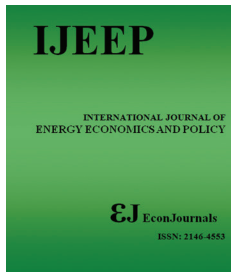

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Oil Price Fluctuations and Dependency Malaise: What will Engender Socio-economic Adjustments?

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ABSTRACT

The fluctuations and volatility associated with international crude oil prices confirms and contradicts historical trends in varying respects. For several oil dependent African countries, the characteristic price oscillations necessitate deliberate policy and institutional adjustments. In such circumstances, it seems plausible to prioritize social and economic policy options. Veiled beneath the anticipated and unanticipated movements of oil prices lies a myriad of issues yearning for clear dissection. A fluid approach is tenable to scrutinize established and emerging questions connected with this recurring phenomenon. The ongoing geopolitical re-arrangements across various regions, uncertainties about the renewable energy agenda and policy preferences, further reinforce the importance of distilling a veritable compromise for oil revenue dependent countries. The paper entails a critique on issues impacting on the bottom-line of selected oil export centric economies and amongst other contextual dynamics. It specifically highlights matters dealing with capacity deficits, oil industry transparency and governance imperatives, policy inconsistencies, economic diversification, corporate social responsibility and optimizing governmental regulation. The paper also captures contemporary resource management perspectives, especially against the backdrop of evolving socio-economic dynamics. Applicable conceptual and theoretical views are explored, whilst practical conclusions are discussed.

Keywords: Crude Oil, Oil Price, Oil-dependence, Socio-economic Policy, Africa
JEL Classifications: Q31, Q32, Q35, Q38

1. INTRODUCTION

A "new global economy" is gradually unfolding across global frontiers, even as the scope and dynamics are still subject to variations. This long-term agenda, as well as the associated socio-economic dynamics, has prompted this critique of highly dependent oil countries in the light of their susceptibility to the consequences of intermittent changes in international crude oil prices (Oyewunmi et al., 2017; Rogoff, 2006). It suffices to state, that such countries must contend with the direct and indirect consequences connected with a significant reliance on oil taxes or earnings. The recurring oil price changes or volatility phenomenon precipitated by supply-demand related factors require constant attention. This can be attributed to varying national, international, and transnational considerations. The peculiarities associated with the socio- political and economic antecedents of Nigeria, Algeria and Angola are also of fundamental importance. It is noteworthy that a thread of similarities seems to run through the fabric of their oil and gas institutions, processes and policy. The significant levels of dependence of the countries in not in doubt; however there are other fundamental questions as to the immediate, medium and the long-term options for dealing with unsustainable practice of over dependence on oil revenues. Ironically, it has been long established that the oil and gas resources are finite in supply, thus making it inexplicable as to why some countries still formulate long term socio-economic policies on current and expected oil earnings.

The negative effects of declining oil prices are being experienced across various continents and as such, are by no means exclusive to countries in the African region. Hence, volatility of crude

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oil prices is a recurring and well established fact, and provides opportunities to assess whether enduring lessons have been learnt from previous oil shocks cycles. The harsh realities and effects of oil price fluctuations came to the fore yet again between 2015 and 2016, as the markets experienced a steep decline in the global crude oil prices (Egan, 2016). This downward trend in prices was underpinned by a supply glut, and which consequently positioned off-takers at a favourable pricing competitive advantage for extended periods.

The verifiable international crude oil prices recessed to about $46 in June 2017; then at some point in October 2017 it hovered within the range of $57, by March 2018, it was trading in the region of $66, whilst sometime in May 2018, prices averaged at around the $77–$80 mark (Amadeo, 2018; Statista, 2018). However, by June 2018, prices had declined by about 5% owing to prospects of increased supplies by Russia and Saudi Arabia. Also, oil production and supply shortfalls connected with Venezuela's declining operating environment, as well as the unpredictability of Libya's oil regime are contributory factors. It should be recalled that about 4 years ago (June, 2014), crude oil was trading in the price region of $100 and dropped drastically to $30 in January, 2016 (Egan, 2016; Amadeo, 2018). Hence, it makes sense for oil dependent African economies, in view of recent uncertainties, wide spread global geo-political insecurities, conservative economic recovery trends, to redefine their foreign direct investment options, stimulate local consumption patterns, enhance domestic tax revenues collection, deploy measures to stabilize their debt-borrowing ratio indices and re-appraise requisite foreign policy strategies.

