

POLITICAL ECONOMY ANALYSIS

on the funds set up by the Federal Government of Nigeria to reduce unrest in the Niger Delta.

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# Executive Summary

This report is a political economy analysis of the funds set up and provided by the Federal Government of Nigeria to reduce unrest and develop the Niger Delta region. The report represents a limited scope in analysis given the time period of 15 days allotted for this assignment. It further confines analysis on available evidence and informed judgement. Much effort is made to avoid speculative analysis that cannot be substantiated with rational facts.

The report consists of nine chapters and gives an analysis of the list of funds allocated to the Niger Delta region and the groups that are beneficiaries from these funds. The report shows that about N7.35 trillion has been channelled into the Niger Delta region through various funding mechanisms over the last five years.

Chapter Two provides the rationale and justification for this report and the intended purpose for understanding the dynamics of resource allocation in the political economy of the Niger Delta region.

Chapter Three provides a brief introduction to the Niger Delta region, oil production, and sharing of the revenue from oil sales from the colonial era through the indigenisation era to the deregulation stage. It provides an overview of the pressures for a derivation principle in revenue sharing.

Chapter Four focuses on four of the interventionist agencies set up by the Federal Government of Nigeria to drive development in the region. These agencies include the Niger Delta Development Commission, Ministry of Niger Delta Affairs, Presidential Amnesty Programme, and the Hydrocarbon Pollution Restoration Programme. It presents an argument that governance and transparency in the management of the funds is important for the development of the region and that the involvement of the community is critical to success.

Chapter Four examines the funds and impact of these funds over the last five years (2010 – 2014) and highlights government challenges with management of funds. For the purposes of this report, two criteria were used in selecting the eleven funds that were analysed. These funds include the statutory allocation of 13 percent of the proceeds from crude oil sales, allocations from the Federal Budget to the Niger Delta States, allocations to Federal Ministry of Niger Delta Affairs (MNDA), Niger Delta Development Commission (NDDC), Presidential Amnesty Programme (PAP), Hydrocarbon Pollution Restoration Programme (HYPREP), Ecological Fund, Pipeline Security Contracts for the Nigerian National Petroleum Corporation, allocations from the Millennium Development Goals (MDG), contributions from the international oil companies, and support from development agencies.

Chapter Five focuses on an analysis of the funds allocated to the Niger Delta region and their impact. For the purposes of this report, eleven (11) funds were selected, analysed and reviewed using two selection criteria. The analysis shows that a sum total of N7.35 trillion (US$37.31 billion) was allocated to the Niger Delta region between 2010 and 2014. However, the impact of these funds is not commensurate with the development and quality of life of the people in the region. Governance challenges, and not the quantum of funds, is the principal problem affecting development of the Niger Delta region.

Chapter Six examines the Presidential Amnesty Programme (PAP) as a case study to provide a political economy analysis of the beneficiaries of the funds allocated to the region. The programme was set up by the Federal Government in 2009 to stabilise security as a precondition for socio economic development of the region. The chapter presents the review of the programme, the funds allocated to the programme over the last five years and the real beneficiaries of the fund. It notes that government has allocated about N0.27 trillion to the programme to train beneficiaries from the Niger Delta region.

Chapter Seven presents an analysis of the critical stakeholders in the Niger Delta region and their power and interest ratings with regards to security stabilisation and development of the Niger Delta. Fourteen (14) stakeholders are identified and analysed. They include the Presidency, NNPC/Federal Ministry of Petroleum Resources, State and Local Governments (which includes the 9 state governors, federal and state legislators and local government chairmen), Resistance and Armed Groups (ex-generals and their followers), Criminal elements (oil bunkerers, kidnappers, pirates), International Oil Companies, Political Elites, Traditional Rulers and Community Leaders, Ordinary Citizens, Other High Risk Population, Regional Development Institutions (Ministry of Niger Delta Affairs, Niger Delta Development Commission, BRACED Commission), International Development Partners, Civil Society Organisations, and Security Stabilization Institutions (PAP, Joint Task Force, military and security agencies).

Chapter Eight notes that governance challenges, and not the quantum of funds, is the principal problem affecting development of the Niger Delta region.

Chapter Nine contains the data tables for the estimations of funds that have been allocated to the Niger Delta region from 2010 to 2014.

