

Perceived or actual discrimination

Weapons availability and use

Ineffective and corrupt law enforcement/judiciary

It is important to note that accusations abound of “divide and rule” tactics and an active role of oil company officials in fuelling specific communal conflicts. Whereas this is likely to be the case where individuals or small groups of oil company staff are engaged in criminal activities, there is no evidence to suggest a company-wide “conspiracy” or manipulation of conflicts in the Niger Delta. More realistically, incompetence in the implementation of company policy is at the core of such accusations. The impact of political manipulation of conflict on companies is in the overall insecurity it creates in the operating environment.

Government failure to manage conflicts

Government efforts to manage conflicts in the Niger Delta have largely been based on the use of force and inquiries into incidents. ‘Softer’ conflict management initiatives (such as the Committees of Peace, Security and Welfare at local levels) have not materialised and efforts to deal with the structural causes of conflict (such as the NDDC) are yet to prove themselves (Basse et al, 2002). In essence, the government appears unable to tackle armed ethnic militias and the resurgence of intra- and inter-ethnic conflict in a durable manner, nor arrest the on-going process of social disintegration.

The reasons for government failure of manage conflicts are numerous:

* Whereas the deployment of security forces (Mobile Police, Army, and Navy) has curbed the worst excesses of some conflicts, a security approach to conflict prevention that does not effectively address core conflict issues remains unsustainable.

* Furthermore, such an approach can indeed be counter-productive. Frequent human rights abuses perpetuated by some elements in the security forces and the use of the national military to fight Nigerians results in further conflict between communities and government. Where oil companies are associated to government action, this accentuates corporate-community tensions.

* Poor equipment and often low morale make security forces prone to corruption and partiality in conflict situations. In addition, when inquiries are set up to investigate violent incidents, the non-release of inquiry papers causes suspicion among conflict parties of government partiality. When coupled with inadequate legislation and legal systems peoples’ confidence in the government’s ability to maintain the peace and uphold the rule of law is eroded. These deficiencies perpetuate a belief, particularly in most swamp and riverine areas where government is also largely absent that justice can only be delivered from the barrel of a gun and with the use of force.

* The absence of conflict management skills focused funding and a clear policy direction in dealing with conflict leads to the failure of most government efforts. This is further compounded by corruption (funding disappears) and the deliberate manipulation of communal tensions by government officials and politicians for personal political gain.

Government failure to manage conflicts is as such linked to a number of Delta-wide issues. These linkages are presented in the diagram below.

Political manipulation

Social disintegration

Resurgence of intra- and inter-ethnic tensions

Endemic corruption

Government failure to manage conflicts

Ineffective and corrupt law enforcement/ judiciary

Armed ethnic militias and warlords

Oil companies have no direct role in government failure to manage conflicts. However, where these conflicts are about oil benefits, the industry is seen as complicit in government actions.

Inequitable distribution of revenue and infrastructure

When compared to other parts of Nigeria, the Niger Delta presents a picture of neglect and lower than expected infrastructural investment. Even though recent developmental activities show an increased effort by the federal government to allocate more revenue to the area, there is a general perception that what is being done is not adequate.

There are two identified primary causes of inequitable distribution of revenue and infrastructure in the Niger Delta:

* As stated by Human Rights Watch (2002), “little of the money paid by the federal government to state and local governments from the oil revenue is actually spent on genuine development projects”. Due to graft and poor work ethics, contractors assigned to implement development initiatives and infrastructure, often do not complete projects – or do so at substandard levels.

* Unclear priorities, limited capacity, slow implementation, and delays in the elaboration of a master plan for developing the region affects the efficiency of the government agencies. Much attention is currently given to the NDDC as the agency established to

address regional development. However, NDDC capabilities are already low, and several community respondents “had no trust” that the agency can deliver.

