

Democratic Governance and Fuel Crisis in Nigeria

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Abstract-Nigeria is one of the Oil Producing and Exporting Countries (OPEC) whose crude oil is preferred by many non oil producing countries like Britain and the United States of America. A large percentage of Nigeria's foreign exchange earnings is generated from the sales of crude oil. While many of the nations who buy crude oil from Nigeria are comfortable with their fuel situation, Nigeria is engulfed in incessant fuel crisis which has been taken its toll on almost all aspects of the economy for almost two decades. This is a situation when there is acute shortage of fuel with attendant long queues that last for weeks and months. When the nation is about to breathe a sigh of relief through regular supply, suddenly, the crisis will erupt again causing untold hardship for vehicle owners, commercial drivers and the general populace who depend on the availability of fuel for mobility and production of goods and services. In recent times, the crisis is further compounded by the inability of the Power Holding Company of Nigeria (PHCN) to meet the energy needs of the populace. Thus many providers of goods and services like tailors, furniture makers and others rely on fuel to generate electricity for their activities. This has resulted in the soaring prices of basic commodities and services. Against this background, this paper examines the role and concept of good governance, the trend of fuel crisis in Nigeria, causes and effects of fuel crisis and identifies ways of preventing fuel crisis in Nigeria.

I. INTRODUCTION

In a society where the citizens are not so much resilient but lably adaptive to situations; anything goes. Nigeria is unfortunately one of such societies where citizens as a result of bad governance tend to be more adaptive to ugly situations rather than being resilient. After so many years of military rule in Nigeria, Nigeria is yet to learn and acquire the dictates of good governance and how to put in place effective machinery of government. The challenge is to provide good government and restore citizens' faith in the democratic process. As Independent Policy Group (2003) puts it, *'a major challenge facing the current leadership of the country is how best to ensure genuine restoration of democracy and good governance. Weak and battered institutions, poor culture of accountability and transparency, abuse of human rights and the neglect of the majority of the population have created an environment in which reforms tend to be difficult'*. The argument is that Nigeria's political instability as exhibited in its poor economy, among other factors, will not possibly see any real improvement or enjoy the height of good governance until radical changes occur in the mentality and attitude of Nigerians towards the true nature and end of society. As Aristotle holds, *'One of the fundamental concerns of political societies is the question of the common good or the*

good(s) communally procured by societies themselves for individual members or groups in their quest for a good life (Ene and Okolo 2003). The good specifically refers to a comprehensive set of goods in which the entire civil society participates. It relates to the material as well as spiritual goods and services of an entire society (Simon 1993).

Fuel scarcity is no longer a new phenomenon in Nigeria. It seems that it has become a common feature and gotten to a crisis stage. In particular, the most recent fuel crisis which started as a joke in December 2009 has now become a feature of the country's socioeconomic landscape. Across the country, Nigerians queue up at filling stations for hours on end for unavailable fuel. The implications have been loss of man-hours and rising cost of living as transport fares and prices of foodstuffs jumped up. The recurring instances of fuel scarcity, usually worsens towards the end of the year. In the year 2009 alone, there were at least six instances of fuel scarcity according to AFRICNEWS.

Thus, the object of the paper is in three folds: (i) what is good (democratic) governance, (ii) Bad governance and state failure (iii) Fuel crisis as an index of bad governance and state collapse in Nigeria.

II. CONCEPTUALISING GOOD (DEMOCRATIC) GOVERNANCE

In the last two decades, governance has become an important issue in development policy discourse and social science research. Yet a lack of conceptual consensus on the term results in a multiplicity of definitions. However, one of the most popular definitions of governance was the one given by the World Bank and most other United Nations institutions. Governance is defined as *'the manner in which power is exercised in the management of a country's economic and social development'* (World Bank, 1992; UNDP 1997; Olowu, 2002). Typically, governance as explained by these multilateral organisations emphasises leadership – the manner in which political (state) leaders manage, use or misuse power, to promote social and economic development or to pursue agendas that undermine such goals. Good governance is in tandem with democratic governance which is largely characterised by high valued principles such as, Rule of Law, accountability, participation, transparency, and human and civil rights. These variables are in distinguishable from the elements of governance of a mature liberal democracy (Adamolekun 1999, World Bank 1989). A review of the literature highlights governance quality as the most critical variable in promoting development across the world. The development crisis in Africa has been described as a *'Crisis of governance'* (World Bank, 1989). It also follows that while the reasons for south Asia's colossal human definition are rooted in poor governance, the period of robust and rapid

