Republic of Nigeria

Niger Delta Social and Conflict Analysis

May, 2008

Sustainable Development Department
Africa Region

DOCUMENT OF THE WORLD BANK
FOREWORD

Responding to a request from the Nigeria Management Unit, AFTCS in collaboration with the SDV anchor have undertaken a social and conflict analysis for the Niger Delta. The main objective of the Niger Delta Social and Conflict Analysis (NDSCA) is to increase the Bank’s understanding of the social and conflict issues influencing development in the Niger Delta. The focus will be on examining the key political, social, economic and environmental factors and their interplay in driving the rising levels of violence and militancy in the region. Increased understanding of the historical, institutional and operational context and the multi-faceted development challenges of the Niger Delta, are expected to contribute to the planning of sustainable development and poverty alleviation strategies.

The main audience of this study is the Country Team. The expectation is that the findings would both contribute to the Bank’s policy and planning towards the region by highlighting the unique regional characteristics which need to be taken into account, and inform country team dialogue with the government and other stakeholders on the Niger Delta, which is now a key government priority.

The study presented in this report was conducted as a World Bank Knowledge Product, and has undergone internal consultations and peer reviews. Within the Bank, the study has benefited from the advice of the senior management of the Nigeria country team, and input from the peer reviewers: Nina Bhatt, Social Development Specialist, EASSO; Foluso Okumadewa, Lead Social Protection Specialist, AFTH3; and Per Wam, Senior Social Scientist, SDV. Outside the Bank, Deirdre La Pin, Independent Consultant, former Head of Community Development, Shell PDC, Nigeria, provided invaluable guidance. An advisory group composed of Professor Peter Lewis, Director of the African Studies Program at the School of Advanced International Studies (SAIS), Johns Hopkins University; Precious Omuku, Shell International and former head of Public Relations for Shell Nigeria; Professor Michael Watts, Director of the Center for African Studies at University of California at Berkeley, have provided input at different stages of the study.

The study has built on work conducted by the Bank in partnership with other development organizations active in the Niger Delta. DFID and USAID have both been integrally involved with the Bank in developing the country partnership strategy for Nigeria and in the preparation of the joint policy note on the Niger Delta.1

The World Bank’s task team included Aoife Brophy, Consultant, AFTCS; Paul Francis, Senior Social Development Specialist, AFTCS (task team leader); Bernard Jua, Consultant, AFTCS; Chukwudi Okafor, Senior Social Scientist, AFTCS; Fionnuala O’Neill, Consultant, AFTCS; Hawanty Page, Consultant, AFTCS; Paula Rossiasco, Consultant, AFTCS, and Shonali Sardesai, Senior Social Scientist, SDV (co-task team leader).

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1 A recent joint policy note identifies the following as the main priorities for the region: (i) promotion of employment in the non-oil sector; (ii) improvement of economic governance and transparency at state level; (iii) strengthening of local government performance and accountability; (iv) reviewing the role of regional development institutions; and (v) addressing environmental degradation arising from oil spills and gas flaring.
The NDSCA was funded by the SDV anchor (trust funds and fixed – staff – costs); the Nigeria CMU (variable costs) and AFTCS (trust funds and fixed – staff – costs).
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**ABBREVIATIONS AND ACRONYMS**

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<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AAPW</td>
<td>Academic Associates Peaceworks</td>
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
</tr>
<tr>
<td>BPI</td>
<td>Bayelsa Partnership Initiative</td>
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<tr>
<td>CAF</td>
<td>Country Analysis Framework</td>
</tr>
<tr>
<td>CPE</td>
<td>Center for Population and Environment Development</td>
</tr>
<tr>
<td>CPI</td>
<td>Corruption Perception Index</td>
</tr>
<tr>
<td>CPRP</td>
<td>Community-based Poverty Reduction Project</td>
</tr>
<tr>
<td>CSA</td>
<td>Country Social Analysis</td>
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<tr>
<td>DFID</td>
<td>United Kingdom Department for International Development</td>
</tr>
<tr>
<td>DPR</td>
<td>Department of Petroleum Reserves</td>
</tr>
<tr>
<td>DPA</td>
<td>Distributable Pool Account</td>
</tr>
<tr>
<td>ECOMOG</td>
<td>Economic Community of West African States Monitoring Group</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>EFCC</td>
<td>Economic and Financial Crimes Commission</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FIU</td>
<td>Financial Intelligence Unit</td>
</tr>
<tr>
<td>GMoU</td>
<td>Global Memoranda of Understanding</td>
</tr>
<tr>
<td>GTZ</td>
<td>Deutsche Gesellschaft für Technische Zusammenarbeit</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
</tr>
<tr>
<td>HRW</td>
<td>Human Rights Watch</td>
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<tr>
<td>ICG</td>
<td>International Crisis Group</td>
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<tr>
<td>ICPC</td>
<td>Independent Corrupt Practices and Other Related Crimes Commission</td>
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<tr>
<td>IDA</td>
<td>International Development Association</td>
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<tr>
<td>IYC</td>
<td>Ijaw Youth Council</td>
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<td>LGA</td>
<td>Local Government Area</td>
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<td>MEND</td>
<td>Movement for the Emancipation of the Niger Delta</td>
</tr>
<tr>
<td>MOSOP</td>
<td>Movement for the Survival of the Ogoni People</td>
</tr>
<tr>
<td>MPP</td>
<td>Micro-Projects Program</td>
</tr>
<tr>
<td>NDSCA</td>
<td>Niger Delta Social and Conflict Analysis</td>
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<tr>
<td>NDBDA</td>
<td>Niger Delta Basin Development Authority</td>
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<tr>
<td>NDCFI</td>
<td>Niger Delta Community Foundations Initiative</td>
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<tr>
<td>NDDC</td>
<td>Niger Delta Development Commission</td>
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<tr>
<td>NDVF</td>
<td>Niger Delta Volunteers Forces</td>
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<tr>
<td>NDPVF</td>
<td>Niger Delta People’s Volunteer Force</td>
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<tr>
<td>NEITI</td>
<td>Nigeria Extractive Industries Transparency Initiative</td>
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<tr>
<td>NIDECOPP</td>
<td>Niger Delta Coalition for the Advancement of Peace and Progress</td>
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<tr>
<td>NLSS</td>
<td>Nigeria Living Standards Survey</td>
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<tr>
<td>NNPC</td>
<td>Nigeria National Petroleum Corporation</td>
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<tr>
<td>OMPADEC</td>
<td>Oil Minerals Producing Area Development Commission</td>
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<tr>
<td>PCF</td>
<td>Post-Conflict Fund</td>
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<tr>
<td>PDP</td>
<td>Peoples’ Democratic Party</td>
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<td>RDC</td>
<td>Regional Development Council</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<td>--------------------------------------------------</td>
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<tr>
<td>RSSDP</td>
<td>Rivers State Sustainable Development Program</td>
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<tr>
<td>SAIS</td>
<td>School of Advanced International Studies</td>
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<tr>
<td>SLA</td>
<td>Sustainable Livelihood Assessments</td>
</tr>
<tr>
<td>SPDC</td>
<td>Shell Petroleum Development Company</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>USIP</td>
<td>United States Institute for Peace</td>
</tr>
<tr>
<td>WFF</td>
<td>World Wildlife Fund</td>
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**Currency:** 1 US$ $= 118.50 Nigerian Naira (January 2008)
EXECUTIVE SUMMARY

Nigeria’s Niger Delta is endowed with vast reserves of oil and natural gas. Despite these resources, the region is marked by deprivation and underdevelopment. The paradox of underdevelopment in a resource-rich region has played a role in increasing violence and instability in the Niger Delta, particularly since the late 1990s. This study aims to enhance understanding of the factors that have contributed to violent conflict in the Niger Delta so that the Bank country team (and development partners and government) can take them into account in strategy formation and program development.

Table 1.1: Overview of the Niger Delta

<table>
<thead>
<tr>
<th>Economic Importance of Oil</th>
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<tbody>
<tr>
<td>Nigeria’s economy depends heavily on the oil and gas sector, which contributes 99 percent of export revenues, 85 percent of government revenues, and approx 52 percent of gross domestic product (GDP). Nigeria is the largest oil producer in Africa and among the top ten globally. Its recoverable reserves were estimated at 34 billion barrels in 2003. Despite the country’s relative oil wealth, GDP per capita is about US$752, and poverty is widespread – about 54 percent live on less than 1 dollar per day.</td>
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</table>

<table>
<thead>
<tr>
<th>Background</th>
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<tbody>
<tr>
<td>Oil and gas reserves are concentrated in the southern part of the country, known as the Niger Delta. This region is marked by deprivation and underdevelopment. Oil extraction is a capital rather than labor intensive industry and therefore provides little employment. The region is further disadvantaged by (i) the difficult geographical terrain which makes infrastructure costs higher, and (ii) by the effects of environmental degradation (caused in part by the consequences of oil extraction - gas flaring, oil spillages etc.) on industries such as fishing and agriculture.</td>
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<thead>
<tr>
<th>History of the Conflict</th>
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<tbody>
<tr>
<td>31 million people live in the Niger Delta (24% of Nigeria’s total population), 62% of them are below the age of 30. The region is very heterogeneous with over 40 different ethnic groups who speak more than 250 languages and dialects. The Ijaw ethnic group is the largest; others include the Itsekiri, Urhobo and Ibibio-Efik. Historically, fishing and agriculture have been the two main occupations in the region. Soon after Nigeria’s independence in 1960, conflicts between local communities, oil companies, and the federal government started to emerge. In 1966, Isaac Boro, leader of the Niger Delta Volunteers Force declared independence of the Niger Delta’s People’s Republic and called for oil companies to negotiate with his government instead of the federal authorities. After the unsuccessful war for Biafra in 1967, successive military governments ruled the country (with brief interruptions) from 1969-1999. During the two civilian administrations since 1999, the state and local governments in the Delta have been more vocal in their frustration at what they believe is a concentration of resources and power at the center. Communities have come into conflict with oil companies, with each other, and with the security forces over a range of issues including payments, land acquisition, and environmental damage. Armed groups have waged systematic campaigns against the government and oil companies to have their demands met, and unemployed youth have often taken advantage of the situation by engaging in criminality.</td>
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</table>

<table>
<thead>
<tr>
<th>Main Stakeholders in the Niger Delta</th>
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<tbody>
<tr>
<td><strong>Federal Government</strong></td>
</tr>
<tr>
<td>Receives payments from the oil companies and decides how this is distributed among the various levels of government (central, state &amp; local).</td>
</tr>
<tr>
<td><strong>State Governments</strong></td>
</tr>
<tr>
<td>The 9 Niger Delta states get 13% of the oil revenues along with the standard allocation that all 36 Nigerian states receive from the federal government. Despite a substantial increase in</td>
</tr>
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revenues flowing into the states due in part to high oil prices this has not translated into sustained development.

Regional Development Organizations

Funded by both public and private sources to plan and implement projects in the region, regional organizations have had a generally unsuccessful track record due in part to inadequate planning, lack of transparency and under-funding.

Oil Companies

18 international oil companies operate in the region and are expected to actively contribute to local communities as a way of acquiring a social licence to operate. Unfortunately the development projects undertaken have often been badly planned and co-ordinated and have often pitted communities against each other.

Militant Groups

Given the perceived injustice of not benefiting from their own resources yet having to face the negative consequences of extraction, a variety of militant groups have emerged. Many are political in nature though use violent tactics to demand greater local control, more transparent management of oil revenues, and adequate compensation to those affected by oil extraction. Other groups have taken advantage of the situation to operate as criminal gangs resorting to activities such as kidnapping foreign oil workers for ransom, oil theft etc. The two groups are not water-tight categories and lines between them often blur.

Communities

People of the Delta feel powerless, distrust leaders and are frustrated as they cannot legitimately benefit from the oil resources. Conflict occurs both among and within communities over access to oil company development projects. Being designated as a host community comes with benefits; this has led to jealousy and fighting among communities and to disputes over boundaries.

The main objectives of this study report are to: (i) enhance understanding of the key social and conflict challenges in the Niger Delta; (ii) outline efforts underway to address conflict-related challenges; and, (iii) develop proposals that would be helpful for the government and non-government actors to adopt in the Delta so as to improve the situation.

Summary Findings of Key Social & Conflict Challenges

Based on secondary research and discussion with experts on the Niger Delta, the study found that the intersection of (a) structural factors that make the region particularly vulnerable to instability; (b) specific factors that contribute to the political struggle and drive the violence; and, (c) factors that exacerbate the conflict by making violence and crime profitable result in the region experiencing violent conflict.


Over time, Nigeria created 36 states and 774 Local Governing Areas. However, the extent of autonomy granted to them particularly during the military period remained limited. After the restoration of democratic rule in 1999, the states have received more autonomy. Still, since the political economy of oil continues to shape the federal system such that it is the only vehicle for the redistribution of centrally collected oil revenues, tensions have increased between the center and Delta over issues such as location of local government headquarters, boundaries of states. Niger Delta citizens have become increasingly disillusioned with the political process since the return to civilian democratic rule in 1999. Three flawed and violent elections in the region have led them to feel more alienated from the political process than people in other regions of the country.

Patrimonialism:

Patrimonial systems not only compromise the capacity of government to manage conflict, but also perpetuate high levels of rent-seeking and corruption. The record shows that the bloated bureaucracy created out of the need to reward clients and supporters is largely responsible for the failure of the delivery of public services.
The Politics of Oil: The political economy of oil distribution has shaped the style and quality of governance and levels of corruption in the country. Oil revenue allocations, determined by the federal government, have increased substantially for the states of the Delta since 1999. Large oil revenues encourage rent-seeking and lack of accountability since they do not entail the direct relationship with the population that is implied by taxation.

Land Decrees: The Land Decrees passed by the government marginalized the communities of the Niger Delta. It took away their right to negotiate directly with oil companies over access to land and compensation.

Relative Deprivation: Poverty statistics show that the levels of poverty in the Niger Delta have decreased. However, levels of self-assessed poverty and perceptions of inequality indicate strong feelings of economic marginalization.

Environment & Livelihoods: Environmental degradation due to oil spills, gas flaring, and deforestation have had severe effects especially on the economically and politically marginalized. It has brought communities into conflict with the federal government and oil companies. Moreover, the depletion of natural resources has both increased the levels and depth of poverty as the most vulnerable are the most dependent on environmental incomes.

Youth Unemployment: Levels of unemployment and underemployment are higher in the core states of the Niger Delta than in any other region in Nigeria, and limit the avenues available for the Niger Delta to move out of poverty. Youth unemployment in particular is a cause for concern as it has provided a recruiting base for militant groups.

Erosion of Social Capital: Disputes over the sharing of oil company payments within and between communities have also had a detrimental effect on levels of trust and social capital. Traditional chieftaincy has been used to gain control over compensation payments from oil companies, and as a result, chiefs are viewed with suspicion by community members and their legitimacy has been eroded. Given the customary dispute settlement responsibilities of traditional authorities, this has had a corrosive effect on social order.

Host Community Status: The designation of certain communities as ‘host communities’ by oil companies has exacerbated competition over land and the perceptions of inequality in terms of access to social services. While the status brings benefits to specific communities, it can also be divisive and exclusionary as it pits communities against each other.

Oil Bunkering: Oil theft, or oil ‘bunkering’ as it is known in the Niger Delta, is a large, lucrative and well-organized business. Profits from the bunkering trade are distributed to all those involved in the syndicate, including politicians, law enforcers, businessmen, and military officials, at local, state, national and international levels. It has also provided local militant groups with the resources to purchase weapons and attack the government, oil companies and even each other.

Electoral Violence: Politicians have played a key role in arming youth groups to rig elections in their favor. Violence during elections in turn has contributed to vicious attacks
and reprisals at all levels in the Delta.

**Oil Company Protection:** To tackle attacks on their installations, oil companies have offered protection work to armed groups. However, these contracts often end up in the hands of the very groups responsible for attacks on oil facilities. This practice rewards and sustains violence by putting security into the hands of those who have a vested interest in seeing conflict continue.

**Arms Market:** The conflict has spawned a large weapons market and arms proliferation. For many unemployed youth, the purchase and sale of arms is the most attractive opportunity available for making a living.

**Approaches of government & non-government partners in the Delta**

Government, oil companies and international donors have developed initiatives to tackle grievances in the Delta and de-escalate conflict.

**Government:** The allocation of oil revenues is at the root of the political struggles in the Delta. The proportion of oil revenues accruing to the oil-producing states has varied over time, and the current derivation formula for them is 13%. However many groups believe that the current 13% derivation policy is inadequate and demand a higher share. Unfortunately all parties are more focused on the percentage figure rather than how to allocate and spend the revenue in the most effective manner.

**Regional Development Organizations:** The Niger Delta Development Commission (NDDC), funded by private and public sources, was established to plan and implement programs and projects for the sustainable development of the Delta. While the NDDC has shown positive results, its progress is held back by corruption, poor-funding and inadequate planning. Rivers State and Bayelsa have implemented their own programs for sustainable development.

**Oil Companies:** Eighteen oil companies operate in the Delta and their community development policies have evolved over time to the present one which has a greater emphasis on community involvement. However for community partnerships to be successful, oil companies have to move away from their short-sighted, haphazard programs to collaborating with intended beneficiaries to design projects that meet community priorities and are systematic with long-term benefits.

**Development Partners:** The World Bank, UK DFID, European Union and USAID are working with state governments in the Niger Delta on a variety of projects in the health, agriculture, education sectors.

**The Way Forward**

The government of President Yar’adua has recognized the importance of delivering development and restoring peace in the Niger Delta. Political will, flexibility, long-term vision, collaboration with communities and even militants, employment generation, diversification of the economy, environmental laws, transparency and accountability, are some principles that would contribute to ending conflict and moving towards sustainable
development in the Delta. The final chapter discusses specific proposals, both short-term and long-term, that government, oil companies and international donors could adopt to improve their role and impact in the Delta.
CHAPTER 1  INTRODUCTION

BACKGROUND

The Niger Delta, the oil-rich region in the south of Nigeria, has faced an increase in violence in recent years. The region’s wealth in natural resources stands in contrast to its deprivation and underdevelopment.\(^2\) The Nigerian economy is heavily dependent on the oil sector, which accounts for approximately 95 percent of total export earnings and 80 percent of federal government revenue. All of Nigeria’s onshore oil production takes place in the nine states of the Niger Delta. Unrest in the region has led to significant losses in onshore production, particularly since late 2005. Addressing the crisis in the Delta region, therefore, has important implications for the rest of Nigeria both in economic and security terms.

The developmental challenges facing the Niger Delta are closely intertwined with the current patterns of violent conflict and instability in the region. These challenges are multi-dimensional; and tackling them will require a thorough understanding of the drivers and dynamics of conflict escalation and de-escalation, as well as the links between conflict and poverty.

The percentage of people living in poverty in the Niger Delta is lower than the national average, according to figures for 2004.\(^3\) However, the Niger Delta performs poorly in comparison with the rest of the country on social indicators such as education, health and the quality of the natural environment. For example, the region has among the highest levels of infant mortality in Nigeria; some estimates place the level of youth unemployment at 40 percent in the Niger Delta. Rates of unemployment and underemployment in the Niger Delta states with large oil revenues are especially high, a condition that has contributed to youth restiveness.

Supporting the Nigerian government in addressing the current crisis and improving the poor human development situation in the region requires the integration of conflict-sensitive planning and social analysis into the work of the Bank and other development partners. The Bank is working in close partnership with the British High Commission, DFID and USAID in analyzing policy options for the Niger Delta.

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\(^2\) Appendix 1 provides background information on the Delta’s geography, history, demography, social structure and livelihood systems.

\(^3\) The national average for poverty incidence in 2004 was 55 percent, whereas the regional average was 37 percent.
OBJECTIVES AND OUTPUTS

The objective of the NDSCA is to increase the Bank’s understanding of the key macro social and conflict challenges, their interplay and interdependence in exacerbating the situation in the Niger Delta. A deeper understanding of the conflict dynamics and the complex social and economic situation in the Delta is expected to guide the development of the Bank’s policy and programs in the region.