It is important to note the historical context and multiple layers of inequitable distribution of revenue and infrastructure. Respondents often refer to the ‘policy’ of the Federal government during the dictatorship years to keep the Niger Delta under-developed – and “backwards”. The slow implementation of revenue sharing formulas between federal and state governments further compounds the legacy of neglect experienced by the region’s people. Corruption and incompetence appears to cut across government agencies and levels. Although interviewees would focus on the NDDC, the roles of the three levels of government (federal, state, and local) in tackling revenue and infrastructural inequity is critical.

In addition to resulting poverty and inequality, as well as youth unemployment, community respondents highlighted the sense of discrimination that follows the inequitable distribution of revenue and infrastructure. When combined with visible development in neighbouring localities (e.g. good facilities at flow-stations or in a neighbouring community) or state capitals and towns, frustration and a feeling of injustice is experienced in communities who live in poverty.

Inequitable distribution of revenues and infrastructure is linked to a number of other Delta-wide issues. These linkages are presented in the diagram below.

Poverty and inequality

Endemic corruption

Inequitable distribution of revenue and infrastructure

Youth unemployment

Perceived and actual discrimination

As with perceived and actual discrimination mentioned above, the role of the oil companies in fuelling inequitable distribution of revenue and infrastructure is largely related to the non-fulfilment of obligations. When SCIN does not action contracts or complete projects, this feeds into inequity across the region.

High youth unemployment

Unemployment (not underemployment) among youths is an issue with a number of important consequences for conflict dynamics in the Niger Delta. Generally, unemployment has been estimated to be at least 30 percent in Port Harcourt (Human Rights Watch, 1999) and 80 percent in Bayelsa State (Reychler, 2002). Local estimates in the riverine areas of Delta and Rivers states vary, with chiefs and youth leaders putting

village-level unemployment at 95 percent in Soku (Rivers State) and 90 percent in Ogulagha (Delta State).

Important dimensions of youth unemployment include:

* Employment in the region's remoter areas includes traditional occupations such as fishing and farming, as well as small-scale trading. Opportunities for engaging in these activities are limited given environmental degradation and lack of credit. When coupled with the lack of investment in the region, overall poverty, corruption, as well as the limited local capacity to benefit legitimately from oil activities the stage is set for chronic youth unemployment.

* The consequences of unemployment are numerous. Youths become involved in criminal activities (e.g. illegal oil bunkering, thuggery, kidnapping, piracy, etc.) and recruited into crime cartels and armed militias. The pool of foot-soldiers for criminal or radical political groups is large. One day's worth of illegal oil bunkering in the Niger Delta (at 100,000 barrels and USD15/b) will buy quality weapons for and sustain a group of 1,500 youths for two months.

* Youth restiveness and frustration often cited community leaders, feeds into the resurgence of intra- and inter-ethnic tensions. Prolonged exposure to criminal activities (weapons, violence, and "easy money") fuels social disintegration and creates a growing cadre of 'irretrievable' youths who are likely to become important drivers of violent conflict in years to come.

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

Inequitable distribution of revenue and infrastructure

Armed ethnic militias and warlords

Resurgence of intra- and inter-ethnic tensions

Poverty and inequality

Youth unemployment

Social disintegration

Limited local capacity to legitimately benefit from oil industry

Crime and criminal cartels

Illegal oil bunkering

Beyond the impact of the oil industry on the economy ('Dutch disease') oil companies do not directly fuel youth unemployment. However, the interaction between companies and youth groups who control employment at a community level is important. Contracts that routinely contain inflated and imaginary elements, excessive numbers of workers and payment, kick-backs, etc. serves to corrupt youth. The impact of youth unemployment on oil companies comes with its consequences of crime, tensions, bunkering, etc. – as well as the future problem of irretrievable youths who will drive conflict in the Niger Delta.

Poverty and inequality

Accurate data on poverty and inequality in the Niger Delta does not exist. Estimates of the GNP per capita in the region set it below the national average of USD 260, and even lower in the riverine and coastal areas (Human Rights Watch, 1999). Poverty is primarily seen through lacking access to basic social services (health, education) and infrastructure (water, electricity, sanitation). Access to opportunities (employment, credit) is also very limited. This poverty occurs in the context of significant inequality, both in terms of the gap between rich and poor, as well as abject poverty in a resource rich region.

