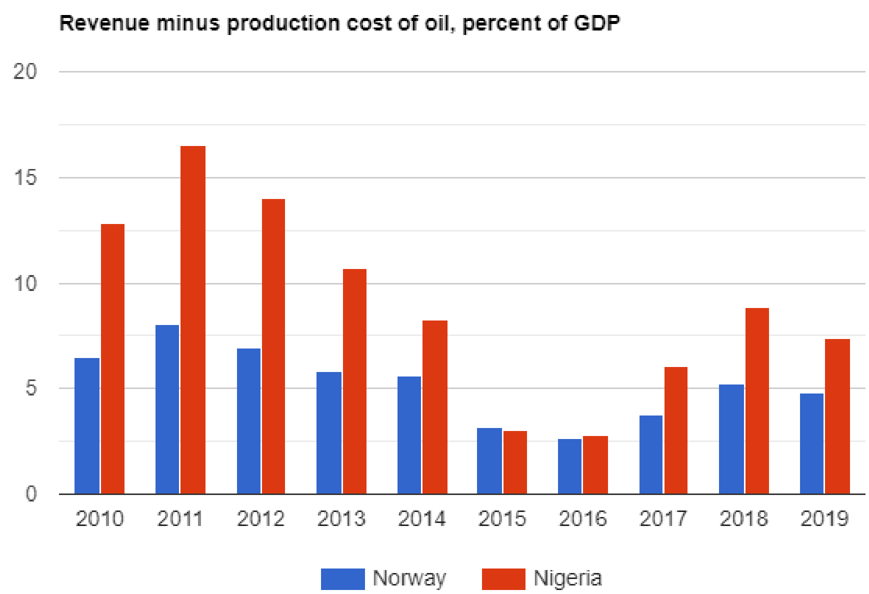


Measure: Billion barrels. **Source:** The US Energy Information Administration

Definition: Proved reserves of crude oil are the estimated quantities of all liquids defined as crude oil, which geographical and engineering data demonstrate with reasonable certainty to be recoverable in future years from reservoirs under existing economic and operating conditions

However, sudden oil revenue inflows did not affect the basic economic structure of the country and did not unsettle industries in existence before the oil era. Moreover, Norway utilized its oil revenue to invest in long term economic growth. Tommy (2014) in his master thesis emphasized Mehlum, et al 2006 study on oil mineral rent and social development in Norway also showed that natural resources in Norway kept the economy growing because oil discovered stimulated production forces rather than “grabber- friendly activities' or rent seeking activities associated with Nigeria institutions. According to Elwerfilli and Benhin (2008) evidence shows that Nigeria oil has been more of a curse because institutions have not been strong enough to effectively manage the vast oil revenue to have a positive impact on the economy and for the benefits of its people especially the oil bearing communities, but in Norway, the country has escaped from the resource curse because the management of the oil resources reflect the view of the decision-makers that the resources belong to the current and the future generations. UNDP human capital development indicator shows that Norway is currently ranked among the countries with the highest GDP per capita (see Figure 7). In 2005, the GDP per capita was 42,000 dollars and was one of the countries providing welfare for its people (Mehlum, et al 2008).

Figure 7: Revenue minus production cost of oil, percent of GDP between Norway and Nigeria (2010-2019).



Measure: Percent: **Source:** The World Bank

Definition: Oil rent is the difference between the value of crude oil production at regional prices and total costs of production.

Tommy (2014) quoted Mehlum et al. (2008) who mentioned Norway as one of the countries providing welfare for its populace. His study on mineral rent and social development in Norway show that natural resources in Norway kept the economy growing because oil discovery stimulated production forces. Mehlum et al. (2006) talk about producer-friendly institutions that attract entrepreneurs into production, with producer-friendly institutions, rent-seeking and production are complementary activities.

In summary, the evidence highlighted in the section above implies that it is evident that in Norway, institutional quality has a significant impact on the economic development of resource-rich countries, compared to the relatively weaker institutions in countries like Nigeria and the Niger Delta region in particular that encouraged rent-seeking and grabber friendly activities. The revenues from Nigeria oil are shared monthly while in Norway, the revenues are saved in the sovereign wealth fund.