# Purpose of the Report

An understanding of the political economy analysis of the funds flow into the Niger Delta region is critical in the development process for the region. This report presents an analysis of the funds allocated to the Niger Delta region and the beneficiary groups for each of the funding mechanisms.

The report presents:

1. An explanation of the selection criteria and the resulting list of funds.
2. An identification of the specific development purposes for each of the funds.
3. An assessment of the impact of each of the funds and the extent to which the respective development goals were met.
4. An elaboration of the levels, mechanisms and channels of funding.
5. An analysis of the “real” political reason for setting up these funds and an analysis of the groups that in reality benefitted from the funding.
6. Stakeholder analysis of the current actors and their incentives and motivations both for and against setting up proper programmes that can ensure lasting stability in the region.
7. Recommendations on better strategies for engendering and maintaining stability in the Niger Delta.

# The Niger Delta Region: A Primer

Despite being the wealth belt of Nigeria, and the vast amounts of financial resources allocated to the region, the Niger Delta region still has relatively poor development outcomes. In the last five years (2010-2014), government has channelled about **N7.35 trillion (US$37.31 billion)** to the region; yet, there is no significant improvement in the quality of life. This perceived neglect of the region by the government has resulted in sustained but sporadic low intensity armed conflict for decades. This chapter presents an introduction to the Niger Delta region.

## Introduction

Nigeria’s oil-rich Niger Delta is situated in the south of Nigeria on the delta of the Niger River. It consists of nine oil-producing states[[1]](#footnote-1) in the south-south and south-eastern geo-political zones of the country covering an estimated area of 112,000 square km with a population of about 32 million representing over one-fifth of the total national population of Nigeria. The bulk of this population lives in rural fishing and farming communities. However, with the discovery of oil and the social and environmental changes that have accompanied it, particularly the dearth of arable land and pollution of fishing waters, farming and fishing have substantially declined. At the same time, marked increase in illegal activities associated with crude oil has been recorded, particularly oil theft and illegal artisanal refining.

**The Niger Delta has the second highest proven crude oil reserves in Africa**. The Niger Delta is one of the world’s ten most important wetlands and coastal marine ecosystems. It has vast oil and gas deposits that account for 90 percent of Nigeria’s export earnings and 80 percent of its public revenues. It has an estimated 36 billion barrels of oil making it home to one of Africa’s highest proven crude oil reserves with an estimated reserve life of 41 years.[[2]](#footnote-2) At the same time, a noticeable increase in illegal activities associated with crude oil has been recorded, particularly oil theft and bunkering. It is estimated that Nigeria losses about 250,000[[3]](#footnote-3) barrels to 400,000[[4]](#footnote-4) barrels daily to oil theft, and as much as US$13.7 billion was lost in four years (2009-2012).[[5]](#footnote-5)

**Perceptions of neglect and exclusion are major drivers of conflict and insecurity in the Niger Delta region**.[[6]](#footnote-6) For decades, the region was embroiled in a low-intensity conflict between the communities, oil companies, and the government. The root causes of the conflict included expressed concerns about exploitation, environmental degradation, underdevelopment, poverty, marginalisation, and the perceived insensitivity of the government.[[7]](#footnote-7). Hence, youths in the Niger Delta region resorted to violence to secure government’s commitment to their development needs.

**Previous governments have implemented various interventions.** Most of these interventions have resulted in limited success because they were characterised by the lack of an integrated development framework, poor project management and implementation, inadequate funding, weak coordination and corruption. Some of these interventions were initiated through such agencies as the *Niger Delta Development Board* (1960), *Niger Delta River Basin Development Authority* (1976), *Special Fund for Oil Producing Areas by Revenue Act* (1981), *Presidential Taskforce for the Development of Oil Producing Areas* (1989), *Oil Mineral Producing Areas Development Commission* (1992), *Niger Delta Development Commission* (2000), *Ministry of Niger Delta Affairs* (2008), and *Presidential Amnesty Programme* (2009).