The NDSCA aims to:

- Analyze the main economic, social, and political factors that affect the escalation and de-escalation of conflict in the Niger Delta;
- Identify past efforts by stakeholders to tackle the challenges in the region and analyze the risks and opportunities arising from these efforts;
- Recommend potential short-term and long-term actions for government, oil companies, and development partners that can contribute to de-escalation of the conflict and the sustainable development of the region.

METHODOLOGY

The NDSCA combines the perspectives and methods of Country Social Analysis with those of Conflict Analysis. Country Social Analysis (CSA) is an analytical tool developed by the Bank to improve macro-level understanding of a country’s political and social context. The CSA examines relevant social development factors and processes to identify significant opportunities, constraints, and risks to development that arise from the social and political context in order to provide policy recommendations for Bank programming. To date, the unit of analysis for CSAs conducted in the World Bank has been the country-level. While the NDSCA follows the principles of the CSA, its unit of analysis is the region, or zone, of the Niger Delta. The Conflict Analysis Framework (CAF), as the name suggests, is a tool developed by the Bank to assess conflict-affected countries and is directed at increasing sensitivity to conflict in the development of Bank strategies, policies, and programs. The CAF analyzes the domestic and regional socio-political factors that escalate and de-escalate conflict in a country in order to ensure that conflict factors are systematically addressed in Bank programming. Paying regard to the specific circumstances of the Delta, the present study draws upon and adapts both approaches to understand the challenges and opportunities of the region.

Substantively, the NDSCA builds on findings from the following activities:

1. Framing Workshop held at the World Bank, Washington DC in April 2007
   A one-day workshop was held in April 2007 that brought together experts on the Delta, members of the World Bank’s Nigeria Country Team and members of the

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4 Since 2000, the administrative definition of the Niger Delta has comprised nine of Nigeria’s 36 states in the southeastern part of the country from which oil is extracted: Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo, and Rivers, an area of 75,000 km². The human population of this zone, at 29 million, exceeds that of all but five Sub-Saharan African countries.
Social Development Department to discuss key issues facing the Delta and to map possible solutions.

The main challenges facing the region were identified and their linkages were discussed. Actions to address the challenges were explored by experts in an effort to identify areas of priority for key stakeholders: government; civil society; oil companies; and development partners. Discussion of the challenges and possible responses form the basis of a literature review and helped in the development of an extended outline for this report.

2. World Bank/British High Commission/DFID/USAID joint policy note
Cooperation between development partners operating in the Niger Delta is now close and well established. The World Bank and the UK Department for International Development (DFID) prepared a joint Country Partnership Strategy for Nigeria (2005-2009) in order to support the national poverty reduction and reform efforts of the government. In 2005, the partnership was extended to include USAID. The three organizations, along with the British High Commission, have since prepared a joint policy note (2007) specifically for the Niger Delta.

The policy note provides a brief background to the current situation in the Niger Delta; a short analysis of the key issues facing the region; information on the current government strategy; and recommendations for steps to be taken both immediately and in the longer-term. Agreement on these areas established the basis for more in-depth analysis of the main issues and possible solutions.

The workshop and policy note have provided a foundation from which to launch a more thorough analysis of the social and conflict situation in the Niger Delta. The present study is primarily a desk study based on the available literature (which is exceptionally rich), documents, and contributions from the advisory group. The team considered the possibility of conducting fieldwork as part of the study process in order to validate and refine its preliminary conclusions and build ownership of the process. However, the security situation precluded meaningful field consultations, which must be accepted as a limitation of this study.

**REPORT OUTLINE**

Chapter 2 of this report examines the key social and conflict challenges facing the Delta. The analysis in this chapter identifies the factors that have contributed to the level of conflict in the Delta and the forms which it has taken. Chapter 3 analyzes past efforts to tackle these challenges in order to improve understanding of strengths, weaknesses, and potential pitfalls to guide future programs and interventions. Finally, Chapter 4 considers actions that government, oil companies and development partners can adopt in the Delta from both a short-term and long-term perspective.
CHAPTER 2 SOCIAL AND CONFLICT ANALYSIS

The Niger Delta’s abundant natural resources, especially its oil, might have been expected to constitute a foundation for the region’s development and prosperity. However, the reverse is the case: perhaps more than anywhere in the world, the Niger Delta exemplifies the paradox of low development in an environment of rich resources. Since Nigeria’s independence in 1960, there has been continuing struggle at many levels over the allocation of the proceeds of oil production. One aspect of this has been the continuing national debate over revenue sharing between Federal and State levels, and between oil producing and non-producing states. At the local level, communities have come into conflict with oil companies, with each other, and with the security forces over a range of issues including payments to communities, land acquisition, and environmental damage.

The complexity, violence and intractability of these conflicts has been growing, especially in recent years, as communities of the Delta have become increasingly militant, with armed groups waging systematic campaigns against the government and oil companies to further their demands. At the same time, various parties, often allied with local unemployed youth, have taken advantage of the situation to illegally access oil revenues and bunker oil. In this way the pursuit of political ends has become dangerously entwined with criminal ends and means.

The violence and social unrest currently affecting the Niger Delta needs to be understood in the context of several factors which have interacted so as to lead social and political conflicts to assume violent manifestations. The crisis in the Niger Delta is driven by a combination of (a) structural factors that make the region particularly vulnerable to instability; (b) specific factors that contribute to the political struggle and drive the violence; and, (c) factors that exacerbate the conflict by making violence and crime profitable. While it is the case that the interaction between these factors makes sustainable solutions problematic, the conflict is not entirely intractable. Ideology, often a complex factor to address, is not significant in exacerbating violence in the Delta, which is centered upon opposition to governance and economic policies combined with opportunism. The following analysis of the social and conflict challenges threatening peace in the Niger Delta is offered as a basis for the preparation of a viable, sustainable, and conflict-sensitive strategy for the development of the region.

STRUCTURAL FACTORS CONTRIBUTING TO THE DELTA’S INSTABILITY

FEDERAL GOVERNMENT STRUCTURE AND ITS IMPACT ON THE DELTA: STRONG CENTER-WEAK PERIPHERY

The structure of the Nigerian federation has undergone several changes since
independence. In 1960 there were just 3 regions, each dominated by a single ethno-linguistic group; by 1976 there were 19 states; and by 1996 this number had grown to 36. The number of Local Government Areas (LGAs), a unit created in 1979 by the federal military government, has risen from 300 when established to 774 today.

Despite this fragmentation, the extent of autonomy granted to the states remained limited, particularly during the two main periods of military rule. The creation of states and LGAs is in fact the outcome of two simultaneous but contrary processes: attempts to satisfy the demands of local and ethnic (or sub-ethnic) minorities by granting them their own administrative units, while consolidating the strength of the federal government by keeping the growing number of states and LGAs relatively weak (Barkan, Gboyega & Stevens 2001).

Since the restoration of civilian democratic rule in 1999, the degree of autonomy of the 36 states has begun to increase. Nevertheless Nigeria’s political economy continues to be dominated by a federal system shaped largely as a vehicle for the redistribution of centrally collected oil revenues (Suberu 2005). Contention over the distribution of these revenues has been, as it continues to be, the idiom for much political debate and struggle over the Niger Delta. This can obscure the fact that, with the 13 percent derivation entrenched in the 1999 constitution, and the rising price of petroleum, considerable resources are already flowing to the Delta States (as detailed in Chapter 3).

Given the overwhelming reliance on oil as a source of public finance, securing access and control over an increasing proportion of oil revenue (or ‘resource control’ as it has become known in political shorthand) has increasingly become the main locus of political struggle for stakeholders at all levels, and the high stakes involved have frequently led to violence (Watts 2004c). Attempts to accommodate the claims of Niger Delta states by granting them a greater share of oil revenues (through the 13% derivation formula for oil and gas revenues, and the creation of the Niger Delta Development Commission to channel resources to the region)5 have had limited success in establishing a lasting political solution to the tensions. Indeed, the expression of these tensions in center-periphery relations has become all the more vocal and violent during the civilian administrations since 1999, and the political economy of revenue distribution has fueled rivalries between groups within the Delta over issues such as the location of local government headquarters (Box 2.1) and new boundaries (Box 2.2) often resulting in violent clashes.

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5 See chapter 3 for further details.
Box 2.1: Warri Crisis 1997

Warri in Delta state is the second most important oil town in the Niger Delta (after Port Harcourt). Three ethnic groups claim Warri as their homeland: the Itsekiri; the Urhobo; and the Ijaw. After the creation of Delta State in 1991, the Ijaw and Urhobo expressed dissatisfaction with the way in which they were represented in state and local government structures. In March 1997 violence erupted after the creation of a new local government area, Warri South West. The decision to locate the headquarters of the new LGA in an Itsekiri-speaking area was disputed particularly by Ijaw inhabitants. Hundreds of people died in the clashes that continued from March to May 1997 and oil production in the area was severely disrupted. In 1999 the Delta State assembly passed a bill moving the LGA headquarters to an Ijaw-speaking part of Warri. While fighting became less intense, discontent continued and renewed clashes broke out during 2003.

Source: HRW 2003

Box 2.2: Akwa Ibom – Cross River Border Clashes

Since the creation of Akwa Ibom State from Cross River State in 1987, there have been several violent communal clashes along the border between the two states. The border problem is mainly due to competition over an area of land believed to have oil reserves. Tensions have been exacerbated by ill-defined state and LGA boundaries which cut through ethnic groups, leaving members of ethnic groups associated with Cross River in land that falls within Akwa Ibom. The federal government’s 2002 decision to exclude offshore oil revenues from the derivation formula (meaning that the revenues from offshore oil reserves are no longer distributed to the oil-producing states) has increased the stakes and intensity of the conflict over land, as most of Akwa Ibom’s oil reserves are located offshore.

Source: Bassey 2002

Under military rule, particularly the years of the Abacha regime, the inhabitants of the Delta suffered from both the extreme political repression that characterized the country as a whole, and periodic brutal attacks from the security forces. The nature of political exclusion has assumed a new form under the present democratic era which began with the elections in 1999. Successive federal, state and local government elections in the region (1999, 2003, 2007) have been characterized by rigging, falsification, and electoral violence. After the 2003 presidential elections, European Union observers reported that the elections had been heavily rigged in the states of Rivers, Delta and Cross River (EU 2003). State level elections in the same year were similarly flawed. The consensus of many Nigerians and election observers after the April 2007 elections was that they were subject to a higher level of rigging and falsification than any other election in Nigeria’s history (ICG 2007).

Widespread disillusionment in the Niger Delta with the political process since 1999 is reflected in a sharp decline in people’s satisfaction with the fairness of elections. The results from an Afrobarometer survey taken in 2000 indicated that 87 percent of people in the South-South, as opposed to 80 percent of all Nigerians, expressed a preference for democracy. When a similar survey was carried out after Nigeria’s second post-military

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6 The South-South zone is made up of the states of Akwa Ibom, Bayelsa, Cross River, Delta, Edo, and Rivers. It is one of six geopolitical zones in Nigeria. The zone contains the core Niger Delta states (particularly Akwa Ibom, Bayelsa, Delta, and Rivers), where most of Nigerian onshore oil production takes place.
elections in 2003, the preference for democracy had fallen by almost 30 percentage points to 59 percent. Furthermore, of all the regions surveyed, the South-South had the highest percentage (18 percent) of people responding that the type of political system made no difference to their circumstances. It appears from this evidence that the people of the Niger Delta feel more alienated from the political system than other Nigerians (Lewis & Alemika 2005). In short, the citizens of the Niger Delta seem rapidly to be losing faith in the effectiveness of the electoral process as means of redressing their grievances.

**PATRIMONIALISM**

Underlying the formal structure of institutions and an outward appearance of a modern administration are often complex but powerful networks of patronage and political alliance. Explaining failures in public service delivery in the Niger Delta therefore requires an understanding not only of the ways in which the system fails to fulfill its ostensible formal goals, but also of the benefits (for some) which the process of resource flow actually does deliver, in terms of distributing largesse and securing political alliance. In Nigeria, as in some sub-Saharan African countries, one of the characteristics that distinguish the political process from an idealized model of pluralist politics and public administration has been the lack of a strict division between the public and private spheres (Chabal & Daloz, 1999).

In such a system, public employment and goods may be viewed and used primarily as resources for personal or group advancement rather than as a means to serve the public good. Political leaders at all levels of government are under pressure to reward their clients and supporters, and as a consequence, the management and allocation of resources may follow the lines dictated by patronage rather than policy (Hyden 2005). According to these principles, government jobs and other public resources may be distributed by political leaders to reinforce popular support (Okafor 2005). As a result of such practices, the public sector in Nigeria has become extremely bloated with widespread duplication of agencies and responsibilities. Much of the budget is used to support the bureaucracy itself rather than the services it is designed to implement (see Box 2.3).

**Box 2.3 Health and Education Services**

Statistical estimates suggest that 80% of children in the Niger Delta attend primary school. The quality of education received by these children has however been declining in recent years, mainly due to a serious shortage of quality teachers, the lack of teaching materials and the disrepair of school facilities (UNDP 2006, p. 32).

Human Rights Watch (HRW) conducted extensive field research in Rivers State during 2006 and concluded that corruption is responsible for the diversion of funds from health care centers and schools across the state. Local governments are responsible for the operation of these facilities; however it is often difficult to identify to where these funds are being diverted. In many cases local government budgets are allocated to the local government chairman. Of the people interviewed by HRW, many suspected that the chairmen use large portions of their budgets to pay back the political patrons that brought them to power. The primary health care coordinator of a local government in Rivers state explains the following:

*The chairmen are all politicians and they have to please the people who brought them into office* (HRW 2007, p. 45).
Even the most basic supplies, such as textbooks in schools and medicines in health care centers, are lacking. At present there is on average one primary school serving an area of 14 square kilometers and one primary health care facility serving an area of 44 square kilometers (UNDP 2006, p. 32). Teachers and health care providers have become demoralized to the point where some health centers and public schools have simply been abandoned (HRW 2007, pp. 44-53).

Existing schools and health care facilities across the Niger Delta are in need of a complete overhaul. Improving ease of access is also a concern. Both the quality of and access to public services such as health and education are very much dependent on overall infrastructure development in the region.

Patrimonial resource allocation and bloated public bureaucracy, by constraining the quality of public services and distorting the allocation of revenue, inhibit social provision and economic growth. The system undermines the legitimacy as well as the effectiveness of government, and promotes inequality by concentrating resources in the hands of a small number. This group is likely to invest and spend their spoils outside Nigeria, but more importantly keep their constituencies satisfied by distributing pay-offs, thus reinforcing corruptive practices and patron-client networks. In such ways, the powerful patrimonial structures of the Delta region and of the country continue to contribute to social unrest and conflict.

**THE POLITICS OF OIL**

Oil has been central to the nation-building process in Nigeria and the political economy of its distribution has shaped the style and quality of governance and levels of corruption in the country (Watts 2004b). Table 2.1 and Chart 2.1 present Transparency International’s corruption index for Nigeria.

Table 2.1: Transparency International’s Corruption Perceptions Index (CPI) for Nigeria 1996-2007

<table>
<thead>
<tr>
<th></th>
<th>CPI Score (max = 10)</th>
<th>Ranking</th>
<th>No. of countries ranked</th>
<th>No. of countries ranking worse</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>0.69</td>
<td>54</td>
<td>54</td>
<td>0</td>
</tr>
<tr>
<td>1997</td>
<td>1.76</td>
<td>52</td>
<td>52</td>
<td>0</td>
</tr>
<tr>
<td>1998</td>
<td>1.9</td>
<td>81</td>
<td>85</td>
<td>4</td>
</tr>
<tr>
<td>1999</td>
<td>1.6</td>
<td>98</td>
<td>99</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>1.2</td>
<td>90</td>
<td>90</td>
<td>0</td>
</tr>
<tr>
<td>2001</td>
<td>1.0</td>
<td>90</td>
<td>91</td>
<td>1</td>
</tr>
<tr>
<td>2002</td>
<td>1.6</td>
<td>101</td>
<td>102</td>
<td>1</td>
</tr>
<tr>
<td>2003</td>
<td>1.4</td>
<td>132</td>
<td>133</td>
<td>1</td>
</tr>
<tr>
<td>2004</td>
<td>1.6</td>
<td>144</td>
<td>146</td>
<td>2</td>
</tr>
<tr>
<td>2005</td>
<td>1.9</td>
<td>152</td>
<td>159</td>
<td>5</td>
</tr>
</tbody>
</table>
While state governors have not escaped the scrutiny of anti-corruption agencies (see Box 2.4 below), since 1999 the vastly increased levels of oil revenue accruing at the state level due to the changed allocation formula combined with rising oil prices has made corruption more visible in state and local government administrations (HRW 2007, p.18). Oil revenue allocations, determined by the federal government, exceed all other sources of revenue in the core Niger Delta states. These large oil revenues have encouraged rent-seeking behavior across the political system. Further, since these revenues are rents, they do not entail the direct relationship with the population that is implied by taxation and the greater sense of accountability when state and local government officials are spending tax-payers money (ANEEJ 2004, p. 17).

**Box 2.4 Diepreye Alamieyeseigha**

Diepreye Alamieyeseigha, former governor of Bayelsa state, was arrested in London in September 2005 on charges of money-laundering and corruption. He fled to Nigeria, where he was removed from office and subsequently re-arrested and charged by the Economic and Financial Crimes Commission (EFCC) in December 2005. He pleaded guilty on the 26th July 2007 to six counts of corruption and money laundering. He was sentenced to two years in jail but was released 1 day.

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7 According to Transparency International’s International CPI, Nigeria’s performance has been consistently very poor. The Corruption Perceptions Index score relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt). A CPI score of 2 or less indicates severe, endemic or pervasive corruption. In 2006 for the first time since the surveys began, Nigeria received a rating greater than 2. For more information see [http://www.transparency.org/policy_research/surveys_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)

8 While the situation is far from ideal at the federal level, several improvements have been made (see Box 2.5).
later on the grounds that he had already served most of the 2-year sentence while in custody. Political calculations may have played some role in Alamieyeseigha’s release, given his centrality to any resolution of the Niger Delta crisis.

Between 1999 and 2006 the total monthly allocations to LGAs increased more than fivefold (HRW 2007, p. 15). From 1998 to 2002, internally generated revenue in the states of the Niger Delta accounted for less than 15 percent of total state revenue while in 2006 the 13% derivation allocation alone accounted for 62% of total allocations to the four main oil-producing states of Bayelsa, Delta, Rivers and Akwa Ibom (see Table 2.2).

<table>
<thead>
<tr>
<th>State</th>
<th>2006 13% derivation US$m net</th>
<th>% of state’s total allocation</th>
<th>2007 13% derivation US$m net</th>
<th>% of state’s total allocation</th>
<th>1st Quarter 2008 13% derivation US$m net</th>
<th>% of state’s total allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abia</td>
<td>33.5</td>
<td>16</td>
<td>23.0</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akwa Ibom</td>
<td>450.7</td>
<td>60</td>
<td>621.3</td>
<td>62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bayelsa</td>
<td>610.7</td>
<td>65</td>
<td>350.7</td>
<td>58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross River</td>
<td>49.5</td>
<td>22</td>
<td>58.9</td>
<td>26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delta</td>
<td>497.6</td>
<td>59</td>
<td>370.0</td>
<td>56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edo</td>
<td>27.1</td>
<td>12</td>
<td>8.6</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imo</td>
<td>38.1</td>
<td>13</td>
<td>39.1</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ondo</td>
<td>145.3</td>
<td>39</td>
<td>161.9</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rivers</td>
<td>787.6</td>
<td>64</td>
<td>992.8</td>
<td>66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Niger Delta</td>
<td>2,640.1</td>
<td>52</td>
<td>2,626.3</td>
<td>51</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Federal Government of Nigeria, Ministry of Finance

Table 2.3: Rivers State’s Revenue Compared with that of four other African Countries

<table>
<thead>
<tr>
<th>State</th>
<th>Population (millions)</th>
<th>2007 Revenue (US$)</th>
<th>GDP per capita (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>135</td>
<td>20.5 billion</td>
<td>2,200</td>
</tr>
<tr>
<td>Rivers State</td>
<td>5.2</td>
<td>1.7 billion</td>
<td>n/a</td>
</tr>
<tr>
<td>Burundi</td>
<td>6.4</td>
<td>259.4 million</td>
<td>800</td>
</tr>
<tr>
<td>Togo</td>
<td>5.7</td>
<td>478.1 million</td>
<td>900</td>
</tr>
<tr>
<td>Eritrea</td>
<td>4.6</td>
<td>232.7 million</td>
<td>1,000</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>3.8</td>
<td>250.0 million</td>
<td>700</td>
</tr>
</tbody>
</table>

Source: CIA World Factbook (2007 est.)