6. CHAPTER SIX: SUMMARY AND CONCLUSIONS

The purpose of this study was to compare the social-economic and the political factors accounting for the differences in oil revenue management in both Nigeria and Norway, with an intention of examining why the oil rich Niger Delta regions that generate over 80% of Nigeria government revenue have remained underdeveloped. In particular, the study intended to examine the social, economic, and the political factors influencing oil revenue management in both Nigeria and Norway

The findings showed that in Norway, where oil had a tremendous impact on the economic development of the country, Nigeria's oil wealth has not benefited most Nigerians, especially those in the oil-producing region. The Niger Delta represents a paradox of sort in the sense that, the region produces the wealth yet its people live in abject poverty, the story thus far is that the Nigeria state has over the years made some appreciable efforts to address the underdevelopment of the region, but corruption from the political leaders and the elites has continued to take its toll on the people.

Environmental challenges are another crucial area in the Nigeria oil region of the Niger delta where the careless exploitation activities of the oil-producing companies have affected the livelihood of the host communities with unprecedented water and air pollution without any adequate compensation or meaningful roadmap for cleanup exercise. Norway on the other hand has equally experienced its share of environmental challenges in the area of oil spills and carbon dioxide emissions but the only difference from Nigeria is the fact that there is a working system in place to prevent and respond to any necessary emergency preparedness to deal with acute incidents.

Nigerian institutions have to date not lived up to the expectation to alleviate the suffering and the pitiable conditions of the people of Niger Delta where over 80 percent of the country's revenue is generated because it lacks the political will and is insensitive to the plight of the people.

In addition, the findings showed that the Norwegian institutions adopt producer-friendly approaches, which is different from the Nigerian context, where policies on oil production encourage producers to collect too much in terms of rent-seeking. As detailed in the findings section, both Norway and Nigeria introduced sovereign wealth funds to manage the funds from oil production. In this respect, Norway has been able to accumulate wealth in a transparently managed fund with limited interference from politicians. In this regard, it has ensured stability regardless of the parties in power. One element that explains this is the strong political arrangement and strong institutions that operate independently-which implies that one politician cannot change policies in their favor. Hence, Norway has been able to accumulate significant assets as a result of the oil fund. The Norwegian Pension Fund in particular has been hailed for its good governance and transparent investments, with their Pending rule, they were able to reduce expenditure pressure and insulate the budget from oil price volatility.

All practice the Parliamentary democratic government in Norway with a proportional representation government that is acceptable, there is stability in governance. According to Kunicova as mentioned earlier, corruption is lower under the majority election system than in proportional rule. Findings show that most countries rank Norway among the least corrupt countries in the world. One major key factor in the Norway system of government is the populace has absolute trust in the political system which is centered on good leadership and the Universal welfare system adopted.

Meanwhile, on the other hand, even though Nigeria has also established a sovereign wealth fund, this has not yielded the expected outcomes like that in Norway.

In conclusion, It is important to note that in this thesis, I do not argue that Norway's success should be replicable in the Nigerian context since the two countries are different in many aspects, as I highlighted in the literature review section. However, the social and economic differences between the two countries do not mean that aspects such as the way oil funds are managed cannot be compared. In this regard, I argue that oil-producing countries such as Nigeria have a lot to learn from other successful countries such as Norway if they are to benefit from oil funds. One important aspect is building strong political systems that are less dependent on individual politicians as the case in Norway. Moreover, there is a need for targeted policies to support the communities where oil is produced. For example, through corporate social responsibility activities, the government and oil-producing companies can support local communities in the Niger Delta region by developing local infrastructure and creating job opportunities among others. Once this is done, it will be possible to reverse the assumptions by the proponents of the resource curse theory which guided this thesis that countries with rich mineral resources might end up being under-developed. The case of Norway has already shown that this theory might not be true in all cases since the country has been able to develop economically as a result of the mineral resources.