**Between 2010 and 2015, Federal Government of Nigeria channelled over N7.35 trillion (US$37.31 billion) into the Niger Delta region**.[[8]](#footnote-8) The various sources of funds including statutory allocation of 13 percent of the proceeds from crude oil sales, allocations from the Federal Budget to the Niger Delta States, allocations to Federal Ministry of Niger Delta Affairs (MNDA), Niger Delta Development Commission (NDDC), Presidential Amnesty Programme (PAP), Hydrocarbon Pollution Restoration Programme (HYPREP), Ecological Fund, Pipeline Security Contracts for the Nigerian National Petroleum Corporation, allocations from the Millennium Development Goals (MDG), contributions from the international oil companies, and support from development agencies.

**Yet, the region is characterised by endemic poverty and poor development outcomes.** Despite this quantum of funds[[9]](#footnote-9), there is no commensurate improvement in the quality of life or standard of living of the people. In fact, some of the development indicators have gotten worse.[[10]](#footnote-10) Consequently endemic poverty and unemployment exacted their toll on social cohesion and authority structures in the region.

**The sharing of revenues derived from Nigeria’s petroleum sector is one of the most contentious issues in Nigeria’s political economy.** The Niger Delta, the region from which the bulk of Nigeria’s petroleum resources are produced, has, not unexpectedly, been at the centre of this controversy. Many decades of neglect of the region by governments at the federal and state levels, particularly under military rule, left the region in decades of economic desolation, environmental degradation and popular restiveness towards government and oil producers. The region that produces the wealth that makes Nigeria the largest economy in Africa experiences widespread poverty and social decay.

A World Bank estimate indicates that petroleum contributes about 50 percent of Nigeria’s GDP, 95 percent of foreign exchange earnings, and 80 percent of all budgetary revenues.[[11]](#footnote-11) Recent data from the Organisation of Petroleum Exporting Countries (OPEC) suggest that in 2014 alone, Nigeria earned an average of $210 million daily, or about $77 billion annually from crude oil export. And in the five years from 2010 through 2014, the country earned over $415 billion from the export of crude oil.[[12]](#footnote-12) In spite of the wealth of the Niger Delta, around the time the military left office, available figures showed that only 27 percent of people in the Delta had safe drinking water and about 30 percent of households had access to electricity, both of which were below the national averages of 31.7 percent and 33.6 percent respectively. At the same time, there was one doctor per 82,000 people, rising to one doctor per 132,000 people in some areas, especially the rural areas, which is more than three times the national average of 40,000 people per doctor.[[13]](#footnote-13)

According to a World Bank study, at a score of 783, the urban areas of Rivers State have the highest cost of living index in Nigeria. GNP per capita was below the national average of $280 and unemployment in Port Harcourt, the principal city of the Niger Delta, was as high as 30 percent. In addition, access to education, which is central to remedying some of the parlous social conditions of people in the region, lagged when compared to other parts of the country. While 76 percent of all Nigerian children attended primary school, in the Niger Delta the figure dropped to between 30 and 40 percent.[[14]](#footnote-14)

Paradoxically, there is a marked discrepancy between the socio-economic conditions and the financial resources that have invested in the social development of the Niger Delta by the government, oil companies and other development agencies. For instance, between 1993 and 1997, the Oil Mineral Producing Areas Development Commission (OMPADEC), then the national government’s main development agency in the Delta, officially spent about $870 million purportedly in uplifting the social conditions of the region. Its successor, the Niger Delta Development Commission (NDDC), which became operational in January 2001, is estimated to spend between $300 million and $500 million annually in the Niger Delta. At the same time, the 1999 Constitution of Nigeria, which came into effect at the end of military rule, provides for 13 percent of petroleum revenues to be returned to the States of production by derivation. In addition to governmental sources, oil companies and other development agencies collectively spend as much as $200 million annually on development projects in the region.[[15]](#footnote-15)

The Federal Government of Nigeria has committed millions of dollars to the Niger Delta region with the establishment of the Presidential Amnesty Programme, Federal Ministry of Niger Delta Affairs, as well as the Hydrocarbon Pollution Remediation Project.

## The Niger Delta Region and Oil production

Most of the international oil companies (such as Shell, Elf, ExxonMobil, Agip, Chevron, Agip, and Total) have operations in Nigeria. More recent entrants include Statoil, Addax and Star companies. A number of indigenous oil companies operate in Nigeria, for instance, Seplat Petroleum, Orient Oil, etc. Their operations are principally organised as joint ventures with the state-owned Nigeria National Petroleum Corporation (NNPC).