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economic development growth in East Asia (Asian Tigers) is attributed to good governance. Essentially, governance is a process that brings administrators into new collaborative relations in which the prospect for results is deemed to be better than within conventional organisational settings (Hyden and Court, 2002). This involves affecting the framework within which citizens and (state) officials act and politics occurs.

But can there be good governance without good leadership? Logically, the former is derived from the latter. Where there is effective and efficient leadership, there is bound to be good governance. Achebe (1983) in his famous book, *'The Trouble with Nigeria'*, argues that the trouble with Nigeria is failure of leadership – 'The unwillingness or inability of its leaders to rise to the responsibility, to the challenges of personal example which are the hallmarks of true leadership'. Good leadership is meant to uplift the people, to better the lives of the citizenry and to see that the people as much as possible enjoy the public resources without much ado as is the case in most advanced democracies such as the United States, Canada, Switzerland and some fast developing nations such as Singapore, Malaysia, Taiwan and Korea. According to Hyden and Court (2002) there are six functional dimensions of governance: First, the socialising dimension: this refers to the way rules are constituted to channel participation in public affairs. For instance, Putnam's study (1993) of making democracy work in Italy emphasizes the significance of social capital in building trust, understanding and confidence both in institutions and among people. Second is the aggregating dimension, which refers to the ways a political system is organised to facilitate and control the making of public policy. It deals with how ideas and interest are aggregated into specific policy proposals. Third, the Executive dimensions: Governments do not just make policies. They are also responsible for creating an environment in which people enjoy relative peace and security. What rules, formal and informal do governments put in place to meet popular expectations of freedom from fear and want? These are systemic concerns for which government is ultimately responsible. The fourth dimension is managerial. Policy formulation and implementation is expected to be people-oriented, result oriented. In other words, the idea that rules must be legal-national, formal and logical sometimes makes such rules and policies to lack human face which should not necessarily follow in governance. In democratic governance, rules and procedures tend to influence how people perceive the political system at large. The fifth dimension expresses the regulatory dimension. It explains that in governance, state institutions are often created to regulate the economy. That is, the norms and institutions put in place to regulate how corporations operate as well as how capital may be transferred and trade conducted are all important aspects of governance. The sixth and final dimension is the adjudicatory function. Here, each political system develops its own structures for conflict and dispute resolution. How such institutions operate has a great bearing on popular perceptions of regime performance.

III. BAD GOVERNANCE AND STATE FAILURE

The underlying factor behind most theoretical explanations of state collapse or failure in Africa nay Nigeria is bad governance. A conception of state failure or collapse begins with an understanding of what a state is, since a failed state is characterised by what it is not. Ideally, a state is meant to be an organisation, composed of numerous agencies led and coordinated by the states leadership (executive authority) that has the ability or authority to make and implement the binding rules for all the people, and using force if necessary to have its way (Migdal 1988). Zartman (1995) conceives state collapse from the angle of the inability to fulfil the functions of a state which he summarises as the sovereign authority, decision-making institution, and security guarantor for a populated territory. A state collapse expresses a situation whereby the structure, authority (legitimate power) law and political order have fallen apart. Interestingly, there can only be state failure or collapse where bad governance prevails. As Akude (2007) points out, governance denotes the manner in which power is exercised in the management of a country's economic and social resources for development while bad governance on the other hand implies the management of power in a manner that does not promote economic development. If one critically examines the Nigeria's leadership in the past two or three decades though predominantly military leadership, one would infer that the country has had a spectrum of bad governance and leadership which is demonstrable in diverse forms and dimensions – patrimonial (neo-patrimonial), predatory and personal rule. The lack of separation between the public and private spheres, which encourage corruption, is often ascribed to *'neo-patrimonialism'* - The personalised character of African politics in which informal constitutions and organisations are subordinate to individual rulers. Such systems are typically presidentialist and clientelist and they use state resources to go in political support (Szeftel 1998; Bratton and Van de Walle 1997). The deeds of the likes of Ibrahim Babangida who introduced Structural Adjustment Programme (SAP) in 1986 and singlehandedly siphoned the gulf war 1991 proceeds, the totalitarian and predatory rule of Sani Abacha (1994 – 1998) and the Olusegun Obasanjo whose regime introduced certain reforms still remain refresh in our memories. Of course, state failure as a result of bad governance is not peculiar or restricted to Nigeria state. We are aware of the antecedents of Mobutu Sese Seko of Zaire, Robert Mugabe of Zimbabwe, Paul Biya of Cameroun and a host of other African leaders who impoverished and looted the state treasury in order to enrich themselves at the detriment of the common citizens.