Three important dimensions of the phenomenon can be identified that are important from a conflict perspective:

- * Poverty and inequality follows limited local capacity to legitimately benefit from the oil industry, as well as the legacy of neglect mentioned above (inequitable distribution of revenue and infrastructure). In terms of the latter, a number of basic observed examples related to the oil industry can be cited:

- * Pipe-borne water and electricity available at the Forcados terminal – but faulty pipes and no electricity in the neighbouring Ogulagha community.

- * Drainage systems and sanitation available at the Soku Gas Plant – but flooding and water-borne diseases in Soku village next door.

- * Social infrastructure (schools, hospitals, etc.) functions in some areas where it is present (e.g. Ogulagha), but suffers from lack of human resources/equipment in others (e.g. Soku).

- * Poverty and inequality causes and is also caused by high youth unemployment and endemic corruption. On the one hand, it leads to a lack of opportunities for youth and the need to generate income for survival in illicit ways. On the other hand, unemployed youth cannot generate income for their families and corruption leads to the misuse of funds needed for development and maintenance of social infrastructure.

- * The effects of poverty and inequality are clearly visible in another three areas: (a) the proneness of underpaid law enforcement to elicit bribes and be corrupted; (b) the impact on communal social fabrics of youth restiveness and lacking opportunities for people; and (c) the attraction of crime as a means for survival for people with few opportunities.

The links of poverty and inequality to the Delta-wide issues discussed above is presented in the diagram below.

Inequitable distribution of revenue and infrastructure

Youth unemployment

Crime and criminal cartels

Poverty and inequality

Social disintegration

Limited local capacity to legitimately benefit from oil industry

Endemic corruption

Ineffective and corrupt law enforcement/judiciary

As with youth unemployment, oil related activities are linked to poverty and inequality through “Dutch Disease”. Furthermore, although poverty reduction remains a key responsibility of sovereign governments, oil companies and the international community holds some responsibility for poverty and inequality with the significant failure of their development investments.

Limited local capacity to benefit legitimately from the oil industry

Aside from assistance programmes, doing business with the oil industry is a way for communities to develop themselves. However, the number and scale of obstacles that oil companies have put in place that prevent local SMEs from doing such business is significant (see Chapter 2 on the Internal Environment). The external context of poverty and corruption means that legitimate businesses simply cannot either start up or survive – and that engaging in illegal activities is actually easier.

The causes and consequences of limited local capacity to benefit from the oil industry are outlined below:

* Poor education and opportunities for skills development, as well as inequitable distribution of revenue and infrastructure are core problems that affect capacity. The human resources (skilled labour, management capacity), as well as basic infrastructure (electricity, communications, roads, sanitation) required for certain kinds of business are frequently non-existent.

* Additional factors that militate against the development of legitimate local business initiatives is endemic corruption (particularly in the contracting process) and poor legal

infrastructure needed to ensure transparent trade transactions. Compounding these is often a lack of basic know-how on how to set up a business and access the oil industry.

* Aside from the loss of an important community avenue to development, the consequences of limited capacity to benefit legitimately from the oil industry are two-fold: (a) the frustration of seeing some groups succeed in accessing business, or failing in one's own efforts feeds into perceived or actual discrimination; and (b) it becomes easier to access benefits through criminal activities and illegal oil bunkering.

The causes and consequences of limited local capacity to legitimately benefit from the oil industry are schematically presented in the diagram below.

Poverty and inequality

Ineffective and corrupt law enforcement/ judiciary

Crime and criminal cartels

Limited local capacity to legitimately benefit from oil industry

Illegal oil bunkering

Inequitable distribution of revenue and infrastructure

Endemic corruption

Perceived and actual discrimination

It is important to stress that tackling the limited local capacity to engage in legitimate business is a critical entry-point for addressing corporate-community conflicts. Healthy, transparent and fair business relationships with local contractors is both possible and within the reach of the industry. However, red tape, insensitivity, and internal corruption in oil companies contribute to the limited local capacity to do legitimate business – and as a result fuel crime and frustration.