Nigeria is the fifth largest producer of crude oil in the Organization of Petroleum Exporting Countries (OPEC). At peak production in the 1970s, it exported two million barrels per day. In the 1980s and 1990s, this production declined to an average of about 1.7 million barrels daily. However, between 2010 and 2014, Nigeria’s export quota, which is determined by OPEC, stood at around an average of 2.3 million barrels daily, mostly sold to Europe, North America and Asia. As a member of OPEC, Nigeria’s production of crude oil is set within the framework of the quota system of the Organisation.

Nigeria’s oil commands a premium price because it is considered to be more environmentally friendly because of its low sulphur content. As a result, between 2010 and 2014, Nigeria’s *Bonny Light* was the highest priced among all OPEC members averaging more than US$104.20 per barrel compared to the average OPEC Reference Basket (ORB) of about $99.30.

## Petroleum and Revenue Sharing in Nigeria

By law, the Nigerian state owns all mineral deposits in Nigeria, including crude oil. This ownership is established through a series of statutes that govern the petroleum industry, dating to the colonial period. Revenues from petroleum, which come mainly from sales of oil and gas, petroleum profit tax, royalties, signature bonuses, concession rentals and gas flaring penalties are swept into a Federation Account, which is established by the Constitution. The formula for distributing revenue from petroleum among the Federal, State and Local tiers of government, as well as other agencies, is based on the Constitution and other extant laws. The distribution of petroleum revenues has continued to nettle communities in the Niger Delta, as they often feel cheated. A Supreme Court ruling in April 2002 that gave control of offshore petroleum deposits to the Federal Government, further reducing revenue accruable to oil-producing States, increased the feeling of deprivation in the region.[[16]](#footnote-16)

Shell is the largest oil producer in Nigeria. Inevitably, its dominance of the industry and the centrality of petroleum in Nigeria’s political economy have brought Shell, and indeed other multinational oil companies, very close to ruling governments in Nigeria. By the same token, the ill will of communities arising from widespread feeling of deprivation has also characterised the relationship between communities and oil companies. This was particularly pronounced during the period of military rule when the regimes used extremely coercive means against restive communities in a bid to counter threats to oil production.

Since the inauguration of a civilian government in May 1999, there have been various attempts by both the government and the oil companies to redress the socio-economic and environmental damages of the military period. Particularly, the government established the Niger Delta Development Commission (NDDC) to replace the military-established Oil Minerals Producing Areas Development Commission (OMPADEC). The NDDC is expected to be the flagship of government development policy in the Niger Delta. However, although progress has been made in the area of human rights violation since the military left power in 1999, social conditions remain dire for a vast majority of people. The level of violence in the region remains quite high and the uneasy relationships among local communities, governments and oil companies persist.

In Nigeria, the historical context in which petroleum production and governance of the revenues accruing from it presents a varied and intriguing trajectory. Four phases or eras standout in tracing the development trajectory of Nigeria’s petro-state,

### The Colonial Era

The first stage, which we may call the *colonial* stage, dates to the first few years of the 20th century when petroleum exploration began. Organised marketing and distribution started around 1907 by a German Company, Nigerian Bitumen Corporation. In 1914, the *Colonial Mineral Ordinance* formalized state control of oil exploration, and the colonial state, on the basis of the Ordinance, granted concessions exclusively to British and British-allied companies. Under this arrangement, the Anglo-Dutch group Shell D’Archy (later Shell-BP) got an oil exploration concession covering the entire 367,000 square miles of Nigeria in 1938. This set the stage for over six decades of dominance of the Nigerian oil economy by Shell (currently about 50 percent of Nigeria’s total production and about 53 percent of total hydrocarbon reserve base). In 1956, Shell discovered oil in commercial quantities at Oloibiri, a town in the Niger Delta. The next year, the company ceded 95 percent of its concession to other non-Nigerian companies, leaving itself prime 16,000 square miles. By February 1958, Nigeria became an oil exporter with a production level of 6,000 barrels per day, although it was not until after the 1967-70 Civil War that it became a major producer on a global scale. A year after Nigeria became an oil exporter, the Federal Government of Nigeria sought to take greater control of proceeds of the exports. It passed the 1959 *Petroleum Profit Tax Ordinance*, which provided for 50/50 profit sharing between government and producers. This marked the early beginnings of a *petro-rentier* state.