The concept of bad governance cum state failure in Nigeria perhaps accentuated or exacerbated the high rate of corruption which has eaten deep in the state's social fibre. This is to the extent that the so-called mixed economy became an excuse for using public funds to subsidize the confused accumulative strategies of equally confused political elite. Thus, the state becomes the accumulative machine of the bourgeois class. As this class of individuals

loot the state, they tightened their control over the state, its institutions and resources and do everything possible to keep others out (Ihonvbere 1999). Little wonder why the private petroleum regulation marketers, a cartel of some sort, liaise with the federal government to frustrate Nigerian citizens in the guise of de-regulation of the oil sector. It is against this background that it is argued that the character of the Nigerian state continues to be directly responsible for reproducing the country's deepening socio-economic and political contradictions. The state directly and indirectly worsens the country's predicaments with every policy, action or inaction it initiates or fails to initiate in the process of trying to consolidate the interests of its custodians. In other words, the Nigerian state has never been able to build an appreciable degree of confidence among Nigerians, ensure some discipline within the ranks of the elite, and manage the economy in the interest of the people. The state has been captured and prioritised by a tiny fraction of the elite that uses its institutions and resources to terrorise the Nigerian masses, loot public funds and mortgage the future of the citizenry (Ihonvbere 1999). All this buttresses and lends credence to Barrack Obama's assertion that the Africa's underdevelopment is as a result of bad governance. It is only a bad government that lacks the principles of effective governance that can think of introducing deregulation or privatisation in a system without first and foremost providing an enabling environment for such a policy to thrive. Deregulation without proper guidance is capable of reducing the capacity of government to tighten rules governing government – corporate relations. It also creates opportunities for public figures to use their positions to obtain privileged access within the market place (Szeftel 1998). This brings us to the heart of the problem – fuel crisis

IV. FUEL CRISIS SITUATION IN NIGERIA

We begin this section by asking fundamental questions: Why has there been a consistent increase in pump price in the last one decade in Nigeria? Should there be any reason Nigeria must import fuel? What is actually wrong with the four oil refineries in Nigeria and is there any reason more refineries should not be built to meet up with the increasing Nigerian population? How many OPEC member countries or oil producing nations import fuel for their countries usage? The history of fuel scarcity in the country is astoundingly strange. There is hardly a year that runs from the beginning to the end without fuel scarcity coming somewhere in between, with the attendant shock waves and sufferings for Nigerians. This is strange because Nigeria is an oil-producing country, pumping and selling more than two million barrels of crude oil per day in the international oil market. It is strange and tragic too that more than ninety per cent of petroleum products consumed in the country is imported. This is because the four oil refineries in the country are only working in fits and starts. And no private refinery has come on stream yet despite the fact that the federal government has granted licenses to a number of firms to establish oil refineries in the country.

