

IMPACT OF NIGER DELTA CRISIS ON NIGERIAN ECONOMY

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Abstract

The frequency of conflicts leading to violence and extensive destruction of lives and property, especially since the early 1980s in many parts of the country can without exaggeration, be attributed to economic causes. This paper highlights the scope of Niger-Delta area, examines the realities on ground, the state intervention and the genesis of the Niger – Delta Militias. Finally, it looks at the impact of this crisis on the Nigeria economy and recommends the way out to revamp and sustain Nigerian economy.

Introduction

The Niger Delta crisis has, in very recent times, taken a much more dangerous dimension, under scoring the failure of governments and non-state actors, including the Multinational Companies (MNCs) to bring the crises to an end. The emergence of militia and cult groups among the communities in the last three years marks a new turn in the conflict. Government's seeming complicity and protection of the MNCs by means of state apparatus to protect the foreign companies, has led to corresponding "poised to fight the cause of economic and social emancipation" (Folarin, 2007). This point was underlined by some militants who claimed so in an interview by Jeff Koniange of the American Cable News Network (CNN) in February 2007. This study examines the protracted Niger Delta crisis, exacerbated by oil, ecological and socio-ethnic factors, state and MNCs' responses and their implication for Nigeria's external relations. It does this by revising the many unresolved issues, including the Ogoni crisis accounting for the escalation of the crisis.

Studies on the Niger Delta crisis have largely neglected emphasizing the centrality of ecological under currents and attendant deprivations in the crisis (Folarin, 2006). Put differently, while social and relative deprivation is considered primary and environmental issues are looked at as the secondary causes of the problem in some studies (in some, it is reduced to political and some ethnic or communal), the impact of the Ogoni and Niger Delta problem on Nigeria's relationship with the international community is the only consideration in some others; efforts to situate the environmental issues in the eventual world attention are infinitesimal and insignificant, or almost non-existent.

This paper attempts to look at the Niger Delta crisis, its impact on the economy and its alleviation to revamp and sustain Nigeria economy.

The Niger Delta

The area that makes up the Niger Delta has been variously defined. Politically, it is the South-South geo-political zone of Nigeria comprising six states: Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers (Ubhenin, 2006). This zone constitutes the main centre of Nigeria's oil industry, with three

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distinct ecological zones namely: the sandy coastal area, the freshwater swamp area, and the dry land rain forest (Programme on Ethnic and Federal Studies, 2004).

Indeed, classification of the Niger Delta ought not to be opened to political manipulations. The Report of the Willinks Commission was explicit enough as to what constitutes the Niger Delta, emanating from the discovery of crude oil and its key importance to the survival of the country. Therefore, some have argued that the “Niger Delta Proper” comprises Bayelsa, Delta and River State, and possibly, Akwa Ibom. Since oil has become the determining factor, other oil – producing states like Edo, Ondo, Cross River, Abia and Imo have been added. Today, the Niger Delta consists of Abia, Akwa-Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers. For Omoweh (2003), this latter day classification is not so much of a geographical entity but a political creation of the Nigerian state.

Additionally, the Niger Delta region is the third largest wetlands in the world with fresh and brackish water and mangrove swamp forests. The region is rich in other natural resources like palm oil and kernel, herbal plants, fish, reptiles, monkeys among others (Omoweh, 2003). Farming and fishing remain the major economic pre-occupation of the people with other handicrafts-like hand-dug boat, salt making and distillation of local gin. It has been estimated that the Niger Delta has a population of 20 million, with about 50 ethnic groups, and over 3500 communities who speak not less than 260 dialects (Omoweh, 2003).

Any conceptualization of the Niger Delta leaves one with the issues relating to injustice against communities in the area; serious grievances of critical concern-exclusion, deprivation, despoliation, and the fundamental problems of human rights violation, oppression, intimidation and domination. However, there is an explanations of the people to pursue their economic social and cultural development, albeit, within the framework of a true federal system. This centres on the denial of the right to self-determination (Programme on Ethnic and Federal Studies (PEFS), 2004).