### Immediate Post-Independence Era

Petro-politics in the immediate post-independence period began with the question of distribution of petroleum rents between the federal government and the regional governments. The Binn’s revenue allocation report recommended that 50 percent be returned to the regions by derivation. In the light of the rapidly rising rents from oil, this potentially put enormous wealth in the hands of the regional governments, particularly the Eastern regional government. It is not surprising that oil became a central issue when the Eastern region attempted to secede to form the independent state of Biafra. Although oil had only a subsidiary role in the outbreak of the civil war that followed, it had more direct role in determining the course and outcome of the war.[[17]](#footnote-17) For instance, the decision of Shell-BP to pay royalties to the Federal side and not to the Biafran side decisively affected the outcome of the war.

Oil was also significant in the politics of the war in yet another way namely, the creation of states and redrawing of ethnic boundaries. On the eve of the civil war, the federal military government led by Yakubu Gowon changed the administrative structure of the country from four regions to twelve states, two of these, Rivers and South-East States, catering for minorities in the former Eastern Region. Soon after, in May 1967, the Eastern Region declared itself the State of Biafra with a predominantly Igbo ethnic composition (two-thirds of the official regional population of 66 million) and a number of ethnic minorities including the Efik, Kalabari, Ijaw and Ogoni. The creation of states by the military regime was meant to serve the immediate purpose of undermining support for Biafra.

While undermining the support base of the Biafran secession was the immediate objective of state creation, its long-term goal was oil. State creation and tinkering with ethnic boundaries served the purpose of making it a resource owned by the ethnic minority; yet it did not translate into increased revenue benefits in the post-war era. In spite of their role in swinging the balance in favour of the federal side in the civil war, ethnic minorities of the Delta felt increasingly marginalised by shifts in the system of revenue allocation that progressively de-emphasized the derivation principle and allocated resources on the basis of States. In sum, they felt themselves consistently short-changed in the distribution of oil rents in the post-war period.

### The Indigenisation Era

The third era in the genealogy of the Nigerian petro-state, which may be called the *indigenisation* stage, began just before the end of the civil war. In 1969, the federal government enacted the *Petroleum Act*, which among other things abrogated the 1914 Ordinance. The essence of the new act was to establish tighter control of the federal government on oil revenues. The Act imposed OPEC conditions on producers for the first time. In 1971, the government set up the Nigeria National Oil Company (NNOC), which later became Nigeria National Petroleum Corporation (NNPC), and joined OPEC. The declared objective of the government in taking these measures was to maximize the benefits of oil for the country against the increasingly rapine tendencies of multinational oil companies. However, there were suggestions that the government sought to punish Shell-BP for its initial unwillingness to pay oil rents to the federal side during the war. These actions also took place in the context of a military regime buoyed by its successful prosecution of the civil war. The success of the military in prosecuting the civil war under its own direction, rather than that of civil authority, had three consequences that are useful in understanding this phase of the development of the Nigerian petro-state. First, it assured a political future for the military. Second, it strengthened the nationalist rhetoric of the military government. Third, it increasingly made the military government unaccountable to the Nigerian public on how it used oil revenues.

The crucial period of the *indigenisation* stage was 1971 through 1979. During this period, government acquired 60 percent equity in the major multinational oil companies and 80 percent in Shell-BP with the nationalisation of BP over the Zimbabwe independence crisis in 1976. Later, the federal government ceded about 45 percent of BP to Elf (10 percent), AGIP (5 percent) and Shell (30 percent). In the downstream segment of the industry, government took over ESSO (UNIPETROL), BP (AP) and the marketing arm of Shell (National). The *indigenisation* period also saw a marked decrease in foreign investment in the sector, with some multinational oil companies even abandoning their Nigerian operations.