Illegal oil bunkering

“Bunkering” is a term used to describe the process of filling a ship with oil (or coal). “Illegal bunkering” as used in respect to oil is a euphemism for oil theft. Large-scale illegal oil bunkering has become significant over the last three years. The Federal government estimates that as much as 300,000 bbl/d of Nigerian crude is illegally bunkered (freighted) out of the country. However, there are strong claims that the amount stolen is considerably under-reported. In 2000, the total number of barrels stolen was 50,869,300. In 2001, the stolen oil rose to 264,322,734 barrels. The figure from January to October 2002 was 255,413,770 (Vanguard, (Lagos), 24 December 2002).

Taking into account the available government and oil company sources, between 100 million and 250 million barrels of crude oil are stolen each year representing an income to the thieves of between USD1.5 billion and USD4 billion (averaging a black market price of USD15/b). This represents a loss to the Nigerian Government of between USD1.48 billion and USD3.72 billion at USD20/b, and USD2.5 billion and USD6.2 billion at USD30/b; and a loss to the oil producing companies of between USD113 million and USD282 million at USD20/b, and USD121 million and USD302 million at USD30/b.

The direct and visible impact of illegal oil bunkering includes environmental pollution and violence. Systematic reviews of local press show that violence associated with theft of oil in the Niger Delta accounts for at least 1,000 deaths per year. This figure does not take account of associated but generally unreported cases of assault, rape, etc or accidental death resulting from the process of tapping pipelines.

Illegal oil bunkering is a multifaceted issue:

- * The context of poverty and inequality, perceived and actual discrimination, lacking capacity to legitimately benefit from the oil industry, and crime and criminal cartels makes illegal oil bunkering both appealing and relatively easy through the criminal infrastructure that exists.

- * For those engaged in the activity, an enabling environment is provided by: (a) the high number of unemployed youths and armed ethnic militias who know the riverine areas well; (b) ineffective and corrupt law enforcement and low conviction rates for those caught by the judiciary; (c) likely protection or patronage from senior government officials and politicians who often use it as a funding source for political campaigns; (d) ease of threatening or corrupting oil industry staff to assist in bunkering; (e) international networks (sources indicate West African (Saõ Tomé, Liberia, Senegal, Ivory Coast, The Gambia), Moroccan, Venezuelan, Lebanese, French, and Dutch linkages) that facilitate market access and financial transactions; and (e) an overall context of endemic corruption ('settling' local communities where the oil is tapped, and 'passage' communities as well as navy officials on the route to off-shore tankers).

- * The consequences of illegal oil bunkering include:

- * Law enforcement officials and community leaders report that in addition to cash, drugs (cocaine) and weapons are exchanged for stolen oil. As stated by Delta State Governor James Ibori (21 August 2003), "The type of weapons available in this region is the result of [these] criminal activities, and they are provided to protect these illegal activities".

- * In order to control locations, bunkering groups will actively support lenient community leaders with cash and thugs – and oppose or kill individuals who resist their activities. Furthermore, the process of social disintegration is fuelled by youths involved in bunkering, who empowered by cash and weapons, challenge community leadership.

- * Fights over 'bunkering turf' often feed into inter-community fights, with resulting high levels of violence.

The links of illegal oil bunkering to the Delta-wide issues discussed above is presented in the diagram below.

Perceived and actual discrimination

Limited local capacity to legitimately benefit from oil industry

Youth unemployment/armed ethnic militias and warlords

Resurgence of intra- and inter-ethnic tensions

Poverty and inequality

Illegal oil bunkering

Social disintegration

Crime and criminal cartels

Ineffective and corrupt law enforcement/judiciary

Endemic corruption

Weapons availability and use

It is important to note that illegal oil bunkering is probably the most significant accelerator of conflict in the Niger Delta. Aside from its consequences as mentioned above, the sheer amount of money and criminal networks involved means that conflicts in the region are likely to become increasingly criminalised (and therefore entrenched) and well-funded.