According to Bogy, Volker, Fitzpatrick, Willem & Pacs (2006):

the Delta communities have not profited from the oil wealth, or at least they have not profited to the extent they had expected and would have perceived as being just: They felt neglected from a development point of view, and at the same time they had to bear the environmentally and socially negative effects of oil production. Because government is largely absent in parts of the South of Nigeria and because oil companies do have representatives on the ground, it was a logic step for locals to take their demands to the companies even more so because multi-nationals always operate in a joint venture with the national oil company, NNPC (p. 71).

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Realities on Ground

Statistics of the social conditions in the Niger Delta are quite appalling. Only 22 percent of households had access to safe drinking water in 1994, while 30 percent of households had access to electricity. On both indicators, the geographical zone fell below the national average that stood at about 32 percent and 34 percent respectively. In 1991, the population per doctor in the region was estimated at some 132,000 people to a doctor, which were nearly 100,000 over the national average of 34,455 people per doctor (UNDP & World Bank, 1997).

A World Bank Report cited in Iyayi (2003), observed the level and pattern of poverty in the Niger Delta thus:

Despite its vast resources, the region remains poor. CNP per capita is below the national average of US \$280. Unemployment in Port Harcourt, the capital of Rivers State, is 30 percent, and is believed to be equally high in the rural areas. The rural population commonly fish or practice subsistence agriculture, and supplement their diet and income with a wide variety of forest products. Educational levels are below the national average and are particularly low for women. While 76 percent of Nigerian children attend primary school, this level of drops to 30 – 40 percent in some part of the Niger Delta. The present level in the Niger Delta is exacerbated by the high cost of living. In the urban areas of Rivers State, the cost of living index is the highest in Nigeria (p.2).

Aside from the poverty of the people of the Niger Delta highlighted above, the issue of corporate complicity comes to fore. That is the role oil multinational corporations have played in exacerbating the problem in the host communities. These corporations have actually been indicated in supporting security agents to commit human rights abuses against the local people. The corporations also support ‘development’ projects that have caused more social divisions and problems in the Niger Delta. Corporations have falsely (or at least controversially) reported some activities on community development. An example would be the building of roads that are of no use to the communities. Again, development projects have often been undertaken on the basis of demands from a community, rather than upon an assessment of the needs of this community (Bogey, Volker, Fitzpatrick, Willem & Pacs, 2006).

Related to this is the role of the Nigerian state, its politics and mode of surplus extraction which make it possible for the oil corporations to conduct their businesses in a manner that is not too clear. During the military rule, the Niger Delta experienced what is probably called the worst state of repression as extra judicial killings, torture, and incarceration were widespread. In the Ogoni district, for example, it is estimated that between 1994 and the beginning of 1995, at least fifty Ogonis were summarily executed by security forces. Surprisingly, the new civilian administration carried out massive military repression in towns of Choba

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and Odi in 1999. The Odi Massacre was not only a clear demonstration of the iron-fist approach by the Federal Government to the Niger Delta Question, but the “graffiti” left behind by the invading army readily suggests that the soldiers were not in Odi to carry out a police operation”, because “a more important reason was to prove to the people of Odi and the other Niger Delta people that the Nigerian oil did not belong to them as they had always claimed” (Olawole, 2003:13).

Arguably, the initial military approach of the new civilian government that was inaugurated in May 1999 only served to heighten anxiety and tension in the region. The devastation of the environment which reached unprecedented levels during the period of military rule has scarcely abated. Even in the petroleum sector, oil companies are still not being held to international environmental standards because of fears among state officials that this could undercut the resource base of the government.

No doubt, sustainable development is critical to the problems of the Niger Delta. At the core of this is the security of lives of the ordinary people of the region. That is the security of their environment, food, shelter, health and jobs. Mismanagement of the environment subsists because the people of the Niger Delta do not have the capacity to assess the levels of degradation that oil extraction has inflicted on the environment. Besides, state violence, undercutting livelihoods has created anxieties, violent conflicts and insecurity in the region.

In sum, the serious grievance of the oil-rich communities range from the critical areas of exclusion, social injustice, deprivations, despoliation, to the fundamental problems of human rights violation, oppression, intimidation and domination (Programme on Ethnic and Federal Studies (PEFS), 2004).