This period was also characterized by massive public sector expenditure, ostensibly in support of post-war reconstruction. The First National Development Plan was massively funded, including support for indigenous entrepreneurs to buy into numerous previously foreign-owned companies under the Indigenisation Programme. However, this period also saw an unprecedented rise in corrupt practices by public officials. The cement scandal in which millions of tonnes of cement were imported into the country at exorbitant cost, which congested the sea ports of the country for months, shady deals in foreign exchange and the huge personal wealth accumulated by public officers under the Gowon regime are good illustrations. It is not surprising that when the regime was overthrown in July 1975, all the twelve State Governors and numerous senior federal government officials were found to have corruptly enriched themselves. The new regime led by General Murtala Mohammed also sacked thousands of workers in a massive purge of the public service.

### The Deregulation Stage

The third and final stage in tracing the development of Nigeria’s petro-state, which may be described as the *deregulation* stage, began in the early 1980s. As early as 1977, signs of serious fiscal difficulties were already visible. The outgoing Obasanjo military government at the time enunciated the so-called belt-tightening programme. By 1982, the silhouette had become a very clear picture and the Nigerian economy was already deep into a tailspin. Again, oil rents were at the heart of this. Crude oil revenues fell from N201 million in 1980 to about N56 million in 1983, triggered by precipitous declines in world crude oil prices. Since public revenues were largely dependent on crude oil exports, the decline set off a serious financial crisis that is clearly expressed in the sudden increase in import of capital, which rose by 280 percent between 1979 and 1981. In 1983, external debts stood at about N15 billion, with a N5 billion backlog of repayments, while internal public debt stood at N22 billion.

Expectedly, the economy virtually collapsed. Industrial capacity utilisation fell to only about 20 percent, there were massive layoffs of workers in the private and public sectors, inflation rose from 7.7 percent in 1982 to 23.2 percent in 1983, GDP fell by 4.4 percent in 1983 and GDP per capita fell from $960 in 1980 to about $300 in 1987. The civilian government at the time under President Shehu Shagari tried to absolve itself by attributing these difficulties to the slump in world oil prices. The International Financial Institutions (IFIs) blamed it on structural imbalances in the economy (read: state involvement in the economy). However, the fiscal crisis was the sum effect of a deep-seated Dutch disease which meant Nigeria’s inability over the years to creatively use oil money to develop the industrial sector and in tandem neglected the agricultural sector of the economy, which sustained the country before crude oil exports became dominant.[[18]](#footnote-18) Biting fiscal crisis, pressure from IFIs, growing domestic discontent and decline in foreign investment in the oil sector, a reprisal for policies of the *indigenisation* period, led to partial deregulation and commercialisation of various operations of the Nigeria National Petroleum Corporation (NNPC). As part of this, the NNPC was commercialised in 1988 with the creation of 11 subsidiaries.[[19]](#footnote-19) And in an attempt to woo the big oil companies, government also offered them new favourable Memoranda of Understanding (MOUs) in 1986 and 1991 dealing with production sharing with the NNPC. Still, persistent inability of government to meet its payment in the joint ventures (cash calls) with the oil majors and inability of NNPC to compete with them led to increased dependence on multinationals. Today, there is talk about complete deregulation of the industry and selling of NNPC. An attempt to privatise the NNPC-owned refineries triggered a strike by petroleum sector workers in August 2002.

An important aspect of the *deregulation* stage is the search for other sources of petroleum rent. Gas became the obvious focus. Hitherto, Nigeria’s huge reserves were flared as associated gas in the drilling of crude oil. In 1982, the ten major oil companies operating in the country including Shell, Gulf, Mobil, Agip and Texaco flared about 13.4 billion cubic metres of gas, representing over 92 percent of all gas produced. Both the environmental and economic consequences of gas flaring are dire. In 1997, gas flaring was thought to release 35 million tonnes of carbon dioxide and 12 million tonnes of methane into the Nigerian atmosphere. On the economic side, the quantity of gas flared in 1982 was approximately the equivalent of 280,000 barrels of crude oil per day. That would have shored up the declining revenues from crude oil export by about 25 percent. These considerations led to the establishment of the Nigeria Liquefied Natural Gas (NLNG) project in the Niger Delta, which started production in late 1999. The project entails the purchase of natural gas from producers by the NLNG. The company then transports it over about 200 kilometres of dedicated pipelines into a plant at Finnima on the Bonny Island. There, the gas is processed into liquefied natural gas and exported. The project is a joint venture between NNPC (49%), Shell (25.6%), Elf (15%) and Agip (10.4%).[[20]](#footnote-20)