Political and economic power is concentrated in the hands of state governors (HRW 2007, p. 79). While there has been decentralization from the federal government, decision-making at the state level has remained overwhelmingly centralized. Citizens have no way of accessing information on the use of public revenues by state and local governments. Monthly allocations to states are published on the website of the Ministry of Finance: http://www.fmf.gov.ng/portal/detail.php?link=faac

Randomly selected based on similar population size.

Revenue for Rivers State only includes allocations from the Federal Government.

governments, making it difficult for people of the region to hold their representatives accountable (HRW 2007, p. 81). Issac Asume Osuoka, director of Social Action, Nigeria, explains:

“With all the oil money coming in, the state doesn’t need taxes from people. Rather than being a resource for the state, the people are impediments. There is no incentive anymore for the government to build schools or hospitals” (O’Neill 2007).

Since political power carries almost unconstrained and unquestioned control over public resources and the stakes of office are high, supporting those in power may be seen as the best way of benefiting from that allocation. The influence of oil is to strengthen the personalization of politics by raising the stakes still further, and in the states of the Niger Delta these are higher than anywhere else in the country. While only a minority is served by such a highly unequal system of spoils, the power and incentives of those who do benefit suffice to make reform very difficult. Still efforts were made during the Obasanjo’s tenure to improve transparency and accountability (See Box 2.5). Box 2.6 shows the arrest of former state governors who have been accused of corruption; while none have as yet been convicted, their arrest may send a message to those currently in power.

**Box 2.5: Federal Anti-Corruption Efforts**

Fighting corruption became a hallmark of the Obasanjo administrations. In December 2002 the Economic and Financial Crimes Commission (EFCC) was established in order to investigate financial corruption. The EFCC has been very vocal in its attacks on corruption and has brought about 82 successful prosecutions since its inception (HRW 2007, p. 95). Whereas before 2002 attempts to tackle corruption relied heavily on one agency, the Independent Corrupt Practices Commission (ICPC), several other agencies, such as the Code of Conduct Bureau and the Financial Intelligence Unit (FIU) are now actively engaged in anti-corruption efforts. This has made the anti-corruption strategy broader, more integrated and ultimately more successful.

Efforts to increase transparency and accountability intensified during the second Obasanjo administration. In particular, attempts have been made to bring greater transparency to federal finances by publishing details of budgets and allocations to state and local governments (HRW 2007, p. 94). In February 2004 Nigeria’s Extractive Industries Transparency Initiative (NEITI) was launched as part of a global initiative backed by the UK Department for International Development to improve governance in resource-rich countries. Independent audits of the oil and gas sector as part of the NEITI are helping to foster a culture of transparency. Despite these improvements, many critics allege that the fight against corruption under the last administration was politically selective, targeting only political opponents of the administration and not its allies. Furthermore, it has been argued that the immunity from criminal prosecution enjoyed by the president and state governors while in office undermines the entire process by perpetuating a dangerous culture of impunity (ICG 2006b, p. 17).

**Box 2.6: Arrest of State Governors Accused of Corruption**

- Diepreye Alamaieyeseigha (Gov of Bayelsa, 1999-2005) convicted in 2007 and deemed to have served out his sentence counting from the day he was first detained;
- James Ibori (Gov of Delta 1999-2007), currently on bail;
- Lucky Igbinedion (Gov of Edo 1999-2007), currently on bail;
**Land Decrees**

Marginalization in the Niger Delta is often viewed through the lens of ethnicity, both at the national and at local levels. The ethnic minorities in the Niger Delta have long been mindful of their limited political leverage at the federal level, and such perceptions have been reinforced by decrees, such as the Petroleum Decree of 1969 and the Land Use Decree of 1978. The 1969 Petroleum Decree gave the state full ownership and control over the country’s oil and gas reserves, and the Land Use Decree implemented in 1978 nationalized all land, both urban and rural, and handed its administration to state and local governments. In place of the customary land tenure system that existed in Nigeria prior to 1978, this decree established a new system whereby statutory and customary rights of occupancy formed the basis of land-holding (Francis 1986). Communities in oil-producing areas of the country had previously been accustomed to negotiating directly with oil companies over access to land and compensation (Ebeku 2001). After 1978 however, the state government had the power to revoke rights of occupancy in the case of overriding public interest. Included in this category under section 28 of the decree were the use of land for mining, mineral extraction, and the construction of pipelines (Allott 1978).

The Land Use and Petroleum Decrees are referred to in the defining 1998 Kaiama Declaration by Ijaw youth as decrees that “rob our peoples/communities of the right to control of our lives and resources” (Kaiama Declaration 1998). The Ogoni protests that began in the 1990s similarly brought grievances to the attention of the federal government in the form of the Ogoni Bill of Rights. However, these demonstrations were met with violent repression on the part of the government heightening feelings of political exclusion and exacerbating the perception of economic and political marginalization.

**Drivers of Violent Conflict in the Niger Delta**

“As long as oil companies and the government give nothing, the youth will be angry. And it’s not good to get angry because that’s when things get violent.”

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13 The Kaiama Declaration of 1998 was an attempt by Ijaws as part of the newly formed Ijaw Youth Council (IYC) to reassert their rights over land and resources. The IYC was originally formed as a social movement; however some of its leaders have since adopted more radical positions due to the violent response of the federal government to community protests.

14 On response to the Ogoni movement, and other cases, see section 4 of this chapter on security.

Prince Wegwu, Chairman of the youth association in the village of Mbodo Aluu

While the federal structure and actions have generated conditions that allow resentment and violence to fester in the Niger Delta, several factors affecting the Delta more directly contribute to anger among the communities, militancy and armed conflict. Table 2.4 illustrates the relative sources of dissatisfaction among Delta residents identified in a 2005 survey. It is notable that governance issues occupy all top three places, with environment close behind.

<table>
<thead>
<tr>
<th>Priority</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor leadership (governance)</td>
<td>16.7</td>
</tr>
<tr>
<td>Poor governance</td>
<td>16.1</td>
</tr>
<tr>
<td>Corruption</td>
<td>14.4</td>
</tr>
<tr>
<td>Environmental degradation</td>
<td>14.3</td>
</tr>
<tr>
<td>Unemployment</td>
<td>14.0</td>
</tr>
<tr>
<td>Low education</td>
<td>6.7</td>
</tr>
<tr>
<td>Insecurity</td>
<td>5.6</td>
</tr>
<tr>
<td>Lack of infrastructure</td>
<td>4.4</td>
</tr>
<tr>
<td>High cost of living</td>
<td>4.4</td>
</tr>
<tr>
<td>Poverty</td>
<td>3.3</td>
</tr>
</tbody>
</table>

*Source:* ERML field work 2005

Box 2.7: A Snapshot of Social Indicators

The vast majority of people in the Niger Delta – 76 to 80% in rural areas and 50 to 55% in urban areas – do not have access to safe drinking water (UNDP 2006, p. 28). As a result, water-related diseases account for at least 80% of all reported illnesses in the region (NDDC 2005, p. 40). Health, education, and environmental indicators are poor even in comparison with the rest of Nigeria. For example, the region has among the highest levels of infant mortality in Nigeria. Water transport is very common because of the nature of the terrain. However, river port infrastructure remains underdeveloped and mass transit vessels are scarce and generally more than road transport. While motorcycles are an increasingly popular choice, unfortunately the condition of the roads is generally very poor, especially in the rural areas. (NDDC 2005, p. 32). The primary energy source for 73% of the Niger Delta population is firewood. Only 34% of the people in the region use electrical lighting (UNDP 2006, p. 29). Those who are connected to the electricity grid often have to depend on back-up generating capacity because of the unreliability of power supply (NDDC 2005, p. 35).

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16 Cited in UNDP 2006, p. 120.
Available data shows that poverty incidence declined between 1996 and 2004 across the Delta, and current poverty levels in the Delta are not the highest in Nigeria. However, poverty incidence figures alone do not explain the disaffection among the inhabitants of the Delta. The volatility of the region is mainly due to a sense of injustice driven by the depth of poverty, levels of inequality, and subjective assessments of poverty.

In the five core Delta states of Akwa Ibom, Bayelsa, Cross River, Delta, and Rivers, one out of every four households belongs to the lowest welfare quintile (the core poor). This, along with the high Gini coefficients of the Delta states, indicates high levels of inequality (Table 2.5). Strong sentiments of marginalization are influenced by perceptions not only about one’s own current level of welfare but also about the relative prosperity of others and one’s own sense of entitlement. The widespread perception of relative deprivation in the core Niger Delta states is driven by the considerable mismatch between the level of wealth extracted from the region and the benefits accruing to the region and its people.

Consistent with this finding, levels of self-assessed poverty are much higher in the Delta than those revealed by household income and expenditure data. In the South-South zone, over three-quarters of the population (77 percent) consider themselves to be living in poverty, compared to the official figure of one third (35 percent). Three out of every 10 people in the South-South see themselves as very poor. However, there is considerable variation across states, with Bayelsa state standing out as having a particularly high concentration of people assessing themselves as very poor (see Table 2.5 for details). In addition, there is a perception that high prices in the Niger Delta erode the purchasing power of residents (UNDP Human Development Report), and that the standard of living in local communities is much lower than for those (mainly from outside) employed in the oil industry.

<table>
<thead>
<tr>
<th>State</th>
<th>Poverty Incidence (%)</th>
<th>Core Poor (%) (quintile 1)</th>
<th>Self-assessed very poor level (%)</th>
<th>Very Poor (%) (self-assessed)</th>
<th>Gini</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akwa Ibom</td>
<td>35</td>
<td>27</td>
<td>66</td>
<td>17</td>
<td>0.5003</td>
</tr>
<tr>
<td>Bayelsa</td>
<td>20</td>
<td>22</td>
<td>95</td>
<td>62</td>
<td>0.4757</td>
</tr>
<tr>
<td>Cross River</td>
<td>42</td>
<td>33</td>
<td>77</td>
<td>22</td>
<td>0.5046</td>
</tr>
</tbody>
</table>

17 The five wealth quintiles (which are not exactly equal in size) were defined on the basis of a welfare index using a combination of indicators elucidated in the CWIQ survey. A number higher than the national figure of 21.3% implies a greater depth of poverty. [http://nigerianstat.gov.ng/cwiq/2006/survey0/index.html](http://nigerianstat.gov.ng/cwiq/2006/survey0/index.html)
18 The North-East region has been included in the poverty statistics table for comparative purposes. It is one of the regions that performs most poorly in terms of poverty and social indicators.
20 Nigeria Core Welfare Indicator Questionnaire 2006.
21 Self-assessed levels of poverty and gini coefficients are from NLSS 2004.
ENVIRONMENT AND LIVELIHOODS

Given the dependence of local livelihood systems on natural resources (almost 60% of the people in the Niger Delta depend on the natural environment, UNDP 2006), destruction of the environment from oil spills, gas flaring and deforestation have made the poorest communities vulnerable and have had direct deleterious impacts. Hence protecting the natural environment of the Niger Delta is closely linked to the protection of the rights and economic wellbeing of its citizens.

Environmental degradation in the Niger Delta is intimately tied to the birth and development of the country’s oil industry. Oil spills, gas flaring, and deforestation are the main environmental challenges faced by the region. The Nigeria National Petroleum Corporation (NNPC), established in 1977, is the federal government body responsible for the regulation of the oil industry; it is also the major shareholder in 95% of the country’s oil and gas projects. Until very recently, however, environmental regulations for the oil industry were entirely lacking (EIA 2007). It is only in the last five years that the federal government has intensified efforts to encourage greater environmental responsibility on the part of oil companies.

The consequences of oil spills, deforestation and gas flaring, and in recent years, sabotage (see Boxes 2.8 & 2.9) are felt across the entire Delta region; however the most severe effects tend to be experienced by those who are already economically and politically marginalized. A 2003 World Bank study of the linkages between poverty and the environment in Nigeria found that the poorest half of households surveyed in the Niger Delta obtain 60 percent of their income from environmental resources. If crop income is included, environmental income constitutes 100 percent of household

22 In this section, specific reference will be made to Shell and Chevron’s policies. Other oil companies operate in the Niger Delta region, however Shell and Chevron are the two main international companies that have extensive onshore operations, bringing them into close contact with communities. For further information see the section on the evolution of oil company policy in Chapter 3.

23 Nigeria’s federal environmental protection agency was first created in 1988, and environmental impact assessments were not mandated until 1992 (O’Neill 2007). The Clean Nigeria Associates is an example of a private sector initiative that stepped in to fill the gap in environmental regulations. Formed in 1981, the group is an oil company co-operative, where member oil companies can call on other members of the group for assistance when oil spills go beyond their own resources (Nwilo & Badejo 2001).

24 In July 2002, for example, oil companies operating in Nigeria were required to comply with the Environmental Guidelines and Standards for the Oil Industry published by the Department of PetroleumReserves (DPR) (EIA 2003).
income (World Bank 2003). The main implications of this dependence are that (i) environmental degradation has a greater impact on the poor than on the rich; and (ii) the Niger Delta region has a high vulnerability to poverty because of the high proportion of the population dependent on only limited income sources.

Box 2.8: Oil Spills in the Niger Delta

Between 1976 and 2001, a total of 6,817 oil spills have been recorded in the Niger Delta with only 70% of the oil spills being recovered (UNDP 2006). This has had a huge impact on marine life with negative consequences for local livelihoods dependent on fishing and for human health consuming contaminated seafood (EIA 2003). Decades of inadequate or non-existent environmental regulation have allowed oil companies to operate their facilities without incorporating the costs of environmental damage into their decision-making. Spills can occur for a number of different reasons. Shell measures the number of oil spills annually at its facilities along specific criteria: whether the spills were the result of corrosion, operational failure (machinery or human error), or sabotage. In recent years there appears to have been an increase in the number of oil spills caused by deliberate attempts to damage oil facilities. According to Shell, 69% of the 241 total oil spill incidents recorded in 2006 occurred as a result of sabotage (Shell 2006).

Box 2.9: Second Largest Gas Flaring Operations in the World

Gas flaring is a process whereby the associated gas from oil production is burned so as to dispose of it. The second largest flaring operations in the world, after Russia, occur in the Niger Delta; they are a significant source of greenhouse gas and particulate matter emissions, exposing communities to a number of harmful pollutants including sulfur dioxide, nitrogen dioxides, and carcinogenic substances. A thorough study of the region has not yet been carried out, however it is widely accepted that these pollutants are linked to a series of significant health problems (ERA 2005).

The exact percentage of associated gas that is flared is disputed. According to the NNPC, Nigeria flares 40% of its annual natural gas production (EIA 2007). The World Bank estimates that the figure is closer to 75% (World Bank 2005). Shell and other energy companies operating in the region attribute the extent of flaring in the Niger Delta to the lack of local and regional markets for gas, as well as to the lack of adequate gas infrastructure. Gas export is identified as the main solution to the problem and has become a central part of Shell’s efforts to decrease its flaring operations (Shell 2006).

In 1996, the Nigerian government agreed to end gas flaring in the Niger Delta by 2008. However, the penalties imposed for flaring have been too modest to achieve this goal (ICG 2006b). In its most recent annual report, Shell Nigeria has set a 2009 deadline. By this time the company states that it will have either found ways to gather associated gas, or it will shut in production from the fields where associated gas cannot be gathered (Shell 2006). Chevron Nigeria is also working towards eliminating gas flaring from its operations but does not set itself a firm deadline. All new Chevron developments in the Niger Delta, however, are being designed as “zero flare” projects (Chevron Nigeria 2007). The World Bank/UNDP 2004 Strategic Gas Plan for Nigeria identified the gas sector as an area of huge growth potential for the country and underlined the importance of bringing an end to flaring as the first step in tapping this potential (ESMAP 2004).

Environmental degradation, a major focus of community discontent, has often brought communities into conflict with the federal government and oil companies. The deterioration of the environment is one of the most visible forms of the negative impact of oil exploitation, setting the Niger Delta apart from other regions in the country. The Movement for the Survival of the Ogoni People (MOSOP), as one of the earliest groups of citizens agitating against the impact of oil on their communities, phrased their
grievances as much in environmental as in social and economic terms. This case illustrates how environmental concerns of movements are inextricably linked to the broader struggle for social and political transformation. The heavy-handed and violent reaction of the federal government to these demands contributed to the decision of many groups to adopt more radical approaches to achieve their aims. The Umuechem incident in October 1990, where peaceful protests against Shell degenerated into clashes between the police protecting Shell and local youth, is an illustration of how closely oil companies and the state have cooperated in their harsh security responses to local agitation in the region (Frynas 2001, pp. 50-51).

**UNEMPLOYMENT**

Unemployment and underemployment rates are higher in the core states of the Niger Delta than in any other region in Nigeria. High levels of unemployment limit the avenues available for the Niger Delta to move out of poverty. More importantly, it also reduces the opportunity cost of turning to violent forms of struggle and criminal activities (Oyefusi 2007). As a result, unemployment, particularly of youth, has driven and sustained high levels of violence and criminality throughout the Delta region.

The Nigerian economy is heavily dependent on the oil industry, which is highly capital-intensive, creating little demand for local labor (especially unskilled labor) in the Niger Delta. While attracting foreign and domestic investment in the oil and gas sectors has not been difficult, there has been little investment in manufacturing and agriculture sectors. Furthermore, oil revenues have (through the well-known mechanism of the ‘Dutch disease’) put upward pressure on the exchange rate, making the agricultural and manufacturing sectors exports less competitive in the world economy (ANEEJ 2004).

The deterioration of the environment in the oil-producing states, in degrading the natural resource base, has also undermined employment opportunities. As mentioned in the previous section, almost 60% of the population depends on the natural environment to support their livelihoods (in fishing, agriculture, and related activities), and these have been particularly hard hit in recent years, by pollution related to oil extraction.

The perception among the local population is that it is difficult to penetrate the oil industry’s limited job market and that they are excluded from available opportunities in favor of “people from (the) outside” (referring to members of more dominant ethnic groups). As one young man in the village of Finima explains: “We have diploma holders, but we have nothing to do” (O’Neill 2007).

Reliable unemployment statistics for Nigeria are not available, partly because of the predominance of the informal sector, whose importance has increased since the 1990s due to stagnation in the formal sector (EIU 2007, p. 30). Nevertheless, it is clear to the most casual observer of the Delta that youth unemployment is a serious problem (see Table 2.6 & 2.7 below). According to some estimates, approximately 40 percent of the Niger Delta’s youth between the ages of fifteen and twenty-four are unemployed. Official figures indicate that the youth unemployment rate (15-24) in the South-South zone for 2006 was 24 percent, higher than any other zone in Nigeria. The town of
Oloibiri, the location of Nigeria’s first oil well, was reported to have a youth unemployment rate of 50 percent (Brown 2006 quoting the *Independent* (UK).

