* Virtually all SCIN departments have an impact, or are impacted by the context of conflict in which SCIN operates. There are opportunities for departments other than the Community Affairs department to raise awareness of the impacts of their day-to-day activities on conflict, to take responsibility for the costs that these practices may unintentionally have, and to take steps to reduce conflict.

* Many internal practices feed into vicious cycles. Analysing these cycles more closely provide entry points for the organisation to transform a negative re-enforcing cycle into a positive one.

* The current expenditures on communities do not provide the company with a sustained LTO. There is no evidence that spending more money will lead to less conflict in the Niger Delta. If anything, there is ample evidence that providing more money to communities may even exacerbate conflict. Most causes of company-community conflicts can be addressed not by doing more things, but by doing things differently. SCIN will be able to make a significant progress in reducing conflict in the Niger Delta within the current budget framework.

In addition to the above, "Management Notes" with more detailed areas requiring attention are provided in Annex B.

3.   EXTERNAL ENVIRONMENT

3.1.   INTRODUCTION

The external conflict environment faced by SCIN is highly volatile, complex and dynamic. It is not appropriate to talk about the "Niger Delta conflict". Rather, instability in the region is fuelled by a number of increasingly criminalised and commercialised conflicts, lacking conflict management mechanisms, as well as deteriorating socio-economic and political conditions. Annual casualties (over 1,000) from violence qualify the Niger Delta as a high intensity conflict zone.

In order to assess the complexity of the Niger Delta conflict environment, the analysis provided here distinguishes between the range of regional (Delta-wide) issues that cause and accelerate conflict – and micro-level conflicts. Importantly, although the analysis given below is grim, there are also factors present in the region that mitigate conflict and sustain a fragile stability. Furthermore, given that current criminalisation of conflict is a fairly recent phenomenon and resilience of the Niger Delta communities, micro-level conflicts are not as entrenched as they otherwise would be.

This chapter reviews, therefore, Delta-wide issues and micro-level conflicts. Given the number of communal conflicts in the region and the focus of the SCD pilot, only the Soku, Elem-Sangama, and Oluasiri conflict is analysed in some depth. Further conflict assessments will be necessary as PaSS implementation gathers momentum.

3.2.   DELTA-WIDE ISSUES

3.2.1.   OVERVIEW AND RATIONALE

Although micro-level conflicts in the Niger Delta are context specific and in many ways unique, there are a range of Delta-wide issues that are common to most of them. These are both conflict inducing and peace generating factors.

* Conflict inducing factors may be part of the causes, 'accelerators' or consequences of a micro-level conflict.
* Peace generating factors often serve to 'keep a lid on' violent conflict in a given setting. They are in essence the building-blocks of peace in the region.

The table below provides an overview of the Delta-wide issues identified. It is important to note that these are not given in any order of priority as their relevance is context specific.

Social

Political
Economic
Security
Conflict inducing Delta-wide issues
* Social disintegration
* Crime and criminal cartels
* Perceived and actual discrimination
* Endemic corruption
* Resurgence of intra- and inter-ethnic tensions

* Political manipulation
* Government failure to manage conflicts
* Inequitable distribution of revenues and infrastructure
* High youth unemployment
* Poverty and inequality
* Limited local capacity to legitimately benefit from oil industry
* Illegal oil bunkering
* Weapons availability and use
* Armed ethnic militias and warlords
* Ineffective and corrupt law enforcement/ judiciary
Peace generating Delta-wide issues
* Common heritage and religion
* Popular resilience

* New democratic dispensation
* Significant resource-base

* Pervasive conflict fatigue
The nature of these Delta-wide issues makes it necessary to address them not only at the micro-level, but also systemically. In addition, action on some of these issues will signal

to key stakeholders SCIN's commitment to the peace and security of Nigeria in general, and the Niger Delta in particular.

Caveat The Delta-wide issues presented here are wide-ranging and complex in nature. It is not possible within one report to rigorously cover each issue as comprehensively as needed.

Delta-wide issues were selected on the following basis:

* their manifestation or presence in all the communal conflict dynamics studied;
* their direct and field-level impact on communal conflict dynamics; and
* their relative importance compared to other social, economic, political and security issues.

The following two guiding principles determined what was covered under each:

(a) factors that are specifically conflict relevant;
(b) dimensions that can directly or indirectly be tackled by the PaSS.