It appears that Nigeria, Algeria and Angola have seemingly reached cross roads, especially as these oil and gas resources rich countries are confronted in diverse respects with the dilemma of diversifying their economic-resources base. Interestingly, specific parallels apply to the structure and functionalities of these countries, as well as the consequential effects and implications associated with such processes. However, the recurring decimal in making these adjustments, entails whether there is full appreciation and acceptance of the shared costs associated with adopting a given set of measures. Typically, short-term budgetary financing may be jeopardized as prospective national budgets were largely benchmarked against high oil prices. As the price trend unfolded, the expected rebound of oil prices did not manifest, at least not in the short run as eagerly anticipated in many oil driven economies. Also, of prime interest are the immediate implications for the domestic economy, particularly in terms of managing high costs of governance, provision of social services, financing of developmental projects and preserving civil order, amongst other important collateral matters.

The countries in issue apparently have not deployed innovative alternatives to fill the widening gaps as they grasp with the difficult realities of reducing their oil dependency quota. Moreover, considerable funds have been expended on unsustainable infrastructure projects; corruption has depleted foreign reserves and the high cost of governance has distorted effective public expenditure. Furthermore, there is a notable capacity deficit (human and infrastructure) that is impairing the drive towards an enduring and inclusive economic resource base. In the medium to the long term, these countries must transit from the standpoint of rhetoric to taking practical initiatives toward more beneficial outcomes. Undoubtedly, the status-quo is not sustainable, as there are prime examples of countries that have successfully adopted a broad based, capacity and skills driven approach. For instance, the Kingdom of Saudi-Arabia, United Arab Emirates, Norway, and China have appreciably diversified and optimized their socio-economic potentials, thereby mitigating the negative effects of the resource-curse syndrome.

Therefore, a shift towards the implementation of a pragmatic resource governance framework is tenable, especially as the era of *cheap and easy oil* is gradually ending (Oyewunmi and Oyewunmi, 2018) This fact is being reinforced by the increasing share of renewable energy sources in the overall energy mix, coupled with the widespread consensus on the utilization of more environmentally compatible energy alternatives. In view of this outlook, these countries need to incorporate transition processes that will promote wide scale adoption of cleaner and accessible energy options. Also, stiff competition for new and emerging markets as well as the constantly changing economic environment, increases the burden or complexities for the countries under consideration. Furthermore, the access to foreign exchange is highly competitive and various oil off-takers are keen to secure the most favourable contracts. This trend further complicates the prevailing status-quo, especially in an international oil market dealing with lingering supply and demand constraints. The changes or adjustments require the affected countries to be innovative and proactive, even as other countries are making notable strides to advance their developmental and growth strategies. In more apt terms, oil revenues dependent countries must necessarily contend with fresh challenges, some of which were not in significant contemplation decades ago. These include; escalating cross border migration, growing poverty concerns, pressures of climate change, competition for alternative energy sources and lingering global terrorism impediments. Such also entail; attendant policy shifts intended to secure cultural and social institutions. In the light of the above background, the paper details contextual peculiarities, provides theoretical and conceptual clarity and highlights the probable implications for the selected oil dependent economies.

2. METHOD

The paper entails a critical appraisal of established and emerging socio-economic issues associated with selected oil revenues dependent economies of African origin. Also adopted and applied are relevant concepts as well as applicable theories that highlight the peculiarities of the countries under consideration. This approach provides the basis to develop apt elaborations and develop requisite conclusions.

3. OIL REVENUE DEPENDENT COUNTRIES: NIGERIA, ALGERIA AND ANGOLA

The first country for consideration is Federal Republic of Nigeria; a strategic oil and gas player in Sub-Sahara Africa, especially