6.1. Study Limitations and directions for future research

This thesis has a number of limitations. First, the thesis employed a comparative analysis approach to understand the differences in the way oil revenue is managed in two countries of Norway and Nigeria. However, the two countries are largely different economically, socially, geographically, and culturally. In this regard, even though both countries produce oil, the conclusions made may not be appropriate due to other differences. Meanwhile, in my analysis I was sensitive about these differences. Second, I employed a scoping review approach to guide the identification and analysis of relevant studies. However, even though I made an effort as a researcher to find all the relevant studies and reports on the oil industry in both Norway and Nigeria, it is possible that some relevant studies could have been missed. This is especially possible due to the limited number of keywords employed and the databases searched. Besides, given the limited time available for a master's thesis, I was unable to make a thorough review of each source available. Meanwhile, despite these limitations, I believe that the current study provides a strong background to understand the reasons behind the slow development in the Niger delta region despite the existence of rich oil resources, as well as the reasons why Norway has been successful with its oil production.

Considering the limitations and the findings reported in the thesis, this study opens doors for further research in this area. In particular, future studies can take an empirical perspective to gain richer insights from the people in the Niger Delta so as to get a clear understanding of the social, economic, and political factors behind the underdevelopment of their region, despite having oil resources. Moreover, future studies can take a more systematic approach to the analysis of studies reporting on the two countries or other cases, in order to develop a clear understanding of the problem, based on a rigorous and systematic analysis of relevant literature.

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APPENDICES

Appendix A: Summary of studies that informed the scoping review

Authors and title	Purpose of the paper	Type of source	Country	Focus_social	Focus_economic	Summary of key findings
Borlykke, K. 2019. Early history of Petroleum exploration offshore Norway and its impact on geoscience teaching and research . Norwegian Journal of Geology Vol 99; issue 3		Journal	Norway	teaching and research : Without the petroleum industry, geology and geophysics would have been small disciplines in Norway with limited employment opportunities	Environmental studies aimed at reducing pollution, and also engineering geology, have benefitted from science and technology from the oil industry	The petroleum industry has had an enormous impact on the Norwegian economy, but also on teaching and research in petroleum-related science and technology and also in other fields.
Afinotan, L., & Ojakorotu, V. (2009). The Niger Delta Crisis: Issues, Challenges and Prospects. In Ojakorotu, Victor (Ed.), Contending Issues in the Niger Delta Crisis of Nigeria. Bangkok, Houston, San Jose, Delray Beach: JAPSS Press, Inc.	The paper identified and analysed the major challenges posed by this crisis to the Nigerian State.	Book chapter	Nigeria			It concluded that in spite of the continuing deterioration of the crisis into anarchy, terror and a revolving criminality, and the militarization of the region by the Nigerian state, the conflict can still be amicably resolved. It recommended among other things that the commitment of government to infrastructural development of the region and corporate social responsibility would bring enduring peace and stability.
Acemoglu, D., & Robinson, J. A. (1999). On the political economy of institutions and development. American Economic Review, 91(4), 938-963.	its focus attention on the	Book chapter	Nigeria		Rents are the sources	

	political economy of the weak institutions which causes inefficienc y and dyfunction al behaviour.				of resource curse	
Ackerman, Bruce. 1980. SocialJustice in the Liberal State. New Haven: Yale University	A section of the book was sited to support Norway welfare system which gives room for future generation to enjoy from the oil resources saving in the SWF	Book chapter	Norway	The Petroleum industry helps the welfare system in Norway through the Global wealth fund		
Andersen, J. J., & Aslaksen, S. (2008). Constitutions and the resource curse. Journal of development economics, 87(2), 227-246.	A section of the book focuses on how a particular system of constitution al arrangemen t , either presidential or paliamentar y effect the economic groth of a country	Book chapter	Nigeria/N orway	The resourse curse has brought underdevle opment to Nigeria and Norway has able to escape to the resourse curse because of good welfare arrangemen t		
Andrew M, 2019. Norway oil story:https://www.lifeinnorway.net/norway-oil-history/	The paper talks about the history of oil in Norway	Journal	Norway		The Impotant of Oil to the country economic developmet	
Corruption Perception Index Comparison (2010-2020) Retrieve from Transparency International	The paper tries to compare the corruption level of both Nigeria and Norway	Journal	Norway/ Nigeria		The corruption perception gives a broad view of the two countries transparenc y in terms	its gives a positive report on Norway and a low side on Nigeria