V. CAUSES OF FUEL CRISIS IN NIGERIA

The causes of incessant fuel crisis are not far-fetched. They include vandalisation of oil pipelines, corruption, nonchalant attitude of some leaders, hoarding of the commodity by some marketers, insufficient refineries among others. It is noteworthy that almost these entire causes border on the presence or absence of good governance. According to the depot manager of Atlas Cove, Mr. Anthony Onwuka, NNPC had enough products to run the system, it was constrained by the activities of vandals, who rupture pipelines, causing the system to close down thereby creating short supply of petroleum products. He further stated: *"The biggest problem, which we have here, is pipeline vandalism. We have engaged all security agencies to be on this pipeline. We have over 100 soldiers on the pipeline within this distance of 72.8 kilometres, from here to Mossimi." After Atlas Cove axis, which stops at Ijgun, we have other soldiers, extending the pipeline up to Ibadan. They have been doing their best, but the challenges have not yet been abated. We are still having challenges arising from vandalism.*" (Guardian, Tuesday, 26 January 2010) The issue of vandalisation of oil pipelines as a major cause of fuel crisis could be looked at from the angle of frustration – aggression theory. According to this theory, aggression (in this regard, vandalisation of oil pipelines) is the outcome of frustration. Gurr (1970) opined that where expectation does not meet attainment, the tendency is for people to confront those they hold responsible for frustrating their ambitions. He further stated "the greater the discrepancy, however marginal, between what is sought and what seems attainable, the greater will be the chances that anger and violence will result." (1970:24). In other words, crisis or conflict occurs when the governed are frustrated by the way they are governed especially with respect to deprivations of the basic needs in life. This explains why oil pipelines have, many times, been blown up or damage done to many of the oil installations not only by militants in the Niger Delta area but also in many other parts of the country. The worst aspect is that many Nigerians are not patriotic enough to report such vandals. In a survey conducted among students in six tertiary institutions in Nigeria on reporting cases of fraudulent practices and damaging of government property, less than 50% agreed to report vandals. (Onifade, 2002). Another major cause of fuel crisis in Nigeria is corruption. In fact, high level corruption could be seen as the bane of Nigeria's oil industry and the cause of incessant fuel crisis. The term corruption is operationally defined by Transparency International (TI) (2006) as the misuse of entrusted power for private gain. TI differentiates between "according to rule" corruption and "against the rule" corruption. Facilitation payments, where a bribe is paid to receive preferential treatment for something that the bribe receiver is required to do by law, constitute the former. The latter, on the other hand, is a bribe paid to obtain services the bribe receiver is prohibited from providing. Historical evidence shows that the First Republic in Nigeria (1960-65) was terminated by military intervention because of the

excesses of corrupt politicians (Ademoyega, 1981). At present, the problem seems to have become a national malady defiling solution in spite of efforts put in place to control it. One of the major ways that corruption serves as a bane of Nigeria's oil industry Transparency International (TI) (2006) is through its damaging effects on the populace even to the extent of causing physical death as reported by Nsongurua (2008). According to Transparency International (2008), the cost of corruption is four-fold: political, economic, social, and environmental. All these have bearing on the oil industry and fuel crisis in the country. The chairman of National Association of Road Transport Owners (NARTO) was reported as saying that the corruption issue was borne out of the fact that all agencies of government working in the industry and those seen at every refinery and depot were involved in perpetrating the cankerworm. Usually both genuine and fake businesses were often crowded around the industry. Inadequate refineries and mal-functioning or under functioning of existing ones in the country could be seen as another culprit for incessant fuel crisis in Nigeria. At the wake of the most recent fuel crisis, the Group Managing Director of NNPC, admitted that none of the country's refineries was working. This made the country to depend on 100 per cent fuel importation. The NNPC was said to import more fuel to the country than the combined efforts of all major oil marketers who were not given import approval promptly in year 2009.

None – challant attitude of some of the leaders is another cause of fuel crisis in Nigeria. A situation where both Minister of Petroleum Resources and the Group Managing Director of NNPC, had consistently refused several invitations by the House committee on Petroleum, which is out to find lasting solutions to the incessant fuel crisis in the country, leaves much to be desired. The none – challant attitude could further be seen in the action of the Petroleum Resources Minister who left Abuja for Vienna, Austria for the Christmas and New Year vacation at the heat of the crisis and inspite of the meetings scheduled by Vice President to tackle the lingering fuel crisis. This could be interpreted not only as "a clear demonstration of the lack of respect for the office of the Vice President" but also as an abuse of power and bad governance. No wonder the opposition party said the government has 'crossed the line from incompetence to sheer insensitivity towards the plight of Nigerians, who daily face harrowing times just to get fuel". (AFRICAN NEWS)