as the oil price volatility phenomenon weighs heavily on the country's political, social, fiscal and economic permutations. This relatively populous country is a net-importer of refined fuel inspite of having enjoyed numerous cycles of high crude oil prices and the accompanying huge revenue inflows (United States Energy Information Agency, 2015). A bouquet of stakeholders hold sway within Nigeria's upstream, midstream and downstream sectors, and such that the identifiable layers or tiers are beleaguered with structural and functional issues (Burleigh, 2013). The favourable price trend in most recent history should normally have facilitated the application of viable tax regimes and associated policies to promote sustainable investments in local refining capacity. Undoubtedly, the lack of political, un-innovative policy application across sectors and an overbearing disabling operating environment has been largely responsible for Nigeria's socio-economic comatose (Oyegbami, 2016; Oxford Business Group, 2015). Perhaps, the depiction of Nigeria as a *sleeping giant* best encapsulates the intensity of the county's potentials, and which is aggravated by several missed opportunities at robust realization. It is apparent that the requisite structural reforms, coupled with sustained enforcement are imperative to mitigate the socio-economic impacts associated with the volatility oil prices. Importantly, Nigeria's external reserves and excess crude account numbers are discomfortingly low, relative to the high or appreciable external debt borrowing ratio, significant domestic debt profile, escalating governance costs and widespread development needs.

As Nigeria largely bears the above constraining characteristics, there is ample incentive to pass on high price regime risks to a diverse consumer base. The unfolding debates on such an outcome have been varied ranging across issues of; subsidizing local petrol prices, partial price modulation, deregulation and liberalization. It is also noteworthy that there was a renewed drive to secure new markets for future oil production as the international market became saturated with "cheap oil." However, there have been limited successes as some deals were facilitated with India's government. Importantly China is a plausible option for several developing African economies, owing to its aggressive drive to gain significant share in such markets and to further consolidate its global presence.

Oil production has progressed in various acreages, subject to the prevailing contractual agreements, though with notable impediments to major oil installations especially in the Niger-Delta regions. The obstacles to upstream activities have occasioned a significant drop in achieving OPEC's allocated daily production estimates and thus translating to significant losses of foreign exchange earnings. In addition, the extra costs for repairs and surveillance of oil infrastructure in violence prone areas has contributed to depleting the nation's accruable savings. The country's four refineries installed capacity stagnated for many years and performed sub-optimally in terms of matching the domestic refined oil distillates requirements (Nigeria National Petroleum Corporation, 2018). Nigeria's national oil company (NNPC) is usually preoccupied with importing large quantities of refined oil distillates to bridge seasonal shortfalls. The logistics have been variously compromised, further escalating the NNPC's well established operational gaps, transparency, and accountability shortcomings. To further compound matters, entry of fresh players into the upstream sectors has been low, coupled with the fact that a number of oil majors have been divesting majority stakes in their exploration and development projects. However, there have been some levels of corporate arrangements with the marginal field operators and the dominant players which seemingly validate the resilience of this strategic industry. A final point for consideration is the enabling law that underpins Nigeria's oil and gas industry. The Petroleum Act is as old as the nation but still subsists as the principal legislation regulation activities of the different players. The petroleum industry bill (PIB) which is considered in some quarters as the elixir that will transform the sector; has been bedevilled by legislative bureaucracies and is fraught with notable application, governance and integration challenges.

The next country for review is People's Democratic Republic of Algeria which represents one of the well-established and homogenous Maghreb nations. In comparison to other countries within its geographical space, and especially in the most recent past; public governance has been widely accepted and civil order is being achieved. The following provides some insight particularly on the recent happenings within the country's upstream sector. Algeria's daily oil production quota hovers a little above one million barrels and is also endowed with recoverable natural gas deposits. Comparatively, its oil dependency index is lower than that of other major oil economies within sub-Sahara Africa, such as Nigeria, Angola and Libya. Over the last three years the local oil and gas industry has experienced a flurry of legislative and economic activities prompted by a sharp decline in global oil prices and the consequential institutional and systemic contractions (Brunel de Moze, 2016).

The country has long depended on sustaining its socio-economic fundamentals based on revenues derived from a plethora of oil and gas productions activities. This over reliance has facilitated the accumulation of considerable external reserves primarily attributable to a sustained cycle of high crude oil prices. However, such an approach has entrenched a false sense of economic stability and social security, even as such dimensions are gradually unfolding. Typically, a downward slide in crude oil prices revealed inherent weaknesses in the relevant tax regimes as well the applicable industry policies (Chikhi, 2017) Specifically, urgent reforms are ongoing to attract private interests into the broader energy value chain, registration rates for cars have been revised upwards; there has also been an increase in value added tax for power consumption and a significant hike in domestic fuel prices. Typically, whole sale corrective policy measures are inevitable to mitigate the collateral damage, owing to the commercial and economic indicators of a highly competitive international oil market, coupled with the oil surplus and associated downsides. Predictably, Algeria's oil profits buoyed by external reserves dipped considerably as a direct consequence of the negative oil shocks; and there was also a notable decline in terms of trade as well as depreciation in the value of the local currency (Mohie-Eldin, 2017).