Finally, during the preceding stage of *indigenisation,* there was increased access of the indigenous elite to petrodollars and a phenomenal rise in their standard of living through access to the state and increased involvement in downstream activities in the oil industry. Much of this was reversed in the *deregulation* phase because as the fiscal crisis deepened, access to the state and to petrodollars contracted, especially for those not associated with the ruling military and ethnic circles. As the excluded middle class became increasingly pauperized, just like the bulk of the underclass, they began to champion new social and environmental causes. This was particularly so in the oil producing areas, notably the Niger Delta, because of the social and environmental devastation arising from oil extraction.

## Production and Revenue Profiles of Nigeria’s Oil Industry

It is in the context of the deregulation phase that the current profile of the industry is to be located. The Joint Venture approach to production, which was the fallout of the indigenisation period, offered the foreign oil companies a means of protecting their investments by ensuring that the Nigerian state had enough stake in the ventures. However, it also meant that the Nigerian state took on increased financial burden, having settled for 60 percent equity across board in the JVs. Consequently, the Joint Venture Cash Calls became a major financial outflow. Indeed, between 2009 and 2011, the cash calls paid by NNPC to JV partners amounted to about $8.8 billion.

As the cash calls mounted in the face of declining revenues, the Nigerian government sought other forms of production relations with multinational oil companies. The government settled for the Production Sharing Contract (PSC), which ostensibly would reduce cash calls and increase Nigeria’s reserves by transferring exploration risks and funding to the oil companies. PSCs define the percentage of production that the company operating a well and the host country will get after the operating company has recovered a specified part of its costs and expenses. In addition, two other production relations have also emerged in more recent times namely, Sole Risk Production, which focuses on marginal fields and Service Contracts.

In the last five years, there have been several demands to fundamentally restructure the petroleum industry in Nigeria. The laws governing the sector were regarded as archaic, too foreign oriented and stifling of local capacity. However, several attempts to enact a new petroleum industry law have been mired in political calculations, resistance by the oil companies, and sheer incompetence by the authorities driving the process. Part of the demand to restructure the sector has also shifted attention to the low level of involvement of indigenous organisations in the petroleum production sectors. Consequently, the Nigerian Oil and Gas Content Development Act 2010 has been in force for about five years, but its effect remains to be seen.

The calls for more local involvement in oil and gas in Nigeria stems largely from the fact that the amount of crude oil produced by Nigeria and the revenue accruing from it has for many years been a jealously guarded secret by oil companies and governments. There can be little doubt that this is not unconnected with the recent history of military rule during which government became very secretive and the military high command extremely suspicious of the Nigerian public, especially in the Niger Delta. But perhaps more importantly is the business ethic of international *petrobusiness*, which is famed for secrecy. With the return of Nigeria to civilian rule in 1999 and in the context of a global movement to pressure *petrobusiness* to be more accountable and open in its dealings, especially in underdeveloped countries, there is now more information flow on oil revenue governance in Nigeria. One of the driving forces in this petro-Glasnost is the Nigerian Extractive Industries Transparency Initiative (NEITI), which links government, donor agencies and civil society organisations. The publication of the Hart Report, which is an audit of oil production and revenues for 2003 and 2004, is unprecedented in the history of petroleum revenue governance in Nigeria. Since then, reports by NEITI have become a good source for understanding revenue flows in the industry.

Since 1960, Nigeria has produced over 30 billion barrels of crude oil, a good part of it from the Niger Delta in the vicinity of homes, farmlands and fishing waters with all its implications for livelihoods and social life generally. This excludes billions of cubic metres of gas either collected for export or flared in huge fireworks across the Niger Delta, with over 86 billion cubic metres produced and 10.7 billion cubic metres flared in 2014 alone.