<table>
<thead>
<tr>
<th>State</th>
<th>Unemployment</th>
<th>Underemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akwa Ibom</td>
<td>11.3</td>
<td>33.7</td>
</tr>
<tr>
<td>Bayelsa</td>
<td>6.8</td>
<td>19.4</td>
</tr>
<tr>
<td>Cross River</td>
<td>1.8</td>
<td>12.0</td>
</tr>
<tr>
<td>Delta</td>
<td>9.3</td>
<td>29.2</td>
</tr>
<tr>
<td>Edo</td>
<td>8.0</td>
<td>30.9</td>
</tr>
<tr>
<td>Rivers</td>
<td>11.4</td>
<td>25.3</td>
</tr>
<tr>
<td>South-South</td>
<td>8.8</td>
<td>26.2</td>
</tr>
<tr>
<td>Nigeria</td>
<td>5.3</td>
<td>20.2</td>
</tr>
</tbody>
</table>

*Source*: Nigeria Core Welfare Indicators Questionnaire 2006

Rates of unemployment and underemployment are particularly high in states with large oil revenues and are correlated with youth restiveness. In many cases, unemployed youth (mainly men), are recruited into militant groups in the Delta. However, many of them operate as independent agents with self-interested motives of acquiring oil revenues and related spoils. Violence in these cases is a manifestation of crime, not of any altruistic purpose of improving the situation in the Delta. Consequently, the line between militancy and criminality has become increasingly blurred, as activities such as oil bunkering and kidnapping are not only a method of protest but also an attractive means of earning an income.

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25 Collier & Hoeffler, 2001. This is consistent with Paul Collier and Anke Hoeffler’s finding that the lack of alternative economic opportunities particularly for youth makes joining militant groups highly attractive and consequently increases the risk of violent conflict.
EROSION OF SOCIAL CAPITAL

Disputes over the division of the benefits of oil production have driven conflicts within and between communities in the Niger Delta (see Table 2.8 below). Holders of traditional chieftaincies have often used their position as a means of gaining control over compensation payments from oil companies, resulting in chiefs being viewed with suspicion by community members (UNDP 2006, p. 352). The erosion of the legitimacy and effectiveness of chiefs is particularly challenging to the local social order given that the settlement of disputes is one of the customary responsibilities of traditional leaders. As the legitimacy and impartiality of traditional authorities are compromised, the ability of communities to resolve conflict in a non-violent way is further weakened.

Increasing distrust within communities is a key aspect of general erosion of social capital in Delta communities, which in some cases has led to a complete breakdown of social order. Nembe is an example of a community where disagreements over the sharing of compensation payments from Shell have led to violence. Youths and vigilantes hold the chief responsible for the economic and social crisis which has afflicted the community, forcing him to live over a hundred miles away from his subjects (Okonta 2007).

Inter-ethnic violence has also escalated and been sustained by the lucrative rewards conferred upon some militant leaders. The conflict between Ijaw and Itsekiri militias is a case in point. Violence flared between the two groups around the time of the 2003 elections. The crisis led to significant oil production losses, 40% of the country’s oil industry being shut down for a number of weeks. Recognizing the power of militant leaders, state and local government positions for Ijaw and Itsekiri militant leaders and private service contracts with oil companies were used as a means to appease militant demands (ICG 2006b, p. 2).

<table>
<thead>
<tr>
<th>Type of conflict</th>
<th>Characteristics</th>
<th>Examples</th>
</tr>
</thead>
</table>
| Intra-community  | • Struggles over customary authority within communities  
                  • Disputes over sharing of oil company payments | In the community of Nembe the authority of the traditional ruler in dealing with compensation payments from Shell was called into question by youths. Violence within the community and against oil companies ensued. |
| Inter-community  | • Land disputes can typically take up to 10 years to be resolved through the courts 
                  • Benefits to be gained from oil revenues add urgency to the | Relations between Soku, Elem-Sangama and Oluasiri communities (Rivers and Bayelsa states) have been tense due to a dispute over ownership of a Shell gas plant. Boundary disputes as well as illegal bunkering activities and high levels of |

Table 2.8: Types of Community Conflict

19
conflict’s resolution  youth unemployment have complicated the resolution of the conflict.\textsuperscript{26}

| Inter-ethnic | • Some are the result of historical disputes | The Ijaw-Itsekiri conflict in the Warri area of Delta state involves historical disputes over land and more recently (since 1997) a dispute over the location of a new LGA’s headquarters. |
| • Others involve fears over political rights and representation |

**HOST COMMUNITY STATUS**

At the local level, the oil company practice of designating certain communities as ‘host communities’, entitled to development goods and payments, has fueled competition over territory as well as perceptions of inequality in access to resources and social services. While their operational policies are far from uniform, and have evolved with time and experience,\textsuperscript{27} oil companies operating in the Delta have generally used the concept of ‘host community’ in managing relations with local populations, and in particular defining entitlements to payments and development goods for those asserting customary claims to lands where oil facilities are located. Host community status can thus bring with it considerable benefits in the form of compensation to communities who successfully claim the land and fishing grounds where drilling activities take place. Oil companies may see this practice in terms of a local ‘social license to operate,’ the cost of which is supplementary to the royalty payments to the government sanctioned by contract and may involve substantial resources. However, the practice has also been a divisive and exclusionary way of distributing compensation, pitting communities against each other in a proliferation of micro-level struggles which undermine the basis for collective community action and are often lethal.

Formal judicial institutions do not assist matters: while land disputes between communities may be submitted to court, litigation is a very slow process: it may take up to ten years to obtain a judgment from the High Court and even longer for subsequent appeals through the Appeals Court and the Supreme Court (UNDP 2006, p. 118). Few alternatives to the use of force remain in asserting even legitimate rights.

**FACTORS EXACERBATING CONFLICT: LEGITIMATE GRIEVANCES MUDDIED; VIOLENCE AND CRIME A PROFITABLE BUSINESS**

While Niger Delta citizens have legitimate grievances, key groups have taken advantage of the anarchic situation to engage in criminal activities and violence. Factors driving and supporting criminalization include: (i) the theft of oil on an enormous scale; (ii) the manipulation of gangs and use of violence in electoral campaigns; (iii) the potential profits accruing from protection of oil companies; and, (iv) a thriving secondary arms market. These four factors, elaborated on in the following discussion, have together made control of the means of violence highly profitable and led to an entrenched culture

\textsuperscript{26} For a detailed discussion of the conflict dynamics, see WAC Global Services 2003. pp. 54-62.

\textsuperscript{27} See chapter 3.
of casual militarism with its own ineluctable dynamic of escalation and proliferation.

The security situation in the Niger Delta has deteriorated considerably in recent months. The most visible forms of insecurity have been the various attempts by militant groups and criminal gangs to disrupt oil production in the region and to create an atmosphere of fear by kidnapping both foreigners and Nigerians (see Table 2.9 for examples). The emergence of the militant group, the Movement for the Emancipation of the Niger Delta (MEND) in December 2005 with calls for greater ‘resource control’ is in many ways a culmination of the growing process of casual militarization which began to take shape in the Delta in the late 1980s and early 1990s (Okonta 2006, p. 9). Table 2.10 provides an overview of the main militant groups operating in the Delta and Box 2.10 presents the brief history of the MEND.

### Table 2.9: Timeline of Kidnappings and Attacks in the Niger Delta May to July 2007

#### May 2007

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>Off Bayelsa coast</td>
<td>6 foreign oil workers kidnapped when a Chevron ship is attacked by MEND</td>
</tr>
<tr>
<td>3rd</td>
<td>Oyigbo, Rivers</td>
<td>11 foreign staff of Daewoo Nigeria kidnapped when militants storm power station</td>
</tr>
<tr>
<td>8th</td>
<td>Bayelsa</td>
<td>MEND attacks 3 Agip pipelines</td>
</tr>
<tr>
<td>14th</td>
<td>Rivers</td>
<td>1 Nigerian Agip employee kidnapped</td>
</tr>
<tr>
<td>16th</td>
<td>Otuoke, Bayelsa</td>
<td>Explosion goes off at the country home of Goodluck Jonathan (current Vice-President)</td>
</tr>
<tr>
<td>19th</td>
<td>Port Harcourt, Rivers</td>
<td>3 Indian workers at Eleme Petrochemical co. kidnapped</td>
</tr>
<tr>
<td>25th</td>
<td>Off coast of Brass, Bayelsa</td>
<td>9 foreign oil workers and 1 Nigerian kidnapped from a vessel while laying pipelines; 2 released June 11th</td>
</tr>
</tbody>
</table>

#### June 2007

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>Port Harcourt, Rivers</td>
<td>3 senior management staff of Chemical company Indorama &amp; 4 family members (2 women and 2 children) kidnapped</td>
</tr>
<tr>
<td>1st</td>
<td>Port Harcourt, Rivers</td>
<td>4 foreign employees of Schlumberger kidnapped when militants storm oil platform; released June 23rd</td>
</tr>
<tr>
<td>3rd</td>
<td>Ikot Abasi, Akwa Ibom</td>
<td>6 Russian workers kidnapped; Niger Delta Militant Force Squad claims responsibility later in June</td>
</tr>
<tr>
<td>8th</td>
<td>Port Harcourt, Rivers</td>
<td>1 Lebanese manager of Modant Marine (shipyard services company) kidnapped</td>
</tr>
<tr>
<td>15th</td>
<td>Sapele, Delta State</td>
<td>2 Indian construction workers kidnapped</td>
</tr>
<tr>
<td>17th</td>
<td>Ogboidi, Bayelsa</td>
<td>Approx. 24 Nigerian workers and soldiers held when gunmen occupy oil installation</td>
</tr>
<tr>
<td>27th</td>
<td>Port Harcourt, Rivers</td>
<td>3-year old son of Linda Steward, politician in Port Harcourt, kidnapped on way to school</td>
</tr>
</tbody>
</table>

#### July 2007
<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Incident Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th</td>
<td>Soku, Rivers</td>
<td>5 foreign oil workers kidnapped during an armed attack on a Shell facility</td>
</tr>
<tr>
<td>5th</td>
<td>Port Harcourt, Rivers</td>
<td>3-year old Margaret Hill (British father, Nigerian mother) kidnapped on way to school; MEND condemns the attack</td>
</tr>
<tr>
<td>8th</td>
<td>Near Calabar, Cross River</td>
<td>2 foreign oil workers kidnapped from a production barge</td>
</tr>
<tr>
<td>12th</td>
<td>Port Harcourt, Rivers</td>
<td>3-year old Samuel Amadi, son of Nigerian chief, kidnapped on way to school</td>
</tr>
<tr>
<td>23rd</td>
<td>Port Harcourt, Rivers</td>
<td>2 family members of newly appointed energy official Billy Braide shot dead</td>
</tr>
<tr>
<td>24th</td>
<td>Yenagoa, Bayelsa</td>
<td>Mother of speaker of Bayelsa state house assembly kidnapped from her home</td>
</tr>
<tr>
<td>25th</td>
<td>Port Harcourt, Rivers</td>
<td>Prof. Michael Watts (University of Berkeley) and 1 security guard wounded by unknown gunmen</td>
</tr>
</tbody>
</table>

**Table 2.10: Select Militant Groups Operating in the Niger Delta**

<table>
<thead>
<tr>
<th>Group</th>
<th>Description</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egbesu Boys of Africa</td>
<td>• Militant arm of the Ijaw Youth Council (IYC)</td>
<td>Egbesu involvement in Ijaw-Itsekiri conflicts (Delta); various kidnappings and attacks on oil installations</td>
</tr>
<tr>
<td></td>
<td>• Seeks justice and equity for the oil-bearing Ijaw communities in the Niger Delta</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Not a cohesive militant movement; members are active in other groups</td>
<td></td>
</tr>
<tr>
<td>Niger Delta Peoples Volunteer Force (NDPVF)</td>
<td>• Led by Mujahid Asari Dokubo</td>
<td>Declared all-out war vs. Nigerian government in 2004 and was subsequently outlawed; Violent confrontation with NDV mid-2003 to late 2004; kidnappings and attacks</td>
</tr>
<tr>
<td></td>
<td>• Founded in 2003</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Members mainly Ijaw</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Demands more control over resources for the Niger Delta states</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Modeled on Isaac Boro’s Niger Delta Volunteer Force (1966)</td>
<td></td>
</tr>
<tr>
<td>Niger Delta Vigilante (NDV)</td>
<td>• Led by Ateke Tom</td>
<td>Violent confrontation with NDPVF mid-2003 to late 2004; kidnappings and attacks</td>
</tr>
<tr>
<td></td>
<td>• Members mainly Ijaw</td>
<td></td>
</tr>
<tr>
<td>Movement for the Emancipation of the Niger</td>
<td>• Emerged December 2005</td>
<td>Many of the recent hostage takings and attacks on oil facilities; armed clashes with security forces between December 2005 and January 2006</td>
</tr>
<tr>
<td>Delta (MEND)</td>
<td>• Close links to NDPVF</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Demands: 100% control of oil wealth; release of Dokubo; release of Alamieyeseigha</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Elusive leadership; Jomo Gbomo communicates with media via email</td>
<td></td>
</tr>
</tbody>
</table>

*Sources: Sesay et al. 2003. & ICG 2006b*
Box 2.10: The Movement for the Emancipation of the Niger Delta (MEND)

Among the fifty or so non-state armed organizations estimated to be operating in the Niger Delta, the Movement for the Emancipation of the Niger Delta (MEND) has stood out for the articulation of its political agenda, the size and complexity of its attacks, and its capacity to disrupt Nigeria’s oil production.

MEND, was created in early 2006, as an umbrella organization to bring together youth, civil, communal, and political movements in the Niger Delta that would collectively express people’s frustrations in terms of regional and local development. The group has stated as its main goals greater local control and more transparent management of the oil revenues, as well as adequate compensation of local communities for the negative externalities derived from oil exploitation (Oyefusi 2007). The group has also made demands to the government including freeing two jailed ethnic Ijaw leaders -Dukobo and Alamieseigha.

Although the group’s political agenda is similar to groups that operated in the Niger Delta during the late 1980s and early 1990s, MEND has taken a more radical and violent approach to address these issues (Okonta 2006, Oyefosi 2007). The group’s campaign has included a series of bombings, sabotage, kidnappings and violence against the oil industry and by extension the Nigerian Government, resulting in oil production shutdowns of up to 800,000 barrels per day and the disruption of Nigeria’s total oil production at about 25% (ICG 2006).

During recent months, conflicts between MEND leaders have led to the formation of off-shoots of MEND, as factions break up and form new camps and groups. Most of these splits occur as leaders feel that the benefits and privileges obtained by the organization are not equally distributed and only enjoyed by a few. For these reasons, a proliferation of independently working militias has been observed lately in the Niger Delta, with a subsequent worsening in the security conditions in the region (AAPW 2007).

OIL BUNKERING

Oil theft, or oil ‘bunkering’ as it is known in the Niger Delta, is a large, lucrative and well-organized business. It is estimated that between 70,000 and 300,000 barrels per day (between 3 and 13 percent of total daily oil production) are lost to illegal bunkering (ICG 2006b, p. 8). The siphoning and transporting of stolen oil is carried out by criminal syndicates comprised mainly of militant youth, supported and protected by powerful politicians, military officers and community businessmen. Their own vested interests together with recognition that the bunkering business provides a livelihood to restive and unemployed youth have motivated the complicity of Nigerian law enforcement authorities and others (ICG 2006b).

Profits from the bunkering trade are distributed to all those involved in the syndicate, including politicians, law enforcers, businessmen, and military officials, at local, state, national and international levels. At the local level, this has provided many militant groups and petty criminals with the resources to purchase large stocks of sophisticated weapons, easily available for purchase in many of the Delta states (Watts 2007). Thus it is not simply a question of disarming the militias to prevent the further escalation of conflict and violence. Rather, the incentives for participating in the oil bunkering business need to be changed so that it becomes unprofitable and undesirable for militants, politicians and others to have a stake in the continuation of this illegal activity.
ELECTORAL VIOLENCE

The potential huge profits to be earned from the bunkering trade and oil rents through holding public office are at the root of the violence and disorder that have become rampant around election time in the Niger Delta. In 1999, politicians allegedly recruited armed youth groups to rig the elections in their favor. In 2003, it is alleged that politicians in Delta State paid youths to participate in attacks on their political opponents (HRW 2003, p. 25). Similar alliances were forged in the run-up to the 2007 elections throughout the region, according to the International Crisis Group (ICG 2006b). These links have facilitated easy access to oil rents.

Electoral violence has escalated the conditions for conflict at all levels in the Delta. This has led to a vicious cycle of violent political competition and reprisal, especially, though not exclusively, in the lead-up to elections. After elections, well armed groups formed by, or allied to, politicians may take on dynamic agendas of their own, diverging from that of their former patrons, and even, in several well known cases, turning against those whose election they had once helped to bring about. MEND, among other groups, claiming to represent grievances on the underdevelopment of the Niger Delta stepped up campaigns of hostage taking and attacks on oil infrastructure in the run up to and immediately following the 2007 presidential elections. MEND agreed to suspend its attacks for a limited period after the inauguration of President Yar-Adua, however attacks and kidnappings carried out by other groups in the region continued. More recently, the group has split into at least two factions. Furthermore, on the 23 September 2007, the group announced its decision to recommence its campaign of violence and kidnappings.

Box 2.11: Mujahid Dokubo-Asari

Mujahid Dokubo-Asari is the leader of the Niger Delta People’s Volunteer Force (NDPVF). He was arrested on charges of treason in September 2005 after calling for the dissolution of Nigeria in a newspaper interview. In detention and on trial since then, his release was listed among MEND demands. On the 14 June 2007 Asari was released on bail. The Supreme Court had previously denied demands to release Asari on bail on health grounds, stating that he was a threat to national security. His release was part of a political arrangement by the federal government aimed at engaging the militant groups in the Delta in dialogue. MEND welcomed Asari’s release but reminded the federal government that more needed to be done to bring peace to the Niger Delta’s creeks.

OIL COMPANY PROTECTION

A by-product of the high levels of insecurity has been an increase in the availability of ‘protection work’ offered by oil companies active in the region to armed groups, as well

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29 An emailed MEND statement said that the decision was in response to the arrest of one of its leaders, Henry Okah, in Angola. Henry Okah is believed to have used the alias Jomo Gbomo to identify himself as MEND faction leader (BBC News Africa. 2007. “Nigerian militants call off truce”. September 24. http://news.bbc.co.uk/2/hi/afrika/7010028.stm
as to the police, army and navy personnel. The extra measures taken by oil companies to protect their operations stem primarily from the inability of the state security forces to contain the security threats. Underpaid personnel, poor training, and lack of equipment are the main reasons for their ineffectiveness. Security units dedicated to the protection of oil companies and other businesses, also known as ‘spy’ or supernumerary police, are officially the responsibility of the Nigerian police force. In reality, however, personnel view themselves as employees of the oil companies as their official income is substantially supplemented by the companies (ICG 2006b).

Oil companies have also sought to protect their interests in the Niger Delta by developing financial relationships with the militant groups. The contracts between companies and militant groups have been either (i) direct, as in the case of ‘surveillance contracts’ given to local residents to protect oil infrastructure, or (ii) indirect, as in the case of ransom payments or pay-offs to groups to prevent attacks on oil facilities. In the first case, the danger is that these contracts often end up in the hands of the very groups responsible for attacks on oil facilities. In the second case, it is seen as cheaper to buy off militant groups than to repair the damages they might threaten after the fact. Both practices reward and sustain violence by putting security into the hands of those who have a vested interest in seeing the vicious cycle of insecurity continue.

ARMS MARKET

Exacerbated by the factors outlined above, small arms and light weapons of growing sophistication have become increasingly available in the Niger Delta (Okonta 2006, p. 11). Many arms are thought to have been brought into the country by Nigerian peace-keeping forces after their assignments with ECOMOG in Liberia and Sierra Leone (Bassey 2002). Efforts have been made to control the proliferation of arms. For example, in October 2004 Obasanjo offered an amnesty to militant leaders and their supporters, making payments for each rifle and machine gun handed into the government (ICG 2006b). Peter Odili, Governor of Rivers state reportedly recovered more than 3,000 weapons in 2005 by paying those who turned in their weapons (Amnesty International 2005).