An appraisal of foundational and relevant perspectives is necessary at this point to reconcile the issues concerning Algeria's

oil dependency dilemma. The quantitative study of Heidarian and Green (1989) provides an apt historical trend analysis and variable simulations on the impact of oil-export dependency. The objectives of the study were essentially achieved by developing a 12 equation Keynesian econometric model of the Algerian economy. The results show an increasing dependency of important economic sectors on oil revenues pre and post nationalization. It also indicated that in all reasonable estimation; enhanced oil exports will engender elastic increases in luxury imports as well as domestic consumption, whilst conversely prompting rigid or constrained domestic investment behaviours. Thus, the prevailing policy response or interventions were not considered suitable to facilitate the necessary broad-based socio –economic transformations.

In similar vein, the International Monetary Foundation (IMF) mission chief for Algeria in 2011 reiterated that; the Algerian economy is highly oil and gas centric as evidenced by a 98% export profile relative to same sector and representing 40–45% of total GDP, which also amounts to about 60% of budget revenues. Also, the government involvement in the financial- banking sector is relatively pronounced at about 90% which limits the scope of private participation in a fundamental socio-economic driver (IMF Economic Health Check, 2011). Diversification efforts are progressing, but the long term projections are subject to sustaining a favourable business culture and inclusive operating corporate environment. Also, the country has a young and rapidly growing population which necessitates sustained economic growth rates to assimilate increasing labour prospects. It is instructive that the emphasis on skills and capacity development is improving owing to the notable expenditure on education. Hence, Algeria's vulnerability to negative oil price shocks will most probably subsist in the light of prolonged economic dependency and systemic reliance on hydrocarbon export revenues (IMF Economic Health Check, 2011).

Furthermore, the Oxford Business Group (2018) assessed the implementation of reforms and policy development in Algeria to reduce its oil dependency component. It was noted that in May 2014 the country adopted its latest 5-year socio-economic action plan covering 2015-2019. Specifically, in reaction to the most recent oil price crisis of 2015–2016 a fresh growth model was revealed in July 2016. The broad policy framework entails a roadmap to transform the economic landscape by 2030, whilst also detailing a medium term budgetary strategy for 2016–2019. Notable aspects include achieving a growth rate of 6.5% in non-hydro-carbon GDP over an extended period of about fifteen years, whilst also facilitating a double rate increase in the manufacturing sectors contribution to GDP over the same period. The IMF captured these issues in its June 2017 Article IV Consultation; and opined thus that; "The government is fleshing out a broad strategy to reshape the country's growth model- with World Bank support". Similarly, perceptions from the corporate setting are of the view that foundational economic adjustments are required particularly in areas of labour, human resources development, taxation, trade policies and business governance/regulatory practices.

The country has also recently experienced some pockets of armed-terrorism and civil unrest a phenomenon which has grossly impaired the economic outlook of nations domiciled within the North-African region. However, Algeria was spared the worst outcomes of the violent "*Arab Spring*" uprising which negatively impacted on the governance institutions, economic assets and social structures of identifiable countries located within this geography. The relevant government agencies are gradually embarking on budgetary reforms to stimulate alternatives to oil investment options. Thus, a conservative outlook for oil revenue estimates is being adopted that a markedly below the more optimistic historical benchmark. This amongst others is a sign-post for other anticipated policy measures to reduce capital expenditures and probable deployment of tax revenues increasing mechanisms. The recurring question however is whether the timing of such interventions is belated, and if there is sincerity of purpose to recalibrate the variables of the oil and gas industry. A contrary posture may further corrode modest governmental interventionist efforts, especially in the light of social limits for seemingly unending socio-economic reforms. Moreover, the question needs to be constantly asked on the contributions of policy to concrete socio-economic returns. This is important to review matters related to the cost-benefit of governance, so as to regulate fundamentals of wealth distribution across the societal strata.