Most illegal bunkering operations are conducted with considerable knowledge of pipeline operations and so the involvement of former or current oil company staff is a real possibility. The impact of illegal bunkering on oil companies is not as severe (economically) as unnecessary payments to communities, contracts and other fees/salaries or through corruption. However, in the near future oil companies will experience the full effects of bunkering through increased regional violence, insecurity and ethnic strife.

Weapons availability and use

Weapons are readily available and used in the Niger Delta. One well-placed community respondent stated, "each village will have between 20-100 AK-47s in their armouries". The arms trade does not concern a few weapons as it does in East Timor, but thousands of former Soviet type semi automatic and automatic small arms, rocket launchers, rocket

propelled grenades, heavy weapons, explosives and possibly short range missiles. NGO studies (although few in number) show that small arms in the Niger Delta include “revolvers and self-loading pistols, rifle and carbineer, sub-machine guns, assault rifles and light machine guns, Dane guns, local pistols and hand grenades” (Mohammed, no date). In addition, military and media sources indicate that RPGs and machine guns are used.

Key dimensions to weapons availability and use relate to the supply and demand aspects of the problem, as well as its consequences:

* Small arms available in the Niger Delta indicate that there is an influx of (and preference for) new weapons. However, it is also obvious that recycled weapons are widely used, but drawn largely from internal suppliers. One respondent put the cost of a new AK-47 with two magazines at approximately USD 1,700 and a 200 round machine gun at USD 7,400 – a relatively inflated price that indicates that demand is very high (presuming the source is accurately informed).

* Small arms sources include: (a) weapons captured from confrontations with or sold by the Mobile Police/Army; (b) weapons provided by political parties for electoral violence/intimidation purposes; (c) weapons provided in exchange for stolen oil by tankers off-shore; (d) weapons bought from ex-Bakassi group members and foreign/local arms dealers; (e) weapons captured or bought from Cameroonian soldiers; and (f) weapons bought with funds from members of Delta communities living outside of Nigeria (e.g. UK), or directly supplied by them.

* The incentives for carrying arms include: (a) protection in insecure areas or where the police/army is biased; (b) financial benefits from criminal activities, mercenary work, and electoral violence; (c) participation in ethnic armies or groups that protect and promote the interests of different communities; and (d) personal power, profit and self-worth increased by carrying and using weapons.

* The consequences of weapons availability are twofold: (a) the resurgence of intra- and inter-ethnic conflict with the stockpiling of weapons by communities that feel threatened; and (b) the progressive failure of government military responses to communal violence as parties to conflict become better armed and able to outgun the security forces.

Weapons availability and use is linked to a number of other Delta-wide issues. These linkages are presented in the diagram below.

Political manipulation

Armed ethnic militias and warlords

Government failure to manage conflicts

Ineffective and corrupt law enforcement/judiciary

Weapons availability and use

Illegal oil bunkering

Crime and criminal cartels

Resurgence of intra- and inter-ethnic tensions

Some respondents stated that funds paid by oil companies for ransom have been used by criminal groups to purchase weapons. Although it may seem likely, in the broader context of supply, any such oil company contribution is probably insignificant.

The arms, however, certainly contribute to an increase in intensity of piracy, hijacking and community conflict through providing a means for criminal bands, youth groups and communities to inflict a lot more damage to each other. The presence of these weapons in Nigeria contributes to the instability of the country, a prescient threat to communities, citizens, the resources sector, the rule of law and democratic government.

Armed ethnic militias and warlords

Whereas vigilante groups and armed ethnic militias are not new phenomena in the Niger Delta, the emergence of warlords in the region is relatively recent. A context of disempowerment and lawlessness means that an increasing number of communities are stockpiling arms and placing these stocks in the hands of individuals who they have no clear way of controlling. These individuals (or local commanders) are now growing into warlords who on occasions provoke or orchestrate community conflicts for different reasons.

Key causes, growth accelerators and consequences of armed ethnic militias and warlords are given below.