Unfortunately these efforts have been largely ineffective because the activities creating demand for weapons (oil bunkering, electoral violence, and oil company security contracts) continue unabated. Cash from the exchanges has instead been used to purchase even more advanced weapons (Junger 2007). For many unemployed youth, these activities, legal and/or illegal, are the most attractive opportunities available for making a living (Ukeje 2001). Dealing only with the symptoms of the problem of arms proliferation rather than the underlying causes has already proven to be an extremely dangerous mistake; one that is threatening the survival of communities, oil companies,

30 The NDPVF has allegedly been the recipient of these contracts with Shell (ICG 2006b).
31 An International Crisis Group (ICG) interview with a Shell official based in Nigeria confirms this attitude (ICG 2006b).
32 The Economic Community of West African States Monitoring Group (ECOMOG) is the a non-standing military force set up in 1990 and made up of soldiers from the national armies of ECOWAS (Economic Community of West African States) member nations.
and the state.
CHAPTER 3  TACKLING THE DELTA’S CHALLENGES: PAST AND CURRENT EFFORTS

The insecurity and volatility of the Niger Delta have disrupted livelihoods, exacerbated environmental degradation and created a challenging environment for social and economic development. The performance of government in providing essential social services to the Delta has been poor. Since the 1990s, poor government performance coupled with local militancy has increasingly drawn oil companies into providing development goods for communities in the areas adjacent to their operations. International donors have also been active in supporting development initiatives in the Delta.

The various approaches adopted by government, oil companies and international donors to promote development and defuse tensions in the Niger Delta are the subject of this chapter. Each section concludes by outlining the risks and opportunities of the approaches.

GOVERNMENT

Derivation Formula

As noted in the last chapter, the allocation of oil revenues is at the heart of political struggles in the Delta. Some stakeholders argue that the citizens of all Nigerian states should benefit equally from the country’s natural resources. Others, in contrast, hold that the oil producing areas should receive a greater share of revenue, in part to compensate them for the impact of extraction on their environment and the resultant damage done to local livelihoods. Whether and how these two principles for allocation can be reconciled remains contested. However, given rising oil prices and the substantial increases in revenues accruing to the Delta states, the way in which the money is spent is increasingly becoming the issue rather than the percentage allocated.

The proportion of oil revenues accruing to oil-producing states has varied over time, as can be seen from Table 3.1 below. In the early years of Nigerian independence a number of commissions were convened to formulate a generally acceptable derivation formula. The first of these, the 1958 Raisman Commission recommended that 50 percent of revenues be allocated to the oil regions, 20 percent to the federal government, and 30 percent to a Distributable Pool Account (DPA). The DPA was administered at the federal level and allocated resources on the basis of need, population etc. (Udeh 2002, p. 3).
Table 3.1: State and Federal Shares of Petroleum Proceeds 1953 - present

<table>
<thead>
<tr>
<th></th>
<th>Producing state (per cent)</th>
<th>Federation Account including DPA (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953-1960</td>
<td>100</td>
<td>—</td>
</tr>
<tr>
<td>1960-1969</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>1969-1971</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>1971-1975</td>
<td>45 minus offshore proceeds</td>
<td>55 plus offshore proceeds</td>
</tr>
<tr>
<td>1975-1979</td>
<td>20 minus offshore proceeds</td>
<td>80 plus offshore proceeds</td>
</tr>
<tr>
<td>1979-1981</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>1982-1992</td>
<td>1.5</td>
<td>98.5</td>
</tr>
<tr>
<td>1992-1999</td>
<td>3</td>
<td>97</td>
</tr>
<tr>
<td>1999-</td>
<td>13</td>
<td>87</td>
</tr>
</tbody>
</table>

Source: Adapted from UNDP 2006, p. 15

Under successive military governments from 1966 onwards as there was an increase in the number of states created, there was a gradual decrease in the percentage of revenues allocated to the oil-producing states in the Delta. By 1969, 45 percent of revenues were allocated to the oil-producing states, 5 percent to the federal government and 50 percent to the DPA. In 1971 the federal military government began to make a distinction between on and offshore extraction, taking all offshore revenue for itself. By 1975, when both oil production and prices had increased substantially, the percentage allocated to oil-producing states decreased to 20 percent and the federal government paid all of its revenues into the DPA.

In 1979 the derivation formula was abolished and replaced by a special account for the oil-producing regions. Under the new short-lived civilian regime from 1979 to 1983, the states began to demand greater allocations of revenues. In 1982 a new formula gave the federal government 55 percent, the states 30.5 percent, local governments 10 percent and the oil producing states an additional 4.5 percent (1 percent to tackle environmental problems, 2 percent to go into their accounts on a derivation principle and 1.5 percent to be used directly for development) (HRW 1999).

Between 1982 and 1999, the number of states and LGAs in the federation continued to climb, as did the competition for revenue shares. Producing states were allocated 1.5 percent up to 1992 when the allocation was doubled to 3 percent. Under the 1999 constitution, the derivation formula for oil producing states was raised to 13 percent, the level at which it currently remains. This share of oil revenues is guaranteed under section 162 (2) of the constitution which states that:

The principle of derivation shall be constantly reflected in any approved formula.
as being not less than 13 percent of the revenue accruing to the Federation Account directly from any natural resources.

Many groups in the Niger Delta argue that the current 13 percent derivation policy is inadequate. There is no consensus on what a new formula should be, with demands ranging anywhere from 13 percent to 100 percent. In July 2002, President Obasanjo signed an executive order distributing the remaining 87 percent of oil revenues in the following manner: 56 percent to the federal government, 24 percent to the state governments and 20 percent to the local governments. For that particular month this equated to US$526 million for the federal government, $347 million for the states and $223 million for the local governments (HRW 2002). According to government statistics, in 2007 the total net amount allocated by the federal government to the 36 states was almost US$12 billion. 45 percent of this went to the nine states of the Niger Delta (33 percent went to the core Delta states of Akwa Ibom, Bayelsa, Delta and Rivers State) this includes their 13 percent derivation (see Chart 3.1 below). The percentage of revenues is not directly related to the price of oil but to the budgeted estimate. For example, the 2008 budget is based on an oil price of $53.83 per barrel. This prudent benchmark is justified to ensure the budget is funded with predictable revenues. The price of oil has increased substantially in 2008, reaching a high of $117 a barrel in April (more than quadruple 2002 prices), thus enabling the Federal government to expand its ‘Excess Crude Account’.

**Chart 3.1:** Federal Account Revenue Allocation to the States

![Chart](chart.png)

<table>
<thead>
<tr>
<th>Year</th>
<th>Other 27 States</th>
<th>Niger Delta States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$2,000,000,000</td>
<td>$4,000,000,000</td>
</tr>
<tr>
<td>2004</td>
<td>$2,400,000,000</td>
<td>$4,800,000,000</td>
</tr>
<tr>
<td>2005</td>
<td>$3,000,000,000</td>
<td>$6,000,000,000</td>
</tr>
<tr>
<td>2006</td>
<td>$3,600,000,000</td>
<td>$7,200,000,000</td>
</tr>
<tr>
<td>2007</td>
<td>$4,200,000,000</td>
<td>$8,400,000,000</td>
</tr>
</tbody>
</table>

Source: Federal Ministry of Finance

**Risks and Opportunities -- Government**

- The inordinate focus on the derivation formula itself risks distracting attention from the greater problem, which is how the allocated share is spent and accounted for.

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for. Low transparency and accountability in public expenditure, rather than the lack of resources, is at the root of the problems in the Niger Delta. The challenge remains to use the resources in a transparent and efficient way for the sustainable development of the region. The difficult geographical terrain makes infrastructure costs higher than elsewhere in Nigeria but it should be noted that, for example, Rivers State received $1.7 billion from the Federal government in 2007, which was more than the GDP of several African countries, including Niger, Guinea and Mali.

- President Yar’adua has committed himself to engaging in dialogue in order to resolve the crisis in the Niger Delta, and there are real opportunities for inclusive negotiation of a settlement that takes the interests of all stakeholders into account. This suggests moving beyond the eternal tug of war over the derivation formula towards concrete results for Niger Delta citizens in the form of greater accountability and transparency in governance and improvements in public services.

**REGIONAL DEVELOPMENT ORGANIZATIONS**

Several organizations have been set up over the years to tackle the development challenges in the Delta region. The Niger Delta Development Board was the first to be established in 1961, based on the recommendations of the 1958 Willink Commission. It achieved few of its aims and was hindered by political crises and the outbreak of civil war. In 1976 the Niger Delta Basin Development Authority (NDBDA) was created, but once again achieved little in the way of success. This was followed in 1993 by the Oil Minerals Producing Area Development Commission (OMPADEC) and subsequently by the current Niger Delta Development Commission (NDDC) in the year 2000. Several of the Delta states have also implemented their own programs; namely the Rivers State Sustainable Development Program (RSSDP); the Bayelsa Partnership Initiative (BPI); the Delta State Oil Areas Development Commission (DESOPADEC); and the Ondo State Oil Producing Area Development Commission (OSOPADEC).37 (see Box 3.1).

**Box 3.1: State-level Development Initiatives**

The RSSDP was established in 2006 to enhance rural development in Rivers State. It is supported by the federal government and was designed with two phases in mind: the first phase consists of so-called Quick Result Projects and aims to convince local communities of the effectiveness of the new initiative; the second phase consists of a longer-term framework for sustainable development in the state. So far employment creation has been central to the first phase of the program. Examples of projects include the introduction of aquaculture and the establishment of cassava processing centers. While the RSSDP website describes the impact of the program as far-reaching, it is unclear how successful the projects undertaken so far have been. Furthermore, the initiative has come to be seen as a political instrument with limited concrete benefits for the people of Rivers state.

The BPI was launched in 2006 when Goodluck Jonathan was governor of Bayelsa. It has been given marginally more credit than the RSSDP for its activities to date. The initiative aims to facilitate greater cooperation between government, private and foreign partners in accelerating Bayelsa’s development. It is...
The NDDC was modified by the civilian administration of President Olusegun Obasanjo with a mandate to:

Conceive, plan and implement... projects and programs for the sustainable development of the Niger Delta area in the field of transportation, including roads, jetties and waterways, health, education, employment, industrialization, agriculture and fisheries, housing, and urban development, water supply, electricity and telecommunications. (NDDC Act, section 7(1) (b)).

Funding for the NDDC comes from both private and public sources. Oil companies operating in the Niger Delta contribute 3 percent of their annual budgets to the commission; while the federal government allocates 15 percent of the Delta states’ oil revenues (13 percent derivation) and 50 percent of their ecological fund allocations (ANEEJ 2004, p. 22). Between 2001 and 2004, total funding amounted to an annual average of $64 million from the federal government, just over three quarters of what had originally been budgeted, as well as $130 million a year from the oil companies (ICG 2006b, p. 19). In October 2007, NDDC reported a shortfall in its statutory funding from the federal government of N224 billion ($1.9 billion) over the past seven years.

Following a review of the activities of the defunct OMPADEC, the NDDC in 2004 produced a multi-sector fifteen year draft master plan. The estimated cost for the implementation of the plan was $2.9 billion. The preparation of a detailed regional plan in itself represents an achievement relative to the record of past regional development organizations, however, it remains to be seen whether NDDC has the potential to reverse the trend of neglect and deprivation suffered by the people of the Niger Delta.

The Commission has shown some progress in implementing road, water, electrification, health, and education projects in the first years of its mandate. However, like preceding organizations, progress continues to be held back by lack of transparency, under-funding, and inadequate planning (Hopfensperger 2006). It is important to note that infrastructure created under this initiative will in the future require maintenance and upkeep. Since NDDC itself, or its support could lapse, effective ownership of such infrastructure should be established early to guarantee sustainability and pre-empt areas of conflict.

**Box 3.2: Perceptions of the NDDC**

Many local people have expressed dissatisfaction at with the way that the NDDC has operated in their region. According to the UNDP 2006 Human Development Report for the Niger Delta, many view the NDDC with suspicion and do not appreciate the top-down planning approach the commission has taken. Members of the NDDC are appointed by the federal government. As a result, local people question the commitment of the NDDC to the region. Some feel that the organization’s loyalties lie more with the federal government and oil companies than with the Niger Delta and its people (UNDP 2006, p. 13). Discontent felt by the local people has added to an already deteriorating relationship with both the federal

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38 Cited in HRW 2002.
government and the oil companies (Hopfensperger 2006).

The NDDC has got mixed reviews from militants. The Niger Delta Coalition for the Advancement of Peace and Progress (NIDECOPP) has advocated greater government support to the NDDC as a way of dealing with militant demands (Akunna 2006). MEND, on the other hand, has made its opposition to the organization very clear. In December 2006, the group claimed responsibility for detonating a bomb close to the NDDC headquarters in Port Harcourt. In an online statement after the bombing, MEND referred to the managing director of the Commission as having acted “against the interest of the people of the Niger Delta” (Arubi and Onoyume 2006). The group has also criticized the NDDC for its alleged corrupt practices and for executing projects outside of the Niger Delta. Other groups have also tried to draw attention to their dissatisfaction with the NDDC. For example, in January 2004 a group of Ijaw youths vandalized the NDDC offices in Warri, Delta state, as a means of protesting the marginalization of their communities (ICG 2006a).

Professor Oserhiemen Osunbor recently declared, after reviewing the activities of the NDDC, that the organization “has succeeded in bringing development to the region more than any other body in the past” (Ebegbulem 2007). While this may be true, comparing the record of the NDDC to those of its flawed predecessors may not be the most instructive way of evaluating its performance.

The NDDC clearly needs support in becoming more accountable to local communities and in improving the transparency of its operations. Local communities should be involved in either the composition or the selection of the Commission’s members. Better coordination with oil companies and state governments is also necessary so that the NDDC does not duplicate projects being implemented by other agencies. Organizations like the NDDC should complement and facilitate local and state government delivery mechanisms, rather than replace them in delivering services. One reason for establishing these regional organizations was to compensate for the limited capacities of state and local governments. As the performance of these governments improves, it will be appropriate to rethink the role of NDDC.

Risks and Opportunities – Regional development organizations:

- **Alienation:** If the NDDC continues to operate in the current manner, with inadequate funding, serious problems with corruption and inappropriate development planning, it will alienate the people of the Niger Delta even further and contribute to an escalation of the current conflict with the government and oil companies.

- **Timing:** The new administration has the opportunity and the potential to go beyond the usual approach of nominally revamping regional development organizations. The Yar'Adua administration has already shown itself to be open to dialogue with stakeholders and engagement with militants. Now is the time for the government to accept the technical support of development partners, including the World Bank, in order to reposition the NDDC as an inclusive and participatory organization and to make a clean break with the past.

**OIL COMPANIES**
Eighteen international oil companies operate in Nigeria. Shell was the first to be established in 1937 and remains the largest in terms of the extent of its operations and the percentage of overall oil production. 95 percent of Nigeria’s major oil and gas projects are funded as joint ventures between multinational oil companies and the Nigeria National Petroleum Corporation (NNPC). Table 3.2 below shows a list of joint venture companies and details of their operations.

<table>
<thead>
<tr>
<th>Company</th>
<th>Year of entry into Nigeria</th>
<th>Nationality</th>
<th>Operations</th>
<th>Main operating areas</th>
<th>Shut-in (bpd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shell Nigeria (Shell Petroleum Development Company (SPDC))</td>
<td>1937</td>
<td>British/Dutch</td>
<td>43% of total oil production (950,000 bpd); mainly onshore; Bonga deepwater offshore since end of ’05 (225,000 bpd April ’06); Plans for offshore eastern delta from Aug. ’08</td>
<td>Akwa Ibom, Rivers, Delta, Bayelsa</td>
<td>477,000</td>
</tr>
<tr>
<td>Exxon-Mobil (Mobil Producing Nigeria Unlimited (MPNU))</td>
<td>1955</td>
<td>American</td>
<td>33% of total oil production (750,000 bpd); No onshore production; Investment plans to increase to 1.2 million bpd by 2011;</td>
<td>Akwa Ibom Southeast</td>
<td></td>
</tr>
<tr>
<td>Chevron Nigeria (merger with Texaco 2001)</td>
<td>1961</td>
<td>American</td>
<td>6% of total oil production (137,000 bpd); First offshore discoveries 1963; exploration, production and service stations;</td>
<td>Warri and Escravos (Delta)</td>
<td>70,000</td>
</tr>
<tr>
<td>Agip (subsidiary of Eni)</td>
<td>1962</td>
<td>Italian</td>
<td>152,000 barrells of oil equivalent per day (boepd) (oil and natural gas); small onshore fields</td>
<td>Delta</td>
<td>40,000</td>
</tr>
<tr>
<td>Total (merger with Elf 2000)</td>
<td>1962 (as Elf)</td>
<td>French</td>
<td>250,000 boepd (oil and natural gas);</td>
<td>Delta, Rivers</td>
<td></td>
</tr>
</tbody>
</table>

Under the 2000 Memorandum of Understanding signed by the joint venture oil companies and the government, the companies receive a fixed margin within an oil price range of $15 to $19 per barrel. Chart 3.2 below shows the split of the barrel, against oil prices ranging from $15 to $60 per barrel. For example, at an oil price of $19 per barrel, the Government takes $13.78 in taxes, royalties and equity share. The majority of the remaining $5.22 goes towards operating costs and future investment, leaving about $1.22 to be shared amongst the private shareholders (Shell, Total and Agip). At the level of oil prices in 2006 ($60 per barrel) the Government’s take increases to 95 percent of the

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**Table 3.2: Joint Venture Companies in the Niger Delta**

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40 Figures for percentage of total oil production are approximate and are based on figures for 2006 from EIA 2007 and from oil company websites. Total crude oil production in Nigeria in 2006 averaged 2.28 million bpd.

41 These figures are for crude production that has been shut-in since December 2005 (as of April 2007) (EIA 2007).
The reliance on oil rather than income taxation as the main source of revenue makes it difficult for citizens to hold the government accountable, reinforcing their expectations of the oil companies to provide public goods.

Chart 3.2: Split of the Joint Venture Barrel

The community development policies followed by oil companies working in the Niger Delta have evolved over the years. From an initial focus on corporate philanthropy, the approach has gradually developed into a more sustainable and long-term one with greater emphasis on community involvement. This change in policy has also coincided with a substantial increase in funds allocated to these projects (see Box 3.3 below). When Shell’s involvement with communities began in the 1960s, the company adopted the ‘community assistance’ approach. This approach involved ‘giving things’ which Shell felt the host communities needed, for example, a new school or health center. By 1998 Shell was implementing a ‘community development’ approach, emphasizing greater involvement of communities in development schemes, and has continued to build on this approach over the last decade. The 2004 ‘sustainable community development’ strategy, along with a new type of agreement with federations of communities known as global memoranda of understanding (GMoU), focuses efforts on coordinating projects to meet longer-term goals for areas covering a number of communities. Chevron’s policies have evolved in a similar fashion. The company has over the last year signed GMoUs with communities in the Niger Delta, with the overall aim of shifting responsibility for community development projects to the communities themselves. They have eight Regional Development Councils covering 850,000 people in 425 communities. 90 percent of funds must go towards projects (which require three signatures). The

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42 Shell Nigeria
councils are comprised of representatives from the communities, and Chevron and
government representatives participate through management boards. Chevron also
engages with local NGOs in carrying out Sustainable Livelihood Assessments (SLA) in
order to contribute to the preparation of future development plans (Chevron 2006, p. 23).

### Box 3.3: Funds for Community Projects

In 2006, Shell spent $53 million; compared to an average annual expenditure of $300,000 - $400,000 in the
early 1990s (Shell 2006). Between 1997 and 2003, Shell contributed $336.8 million to projects and
programs in the region. Since 1991, Chevron has allocated over $130 million to its own development
projects and has also contributed more than $140 million to the Niger Delta Development Commission
(NDDC) (Chevron 2007).

Some critics have argued that these policy changes are merely cosmetic; revised only on
paper. Patterson Ogon, the director of the Ijaw Council for Human Rights, argues that
Shell is doing everything it can to project a façade of corporate responsibility, but
maintains that the glossy pamphlets and token projects do not fool the people of the Delta
(Lindsay 2006).