State Intervention

Really, early in the life of oil exploration in the Niger Delta, the need to pay special attention to the region because of its difficult terrain was not lost on the leadership of the country (Yishau, 2008). The first of such moves to address the Niger Delta question was the establishment of the Niger Delta Development Board, NDDB. This was the product of Sir Henry Willink’s Commission of 1958, which recommended that the area deserved special developmental attention. But it was not until 1960 that this board came into being. It had the mandate to manage the developmental needs and challenges of the region then segmented into the Yenagoa Province, Degeme Province, the Ogoni Division of Port Harcourt and the Western Ijaw Division of Delta Province. But for the seven years it existed, it made no significant mark. It faded into oblivion with the military coup of 1967. Indeed, the Board was not well funded.

The next attempt at developing the Niger Delta by the Federal Government was in the establishment of River Basin Development Authorities (RBDAs), with the setting up of the Niger Delta River Basin Development Authority (NDRBA) in 1976. But the important point to note here is the extent to

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which the RBDAs programme was designed to develop the Niger Delta. Some sectors have described it as a fraud on the part of the Federal Government (Sam, 2004).

Following agitations for a special focus on the development of the region, the Shehu Shagari administration set up a presidential task force, better known as the 1.5 percent committee, with the mandate to address the peculiarities of the region. It was allocated 1.5 percent of the Federation Account to carry out its assignment. The coups that brought to power Muhammadu Buhari and Ibrahim Babangida, both retired generals, did not immediately lead to its death. But a few years into Babangida regime, it was abandoned. Cumulatively, it could not make any success of the mandate given to it. Its impacts were unnoticeable on the welfare of the people of the oil-producing communities (Okirika, 2008).

For Babangida, there was the need to move forward in addressing the Niger Delta question. So, in 1992, he set up the Oil Minerals Producing Area Development Commission, OMPADEC. The then military president gave OMPADEC the mandate of turning around the faces and the phases of the region. However, by 1999, when it was wound up, OMPADEC projects had no direct bearing on poverty reduction, which is considered a major challenge in the area (Sam, 2004). OMPADEC also had problems of mismanagement, corruption and policy inconsistency.

On its part, the creation of states and local governments in the Niger Delta was calculated by the Federal Government as a means of administrative empowerment of the people. But the replication of such exercises in other regions of the country shows that it was not exclusive to the Niger Delta. Under the military despotism, the state nationally increased from 4 to 12 states in 1967; 19 in 1976; 21 in 1987; 30 in 1991; and 36 in 1996. Events have proven that these exercises merely created weak and financially unviable states (PEFS, 2004).

So, it was not surprising that Olusegun Obasanjo, the immediate past president, met a region in chaos. He came up with the Niger Delta Development Commission (NDDC) with the mandate of facilitating “the rapid, even and sustainable development of the Niger Delta into a region that is economically prosperous, socially stable, ecologically regenerative and politically peaceful.”

Well, with the Umaru Yar’Adua administration, which believes that ending the crisis in the Niger Delta is a matter of strategic importance to the country, many believe that it is time to ensure that bottlenecks such as poor funding, corruption and bureaucracy that weighed down past interventionist agencies are moved far away from the NDDC.

From the Niger Delta Development Board to the 1.5 percent Committee to Oil Minerals Producing Areas Development Commission and now the Niger Delta Development Commission, government’s efforts at alleviating the sufferings of the people of the Niger Delta remain largely insufficient (Ajakaiye, 2008). The reason for this is not hard to find. The marginalized peoples, the communities in the Niger Delta have no say in political and economic decision –

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making. Again, while the internal resources needed to support eradication of poverty from the Niger Delta are available through oil revenue, poverty eradication has remained a problem of heightened dimensions (Amanyie, 2001).

The Genesis of the Niger Delta Militias

The rise of militias is a feature of plural societies which have fractured structurally and where the laid down mechanism for dealing with such pluralism has failed or is in the process of failing (Akinyemi, 2003).