					of oil revenue manageme nt	
Eifert, B., Gelb, A. H., & Tallroth, N. B. (2002). The political economy of fiscal policy and economic management in oil-exporting countries. Washington, D.C.: World Bank, Africa Regional Office, Office of the Chief Economist.	The paper identified and highlighted the important of oil manageme nt in the exporting country	Journal	Nigeria		Managing oil revenues in terms of saving for the future generation and how to deal with uncertain revenue and avoid boom-bust cycles	
Ejobowah, J. B. (2000). Who Owns the Oil? The Politics of Ethnicity in the Niger Delta of Nigeria. Africa Today, 47(1), 29-47. http://dx.doi.org/10.1353/at.2000.0011	The paper present a conflicting ownership claim to crude oil resources.	Journal	Nigeria			The expoitation and exploration of petroleun activities in the Niger delta region of Nigeria without any meaninful development in area of social amenities resulted to various agitations and conflicts which led to loss of revenues due to large scale of operational shutdowns
Elum Z.A, Mopipi K el etal (2016) Oil exploitation and its social economic effects on the Niger Delta. Retrieved from www.link.springer.com/article/10.1007/s11356-016-6864-1	The paper reviews the negative impacts of oil exploitatio n on the Nigeria mostly the host communiti es of the oil producing region	Journal	Nigeria		It reseaches the common belief that government and the oil companies are not given adequate attention to the social economis and environmen tal wellbeing of the oil	It emphasized the support for the call for multinationals operating in the region to modenise operating infrastruture and equipment in order to prevent avoildable oil spilage that often lead to communitiyre stiveness and

					bearing communitie s during the events of oil spillage	also to intensified the joint efforts between oil companies and government in capital development of the region
Gan Business Anti-corruption portal (2010-2020).						
Retrieved from https://www.business-anti-corruption.com/country-profile/Norway-Nigeria	A data presentatio n of the corruption index	Journal	Nigeria		It showns how all the agencies created has successded in manipulatin g the funds for the developme nt of the host communitie s in the oil producing region	The result as presented in the graph showns a high level of corrup practices
Gøsta E. Andersen (1990) The three worlds of welfare capitalism, Princeton University Press	The section of the book clearly illustrate and explain three types of welfare state regime	Book chapter	Norway		The significant of welfare system as a universal coverage	The procede from oil exploration has made the welfare system in Norway very actractive and substained, However, the shortcoming is the fact that , its encourages young able bodied men and women to live on social security
Irina R (2007) Oil boom in Nigeria and its consequences for the country's economic development. Munich, GRIN Verlag. Retrieved from www.grin.com/document/67959	The paper focuses on the reason oil boom in Nigeria has brought negative consequenc es as poverty, low level of human developme nt and	Journal	Nigeria	Oil dependence can be linked with Unusually high poverty rate,poor health care, high rate of child mortality and poor educational	Natural resources tend to increase the chances of civil conflict in a country as in the case of youth and ethnic militia crisis in the	