It is important to consider the motives and incentives for oil companies to engage in
community development. Oil companies are present in the Niger Delta, as elsewhere, as
businesses whose main concern is to make a profit from the extraction of oil and gas.
Corporate social and environmental responsibility is an investment in their future
operations and a means of acquiring a local social license to operate. In many African
countries, including Nigeria, oil companies and other private firms are expected to
contribute actively to local communities. Corporate responsibility is understood not as
philanthropy, but as a local obligation and one of the costs of doing business (Frynas
2005, p. 582). In the case of the Niger Delta, the failure of government at all levels to
adequately provide for the security and development of citizens in the region, despite
access to huge oil revenues, has led communities to turn to the oil companies, demanding
them to step in and fill the gap.

Prior to the 1990s, oil company development assistance programs were for the most part
rooted in the immediate needs of the business, for instance, the development of roads to
improve access. Furthermore, oil company security programs were low in profile (Omeje
2006, p. 481). Increased security threats in the region from the 1990s onwards have
pushed oil companies to constantly re-evaluate both community development and
security strategies. In the context of rising community demands, and in more recent years
the violent expression of these demands, development projects funded by oil companies
have become a method of maintaining a stable working environment.

In practice, however, many of the projects have been implemented haphazardly. A 2003
report carried out by WAC Global services for Shell concludes that:

Some projects are functional but not successful; running water is installed, but

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quality may be salty or non-potable; school buildings are built but there is no furniture; boats are provided without instruction in use or strategy to meet running costs. (WAC 2003, pp. 18-19)

Much of the discussion on the interaction between the oil industry and society in the Niger Delta revolves around how oil companies can better contribute to community development. Although it is certainly positive to see practices of oil companies move towards partnership and a bottom-up planning approach, these strategies will continue to have limitations because of the overall failure to deal with the negative externalities of oil production.

Oil company interaction with society begins with the negative environmental and social impacts of oil production. Building schools and water facilities does not deal directly with these externalities. In order for the interaction between oil companies and communities to be sustainable, community development partnerships need to be accompanied by a change in the way the core activities of oil companies are carried out. This requires an active role for government regulatory bodies; only then will there be an enabling environment for corporate social responsibility efforts to really contribute to sustainable development (Idemudia 2007).

Risks and Opportunities – oil companies:

- **Rewarding violence:** Using unsystematic measures as a way to pacify communities has been a short-sighted and potentially dangerous approach to buying local stability. It may in fact lead to increased instability in the longer term by rewarding violence and intransigence.

- **Lack of framework for development projects:** Haphazard implementation of projects by oil companies are the result of a short-term approach, often determined by the priorities of companies and government officials rather than the intended beneficiaries and their long-term development needs. The lack of an over-arching framework can also aggravate feelings of discrimination among host communities.

- **Potential for successful partnerships:** The community development project in Akassa, Bayelsa State, is often cited as a successful example of a development partnership between an oil company (Statoil) and a non-governmental organization (Pro-Natura International) (Akassa 2006). Funded by Statoil and implemented by Pro-Natura, the project aims to let each partner do what it does best: a ‘grass-roots’ approach to developing micro-projects on the basis of priorities that have been identified by the community; multiple communities are targeted simultaneously; participation from all members of the community is encouraged. This type of initiative represents an exciting opportunity for partnership.

- **Incorporating conflict analysis:** The WAC report prepared for Shell came to the conclusion that on-shore extraction in the Niger Delta would be stopped past 2008 if the current pattern of violent conflict continues. The severe threat to the future of Shell’s on-shore operations can act as an incentive for Shell and other oil
companies to address business practices in a different manner, to incorporate conflict analysis in planning and to engage with other stakeholders in constructive dialogue.

**DEVELOPMENT PARTNERS**

The World Bank is the largest development partner working in Nigeria. A total of 22 projects are currently being supported by IDA, along with two global environment facility (GEF) grants amounting to US$2.6 billion in total commitments. Of this portfolio 41 percent is in infrastructure (water supply, power and transport); 33 percent in human development (health, education and HIV/AIDS); 10 percent in agriculture, rural development and environment; 10 percent in private sector; and 6 percent in economic management and governance (World Bank 2007b). The following table enumerates seven of these projects that involve states of the Niger Delta directly in their implementation.

<table>
<thead>
<tr>
<th>Table 3.3: Selected World Bank Projects in the Niger Delta</th>
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<td><strong>Project</strong></td>
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<tr>
<td>Lead State Support</td>
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<tr>
<td>Fadama II</td>
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<tr>
<td>State governance and capacity building</td>
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<tr>
<td>Micro-Small and Medium Enterprise Project</td>
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<tr>
<td>Community-based urban development</td>
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<tr>
<td>Community-based poverty reduction project</td>
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<td>Local Empowerment and Environmental Management Project</td>
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The community-based poverty reduction project, for instance, has been in operation since September 2001. The project includes the Niger Delta states of Abia and Cross River as well as six non-Delta states. Abia and Cross River were included in the first phase of the project. The second phase continues to include both states and is jointly supported by the World Bank and the African Development Bank (AfDB). AfDB also funds a similar project in Edo State. Community participation is central to all stages of the projects.

44 Full list of states: Abia, Cross River, Ekiti, Kogi, Kebbi, Yobe, Kwara, and Ebonyi.
from selection and design through to implementation and monitoring (World Bank 2007b). In the state of Abia, the main focus has been on electricity projects; in Cross River, the construction of schools has taken priority. The record shows that implementation of the projects was slow initially, with progress speeding up after the first few years of operation.

The Bank’s education team works closely with development partners in the region including UNESCO, UNICEF, USAID, JICA, and particularly DFID, through partnership, collaboration and cooperation especially in the area of basic education i.e. to improve access, quality of teaching and learning in primary schools. More specifically, the Bank is currently working with DFID in secondary education support program SESP projects and this will be extended to Cross River in the near future. The World Bank assisted Science and Technology Education Project in Post Basic Institutions (STEP-B) project is also supporting the efforts of the federal government to improve the quality of teaching and research in federal post basic education in the entire Delta region. Finally, the education team is also working with colleagues in community driven development (CDD) and governance projects such as community-based poverty reduction project (CPRP), local empowerment and environmental management project (LEEMP), community social development project (CSDP), community-based urban development etc. since most of these projects have education subcomponent activities. These include support for the rehabilitation of old and the building of new school infrastructure, as well as other school related activities such as capacity building, procurement of furniture and books, water and sanitation, and road access to schools etc.

The Niger Delta community foundations initiative has begun implementation in Rivers State. The initiative aims to use a partnership approach between communities, civil society actors, private sector firms, bilateral donors and the NDDC to build Community Foundations as a model for sustainable and conflict-sensitive community development. Local ownership and commitment is crucial to the success of community foundations in the Delta. Rivers State has been chosen as the starting point for this initiative. Once it takes root in Rivers, the aim would be to replicate the model in other states of the Niger Delta.

A possible power sector project is under consideration which will support gas-fired generation projects, with some or all of them in the Delta. The project is likely to take the form of a two-phased APL that will provide IDA guarantees and MIGA insurance for private investment in power generation and IDA credit for transmission and distribution. Safeguards will be set for the private investors in terms of what they need to do to improve quality of life in the Delta, for example, using associated gas in order to reduce flaring, give support to rural electrification in the Delta, and other means to ensure that the Delta communities benefit in sustainable and agreeable ways. In 2009/2010, the Poverty Reduction and Economic Management network (PREM) plans to carry out a public expenditure review (PER) in Delta state in agreement with the government. This is seen as an entry point for the Bank to help the state to use its own resources better.

The UK Department for International Development (DFID) has had a country office in Nigeria since 2001. The World Bank Group and DFID prepared a joint Country
Partnership Strategy for Nigeria (2005-2009) in order to support the poverty reduction and reform efforts of the government. Since 2005 the United States Agency for International Development (USAID) has also been participating in the partnership, particularly at the state level. It is hoped that the partnership will be formally extended to include USAID and Nigeria’s other major development partners in 2009. Cooperation with the UNDP, AfDB and the EU is being strengthened (World Bank 2007b).

DFID has two main strands of activity in the Delta: the STAND project (Strengthening Transparency and Accountability in the Niger Delta) which works through NGOs to build the capacity of communities to hold local governments accountable; and various small projects supported through the joint DFID/UK Foreign Office Africa Conflict Prevention Pool, including work with Action Aid to establish a conflict early warning system in the Delta. USAID works with both civil society and government institutions in carrying out different programs in Nigeria. Their largest projects are the Cassava Enterprise Development Program (they are working to increase productivity of cassava farmers in partnership with SPDC), Conflict Abatement through Local Mitigation, malaria prevention and treatment, and PEPFAR (President’s Emergency Plan for AIDS Relief) actions. In terms of conflict management, USAID has been active in strengthening democracy and good governance. In the Niger Delta, USAID youth programs have brought together elected representatives and militant youth in order to discuss grievances and possible solutions. The agency is also active in the agricultural sector, social service delivery, and in the fight against tuberculosis (USAID n.d.).

The European Union resumed its partnership with Nigeria in 1999 (development cooperation was suspended in 1995 in response to the Saro-Wiwa crisis), and a country support strategy was agreed upon in 2002. The Niger Delta was the first area to be focused on after the resumption of relations (European Commission Delegation to Nigeria n.d.). Since then, the EU has been active in all nine states of the Niger Delta, in cooperation with the federal government. The first phase of the Micro-Projects Program (MPP) was launched in 1999 for Bayelsa, Delta and Rivers States. The current MPP is an extension of the original program for the remaining six states. Working in partnership with local experts and state governments, the MPP seeks to improve rural living standards by supporting projects in education, infrastructure, health, water and sanitation, and rural transportation (EU MPP n.d.).

INITIATIVES

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)

EITI was launched in October 2002 by former British Prime Minister Tony Blair at the World Summit for Sustainable Development in Johannesburg. It is a coalition of governments, companies, civil society groups, investors and international organizations, which aims to strengthen governance by improving transparency and accountability in the extractives sector. It focuses on revenue transparency, setting a global standard for companies to publish and verify what they pay and for governments to disclose what they receive. 28 countries have publicly adopted it (over half of them in Africa); the Board has approved 22 of them as ‘EITI candidate’ countries; 10 countries have published one
or more reports; and several of these are expected to become ‘EITI compliant’ in late 2008. The World Bank has officially endorsed EITI, and it was included in the recent Governance and Anticorruption (GAC) Implementation Plan. The Bank actively supports the initiative via an EITI team in the Oil, Gas, Mining Policy and Operations Unit (COCPO); it hosts the multi-donor trust fund which provides technical and financial assistance to EITI implementing countries; and it assists the EITI Secretariat in its coordination function; and serves as an observer on the EITI Board. Since January 2007, the International Finance Corporation (IFC) has required all of its investors to publish their payments to governments (World Bank 2008).

The Nigeria Extractive Industries Transparency Initiative (NEITI) bill was introduced to the National Assembly in December 2004, and was subsequently signed into law on May 28 2007, making Nigeria the first EITI implementing country with a statutory backing for its activities. Nigeria has been a global leader in implementing EITI, going beyond the basic requirements. It chose to undertake a comprehensive audit which was published in April 2006. It revealed an initial $250 million unexplained difference in payment and receipts (this was investigated further and has largely been resolved); areas for improving the payments process were identified; and far-reaching recommendations were made on oil production/flows. The report was widely covered by the media and civil society organizations and has led to a better public understanding of financial flows.

**GLOBAL GAS FLARING REDUCTION (GGFR)**

The GGFR was also launched at the World Summit on Sustainable Development in 2002. This public-private partnership is a World Bank led initiative that brings together governments of oil-producing countries, state-owned companies and international oil companies to work together to overcome barriers to reduce gas flaring (e.g. insufficient infrastructure, poor access to local and international energy markets) by sharing global best practices and implementing country specific programs. Poverty reduction is an integral part of GGFR, and it is trying to develop ways for communities close to flaring sites to use the gas that otherwise may be wasted.

Nigeria has set the ambitious target of eliminating gas flaring in the next few years. A ‘Flare Reduction in Nigeria’ workshop, organized by the GGFR partnership was held in September 2007 and was attended by the State Ministers for Energy (both Gas and Petroleum), members of the State governments and representatives of the major oil and gas companies. They agreed to establish the Nigeria Gas Flare Reduction Committee, which will work to reduce gas flaring to a minimum level as quickly as possible. The committee held its first meeting on 30 October 2007, and will continue to meet regularly (GGFR 2007). The current gas-flare out of 2008 remains in place (after which companies will be fined by the amount they flare).

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45 [http://eitransparency.org/](http://eitransparency.org/)


47 [http://www.neiti.org](http://www.neiti.org)

The GGFR program has also supported carbon credit capacity building and the development of demonstration projects for carbon credits in Nigeria (ICF 2006). With the assistance of the World Bank and the GGFR partnership, the Nigerian government has drafted a Downstream Gas Act and made revisions to the country’s oil and gas fiscal system to support the development of a domestic gas market. Nigeria now uses some of the associated gas to fuel a power plant in the Delta where local communities urgently need reliable electricity. In late 2006, GGFR provided carbon finance advice and other technical support that helped a 450 MW gas-fired power plant at Kwale qualify to earn important carbon credits under the Kyoto Protocol, which was essential to make this project commercially viable. The Italian oil company Eni, partner to the gas flaring initiative, invested more than $400 million to build the plant. The initiative was the Kyoto treaty’s first Nigerian project and one of its largest anywhere in the world. Its reduction of carbon dioxide emissions from gas flaring over 10 years is equal to taking 2.7 million cars off U.S. roads. The Kwale plant spells progress in the Delta and its success in obtaining carbon credits.
CHAPTER 4 ACTIONS TO ADDRESS CHALLENGES IN THE NIGER DELTA

In his inaugural address on the 29 May 2007, President Yar’adua acknowledged the importance of restoring peace in the Delta:

The crisis in the Niger Delta commands our attention and it is a matter of strategic importance to our country. I will use every resource available to me to address this crisis in a spirit of fairness, justice and cooperation. We have a good starting point because our predecessor has already launched a master plan that can serve as a basis for a comprehensive examination of all issues.

We will involve all stakeholders in working out a solution. As part of these efforts, we will move quickly to ensure the security of lives and property and investment. In the meantime, I appeal to all aggrieved communities to suspend all forms of violence. Let us allow the impending dialogue to take place in a conducive atmosphere. We are all in this together, and we will find a way to achieve peace and justice.49

The president’s seven-point policy agenda, announced prior to the elections, includes Niger Delta development as one of two special interest issues. This agenda envisages the Niger Delta Regional Development Master Plan, launched under the previous administration, as the main vehicle for delivering development to the region. Political will and adequate funding are highlighted as the necessary accompaniments to the plan.

Solution to the Delta’s problems will be challenging in the absence of extraordinary political will on the part of government and other stakeholders. In the following sections, the potential contributions of government, oil companies, development partners, and the World Bank towards peace and development are discussed in terms of the short-term and long-term actions each can adopt to address the Niger Delta’s development in a socially and conflict-sensitive manner.

Building on the findings of the social and conflict challenges facing the Delta, each of these roles is considered using a two-pronged approach:

49 The full text of the inaugural address can be found in All Africa. 2007. “Let’s March Into the Age of Restoration – Yar’Adua”. allafrica.com/stories/200705300657.html
Box 4.1: Short, Medium and Long-Term Actions

1. Short-term

Goal: Foster peace and security by focusing on quick wins

- Rebuild trust through sustained dialogue with all stakeholders
- Create employment opportunities for youth
- Build visible benefits
- Community design & implementation of projects with support from govt., oil companies

2. Medium- and long-term

Goal: Structural changes to make peace and development sustainable

- Improve transparency, accountability and governance
- Assess full impact of environmental degradation
- Improve public service delivery
- Community design & implementation of projects with support from govt., oil companies
- Develop infrastructure
- Focus on job-creation & diversification of economy (non-oil sector)

ROLE OF GOVERNMENT

Any strategy that seeks to address the crisis in the Niger Delta needs to have Nigerian ownership. While international assistance is important, the resolution of the crisis depends on the full commitment of the current administration. Past attempts to deal with the situation in the Delta have been unplanned and uncoordinated, and in many instances have contributed to an escalation of conflict. The new administration has shown itself to be prepared to engage with all stakeholders. Achieving concrete results in improving the lives of Niger Delta citizens will require this commitment to mature into specific actions, both short- and long-term.

SHORT-TERM ACTIONS

a) Sustained engagement with militants:

While the challenges of the Niger Delta region go beyond the current security situation, failure to address the visible manifestations of conflict in the short-term will inhibit the government and development partners to address the root causes of violent conflict. Engaging with militant groups in order to reach an agreement on the cessation of violence and kidnappings in the Niger Delta is an essential part of this process.

Both persistence and continued flexibility on the part of the government will be necessary to sustain engagement with militant groups and to end their violent resistance. Given the vested interests of the militia (and other stakeholders) in the current insecure climate, the likelihood is high that some groups and criminal elements will resist settlement. This is particularly the case as the line between criminality and militancy has become

50 An all-inclusive summit for the Niger Delta was originally due to take place in June 2007; however the summit was postponed in the interest of providing more time for thorough consultations to take place.
increasingly blurred. New groups and divisions within the existing militant movement are constantly emerging and these have serious implications for progress toward settlement.

Risks

- The militant groups in the Niger Delta are not part of a centrally organized movement. This makes it more difficult for a sustainable agreement to be reached. It also increases the risk that kidnappings and attacks may continue even with such an agreement in place.

- Militant groups and criminal gangs are also profiting in the short-term from illicit activities. Dismantling access to these activities will be crucial in sustaining an agreement across the region.

b) Go forward with the Niger Delta Summit:

Shortly after assuming office, the new government announced that it would convene a Summit on the Niger Delta, involving all stakeholders. The Summit has been postponed several times in order to give enough time for the government to consult with all stakeholders prior to an inclusive Summit.

It is essential that the frequently postponed summit take place at the earliest opportunity so that a common understanding of the challenges facing the Delta is translated into practical steps for the planning, implementation and monitoring of solutions. Further, the summit should be followed by regular consultations with stakeholders to ensure that lines of communication remain open.

Risks:

- Expectations have been raised in the Niger Delta by the new administration. It is imperative that the opportunity that this creates is not lost.

c) Beyond the state government initiatives:

State government involvement in development initiatives needs to be well-balanced by community and other stakeholder involvement in order to improve the record of initiatives such as the Rivers State Sustainable Development Program (RSSDP) and the Bayelsa Partnership Initiative (BPI).  

Initiatives like BPI and RSSDP, regardless of their performance, should not be seen as the answer to the problems of corruption and inefficient governance that have plagued the state governments in the Delta. Stepping up anti-corruption efforts at the state level would inevitably help but it may take some time for concrete results to be achieved. In the meantime, more support could be given to community foundations and other local development initiatives supported from federal and state levels as a decentralized way of funding development efforts.

Risks:

- Development initiatives at the state level have often become entrenched in the

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51 These initiatives are discussed in Chapter 3, section 1.
many problems affecting state governance. Failure to implement a new strategy that builds on community strengths and involves greater community and other stakeholder involvement risks further escalation of the current conflict. The development of the region depends on the ability of funds allocated from the federal government to get to their intended recipients.

d) **NDCC:**
A complete review of the role of the NDCC in delivering public services is required. Many Niger Delta citizens view the organization with suspicion because of the top-down planning approach it has adopted. Furthermore, the NDCC has often been used by state and local governments as a pretext to neglect their traditional public service responsibilities. Incorporating greater community involvement and a more prominent role for cooperation with state and local governments in the planning and implementation of NDCC activities would go a long way towards overcoming current weaknesses.