Firstly, all societies are politically pluralistic either formally or informally. In free societies, this political pluralism manifests itself in the form of the number of political parties or movements.

Secondly, all societies are religiously pluralistic. It is true that there are some societies that have only tiny minorities of different religious affiliations as they qualify to be regarded as unreligious.

Thirdly, all societies are pluralistic in a socio-economic sense without drawing in any Marxist connotations of class differentiation. One is just making direct reference to differentiation in employment, in income and in economic status. Of course, all these differentiations have status connotations and it is these status connotations that manifest themselves into societal pluralism.

Fourthly, all societies are pluralistic in an amorphous anthropological sense, short-tall dichotomy, blue-brown eye dichotomy, brown-blond-black dichotomy. These dichotomies should have no political consequences in normal societies. But in a season of anomie, when the falcon cannot hear the falconer anymore, these harmless dichotomies have repercussions.

Finally, some (most) societies are ethically pluralistic. The pluralism may be as a result of autochthonous factors or through immigration.

There is none of these pluralistic classifications that cannot give rise to the phenomenon of militias. The critical question is why do some situations lead to the rise of ethnic militias while others do not. A corpus of ideas has grown up about how to deal effectively and consensually with pluralistic societies and this corpus is encapsulated in the doctrine of Federalism. Federalism recognizes that the society is plural, that the plurality is sufficiently structural as to demand separate institutions, norms and values but yet, that such is the networking and bonding that have developed for a plethora of historical reasons, that some form of unity must be maintained, in one word, diversity in unity.

Like all doctrines, the political elite have found a way to circumvent it even while paying lip service to it. However, such is the elasticity of the doctrine as befits any doctrine that has developed from an academic doctrine towards one fashioned out of a million compromises and nuances that practical application of Federalism ranges through con-federalism, through balanced federalism to pseudo-federalism.

The con-federal system is best articulated by the Swiss model where the federating states are so powerful that the central authority has functions that are so severely limited, and with authority so severely limited that it has a President

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that is rotated annually. The balanced federal system is best articulated by the United States model which can be labeled as perfection seeking perfection. The pseudo-federal system is to be articulated by the Nigerian model where the only thing federal about the system is the use of the word federal.

An analysis of plural states without militia will easily show that it is plural states with credible and functioning federal systems that have avoided the phenomenon of militias. A critical example is the United States which has been defined above as a perfect federal model still seeking further perfection.

An analysis of states with militias show that they are states which should be ran as federal states but are run on pseudo-federal lines. The Nigerian case provides a classical case study of the rise of ethnic militias as a function of the breakdown of Nigerian Federalism. To this extent, Nigeria has become a classic case where nationalities believe that the system has failed. The implication of this also is that the various institutions themselves come to be perceived as motivated by narrow personal interests rather than the general interests of the nationalities. This is the void that the ethnic militias have filled. The rise and rise of ethnic militias is a direct result of the failure of different regimes and different constitutions to resolve the national question (Akinyemi, 2003).

The issues involved in the national question revolve around the following:

1. what should be the component units and ties of government in the Nigerian Federation?
2. how should they be constituted, based on ethnic contiguity or administrative expediency?
3. how should political power and administrative responsibilities be shared among the levels and tiers of government?
4. how should the ownership of economic resources be structured in the Nigerian federation?
5. what should be the acceptable formulae for sharing federally collected revenue?
6. what should be the nature of inter-governmental relations in Nigeria? (Adejumobi, 2000:126).

The Impact of Niger – Delta Crisis on the Nigeria Economy

Militia groups have been engaging in kidnappings of foreign oil workers who are used as ransom and human chips for negotiating settlement in the area. Moreover, activities of these groups in the creeks have continually impeded economic activities in the Delta. Consequently, it is increasingly difficult to bring peace to the region, but much more regretful is that the international community's spotlight has once again been on Nigeria and countries whose nationals have been the worse victims have been evacuating them from Nigeria or declaring it as a "no go area" for their citizens. This development represents is

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a minus for Nigeria's external relations and economic diplomacy being vigorously pursued by the present regime.