Furthermore, given the time available and the audience, 'breadth' was chosen before 'depth' and issues are presented in a summary form to ensure readability.

3.2.2. ASSESSMENT OF DELTA-WIDE ISSUES

Delta-wide issues are identified in the social, political, economic and security domains. For each conflict inducing issue, the description aims at giving a sense of the concept, dimensions and impact on conflict, as well as links with the oil industry. Given the abstract nature of peace generating factors, these are described only briefly and in colour-coded text boxes in relevant sections.

Social disintegration

Social disintegration in Nigeria is referred to in the literature as involving the breakdown of traditional authority (IPCR, 2002), pre-eminence of youth groups as a consequence (Bassey et al., 2002), and "strong feelings of hate; low levels of mutual respect; a great deal of anger; and a high level of impatience" (Reychler, 2002).

Consultations and fieldwork suggest that since 1990 a rapid process of social disintegration has taken place in the Niger Delta. It involves the erosion of family values, community cohesion, and inter-ethnic/community relations – and has a range of causes and other consequences.

* Social disintegration is visible at three levels:

* At a family level, with the dislocation of family structures, evidence of significant domestic violence, sexual molestation of young girls, as well as increases in teen pregnancies and female-headed households.
* Within communities the erosion of traditional governance is often visible, with disrespect for elders and traditional authorities. One respondent called it "a lost sense of being your brother's keeper". High levels of mutual suspicion and distrust are often cited, with ensuing inter-family fights, as well as the emergence of cult-groups and gangs.
* In terms of inter-ethnic/community relations, now commonplace attacks on neighbouring villages impact on the perceived value of coexistence. The viciousness of such attacks (e.g. the Bille-Ke conflict and Warri crisis) indicates the extent of breakdown in relations in parts of the Delta.

* The causes of social disintegration include a combination of endemic corruption, poverty and inequality, as well as high youth unemployment (youth restiveness). In essence, community relations are strained by a collapse in trust, envy, and challenges to traditional leadership.

* The process of disintegration appears to be accelerated by general lawlessness and impunity. Law enforcement is largely absent from remote areas and unreliable due to corruption, thus often enabling criminal groups to prey on local communities and illegal oil bunkering to go on almost undisturbed. Political manipulation of communal tensions is made possible by lacking cohesion and, as outlined below, perpetuates intra and inter-community conflict.

As such, social disintegration is linked to a number of Delta-wide issues. These linkages are presented in the diagram below.

High youth unemployment

Ineffective and corrupt law enforcement/judiciary

Crime and criminal cartels

Armed ethnic militias and warlords

Poverty and inequality

Social disintegration

Resurgence of intra- and inter-ethnic tensions

Endemic corruption

Political manipulation

Illegal oil bunkering

Social disintegration provides a suitable environment for conflict to emerge through divisions, tensions, and the elimination of 'conflict safety valves' that communities have put in place over time. It also compromises the ability of communities to recover from the effects and scars of conflict. Distrust and disunity mitigates healing, as well as reconciliation.

The role of the oil companies in fuelling social disintegration is largely through the design of the benefit distribution process that allows groups to fight over access to cash, jobs, contracts and power. It impacts on corporate activities through obstructive and criminal activities conducted by mostly youth groups that operate outside the traditional social system and over whom traditional leadership rarely has control.

Crime and criminal cartels

Within an environment of insecurity, agitation, mistrust and uneven wealth distribution, criminal elements have become strong in the Niger Delta. These are armed, well organised and protected by powerful patrons. They steal pipes, well-heads and vehicles, engage in illegal oil bunkering, attack small craft on the rivers, intimidate communities and companies to extort money and protect their networks.

Although crime and criminal cartels in the Niger Delta is categorised above as a social phenomenon, it also has very strong political, economic and security dimensions.

* The social context of crime in the Niger Delta is strongly associated to a feeling of "being cheated" and "robbed of resources that are rightfully ours" and as such perceived or actual discrimination, as well as endemic corruption.

* Politically, criminal cartels are linked to both oppression by, and organised resistance to the previous military regimes, as well as the current culture of democracy.