**Risks:**
- Continuing to fund the NDCC in its present form will only exacerbate feelings of exclusion and inequality among communities and divert funds from more effective ways of tackling the infrastructure challenges in the Niger Delta.
- If closer cooperation between the NDCC and the state and local governments is not prioritized, it will become difficult for accountability and capacity in public service delivery to be strengthened at the state and local levels.

e) **Employment:**
The oil sector is capital intensive and does not provide adequate employment opportunities for the region. Improving opportunities for youth will require greater engagement with, and support for, the non-oil sector. The government has an important role to play in establishing the requisite framework and incentives for a vibrant private sector. Particular attention should be given to promoting agribusinesses, given the comparative advantage of the region.

This would help to increase the value added from the agricultural and related sectors, decrease levels of rural and urban unemployment, and reduce poverty. Agribusiness promotion includes integrating small-scale farmers into local, national and international markets; production and commercialization of agricultural products; and the overall development of an integrated system that provides inputs to the farming sector and subsequently processes, transports, markets and distributes outputs.

Identifying the constraints to greater investment in the region should be the starting point. In order to do this, partners in various industries need to be consulted and collaboration with private sector partners needs to be undertaken. Implementation should involve both public and private investment. Development partners can assist the government at all stages. However it is important to bear in mind that new employment opportunities are unlikely to be as lucrative as the gains from criminality and therefore this will always remain an attractive option to some. It is imperative that the government seriously addresses the issue of oil bunkering and fulfils its role as the guarantor of law and security.
Risks:

- Youth unemployment provides a recruitment base for militant and criminal groups in the Niger Delta. Any lasting resolution of the conflict needs to involve an increase in employment opportunities.

- The militarization of the Niger Delta presents a substantial security risk to investment decisions. The government has sought the assistance of donors in demobilizing and reintegrating militants. Success of these initiatives will largely determine the success of private sector engagement.

- Infrastructure constraints are an important consideration in attempting to attract greater private sector involvement in the Niger Delta. Firm commitments to review the NDDC and to partner with donors in implementing a new strategy involving all stakeholders are essential.

f) Environmental degradation:

The operations of oil companies have led to the severe deterioration in the quality of the natural environment. This has had a detrimental effect on the fishing and agriculture industries, which are important areas of non-oil job creation. It is not only the oil companies who are responsible for this deterioration and the entire blame should not be placed on the industry alone; the government benefits from oil extraction in the Delta and must take its share of responsibility in regulating the activities of oil companies and in ensuring stricter compliance with best practices and standards in the maintenance of flow stations, pipelines and other facilities. A World Bank study (1995) found that land degradation due to erosion, caused by dams upstream capturing all the sediment which in turn is then absent in the streams entering the Delta, is partly responsible for the environmental degradation. It states that oil development happened at the same time as dam building, and that it is therefore easy for populations in the Delta to come to the conclusion that oil companies are responsible for all degradation.

Damages should be remedied as soon as identified and evaluated. The federal government and oil companies need to come to an agreement to ensure that the frequency, severity, and time of response to oil spills are all vastly reduced. The government's role in the reduction of gas flaring is also essential. The government should continue to engage with the GGFR partnership to assess and address the barriers to commercially viable gas use. Donor support should be sought in improving the capacity of regulatory bodies such as the Department of Petroleum Resources and the Federal Ministry of the Environment.

It is argued that the dependence on oil revenues at all levels of government has encouraged a laxity in enforcement over the last few decades (Ikporupko in Idemudia 2007). Environmental and social conditions in the Niger Delta have not been adequately protected because of this trend. Diversifying the economy would help in overcoming reluctance to enforce legislation governing oil company activities. What is now needed is for the government to send strong signals to the oil industry of its intentions to improve regulations and decrease dependence. To make these signals credible, international support and concrete commitments are crucial.
Risks:

- Deliberate attempts to damage oil facilities and bunkering operations present challenges to the success of government actions to limit environmental degradation. It is impossible to deal with the problem of environmental degradation in isolation from the other social and conflict challenges facing the Niger Delta.

- The entrenched dependence on oil revenues will take time to overcome and may prove to be the most difficult obstacle to improving the quality and effectiveness of regulations.

LONG-TERM ACTIONS

a) Promotion of transparency, accountability and improved economic management:

Transparency in the use of public funds is central to making all levels of government accountable to citizens. Improving transparency and accountability will complement the task of improving economic management, particularly at the state and local levels. State governments have enormous resources at their disposal. Mismanagement and corruption have resulted in these resources being diverted from where they are most needed. The publication of state and local budgets will enhance levels of community oversight. Furthermore official budgetary oversight needs improvement. In particular, the Niger Delta States' House of Assemblies should be strengthened for these purposes.

The creation of the Nigeria Extractive Industries Transparency Initiative (NEITI) has contributed to promoting transparency throughout the country. Results of the audit carried out by the NEITI were posted on its website and President Obasanjo pledged to implement its recommendations. The new government now needs to fulfill this pledge. Confidentiality that shrouds the memorandums of understanding between the government and oil companies needs to be lifted. EITI is only concerned with transparency in revenues, and while this is an important step it is not sufficient in itself. It is possible to use EITI as an entry to expand to other points on the value chain (see Chart 4.1 below). This EITI++ can be used to address other critical questions such as how appropriate are the terms of the contract, are the rents used in a transparent manner. Non-renewable resources by their definition are not infinite and it is important that the government takes advantage of this current increase in revenue flows. The challenge is to take the opportunity of high commodity prices and use the resources wisely and efficiently for the benefit of all citizens.

52 See recommendation of Mr. Stam Rerri, Director of Services at NEITI in Ujah, Emma. 2006. “NEITI tracks missing $232m oil money” The Vanguard, November 11.  
Local government performance and accountability have huge room for improvement. Clarifying the role of local and state government should be a central part of reform efforts. Participatory planning and improving accountability to local populations are also areas in need of attention. In order for these efforts to be successful, training courses should be offered in participatory management, budgeting and monitoring, and conflict-sensitive approaches to development.

Ending the criminal immunity enjoyed by those holding political office would also be a step towards greater accountability and transparency. It would be a very visible confidence building measure and could be timed to coincide with the government's engagement with militant groups. The roles of the Independent Corrupt Practices and Other Related Crimes Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC) should also be reviewed to ensure that investigations are unbiased. Once the models of the ICPC and EFCC have been reviewed at the federal level, they should be embedded at the state level.

b) Improving the democratic process:
The confidence of the people of the Niger Delta in the quality of Nigeria's democracy has been declining and is likely to have fallen even further in response to the flawed 2007 elections. Overcoming the political exclusion felt across the Niger Delta will require an overhaul in the reforms of the Nigerian democratic process to ensure that citizens no longer remain disenfranchised.

Conflict is a normal feature in any democratic society; however the disconnect between state and society in Nigeria has led to a situation in which conflict cannot be managed within the political process, leading people to increasingly turn towards violent forms of conflict. Strengthening the voice of communities in the Niger Delta by working towards free and fair elections would go a long way towards restoring the legitimacy of the current administration and of democracy in Nigeria.

The inauguration of an Electoral Reform Panel by President Yar'Adua in August 2007 is a step in the right direction. A full inquiry into the flaws of the 2007 elections would
build confidence in the government’s commitment to manage the claims of different groups in the country and the Niger Delta region.

**ROLE OF OIL COMPANIES**

The role of oil companies in the Delta has evolved since the discovery of oil in 1956. One constant is that the practices of oil companies require interaction with communities. The government has been unable to effectively regulate this interaction in the past and particularly in recent months and years, leading to a situation in which the negative externalities from oil production have not been adequately addressed. The corporate social responsibility records of oil companies in the Delta have improved manifold in recent years; however, there has not been a parallel improvement in the regulation of oil company activities.

The role of government is central to creating a change in the way that oil companies do day-to-day business in the Delta. Diversifying the Nigerian economy would reduce the dependence on oil revenues at all levels of government, which would help to overcome the alleged reluctance to enforce existing legislation (Idemudia 2007). Oil companies need to transform the way they interact with communities and with Nigerian society as a whole.

**IMMEDIATE ACTIONS**

**a) Payments to militants and paramilitary security forces:**
Oil company policy of paying militants and paramilitary security forces to protect oil facilities has led to a situation in which violence is being rewarded in the Niger Delta. Far from making the region and business operations more secure, this policy has led to an escalation of violent conflict by indirectly financing militarization and by making security contracts very lucrative. This policy needs to be phased out. Security contracts entered into by oil companies should be arranged in a transparent manner and with groups who do not have links to militant groups active in the Delta.

**Risks:**
- This may be a dangerous move for oil companies because of the potential for militant groups to retaliate. If, however, this takes place alongside government engagement with militants and with government support, risks would be minimized.

**b) Host community status:**
The system of granting host community status has proven to be very divisive in the Niger Delta. It may be preferable to replace it with a system that deals with communities on a regional basis, so as to prevent the escalation of conflict between communities. A Regional Development Council (RDC) approach has been adopted by Chevron as an alternative to the host community route. Similar strategies could be adopted by other oil companies operating in the region. These strategies could later be incorporated into a community foundation structure. All payments should be made in a transparent manner.
and payment information should be made available to the public.

Risks:
- Oil companies risk upsetting relationships with host communities by moving to a regional system of conferring benefits. In order to minimize this risk, the change should take place gradually and in consultation with communities and local and state governments.

**LONG-TERM ACTIONS**

**a) Transparency:**
Oil companies should improve measures to ensure transparency in all aspects of business operations; from contracts and environmental impact assessments (EIA) to community payments and compensation for land use and pollution. Corporate transparency should also be improved by releasing detailed public reports of expenditures, including costs of development and payments to governments, community groups and contractors. The results of EIAs should be made widely available in local languages so that communities are aware of the impact of the oil industry on their environment and so that people can be properly informed before any further activities take place.

**b) Long-term business strategy:**
The future prospects of oil companies operating in the Niger Delta will be seriously undermined, unless business interests are re-aligned to take their long-term ability to operate in Nigeria into account. At present, short-term production goals take priority due to concerns over the stability of the region in the coming years. Oil companies, however, have an important role to play in improving stability in the region if they want to continue operations in the long-term. Engaging with the government and donors to consider options for the future, including the potential for an expansion of gas infrastructure and industry should be an essential part of any business plan.

**ROLE OF DEVELOPMENT PARTNERS**

There is consensus among development partners operating in the Niger Delta that their role needs to be largely one of technical assistance, testing and improving models of service delivery, and capacity building. The problems of the Niger Delta are not due to a lack of resources; rather they are due in large measure to mismanagement of these resources. For this reason, support is needed in particular to build capacity for reform and economic management at the state level. Having said this, there are a number of reasons why continued international financial support is crucial, particularly in the short to medium term. First, the effects of years of mismanagement and neglect will take time to overcome. Second, Nigeria's economy is heavily oil dependent and reserves need to be built up in order to avoid a contraction when oil prices decline. Third, donor financing serves as a visible sign of international support for reform.\(^3\)

\(^3\) For a more detailed discussion of these points see the World Bank/DFID 2005, p. 3
IMMEDIATE AND LONG-TERM ACTIONS

a) Supporting Role:
Most states in the Niger Delta lack capacity in planning, budgeting and financial management, and focus on strengthening these will be essential to enable resources to be spent effectively and equitably. Development partners can assist local institutions to identify and design programs, support implementation, monitor and evaluate progress, and develop social accountability mechanisms. They can also assist in the development of innovative institutional models, providing structures and incentives for improved synergy between stakeholders.

ROLE OF THE WORLD BANK

As with the other development partners, the World Bank should continue to play a supporting role to the government of Nigeria, acting in partnership with the other donors in the region. Technical assistance and support for the reform efforts of the government are of particular importance. Finding alternatives to state-led development initiatives and programs led by the NDCC should be central to short-term policies so that immediate results can be brought to the people of the Niger Delta. Longer term assistance should aim to build the necessary capacity of state and local government, as well as regional development organizations like the NDCC, to provide for the sustainable development of the region into the future.

IMMEDIATE ACTIONS

a) Demilitarization, Demobilization and Reintegration:
The federal government has requested the assistance of the international donor community in the demilitarization, demobilization and reintegration of militants. If and when an agreement is reached with the militia, the Bank should be prepared to consider support.

Precedents exist on a smaller scale, for instance, Academic Associates Peaceworks collaborated with the Rivers State Government in 2004 and 2005 to disarm former combatants and to reintegrate them into society. Part of the reintegration process involved providing youths with technical skills training; however after the training, jobs were not provided for the youths and the program was never completed. To prevent such recurrences, it is key that a comprehensive program with long-term effects is developed.

LONG-TERM ACTIONS

b) Poverty and environment:
Limited emphasis has been given to the effects of environmental degradation on the livelihoods and health of the people of the Niger Delta. The World Bank could support

54 For more information on this see USIP 2005. “Strategies for Peace in the Niger Delta.”
the Nigerian government in studying the inter-relationships between environmental factors and poverty, conflict and health in the region. The World Bank could also share its knowledge in addressing poverty and environment-related issues.

c) Support for state and local governments:
The reform efforts at state and local government levels will require assistance from the World Bank and other donors. Technical assistance and support is required in particular in the areas of financial management, participatory planning, budgetary oversight, and in the implementation of transparency and accountability measures. Areas of support could include helping the Delta states to carry out a PEFA (Public Expenditure and Financial Accountability) to identify areas to improve expenditure management, accounting, and financial reporting; and also possibly helping to design a pilot Conditional Cash Transfer/Child Development Account program to channel state resources to poverty reduction.

d) Conflict-sensitive planning:
It would be helpful for the World Bank, as well as other donors and government agencies, to incorporate awareness of, and sensitivity to, the conflict challenges in their programs and strategies. Social and conflict analyses and conflict impact assessments should inform planning of activities in the Niger Delta (see Box 4.2 below). This will contribute to the sustainable implementation of projects in the region.

### Box 4.2: Operational Issues to Consider in Project Design and Implementation
(This box is drawn from the report, Conflict in Somalia: Drivers & Dynamics, World Bank, January 2005)

Interventions in the conflict-affected Niger Delta could have an impact on the peace and conflict environment. The key is to manage these impacts so that they do not create or escalate conflict. It may be helpful for teams to consider a series of questions in project design and implementation:

- **a.** Where is the project located? Examine the chief conflicts prevalent in the area of the project. This will provide the sociopolitical context and highlight the potential tensions that may arise. The team should also be cognizant that the conflicts could influence the outcome of the project.
- **b.** Who are the main beneficiaries/target groups of the project?
- **c.** What are the relationships among the main target groups? Here it may be useful to examine current relations as well as a brief history of the relations.
- **d.** Who are the main stakeholder groups in the area? What is their relation with the target groups of the project? In what ways, if any, would the project create or increase differential access to opportunities within and between target and stakeholder groups?
- **e.** What are perceived as wins and losses arising from the project? Is it perceived as a zero-sum outcome by certain groups; will it create competition within target groups and between target groups and others?
- **f.** How will the project affect traditional power structures? How will it affect traditional authority and decision-making; how does it threaten the vested interests of certain groups, who are not the beneficiaries of the project?
- **g.** Does the project contribute to collaboration among groups? How will it serve to be a bridge between groups? How will it lead to cooperation and reduction of tensions?
- **h.** How can local conflict management institutions and processes serve as constructive influences?
- **i.** If the project creates unnecessary tensions, what kind of contingency plans have been designed? What kind of explicit mechanisms have been put in place to address the conflict dimensions that may arise during project implementation?
- **j.** How is the client staff represented in the project? Is it representative of the groups affected by the
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>k.</strong></td>
<td>Who makes decisions on issues such as staffing, allocation of funds, and project resources? How may these decisions affect relations among groups?</td>
</tr>
<tr>
<td><strong>l.</strong></td>
<td>Who makes decisions on contracts, including choice of contractors, resources such as building materials, cement, gravel, and so on?</td>
</tr>
</tbody>
</table>
APPENDIX  BACKGROUND TO THE DELTA

This discussion presents a picture of the region’s geography, history, demography, social structure and livelihoods, as background to inform analysis of the current social and conflict situation.

Table A1. 1: Niger Delta at a glance

<table>
<thead>
<tr>
<th>General</th>
</tr>
</thead>
</table>
| States  | South-South zone: Akwa Ibom, Bayelsa, Cross River, Delta, Rivers  
Extended Niger Delta includes: Abia, Edo, Imo, and Ondo, |
| Population | 29 million (22% of total Nigerian population) |
| Population Density | 265 people per km² |
| Ethnic groups/languages | 40 ethnic groups; over 250 languages and dialects |
| Land area | 75,000 km² |
| Ecological zones | Coastal barrier sandy ridge; mangrove swamp; freshwater swamp; lowland rainforest |
| Natural Resources | Petroleum, natural gas, tin, lead, coal, zinc, arable land |
| Livelihoods | Agriculture and fishing (48%); trading (17%); services (10%); Education/health (7%) |

<table>
<thead>
<tr>
<th>Social/Economic Indicators</th>
</tr>
</thead>
</table>
| Unemployment | • Estimated youth unemployment (ages 15-24): 40%  
• Official average for the South-South: 24% (2006) |
| Poverty | • 43% in relative poverty (2004) |
| Water | • 76 to 80% in rural areas and 50 to 55% in urban areas do not have access to safe drinking water |
| Energy | • Firewood is the primary energy source for 73%  
• 34% of population uses electrical lighting |

<table>
<thead>
<tr>
<th>Oil and Gas Production</th>
</tr>
</thead>
</table>
| Crude oil | 2.28 million barrels per day (average for 2006); 90% of Nigeria’s export earnings and 80% of federal government revenue  
Approx. 20% of production currently shut-in due to violence |
| Main terminals | Bonny Island (Shell), Brass River, Escravos (Chevron), Forcados (Shell), Ondu, Pennington, Qua (Kwa) Iboe (Mobil) |
| Main companies | Shell, Chevron, ExxonMobil, Agip, Total |
| Oil/gas pipelines | Over 7,000 km |
| Environment | 1976 – 2001: 6,817 oil spills; 70% recovered  
1986 – 2003: 50,000 acres of mangrove forest disappeared |
| Natural gas | 3 trillion cubic metres of reserves |
| Gas plants | 10 |
GEOGRAPHY AND ECOTOLOGY

The Niger Delta is the area covered by the natural delta of the Niger River and the areas to the delta's east and west. The broader Niger Delta region, as currently defined for political and administrative purposes, extends to about 75,000 square kilometers (8% of Nigeria’s total land area), consists of nine states and 185 local governments, and includes all of Nigeria's onshore oil-producing areas (UNDP 2006, p. 1). Historically, the Niger Delta was considered to consist of the present day states of Bayelsa, Delta and Rivers: however in 2000 its official extent was expanded to include the states of Abia, Akwa Ibom, Cross River, Edo, Imo and Ondo.55

Situated in southern Nigeria, the region has four main ecological zones: coastal barrier sandy ridge; mangrove swamp; freshwater swamp; and lowland rainforest (UNDP 2006, p. 19). Over half of the entire area is made up of a network of creeks and small islands, making it very difficult to navigate and to establish large settlements. The region holds significant deposits of oil and gas; oil production alone constitutes approximately 90% of Nigeria’s export earnings and 80% of federal government revenue (Watts 2007).