The People's Republic of Angola can be considered a recent (2007) entrant in OPEC cartel and qualifies as a notable oil producer with medium to long-term potentials for growth. Africa's second largest oil producer has been negatively affected by the recent oil price shocks and this is inspite of its huge agro allied commercialization potentials, significantly relegated for oil and gas development (Muisyo, 2017). There are ongoing efforts to scale back dependency levels, but only time will reveal the comprehensiveness of the outcomes. Angola provides significant competition for the older industry players within the African continent. Specifically, there is a significant presence of oil majors actively participating in the offshore upstream production activities. Oil represents about one-third of GDP and 95% of Angola's exports, thus it is not unusual that the most recent downward slide and oil price fluctuations of (2014–2015) impaired domestic socio-economic indicators, with similar outcomes as in 2008–2009 (The Economist, 2015; Organization of Economic Cooperation and Development, 2011). This is evidenced by the sharp decline in GDP from 10.3% (2004–2014) to 1.5% (2015), and this outlook also captures non-oil revenues estimates (The World Bank; IBRD-IDA, 2017).

In terms of production profiling, there are series of mature oil fields which require fresh investment inflows to optimize the production levels. This is worrisome, especially as access to foreign exchange is tight on the international financial markets. Also, the unit cost of oil production is still relatively high and limits the attraction for new exploration and development projects. These unfolding realties amongst other governance and ethical considerations have constrained the appreciable growth of downstream capacity. Furthermore, very limited onshore oil production participation, coupled with legislative bottlenecks hindering commercial gas production are integral factors militating against the optimal potentials of the country's oil and gas sector. Thus, implications of the currency and contractual risks are coming to the fore,

especially as governmental preference for transacting mainly in the local currency is inconsistent with established industry practices.

Consequently, the government has reacted by reducing public expenditure and devaluing the local currency. It has also adopted a widening fiscal policy as a basis to stimulate economic growth, complemented with increased foreign currency sales and tightening of liquidity to control inflationary trends (The World Bank; IBRD-IDA, 2017). However, inspite such efforts, the central problem of Angola subsists that is, a mono-dimensional, oil driven economic strategy (Baumgartner, 2016).This undesirable situation is further complicated by the country's unsustainable reliance on other natural mineral resources with limited supply sources. In this light, the reasons are even becoming more compelling to engender holistic behavioural policy changes, geared towards the adoption of fluid economic models and sustainable best business and social practices.

The Table 1 indicates the oil revenue dependency ratio of the countries under consideration, and further puts into quantitative perspective some of the issues as expressed above in each country's case.

The oil revenues dependency trend is quite significant in each case. This overt dependency outlook is revealing, particularly as the fundamental macro-socio-economic indicators in these countries are evidently weak or at best still maturing. In Nigeria's case unstable political environment has contributed to the negative policy implementation profile and which has been a recurrent challenge for successive governments. Hence, inspite of efforts at revamping the practicalities of the national tax policy, amongst other social investments; the instalment approach at delivering the new PIB does not evince substantial multi-governmental commitment and co-ordination. Specifically, the extended tenure for consideration and passage of the legislation across successive administrations, coupled with the option of unbundling the legislation cannot be reconciled. Also, of interest are the complexities of interests involved, as well as the uncertainties of the long-term cost-benefit of Nigeria's corporate viability.

Nigeria, Algeria and Angola provide apt test cases in view of the central and sub themes in focus. The selected countries are prolific producers within the African sub-region; serve as veritable platforms to facilitate inclusive economic growth, whilst also endowed with requisite capabilities to promote societal well being. Hence, specific features of their regulatory institutions and industry practices provide ample opportunities to distil aspects of resource management; critique the role of prime stakeholders in managing relevant economic institutions and analyse mechanisms applicable to oil industry governance and ethical fundamentals. In view of available literature and current conversations on these African economies, interesting parallels are established as a precursor for other oil dependent economies that share similar political, legal and socio-economic characteristics.