VI. EFFECTS OF FUEL CRISIS IN NIGERIA

The incessant fuel crisis has led to long queues of vehicles at several filling stations across the country, in addition to sky-rocketing, deviating pump price and racketeering. It said the scarcity of fuel has led to a huge rise in the cost of living, while making it almost impossible for millions of Nigerians to travel home for the Christmas and New Year festivities. Furthermore, the stifling scarcity has led to many avoidable accidents, both on the roads and in homes, with fatal consequences as motorists load extra fuel in their vehicles and store them in their residences "What sort of

government is this that sits idly by as citizens go through untold hardship? Is it not a shame that a government that could not meet its promise to Nigerians to deliver 6,000 megawatts of electricity by the end of the year has now inflicted more pain on them by its inability to even guarantee abundant fuel supply? For how long will Nigerians have to endure this multiplying hardship? (Business World, Feb. 8th 2010). The escape route for many businesses and households in the country from the stranglehold of the energy crisis, which has resulted in the epileptic supply of electricity in the country, has been petrol and diesel. Businesses and households now run their own power plants using petrol and diesel. But with petrol and diesel now becoming as scarce as gold, many households and businesses are having it very rough, and this has resulted in many businesses now operating at levels that are far below their installed capacity. As a consequence, of course, is low productivity and downsizing

Some unscrupulous marketers usually seize the opportunity of the situation to hoard the commodity in anticipation of announcement of a rise in pump price. To say that the fuel crisis has made Africa's largest oil-producing nation - Nigeria - a laughing stock in the comity of nations is an understatement. The Way forward There is a dire need to find the appropriate solution to the recurring oil crisis in order to alleviate the sufferings of the masses. Rasheed Komolafe (Guardian, Tuesday 26 January 2010) aptly stated that Nigerians are no longer interested in whatever caused or is causing the lingering fuel scarcity. All they are interested in is the resolution of the problems that have led to the crisis. It is imperative to make sure that all the four refineries function in order to reduce the country's dependence on fuel importation. Furthermore more refineries should be built to cater for teeming population of this great country. The way forward in this nation is not importation of products, but refining our crude oil. It would be economically wise for marketers to pool their resources to build refineries instead of depending on fuel importation. This suggestion is in line with that of the former Minister of Finance. The Daily Trust (Wednesday, 30 Dec. 2009) reported, Mrs Ngozi Okonjo Iweala said the solution to the crisis is to break the monopoly of importation. She stressed the need to pursue policies that will ensure more supply in the economy so that we don't have a monopoly situation but rather competition which will eventually bring the prices down. Daily Trust reports that the Nigerian National Petroleum Corporation (NNPC) is about the only company that has been importing fuel in the past few months. Although some efforts have been made to curb the crisis, for instance banning of the sale of petrol inside jerry cans and sanctions against fuel stations found hoarding the commodity, they have not yielded much result. The problem still borders on bad governance because the law enforcement agents hardly prosecute the culprits. Indeed, some of them were found perpetrating the act during the recent crisis. Sale of fuel in containers and plastic containers called jerry cans should be banned and culprits be made to face the full wrath of the law. Let both the seller and the buyer be arrested, detained and consequently prosecuted while hoarders of the product should be dealt

with by complete auction of the products while monies realised there should be paid into Federal Government coffers. There should be no “sacred cow”. There should be strict monitoring of the distribution of the product as well as profiteering by oil marketers at the filling stations which usually culminate in a major windfall as they rake in huge profits. Disorderliness at fuel stations should also be decisively dealt with. Another solution to the incessant fuel crisis in the country lies in the passage of Petroleum Industry Bill (PIB) and prompt payment of subsidies from Petroleum Support Fund (PSF). Once the PIB is passed into law, deregulation becomes a reality while a new chapter in Nigeria's petroleum industry would be opened. It is hoped that enabling environment would be created for marketers in terms of licenses to operate properly. Enabling environment should be created for Nigerians who have refineries outside the country to invest in Nigeria

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