The contention of the people was that the oil produced in the region notwithstanding, they had not received favourable attention from the federal government in the area of development. This agitations and demands had, expectedly, regularly precipitated violent confrontations between the Niger Delta people, the oil companies and security agencies. In the process, oil operations suffered disruptions, a situation which led to the multinationals and the federal government suffering casualties and incurring huge losses on a daily basis.

The most disturbing is the deliberate vandalisation and damage to public utilities – oil pipe lines, electrical installations, telecommunication equipment, water works that play essential roles in industrial production, in commercial establishments and domestic activities, etc. Unreliable and poor performance of public utilities will affect productivity; under utilization of installed capacities in critical sectors of the economy may ultimately lead to the shut down of establishments in the affected sectors. The immediate and long run impact of mindless vandalisation and distribution of public utilities will be retrenchment of labour, permanent unemployment, poverty and misery of members of the work force that would have otherwise be productively engaged.

When the structures – schools, hospitals/clinics, markets, parks, housing estates, and religious buildings become targets of destruction by militias, the capacity of the institutions being served by the established structures for social provisioning would have been seriously undermined, if not subverted. When it is realized that these social services institutions are responsible for manpower training, health and environmental well-being of the labour force required for the national economy, then, targeting of the physical/structure for destruction, and sometimes maiming and killing of the personnel of these institutions will definitely retard the long run growth and development of the economy. We must appreciate that development and nurturing of 'human capital' is a long and costly undertaking.

Conclusion

The Nigerian state has adopted a faulty political strategy in addressing the challenge posed by militia groups. Its urge to criminalize and demonize these groups, and qualify them as "disgruntled and misguided elements" will only deepen the resolve of those groups; will only drive them underground - a development that may prove more dangerous than before (Akinyele, 2001). The suggestion is for the state to harness their productive energies for developmental purposes.

Recommendations

In view of the above conclusion, this paper wishes to make the following recommendations which will go a long way in solving some of the problems confronting the Niger Delta.

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The government should engage the various stakeholders in the region in the decision – making that affect them.

The oil companies should be made to refocus their programmes on specific projects that would benefits the entire people as against the ones that would benefits only the elites.

This problem in the Niger Delta region does not concern only the Federal Government and oil companies; it concerns the Local Government Area and the State Government also.

The NDDC, as the war horse dispatched to conquer poverty in the Niger Delta region now, more than ever before, deserves to be better funded to achieve the targeted developmental goals spelt out in the Master Plan.

The fundamental structure is to change the federal system to become a truly federal structure. Once that is done, you will see tremendous changes in this country, both for those who don't have oil and those who have oil.

People of the Niger Delta must be allowed to own shares in the oil communities. Royalties must be paid to the owners of the land. The joint venture agreements must be re-written, because it is not a constitutional issue to accommodate the communities owning shares and allow loyalties to be paid to those who own the resources. They are acts of parliament that can be changed.

Empowering the people through a range of programmes such as skills acquisition, soft loans facilities and mass transit schemes. The Niger Delta Development Commission (NDDC) should not only empower but bring succour to many in the Niger Delta.

The oil companies need to be more responsive to the plight of the people and contribute to their welfare, provide jobs for them, construct good roads, build decent low-cost housing for them, increase academic scholarship awards to their children, build schools and hospitals, provide water and electricity to the communities.

The current agitation and clamour for resource control as well as the youth restiveness and violent conflicts and attacks on oil and gas TNCs in the Niger Delta region of Nigeria can be eliminated, if the President of the Federal Republic of Nigeria proposes, and the National Assembly enacts a law increasing the derivation principle to fifty percent.

There is an urgent need to empower and make independent the Niger Delta Development Commission (NDDC) so that they can implement true and realistic programmes of development in the region. This has become necessary because of the utter neglect of the oil bearing states in Nigeria by both the Federal Government and the oil companies.

The above measures will necessarily equip the states, empower the people and ultimately, they will have the capacity to fight and control oil-related pollution and gas flaring activities. And in the long-run, restore their environmental subsistence and the economic capacity and sustainability of the area. Ultimately, this will reduce violent conflict and the current militarization of the Niger Delta and its environs.

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