Table 1: Comparative oil-export dependency outlook: (Nigeria, Algeria and Angola)

Countries	Export of oil (Billion/USD)	Total export (Billion/USD)	Oil export/total export %
Nigeria	76.9	83.8	91.8
Angola	57.9	63.9	90.6
Algeria	40.6	60.0	67.7

Source: Elaboration of Baumgartner (2016); OPEC annual statistical bulletin, 2015

4. CONCEPTUAL, THEORETICAL AND CONTEXTUAL APPLICATIONS

It is important to provide some conceptual, theoretical and contextual foundations which underpin the focal issues captured in this paper. An integrated approach is adopted in view of the characteristics of the contexts under consideration. It also provides an adaptable platform to amplify the relevance of the selected concepts and the applicability of the adopted theories. The first concept entails resource management; next is transparency and corporate governance owing to institutional deficits, whilst corporate social responsibility and governmental regulation concerns are re-echoed in the light of negative externalities associated with endemic oil dependency processes.

Resource management is imperative for profitable sustainable multi-sectoral operations, and is thus incorporated as this paper deals with contextual implications due to over reliance on oil revenues. Generally, the long-term national sustainability and development depends on the prudent and strategic management of aggregated resources. Thus, measurable, and scientific indicators are useful in identifying sustainable thresholds for efficient utilization, conservation and fair distribution of natural resources (Steiner et al., 2000; Olujobi et al., 2018). The practical integration of all these aspects is important, such that any meaningful policy undertaking cannot afford to omit such matters from the larger social and economic framework. In effect, this is in consistent with basic economic theories of effective planning and utilization to accommodate predictable demand and supply patterns. More so, the specifics of the resource course theory provide applicable theoretical foundations. The developing African countries in focus can leverage upon requisite economic and developmental aspects and make the necessary adjustments to reverse recurring downsides (Soremekun, 2013). The predominantly young human resource base of Nigeria, Algeria and Angola, amongst other economic assets needs to be optimized for effective outcomes. For instance, the agro-allied, technology innovation and tourism rejuvenation are investable options that can promote favourable trade balances and generate immediate impact in the real economy.

The next items centre on the imperative of entrenching practical transparency and corporate governance mechanisms. This process perhaps best represents the most viable tool to unveil socio economic saboteurs insistent on securing their self-serving and unethical interests. The large oil and gas revenues accruable to dependent African economies are significant drivers of geo-political and socio-economic stability. In effect; there is a correlation between optimal oil price levels, increased domestic expenditure, institutional functionality and regulatory compliance. Consequently, the applicable moral, legal and business indicators must be defined according to industry best practices and such

that will promote an increased culture of disclosure by public and private stakeholders (Kohler-Koch and Rittberger, 2006). This drive is being sustained on various platforms such as the; World Bank, International Monetary Fund and Transparency International in adopting diverse methods to mitigate corruption in the affected countries. A complement of improved transparency and corporate governance practices will facilitate an enduring culture of 'corporate order', business sanctity, long-term investor confidence, and coupled with the building of social capital which is integral to sustainable policy implementation.

The globalization agenda has to a certain extent reinforced negative implications as regards poor implementation of strategic national polices. Specifically, such has motivated corporate interests to relegate ethical best practices on account of generating the greatest returns on investments. The dependent African oil revenues economies have been complicit on many levels as regards the corporate agenda for profitability, whilst disregarding the sustainable allocation and utilization of human and material resources. It also contributes to the shaping policy of outcomes such as; privatization, direct foreign investments, liberalization, deregulation, build operate and transfer agreements and public-private partnerships. This increasing change in the allocation of obligations has resulted in gradual relegation of government participation in the running of commercial businesses. Consequently, there must be a converse shift in the expectation attached to corporate interests in view of their growing stake or involvement in business activities. The surplus participation must be matched by a corresponding level of contribution to the society or community. That is, stakeholders accommodated in previous arrangements, must be accounted for in the light of adjustments to existing business as well as economic governance structures.

An assessment of the rubrics of corporate social responsibility (CSR) is necessary, owing to the evolution of the internal and external business environment. This perspective has engendered the composite and robust approach adopted by several scholars in defining the fundamentals of this evolving concept. CSR combines the idea that local businesses are part of a larger global entity in achieving a resourceful and enduring approach to multi-sectoral and communal developmental objectives (Gustafson, 2002; Oyewunmi and Oyewunmi, 2017). However, inspite of the unwieldy nature of CSR, especially on compliance aspects; there are well-established minimum targets which comprise; corporate environmental awareness and sustainability driven profitability. Thus, the oil and gas industries in dependent African economies must pay renewed attention to these aspects, especially as there are overbearing incentives to engage in unfavourable compromises.