* Well funded and armed youth groups were initially supported by the former military regime as sources of information and political influence over traditional leaders who were not co-operating with the government. They were essentially 'strong arm' militias who worked outside of the legal framework to influence communities and pacify independent thought or action.
* With the return to democracy in Nigeria, these groups became even more prominent as local politicians and parties supplied youth groups with money, weapons, and political/legal immunity to influence opinions of community members leading up to elections. Once elections were over these rewards were not forthcoming. Rather than returning weapons, these groups engage themselves in a range of criminal activities, including illegal oil bunkering, highjacking of vessels, and the sacking of villages.
* During the military dictatorship, a number of pro-democracy movements emerged (Ijaw National Congress, MOSOP, etc.) in the Niger Delta. Some of these movements were engaged in or preparing for armed struggle. However, when the dictatorship ended, those

involved in armed struggle were not demobilised. Whereas some returned to normal life, others became involved in criminal activities and formed criminal gangs.

* Crime also follows from a combination of deprivation (poverty and inequality), lacking capacity or opportunities (particularly among unemployed youth) to benefit legitimately from the oil industry, as well as the significant monetary incentives from being involved in illegal oil bunkering.

* From a security perspective, the widespread availability of weapons and opportunities for wealth that follow their use, financial benefits from illicit activities of armed militias, and the absence of law enforcement from many areas serves to perpetuate criminal activities.

It is also important to note that larger criminal groups have significant access to the highest levels of government and are able to influence the actions of security forces, oil companies and their staff.

From the above, it is clear that the phenomenon is linked to a number of other Delta-wide issues. These linkages are presented in the diagram below.

Perceived and actual discrimination

Limited local capacity to legitimately benefit from oil industry

Ineffective and corrupt law enforcement/judiciary

Armed ethnic militias and warlords

Poverty and inequality

Crime and criminal cartels

Weapons availability and use

Endemic corruption

Political manipulation

Illegal oil bunkering

The impact on conflict of pervasive crime and criminal cartels is multiple: (a) it corrupts any legitimate social justice agenda, thus making constructive conflict resolution problematic; (b) its political roots mean that criminal cartels are well-armed and regularly supplied with weapons by politicians; (c) it entrenches conflict by creating a strong criminalised political economy of violence; and (d) it perpetuates lawlessness and the feeling that violence is the only way to protect interests.

The role of the oil companies in fuelling crime and criminal cartels is largely related to corruption in the contracting process and the payment of ransoms that make crime lucrative. Its impact on corporate activities is multiple, ranging from illegal oil bunkering, sabotage, and various kinds of theft, hostage taking, piracy, hijacking, extortion, and corruption.

Perceived and actual discrimination

A recurrent theme in community discussions is a broad-based and strong perception among people that they are "being cheated" and robbed of their rights. Communities are aware of the wealth of oil companies, of the money paid to government by corporations, and of funds paid to community groups by corporations. The contrast between manifestations of wealth generated by the oil industry and chronic underdevelopment lends credence to such perceptions.

Perceptions of and actual discrimination has several dimensions.

* They are expressed in feelings of:

* powerlessness to improve their lives, and effectively exit a state of deprivation and poverty;
* distrust of and disgust for leaders who are sometimes seen as not leading their communities and/or are corrupt and simply seeking personal wealth;
* deliberate neglect by the government and oil companies of the Niger Delta communities (inequitable distribution of revenue and infrastructure);
* being cheated and robbed either by other communities, government and/or oil company staff of their wealth and land – with no rule of law to protect them; and
* frustration with not being able to benefit legitimately from the oil industry;

* As mentioned above, the causes of perceived and actual discrimination include a combination of poverty and inequality, inequitable distribution of revenue and infrastructure, as well as endemic corruption that lead to frustration and a feeling of neglect.

* It appears to be accelerated by the absence of rule of law, leaving communities to fend for themselves, and few opportunities to benefit legitimately from the oil industry. Politicians and officials also stir feelings of anger and resentment. As a result, there is a sizeable pool of (mostly young) people drawn to violent and criminal activities.

The phenomenon is linked to a number of other Delta-wide issues. These linkages are presented in the diagram below.

Poverty and inequality

Ineffective and corrupt law enforcement/judiciary

Armed ethnic militias and warlords

Inequitable distribution of revenue and infrastructure

Perceived and actual discrimination

Endemic corruption

Limited local capacity to legitimately benefit from oil industry

Political manipulation

Perceived and actual discrimination perpetuates conflict in several ways: (a) it makes communities susceptible to political manipulation and aggression; (b) it leads to polarised positions, defensiveness and a zero-sum approach when negotiations take place; and (c) it fosters a short-term and cash-focused perspective of what oil companies can do for communities.