	environmental degradation			performances,	Niger delta region	
Larsen, E. R. (2004). Escaping the resource curse and the Dutch disease? : When and why Norway caught up with and forged ahead of its neighbors. Oslo: Statistics Norway	The paper identified a deliberate macroeconomic policy that helped Norway to escape the resouce curse which has made the oil descovery a blessing to the nation	Journal	Norway		A very strong political arrangement, stable and trusted Judicial system is key in the success story of Norway oil exploration and revenues mangement	
[Ministry of Niger Delta Affairs- retrieved from www.wikipedia-en.wikipedia.org/Wiki/minisrty_of_Niger_delta_Affairs](www.wikipedia-en.wikipedia.org/Wiki/minisrty_of_Niger_delta_Affairs)	The paper gives a fundamental reasons for the creation of the Ministry	Journal	Nigeria	It was created to implement all government programms for rapid socialeconomic developmeent of the Niger Delta region		Bad leadership and corruption among the agencies poses a threat for the success of the ministry
Nigeria Oil Spills Monitor. Federal Ministry of Environment Retrieved from www.nosdra.oilspillsmonitor.org	a data presentation of various oil spils in Nigeria	Journal	Nigeria	it shows how oil spills has affected social economic life of the host communities		
Norwegian Ministry of Finance. (2007). Monetary policy. Retrieved May 21., 2014, from http://www.regjeringen.no/en/dep/fin/Selected-topics/economic-policy/Monetarypolicy.html?id=213274	A paper shows how Nowergian monetery policy is helping them in managing the oil reveues	Journal	Norway		The policy helping the Norway goverment to manage the SWF	
Norwegian Ministry of Finance. (2013). The Government Pension Fund. Retrieved May 20., 2014, from http://www.regjeringen.no/en/dep/fin/the-	A paper on the Nowegian SWF	Journal	Norway		A goverment data showing how much	

ministry/Underliggende-etater/ the-government-pension-fund-.html?id=270410					in the Norwegian sovereign wealth fund	
[Norwegian Ministry of Finance. (2014). Report no. 19 to the Storting: The management of the Government Pension Fund in 2013. Retrieved from http://www.regjeringen.no.](http://www.regjeringen.no)	This paper explain more on the manageme nt of the Governmen t oil wealth fund	Journal	Norway		The paper gives further information on the SWF as the Number 1 pension fund among the oil preoducing nations of the world	
Norwegian Ministry of Petroleum and Energy. (2013). Norway's oil history in 5 minutes. Retrieved March 30., 2014, from http://www.regjeringen.no/en/dep/oed/Subject/ oil and-gas/norways-oil-history-in-5-minutes.html?id=440538	The paper gives history of the discovery oil in Norway	Journal	Norway	It showns the struggle and the fight of the political leader to take the full wonership of the Norwengia n Continental Shelf		
Odeigah, T. 2017: Poverty in the midst of Plenty: A study of Poverty and Underdevelopment of Niger Delta of Nigeria. Lagaa RPCIG. https//doi.org/10.2307j.ctvk3gm22.9	The paper is a study of the poverty and underdevel opment in the oil producing region of the Niger Delta of Nigeria	Journal	Nigeria		Despite of the enomous wealth associated with oil exploration activities in Nigeria, the host communitie s are still suffering in the midst of plenty	
Okonta, I., & Oronto D. (2001). Where Vultures Feast: 40 Years of Shell in the Niger Delta. Benin-City: Environmental Rights Action/Friends of the Earth.	A paper of a detailled account of shell activities since 1956 of oil discovery in the Niger Delta region of Nigeria	Journal	Nigeria		An account of environmen tal degardation , Oil spillage, gas flaring in the region without adequate compensati on from the	

					oil companies	
Olanrewaju.A. 2017. The Political Ecology of Oil and Gas Activities in Nigeria Ecosystem (Foreword) in Emeka Prince Ndimele. Academic Press	The section of the book explain the nature of Nigeria state ecosysytem before the dicsovery of oil	Book (Foreword)	Nigeria		Oil discovery is a watershead event that gave rise to a reamrkable change in the political and economic history of Nigeria	Oil exploration brought economic prosperity and at the same time untold environmental degradation, while the country economy grewn during oil boom era, not much attention was paid to the negative impacts of petroleum exploration on the physical, social, economic and cultural well-being of the inhabitant of the oil-producing region and their environment.
Omodadepo A, and Olomola A, (2013) Oil wealth ; Meat in Norway, Poison in Nigeria: An Analysis of Human Capital as a Transition Channel of Resource Curse, Journal of the World Economic Research. Vol 2, No 3, pp 39-44	The paper gives detailed analysis why countries with rich natural resuces are not doing well economically	Journal	Nigeria		Emphasized that revenes received from natural wealth should generate economic progress and bring about welath to a resouce rich country	It concluded on the contrary that many resource rich countries experience a worse performance in terms of economic progress
Omotola, J. S. (2007). From the OMPADEC to NDDC: An Assessment of State Responses to Environmental Insecurities in the Niger Delta, Nigeria. Africa Today, 54(1), 73-89. http://dx.doi.org/10.2979/AFT.2007.54.1.72	The paper gives an assessment to the major insecurities in the Niger Delta region and the state	Journal	Nigeria	The performance and the reasons for the failure of the government agencies from OMPADE		