* Armed ethnic militias emerge from a context of communal deprivation, inequality across the region, and a sense of discrimination. As such, they appear to be a communal response to disempowerment. On the other hand, given government failures to manage conflicts, as well as overall lawlessness, the phenomenon is fuelled by a strong threat perception and insecurity in remote areas.

* The growth of militias and emergence of warlords is accelerated by two interlinked factors:

* Community armouries are controlled by appointed local commanders. In peace time these commanders use the weapons and militia members for business purposes. Engagement in criminal activities, illegal oil bunkering, and thuggery, to mention some, generates substantial income for militia members.

* A combination of high youth unemployment and lacking capacity to benefit legitimately from the oil industry means that participation in armed militias is an attractive option for youth in the region.

* As more and more income is generated, local commanders acquire separate arms from what is available in the community stockpiles, giving them greater independence from community controls. It is when community controls become too weak that they become warlords. Respondents state that they will then establish their own territories and fight to protect them.

* Independence of militia commanders from community controls further fuels social disintegration. The fight over territory complicates and gives rise to tensions in inter-ethnic relations. For example, the killing of two Bille women in July 2003 by Kalabari bunkerers was seen as a Kalabari provocation against Bille.

Armed ethnic militias and warlords are linked to a number of other Delta-wide issues. These linkages are presented in the diagram below:

Inequitable distribution of revenue and infrastructure

Limited local capacity to legitimately benefit from oil industry

High youth unemployment

Perceived and actual discrimination

Illegal oil bunkering

Social disintegration

Poverty and inequality

Armed ethnic militias and warlords

Endemic corruption

Resurgence of intra- and inter-ethnic tensions

Government failure to manage conflict

Political manipulation

Ineffective and corrupt law enforcement/judiciary

Crime and criminal cartels

Weapons availability and use

At times the oil companies seek or receive protection from these groups, reinforce their financial base and as a consequence enable them to buy more arms. The presence of armed ethnic militias and warlords impacts on corporate activities by making the operating environment more insecure and violent.

Ineffective and corrupt law enforcement/judiciary

The combination of poor law enforcement and a weak judiciary increases overall lawlessness in the Niger Delta and undermines government capacity to maintain peace:

* The IPCR (2002) states that, “the erosion of the [law enforcement agencies] is partly attributable to the excessive power of the military forces during the years of military rule. It is also caused by low morale, and this in turn arises from poor conditions of service and the influence of political corruption”.

* In relation to the judiciary, Human Rights Watch (1999) explains that the lack of “a properly functioning legal system which could promptly and fairly rule in cases involving compensation, pollution, or contracts” reduces the room for non-violent dispute resolution.

The ineffectiveness and corruption in law enforcement and the judiciary has several important dimensions:

* Generally, police officers in community-based stations, where they exist, are ineffective in reducing crime or maintaining public order. Police stations and living quarters are run down and unsanitary. Low and irregular salaries, as well as no accommodation make law enforcement agents vulnerable to enticements and bribes.

* There is little sense of pride in being a police officer in a remote locality. Officers are not seen as pillars of the community, but rather often as another person preying on the weak and exploiting opportunities. Within urban centres many police will often only perform duties as officers when required or supervised. Traffic police are an obvious example, they do little to maintain traffic flow and reduce congestion. Rather, their focus is on extorting ‘on the spot’ fines or simply harassing citizens.

* The police are poorly equipped and when supplied with equipment through corporate or government sponsorship it is poorly maintained and usually not operational when needed. In the past three years their value as a deterrent has diminished and groups involved in criminal activities ward off the armed police and conduct their business undeterred. These groups have faster and more seaworthy boats, as many or more arms and are willing to use them. Added to corruption amongst police this severely diminishes their effect as a guard or interdiction force.

* The capacity of law enforcement agents to investigate crime is weak and far too much is required of aggrieved parties, rather than arresting officers to achieve a conviction. The police at all levels are corrupted by criminal groups and politicians and so there is little pressure on officers to see investigations or arrests through to conviction. Collusion with