The role of the oil companies in fuelling perceived or actual discrimination is largely related to unclear communications, poor transparency, the non-fulfilment of obligations, as well as corporate arrogance. When SCIN does not action contracts, or make payments and settlements or resolve disputes in a timely fashion, communities will often feel discriminated against. Trust in the oil industry (represented by Shell) is severely eroded, with frequent statements that Shell is 'beyond redemption'. Its impact on corporate activities is seen with the use of ultimatums and (threats of) disruption as the only way of getting corporate and government attention to grievances.

Endemic corruption

As stated by Human Rights Watch (1999), "the Nigerian political economy has come to depend on a spectacular system of corruption, involving systematic kickbacks for the award of contracts, special bank accounts in the control of the presidency, allocation of oil or refined products to the politically loyal to sell for personal profit, and sweeteners for a whole range of political favours".

Corruption is encountered in and driven by the activities of the oil industry and private sector, government, non-governmental organisations, communities, and (obviously) criminal groups. It is directly linked to all Delta-wide social, political, economic and security issues mentioned here. Whereas it is beyond the scope of this report to provide an exhaustive analysis of corruption in the region, it is necessary to highlight the most salient conflict-enhancing dimensions of endemic corruption. These are divided into factors that destroy the basis of peace and those that accelerate conflict.

Corruption undermining of peace

Corruption accelerators of conflict
* Erosion of the social fabric and social disintegration
* Compromised rule of law and government conflict management
* Reduction of the ability to legitimately benefit from oil-related activities
* Perpetuation of poverty, inequality, and inequitable distribution of resources
* Greater room for political manipulation, as well as space for growth of armed ethnic militias and warlords

* At a community and inter-community level, suspicion and tension emerging from (often oil industry related) corruption has become an important conflict driver. For example, accusations and counter-accusations of corruption in community bodies is often seen in leadership tussles (e.g. Soku), and fights over access to largesse from companies in the Northern Swamp both erode cohesion and the ability of communities to manage conflict there. Numerous incidents of communal violence occur throughout the Niger Delta as families, new settlements, and various interest groups clash over control of committees and territory and the contracts which flow to them.

* Corruption and collusion with criminals in the national and state security forces renders law enforcement ineffective in dealing with issues such as illegal oil bunkering and theft. In the judiciary, political interference and bribery reduces people's confidence in the courts and legal system. Corruption at these levels undermines the rule of law – a cornerstone for peaceful conflict resolution. Furthermore, the ability of individuals often to manipulate government conflict management efforts (e.g. such as the non-release of inquiry findings or interference in the operations of security forces) to favour one group over another reduces the credibility of such initiatives. .

* Nepotism and 'kick-back schemes' in recruitment or contracting prevent or discourage a range of groups from gaining legitimate entry into the oil business. It perpetuates a business culture that is ineffective in delivering services and bolsters the position of corrupt individuals who benefit from the status quo.

* Corruption within government, NGOs, and oil companies prevents the delivery of approved funds for infrastructure and community development from reaching their intended target groups. As such, it maintains the poverty, societal inequality, and inequity in resource distribution that fuels conflict.

* Endemic corruption in society gives room for effective political manipulation where individuals can easily orchestrate violence and communal conflict. Such orchestration of communal conflict is linked to the activities of armed ethnic militias and warlords – and has become a business in itself.

As mentioned above, endemic corruption is linked to all other Delta-wide issues. However, key conflict linkages are presented in the diagram below.

Social disintegration

Ineffective and corrupt law enforcement/judiciary

Government failure to manage conflicts

Inequitable distribution of revenue and infrastructure

Endemic corruption

Armed ethnic militias and warlords

Poverty and inequality

Limited local capacity to legitimately benefit from oil industry

Political manipulation

It is important to highlight several dynamics in the conflict-corruption nexus. First, where corruption exists there are losers and their frustration drives them to perpetuate more conflict. Second, where there is corruption there are opportunities to profit and this leads both to conflict between groups for access to those opportunities and conflict with the government and oil companies to reduce their losses. And third, where corruption paralyses a system such as government infrastructure or the actions of oil companies this undermines the ability of the two to work toward a common outcome or strategy.