	resonse to the challenges			C to NDDC which has resulted to the youth restiveness and environmental insecurities in the region		
Peacock A. (1960) The welfare society, Liberal Publication Department, London page II	The section of the Book talks about the main purpose and objective of welfare state	Book chapter	Norway	It focuse on the objective of the welfare state is to teach people how to do without it		it concluded that , there are only two natural or socially given channels through which an individual needs are properly met, the private market anf the family, only when these breakdown should welfare institutions come in and then only temporarily
Royal Norwegian Ministry of Labour and Social Inclusion; Report to the storting No-9 (2006-2007), work, welfare and Inclusion. Retrieved from www.rejeringen.no/globalassets/upload/aid/vedleg g/stmeld_9_2006_english.pdf	The paper analysed the government strong commitment to every citizen securing access to a good wefare condition	Journal	Norway	The purpose is to take as many people out of the poverty threshold		The findings indicated a negative report that over 700,000 of the adult population below pension age are out of work receiving social public income security benefit
Transparency International. (n.d.). Corruption by topic. Retrieved Mai 1., 2014, from http://www.transparency.org/topic	The paper gives detailed figures of corruption index betwen the two countries under review	websites of Transparency International	Norway/ Nigeria			As shown in the grahp presented, there is a wide gap between the two countries from Tranparency international data

Norway oil spills. Retrieved from www.bellona.org/news/fossil-fuel/oil/2013-03-norway-levels-country-second-largest-environment-fine-against-statoil-for-gulfaks-c-incident	The paper gives an account of an oil spills in Norway	Journal	Norway			This shows that there must be a pernalty for any wrong careless incident in the petroleum sector, policies must not only be in place but must be seen working
www.norskpetroleum.no/en/production-and exports/exports-of-oil-and-gas/	The paper gives detailed of the revenues accrued from the exporting of crude oil in Norway	Journal	Norway		The table and graph presented shows the figure and amount generated in Norway as an oil expoter	
www.regjeringen.no/en/dokumenter/meld.-st-20-20192020/ic/2699370/?ch6=	The paper explained the various processes and means in controlling environment risk involve in oil exploration in Norway	Journal	Norway			
www.theglobaleconomy.com/compare-countries	Data shows and compare both countries in terms of development and oil revenues management	Worldbank Journal	Nigeria/Norway	The data presented in the graph shows the disparities in the Unemployement rate between the two countries	The US Energy Information Administation gives detailed comparism in the oil reservers, production and consumtion level of both countries, also compare the environmental risk factor in the areas of carbon-dioxide	comprehensive and well detailed information and figures are presented in the main findings section

					emission per capital and carbon emission in both countries between theyeat 2010 to 2018	
www.worldexports.com	A table showing the differences in ranks and total amount of oil exports in the world between the two countries	Journal	Nigeria and Norway			More detailed information is represented in a tabular format in the findings section
UNDP. (2006). Niger Delta Human Development Report. Abuja: United Nations Development Programme.	A report of the human developme nt on the Niger Delta of Nigeria	Journal	Nigeria		It shows an administrati ve neglect, crumbling social infrastrutur e and high unemploym ent and abject poverty	The prevailling situation explains the increasing wave of restiveness in the region, urgent attention needed to save the future of the country
www.norskpetroleum.no/en/economy/government-revenue/	A report showing the total net cash flow from petroleum in Norway	Journal	Norway		The total net cash flow is estimated to be Nok 933billion in 2022	The oil and gas sector is Norway largest measured in terms of value added, government revenue, investment and export value