The Niger Delta region faces certain environmental challenges due to the nature of its terrain and climate patterns. The monsoon extends from March or April through to October. Seasonal flooding is widespread and has a significant impact on settlement patterns and economic activities. Coastal and river bank erosion have led to the displacement and relocation of some communities. Even in the absence of these challenges, land for development purposes is scarce. The Delta is also a region of great biodiversity and is home to many endangered species, such as the pygmy hippo. The WWF has classified the conservation status of the region as critical/endangered and notes the following:

The delta system is threatened by population growth, coastal urbanization, oil and gas exploration, industrialization, domestic and industrial waste discharges, the menace of introduced water hyacinth, coastal erosion, and problems associated with aquaculture.56

55 This change coincided with the establishment of the Niger Delta Development Commission (NDDC) and defined those states and local government areas that would qualify for assistance from the NDDC.
http://www.panda.org/about_wwf/where_we_work/ecoregions/niger_river_delta.cfm
HISTORY OF CONFLICT IN THE NIGER DELTA

<table>
<thead>
<tr>
<th>Era</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late 1400s – early 1800s</td>
<td>The slave trade shapes economic and political life in the Niger Delta</td>
</tr>
<tr>
<td>Early 1800s – mid-1900s</td>
<td>After Britain bans its own slave trade in 1807, traders turn their attention to the Niger Delta’s palm oil. The region comes to be known as Oil Rivers</td>
</tr>
<tr>
<td>1900</td>
<td>Oil Rivers Protectorate becomes part of the Protectorate of Southern Nigeria</td>
</tr>
<tr>
<td>1914</td>
<td>Southern and Northern Nigerian protectorates amalgamated</td>
</tr>
<tr>
<td>1946</td>
<td>Southern protectorate is officially divided into Eastern and Western Regions under the Richards Constitution</td>
</tr>
<tr>
<td>1956</td>
<td>Oil is first discovered in commercial quantities in the town of Oloibiri</td>
</tr>
<tr>
<td>1960</td>
<td>Nigeria gains independence</td>
</tr>
<tr>
<td>1963</td>
<td>The First Nigerian Republic is proclaimed. Nnamdi Azikiwe becomes the country’s first president</td>
</tr>
<tr>
<td>1963</td>
<td>Benin and Delta provinces split from Western region to form Mid-Western region</td>
</tr>
<tr>
<td>1966</td>
<td>Isaac Boro leads a 12-day revolt, declaring independence for the Niger Delta People's Republic</td>
</tr>
<tr>
<td>1966-1969</td>
<td>First period of military rule</td>
</tr>
<tr>
<td>1967-1970</td>
<td>Nigerian Civil War begins with the declaration of the independent Republic of Biafra (southeastern Nigeria) in May 1967 and ends in 1970 with the defeat of Biafra</td>
</tr>
<tr>
<td>1969</td>
<td>Petroleum Decree gives ownership and control of all petroleum resources to the federal government</td>
</tr>
<tr>
<td>1978</td>
<td>Land Use Decree nationalizes all land under state and local governments</td>
</tr>
<tr>
<td>1979-1983</td>
<td>Second Nigerian Republic</td>
</tr>
<tr>
<td>1990</td>
<td>Ogoni Bill of Rights is brought before the federal government</td>
</tr>
<tr>
<td>1993</td>
<td>Third Nigerian Republic is proclaimed and subsequently aborted</td>
</tr>
<tr>
<td>1993-1999</td>
<td>Abacha dissolves democratic institutions and rules Nigeria until his death in June 1998. Abubakar succeeds him and oversees the transition to democracy</td>
</tr>
<tr>
<td>1995</td>
<td>Ken Saro-Wiwa executed</td>
</tr>
<tr>
<td>1998</td>
<td>The Kaiama Declaration (Ijaw youths)</td>
</tr>
<tr>
<td>1999-present</td>
<td>Fourth Nigerian Republic</td>
</tr>
<tr>
<td>1999-2007</td>
<td>President Obasanjo serves as the nation’s head of state</td>
</tr>
<tr>
<td>2005</td>
<td>In December, MEND emerges as an umbrella militant group in the Niger Delta. Hostage takings and attacks on oil facilities increase</td>
</tr>
<tr>
<td>2007</td>
<td>President Yar’Adua and Vice-President Goodluck Jonathan win the April elections, and they pledge to give their full attention to the Niger Delta</td>
</tr>
</tbody>
</table>

COLONIAL PERIOD

Nigeria, north and south, officially became part of the British Empire in 1900. However, British involvement in Nigeria and the Niger Delta began much earlier. From the end of the 15th century, slave trade became an important part of life in the Niger Delta. Britain banned its own slave trade in 1807 and put pressure on other European nations to do the same. Looking for new commodities, traders soon turned their attention to palm oil. The area around the Niger Delta and the Cameroons River produced half of Africa’s palm oil.
and soon came to be known as Oil Rivers (ICG 2006a, p. 3). The Royal Niger Company became the most prominent trading company operating in the region, and was first chartered by the British government in 1886. In order to effectively control the area and mainly to enforce trading rules, the company created its own secret service, customs, courts, prisons, territorial administration, and an armed constabulary consisting of three British officers and about 150 local people (Oyewole and Lucas 2000).

The Royal Niger Company’s activities in the Niger Delta caused great frustration among the local population, particularly among those whose livelihoods had previously depended on the palm oil trade, as well as among other British merchants. The growth of the Royal Niger Company’s monopoly and its use of a prohibitive system of tariffs and licenses impeded the locals from trading in their traditional markets. Hostility towards the company peaked in 1895 when local elements attacked its Akassa headquarters. Complaints continued and ultimately led the company to sell its territories to the British government in 1900. Along with the Oil Rivers protectorate, established by the British in 1891, these territories formed part of the southern Nigerian colony.\(^{57}\)

Even though the southern and northern Nigerian protectorates were amalgamated in 1914, they continued to be ruled separately until the end of the colonial period. The southern protectorate was divided into the eastern and western protectorates in 1939. The British system of indirect rule relied on indigenous chiefs to control the population. The system was justified in terms of allowing self-government to take root while keeping the scale and costs of the colonial administration at a minimum (Crowder 1964, p. 198). Nevertheless, popular resentment against colonial authority could be strong: in 1929, for instance, the women of Aba in the Niger Delta came into direct and violent confrontation with the police. The riots were provoked by rumors of a new income tax. More than 50 women were killed as a result of the clashes (ICG 2006a, p. 4).

In 1946, the Phillipson Fiscal Commission, the first of 8 different revenue allocation commissions set up by the government of Nigeria between 1946 and 1979, proposed the adoption of the principles of derivation and even progress as the basis for fiscal federalism. Under the principle of derivation, central government grants to the regions would be related to their government revenue. The even progress principle was designed to allow for adjustments in grants depending on the relative poverty or wealth of the region.

The 1958 commission was the first to agree on an exact formula for derivation. During the transition to independence in the 1950s, the ethnic minorities of the Niger Delta began to express their concerns over the form that the Nigerian federation would take. The Willink Commission was charged with investigating these concerns. In its conclusions, the Commission rejected demands for the creation of new states. It did, however, recommend a federal board to be established in order to deal with the specific problems of the Niger Delta (HRW 1999). The Niger Delta Development Board was subsequently established in 1961 for a 10-year period. Largely ineffective, the board’s work was disrupted by the civil war in 1967-1970.

INDEPENDENCE

Soon after Nigeria’s independence in 1960, conflicts between local communities, oil companies and the federal government started to emerge. The post-independence structure of three regions, each politically dominated by a major ethnic group exacerbated the fears of the Niger Delta’s ethnic minorities (Badmus, 2006; Ifeka, 2000). Furthermore, the commissions established to advise on the allocation of oil revenues tended to reflect the same lines of struggle between these ethnic blocks for control of the Federal level.

The first large-scale episode of violent militancy in the Niger Delta after independence took place on February 1966, when Isaac Boro, an Ijaw born in Oloibiri and leader of the Niger Delta Volunteers Force (NDVF), declared the independence of the Niger Delta People’s Republic after a 12-day revolt. Boro called for oil companies to negotiate directly with his government instead of the Federal authorities. That same year saw the collapse of the First Republic with a military coup in January 1966 followed by a counter-coup in July. The second coup installed Colonel Yakubu Gowon, a general from northern Nigeria, as head of state. Colonel Ojukwu, who was governor of the southeast, declared the south-eastern region of Nigeria as the independent Republic of Biafra in May 1967, plunging the country into civil war.

At the outbreak of the civil war in June 1967, Colonel Gowon amnestyed Boro and his men, who then joined the Federal troops in their fight against Igbo separatist groups. Capitalizing on the fears of domination by the Igbo, Colonel Gowon created the Rivers State to appease the minorities of the Niger Delta. With the expectation that a state of their own would lead to control over oil resources on their territory, many of the Niger Delta minorities supported the federal side during the war. However their expectations were not realized, as the federal military government transferred the control of oil resources to itself through legislation both during and after the war (Obi 2005). The war ended in January 1970 with the military defeat of the separatist movement, leaving an estimated three million casualties, mostly from hunger and disease due to the isolation of the Biafra Republic by the Nigerian military forces during the war.

After the end of the civil war, complete centralization and militarization of authority over expanding oil production led states to lose any control they had over oil resources. From 1969 to 1999, successive military governments ruled the country, with only brief interruptions from 1979 to 1983, and in 1993, by the Second and Third Republics respectively. The 1969 Petroleum Decree gave the federal government ownership and control of all petroleum resources in the country. In 1978, the Land Use Decree led to the nationalization of all land under the administration of state and local governments. The centralization of resources reduced tensions among dominant ethnic groups, but exacerbated tensions between them and minority groups, as the latter became increasingly marginalized from the political and economic systems. This, together with the progressive degradation of the environment due to oil exploitation and the

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58 Decree no. 15 1967; Offshore oil revenue Decree no. 9 1971; and Decree no. 6 1975.
impoverishment of the Niger Delta people, increased their feelings of frustration against the Federal government (Ebeku, 2001).

Beginning with Ken Saro-Wiwa’s Movement for the Survival of the Ogoni People, the 1990s in the Niger Delta were characterized by protests and subsequent repression. Conflict in the Delta opened along many axes: between ethnic groups, within ethnic groups, within communities, between generations, between the state and communities, between oil companies and communities. All these kinds of conflict have become increasingly polarized and militarized, as stakes are raised and weapons have become more accessible. Even after the 1999 return to democratic rule under President Obasanjo, the army, navy, and paramilitary police have regularly been deployed and used force as a means of dealing with protests (HRW 2002, p. 2).

Violent community conflicts in Rivers, Bayelsa, and Delta state currently number between 120 and 150, and there are over 50 armed groups and 20-25,000 armed youths now operating in the Delta (UNDP 2007, p. 3). Hostage-taking and attacks on oil facilities are common occurrences, particularly since the emergence of the militant group MEND, Movement for the Emancipation of the Niger Delta, in late 2005. The perception that the 2007 elections were flawed provoked a further escalation of violence and disorder in the region.

DEMOGRAPHY

The current population of the Niger Delta is 31 million, constituting almost 24 percent of Nigeria’s total population. The states with the largest populations are Rivers, Delta, Akwa Ibom and Imo (FRN 2007). There are indications of a predominance of males in the population of the Delta: 54:46 according to the Niger Delta Development Commission (NDDC) Master Plan (NDDC 2005); 52:48 according to the provisional 2006 census figures. This trend may be due to the influx of migrant males from other parts of Nigeria. The population is youthful: 62 percent are below 30 years of age, while 36 percent are between 30 and 69, and just 2 percent aged 70 and above. The age structure of the population has important implications for development planning, making social investment a crucial need (UNDP 2006, p. 52).

Table A1.3: Sex distribution (per cent) and population (in millions) by state

<table>
<thead>
<tr>
<th>State</th>
<th>Male</th>
<th>Female</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abia</td>
<td>51</td>
<td>49</td>
<td>2.8</td>
</tr>
<tr>
<td>Akwa Ibom</td>
<td>52</td>
<td>48</td>
<td>3.9</td>
</tr>
<tr>
<td>Bayelsa</td>
<td>53</td>
<td>47</td>
<td>1.7</td>
</tr>
</tbody>
</table>

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59 2006 Census, provisional figures; percentage based on national population of 131.5 million in 2005 (World Bank 2007a).

60 The 1991 census figures, in contrast, showed an almost equal number of men and women in the Niger Delta. The greater proportion of males in the Niger Delta states is counter to other conflict situations (UNDP 2006, p. 100).
<table>
<thead>
<tr>
<th>State</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abia</td>
<td>3.2</td>
<td>3.8</td>
<td>4.4</td>
<td>5.1</td>
</tr>
<tr>
<td>Akwa Ibom</td>
<td>3.3</td>
<td>3.9</td>
<td>4.5</td>
<td>5.3</td>
</tr>
<tr>
<td>Bayelsa</td>
<td>1.7</td>
<td>2.0</td>
<td>2.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Cross River</td>
<td>2.7</td>
<td>3.2</td>
<td>3.7</td>
<td>4.3</td>
</tr>
<tr>
<td>Delta</td>
<td>3.6</td>
<td>4.2</td>
<td>4.9</td>
<td>5.7</td>
</tr>
<tr>
<td>Edo</td>
<td>3.0</td>
<td>3.5</td>
<td>4.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Imo</td>
<td>3.3</td>
<td>3.9</td>
<td>4.5</td>
<td>5.3</td>
</tr>
<tr>
<td>Ondo</td>
<td>3.0</td>
<td>3.5</td>
<td>4.1</td>
<td>4.8</td>
</tr>
<tr>
<td>Rivers</td>
<td>4.9</td>
<td>5.7</td>
<td>6.6</td>
<td>7.7</td>
</tr>
<tr>
<td>Niger Delta</td>
<td>28.9</td>
<td>33.6</td>
<td>39.2</td>
<td>45.7</td>
</tr>
</tbody>
</table>


The average household size is six persons with significant variation by state and generally larger in rural areas (average of eight persons). The average population density in the region is 265 people per square kilometer. 62 Aggregate figures for the region gloss over substantial disparities in population density – for example, Imo state has more than 700 people per square kilometer compared to 120 people in Cross River State (NDDC 2005, pp. 10-12).

The Delta region is extremely heterogeneous with approximately 40 different ethnic groups speaking 250 different languages and dialects (NDDC 2005, p. 7). Ethnicity as a means of self-identification is prominent as compared with the rest of Nigeria (Lewis 2007). The Ijaw ethnic group is the largest group in the Niger Delta and the fourth largest in Nigeria. Other ethnic groups include the Itsekiri, Urhobo, and Ibibio-Efik. The main cultural and linguistic groups are the Ijoid, Edoid, Delta Cross, Yoruboid and Igbo-oid. The ethnic make-up within these wider groups is complex. As noted in UNDP

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61 This information is cited in NDDC 2005, p. 9 and is based on the GTZ high growth scenario.
62 The national average is circa 255 people per square kilometer.
the ethno-cultural complexity of the Niger Delta region is vividly illustrated by the
fact that even a small ethnic group like the Ogoni (about 500,000 people) is made up
of at least four cultural groups: the Khana, Gokama, Tai and Eleme.

**SOCIAL STRUCTURE**

Despite the high population density, most people in the Delta live in small, scattered rural
hamlets. Hamlets typically consist of compounds, closely spaced groups of small
buildings housing 50 to 500 people, most of whom are farmers or fisher folk. Larger
settlements are usually separated from other clusters of rural residences by their outer,
rotational farmlands, oil palm or rubber plantations, bushes, or stretches of secondary
forest. Small towns are usually located along roads, and radiate from a ‘core’ where
churches, schools, market places etc. are situated.

**Table A1. 5: Size Distribution of Settlements in the Niger Delta**

<table>
<thead>
<tr>
<th>State</th>
<th>Less than 1,000</th>
<th>1,000-5,000</th>
<th>5,000-20,000</th>
<th>20,000 above</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abia</td>
<td>393</td>
<td>494</td>
<td>52</td>
<td>11</td>
</tr>
<tr>
<td>Akwa Ibom</td>
<td>1,236</td>
<td>1,098</td>
<td>46</td>
<td>7</td>
</tr>
<tr>
<td>Bayelsa</td>
<td>290</td>
<td>317</td>
<td>85</td>
<td>4</td>
</tr>
<tr>
<td>Cross River</td>
<td>117</td>
<td>500</td>
<td>56</td>
<td>8</td>
</tr>
<tr>
<td>Delta</td>
<td>1,016</td>
<td>307</td>
<td>104</td>
<td>22</td>
</tr>
<tr>
<td>Edo</td>
<td>903</td>
<td>264</td>
<td>70</td>
<td>11</td>
</tr>
<tr>
<td>Imo</td>
<td>788</td>
<td>925</td>
<td>81</td>
<td>2</td>
</tr>
<tr>
<td>Ondo</td>
<td>1,463</td>
<td>278</td>
<td>57</td>
<td>16</td>
</tr>
<tr>
<td>Rivers</td>
<td>428</td>
<td>598</td>
<td>213</td>
<td>17</td>
</tr>
<tr>
<td>Niger Delta</td>
<td>7,686</td>
<td>4,781</td>
<td>764</td>
<td>98</td>
</tr>
</tbody>
</table>

*Source:* Centre for Population and Environment Development (CPED) 2003, p. 236

Of 13,329 settlements in the region, 94 per cent have populations of less than 5,000
(NDDC 2005, p. 8). There are three reasons for this scattered pattern of settlement: (i)
land in the Niger Delta is fragmented into islands; (ii) communities dependent on fishing
tend to settle in small villages close to fishing grounds; and (iii) the Delta is home to a
large number of small minority groups that have traditionally settled separately from each
other (UNDP 2006, p. 23). The prevalence of small settlements makes the challenge of
developing infrastructure and providing public services in the region a daunting one, one
which has historically been neglected.

Gender and age are important principles of social organization in Delta communities. Men are subdivided into the youth (young men able to work) and the elders. The status of elder is contingent on one’s contribution to the development of the community and the recommendation of other elders or the chiefs/traditional ruler. Women are similarly

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63 Cited in UNDP 2006, p. 120.
organized, with young, married women of working age distinguished from the “elder women.” “Elders” (women and men) have a high status in the community because of their experience and traditionally make the final decisions affecting the community.

During the colonial period, the British system of indirect rule relied upon traditional rulers and often even strengthened their positions of authority. Every community is still headed by a chief whose traditional role involves settling disputes within the community. The chiefs of a cluster are organized into a council of chiefs, headed by a traditional ruler (officially recognized by the Government). The procedure for the selection of chiefs differs across the delta and Nigeria. Some inherit their titles, some are granted their titles for a set term, and others are granted titles in recognition of their contribution to the community.

Oil in the Niger Delta has been central to the changing nature of governance in the region. The norms and practice of ‘democratic’ politics at the local, district, and ward levels, and the increasing political consciousness of the youth have subordinated traditional structures of government and relegated traditional leaders to advisory roles within specific areas. In recent years there has been a breakdown in traditional authority as levels of trust within communities have eroded. Many chiefs are viewed with suspicion, particularly due to their roles in negotiating host community status and payments with oil companies.

LIVELIHOODS


Source: National Bureau of Statistics
Historically, fishing and agriculture were the two main occupations in the Niger Delta. Together they still account for 48 percent of employment in the nine delta states. In the core states of Bayelsa, Delta and Rivers, fishing is more predominant than elsewhere in the region and the country. For instance, one out of every five Bayelsan workers relies on fishing as a main source of employment. Cross River, Rivers and Ondo states are particularly reliant on agriculture. The overall contribution of fishing and agriculture to the regional economy declined following the growth of the oil industry. Since the 1990s, however, there have been efforts to revitalize the agricultural sector and to develop the commercial potential of crops such as cassava, yam and maize, as well as livestock. Traditional industries in the Niger Delta include canoe carving, pottery, cloth weaving, palm oil processing, and food processing (NDDC 2005, p. 20).

The urban sector, where most economic activity is informal, is becoming an engine for the regional economy. The two main areas of activity are trading (20 percent of overall employment) and services (9 percent) (NDDC 2005, p. 20). A major challenge in the years ahead will be to integrate informal sector activities into the formal economy, raising both productivity and wages in the Niger Delta. Agriculture and fishing are becoming less popular occupations among young people in the Niger Delta, as they prefer to seek urban employment opportunities even though these may be more difficult to find (UNDP 2006). This presents a major challenge to diversifying the economy.

Table A1. 6: Distribution of employed working population by activity and region 2005

<table>
<thead>
<tr>
<th>State</th>
<th>Agric.</th>
<th>Fish.</th>
<th>Manuf.</th>
<th>Constr</th>
<th>Trade</th>
<th>Transp</th>
<th>Public admin</th>
<th>Educ.</th>
<th>Health/social work</th>
<th>Sces</th>
<th>Other</th>
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<tr>
<td>Abia</td>
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<td>4</td>
<td>3</td>
<td>25</td>
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<td>4</td>
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<td>2</td>
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<td>5</td>
<td>2</td>
<td>9</td>
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