The role of the oil companies in fuelling corruption is significant. Numerous examples can be found in how companies seek to maintain their LTO through short-term cash payments, giving in to monetary demands for the right of way, following facility closures, exorbitant homage payments, use of ghost workers, surveillance contract implementation, contracting procedures, employment processes, and kick-back schemes in community development projects.

Resurgence of intra- and inter-ethnic tensions

Tensions within and between ethnic groups are rekindled by the drive to benefit from the oil industry. Examples of such tensions include expulsion of oil producing Houses in the Bonny Kingdom from the Council of Chiefs, violent struggle for communal autonomy and traditional stools among the major houses of the Kalabari Kingdom, and violence between the Itsekiris and Ijaws in Warri.
The resurgence of intra- and inter-ethnic tensions has several dimensions:

* Benefits distribution processes (host and impacted communities) coupled inequitable distribution of revenue and infrastructure are bringing to focus rivalry within and boundary disputes between groups.

* The struggle to maximise benefits leads some communities to disassociate themselves from traditional regulatory mechanisms present in communities and the kingdom system.

As loyalty to kingdoms erodes, fights break out when traditional rulers try to bring independent communities back into the fold. A process of social disintegration is occurring.

* Political manipulation of intra- and inter-community tensions is significant. Violence is orchestrated between groups to put pressure on government and the oil companies to either respond to key issues or give in to demands. Community groups arm themselves to protect their interests – or are armed by politicians or officials as part of efforts to orchestrate violence.

* Government efforts to manage these tensions are undermined by contradictory interests, ineffective law enforcement, corruption, as well as political interference and manipulation.

* Armed ethnic militias and warlords often sustain intra- and inter-ethnic tensions as it provides an enabling environment for criminal activities that are profitable – and, as mentioned above, is an increasingly lucrative business in itself.

The resurgence of intra- and inter-ethnic tensions is linked to a number of other Delta-wide issues. These linkages are presented in the diagram below.

Inequitable distribution of revenue and infrastructure

Political manipulation

Government failure to manage conflicts

Resurgence of intra- and inter-ethnic tensions

Ineffective and corrupt law enforcement/judiciary

Social disintegration

Weapons availability and use

Armed ethnic militias and warlords

The role of the oil companies in fuelling the resurgence of intra- and inter-ethnic tensions is difficult to pinpoint. As one observer noted, "Whenever SPDC compromises on its obligations, corrupts a process or uses inappropriate methodology this can lead to inter, intra communal and SPDC conflict". However, as mentioned above, the corporate benefit distribution process and the rivalry/envy it sometimes produces between communities is an important contributor to such tension.

Political manipulation

Interviews with political figures at a state and federal level highlighted how a number of politicians or officials orchestrate conflict or undermine government conflict management efforts to affect the electorate, gain wealth, and/or exert pressure on opponents.

There are several important dimensions to political manipulation of communal tensions:

* The use of youth groups, armed militias or cult groups as thugs (paid for increasingly through illegal oil bunkering revenue) is a common strategy to intimidate political opponents, voters, and electoral officials at polling stations. They are supplied with weapons, intoxicants (particularly alcohol), and shielded from law enforcement when they commit crimes. Promises are also made to these groups to ensure loyalty, but rarely kept. As a consequence, weapons are not returned but rather used for criminal purposes or in communal conflicts.

* The current political culture in the Niger Delta is predominantly populist in nature. Politicians often capitalise on and stir up grievances of different communities to obtain votes, but not address these grievances when in power. In essence, perceptions of discrimination are galvanised or conflict is stirred between communities for electioneering purposes.

* Parties to communal conflicts will seek political office or appointments and use their influence when in power to 'settle scores' with opponents. Such 'score settlement' may involve using 'bought' elements of the security forces (or personal thug groups) to intimidate or eliminate opponents.

* There is also evidence to suggest that violent incidents and communal tensions are created (or their resolution is sabotaged) to put pressure on government or oil companies to respond to key issues or give into demands. As one well-placed respondent said, "I can easily mobilise youths I know to stir up trouble and put pressure on Shell, without being identified as the source".

Political manipulation is linked to a number of other Delta-wide issues. These linkages are presented in the diagram below.

High youth unemployment

Armed ethnic militias and warlords

Resurgence of intra- and inter-ethnic tensions

Endemic corruption

Political manipulation

Government failure to manage conflicts