Governmental regulation is integral in achieving a veritable balance between corporate governance and allocation of wealth. In essence, the interface among these aspects is imperative to reconcile the political, economic and social contentions evident within the selected dependent oil revenues economies. It is particularly necessary so as to minimize conflicts that have been linked to the separation of ownership from control. Thus, practical interventions must be applied to facilitate healthy entry and exit, instituting reasonable standards for all the legal corporate players. Also, there must be an effective aggregation of legitimate strategic national policies as a veritable basis to deliver on schedule inclusive socio-economic reforms. The latter or former cannot be relegated as such will undermine the core of governance, which should be people centric and purpose driven. The question then arises as to the associated cost-benefits of applying the requisite sanctions taking into account the composition of the stakeholders. It is important to restate that centrality of role sharing and reciprocal obligations to macro-economic vitality, as such guarantees individual and corporate accountability and fosters a health environment for countries to thrive (Acemoglu and Robinson, 2012). This aspect needs to be carefully assessed for oil dependent economies grappling with a plethora of challenging issues. Notwithstanding, compliance with the central central pillars of corporate governance is non-negotiable, that is, trust, integrity and acceptable ethics/values. The re-orientation of the layers of stakeholders is paramount on matters adoption of inclusive and fair corporate practices; promoting energy conservation, shifting towards more sustainable social behaviours, cultural and institutional values. This should be the thrust of governmental regulation, such as will help to reset expectations and secure the sanctity of the larger society.

5. CONCLUSION

The increasing uncertainties on important policy matters, challenging domestic and international security concerns; institutional deficiencies and perennial host community tensions; are cumulatively contributing to dislocating the global partnerships. This is instructive, especially as the unmitigated effects significantly impair the economic resource base of oil revenues dependent African economies. Evidences of the negative outcomes abound such as, armed and civil unrest in the oil and gas producing regions, disruption owing to variations of "jihadism" an unconventional and aggressive form of terrorism with religious undertones; and political/electioneering tensions. These incidents have grossly distorted previously established governance structures and prompted necessary adjustments to preserve social and cultural institutions. In the midst of this conundrum, there has been an increased level of awareness and participation within the larger citizenry owing to growing dissatisfaction with the prevailing status-quo. Hence, the echoes for change, buoyed by the desires to partake of a better society is envisage will yield enhanced probity and accountability on the part of political leadership.

This undesirable picture brings into focus the foundations of modern day governance models, specifically in achieving the greatest satisfaction for the greatest number of people. The growing societal disconnects needs to be addressed in substantive terms and the dividends and returns of the political leadership need to be constantly measured, even as the cost of governance in oil the dependent economies under review are quite significant. In effect, is the cost-benefit of governance revealing positive trends such that; the larger social base it hopeful for the fulfilment of present needs and assured of future benefits. A reconciliation of these cardinal aspects will produce a sustainable compromise amongst the identifiable matrix of participants. Therefore, the profits accruable form oil revenues must serve as a basis to

protect the interests of successive generations because this is an inalienable right attached to the common wealth. Also, all forms of innovation and adoption of economic models must be geared to advance this objective. It will reinforce the individual and corporate role in shifting to more sustainable forms of oil revenues resource utilization.

As advanced in this paper, oil price fluctuations and the associated revenue dependency dynamics, will perpetually occasion contentions and varied tensions within affected countries that bear strong historical antecedent. The status-quo is simply not tenable; rather a more holistic approach is possible and is ultimately inevitable one is some shape or form. A moderate and reasonable outcome is obtainable in as much the appropriate commitments are delivered in successive instalments by the various interest groups. In specific terms, efforts must be harnessed to reposition the domestic market and enhance competition at the regional and trans-regional levels. This perspective is non-negotiable for the Nigeria, Angola and Algeria especially against the backdrop of policy implementation deficit, weak institutional and inter-governmental collaborations and the diminished resource optimization outcomes. The issues discussed in this paper are not terminal but provide the necessary platforms to stimulate reforms in various societal settings. Thus, they further establish the basis to foster practical understanding of contextual variances, and where gaps emerge to stimulate solutions amongst the diverse stakeholders.

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