## Pressure for Derivation Principle in Revenue Sharing

Ironically, the tendency in Nigeria, especially among government officials and oil companies, is to look at these huge production figures exclusively in terms of dollar signs and never in terms of their danger signs. This has been the case both under military rule and civilian government. Isolated internationally and pressured locally to democratise, successive military regimes intensified exploitation of natural resources, essentially petroleum, to fund repression and corruption, thereby massively destroying the environment of the Niger Delta. *Petrobusiness* became central to the security of military regimes, yet the military perniciously portrayed financing regime survival from sale of crude oil as a matter of national security. Return to democratic government raised hopes of redressing the environmental and social damages of military rule. Yet, there is still scepticism in government circles about the wisdom of mainstreaming the environment in public policy in the post-military era. The suggestion is that environmental issues could undermine the government’s resource base and increase conflicts and insecurity. Consequently, crude oil production is still only seen in terms of revenue.

It is not surprising that with such enormous sums of money going into government coffers, the politics of its generation and sharing will be intense in an economy that is totally dependent on petroleum. Indeed, the politics of oil revenue generation and sharing, which is expressed in the so-called resource control struggles, has remained a major source of acrimony in Nigeria since petroleum became the principal source of state revenue in the 1970s.

To be sure, the contentious politics of sharing national revenue has been a major issue in Nigerian federalism, dating back to the last few years of colonial rule. Between 1946 and 1999, 17 different revenue sharing formulas have been employed in sharing centrally collected revenue. Yet, none of them has satisfied all the cleavages. The history of raucous revenue sharing in Nigeria could be traced to 1946 when Governor Arthur Richards as part of his Constitutional reforms asked Sir Sidney Phillipson to study and make recommendations regarding the administrative and financial procedures to be used under the imminent Constitution. What emerged was a system in which although the central government lost some of its previous fiscal powers, it remained financially dominant vis-à-vis the Regions. The Centre retained considerable powers over tax revenues and distribution of revenues among the regions was based exclusively on derivation. The Phillipson era was followed by the Hicks-Phillipson formula, which immediately preceded the introduction of the Macpherson Constitution in 1951. It gave the regions powers to impose specific taxes, while distribution among the regions was based on the principles of independent revenue efforts and derivation. The Sir Louis Chick Commission recommendations led to a rapid process of fiscal decentralisation. It did not only increase regional fiscal autonomy considerably, but it also placed emphasis on derivation as the main principle.

The derivation principle, which defines the current tumultuous debates over resource control in Nigeria, remained central in revenue allocation through the immediate post independence period. But the politics of derivation changed dramatically with the advent of petroleum export and centralisation of petroleum revenues. Initially, centralisation of petroleum revenues was used as a means of breaking the stranglehold of the very powerful three Regions, each controlled overwhelmingly by an ethnic group.[[21]](#footnote-21) As we have already seen, it was particularly crucial in the case of the Eastern Region where the bulk of the country’s crude oil and gas deposits was located, and even more so following the attempt of the Region to secede from the Federation as the independent State of Biafra between 1967 and 1970. Through successive legislation such as the Petroleum Decree/Act (1969 and 1991), Offshore Oil Revenue Decree (1971), Land Use Decree (1978), Exclusive Economic Zone Decree and the Lands (Title Registry) Decree (1993), the Federal Government, especially under the military, gradually but steadily seized control of oil revenues. One consequence of this is that the importance of derivation as a revenue allocation principle declined. Binn’s 1964 recommendations of 50 percent derivation and reduction of Federal share of national revenue by 5 percent would have decisively changed revenue allocation in favour of regions of derivation. However, by Decree 13 of 1970, the Gowon military regime reduced derivation to 30 percent. Subsequently, the Obasanjo military regime, following the 1977 Aboyade Technical Committee report, further reduced it by 5 percent. Under the military government of General Buhari, derivation was as low as 1.5 percent and was only marginally increased by the Babangida military government in 1992.

In the twilight of military rule, the issue of derivation in distribution of petroleum revenues took the front burner with unprecedented intensity. The reason for this was the extremely conflictive relations between the military government and *petrobusiness* as its ally, and communities in the Niger Delta over the share of oil revenues that should accrue to communities and the devastation of the environment arising from the activities of *petrobusiness*.[[22]](#footnote-22) With return to civilian rule and opening of the political space, the issue of control of petroleum revenues was bound to remain a central question for the new government. It is not surprising that the people of the Niger Delta, initially through civil society organisations, demanded for a Sovereign National Conference that will have resource control as a major agenda item, and later by the Delta and Bayelsa State governments, insisted that Niger Delta peoples through their State governments are entitled to larger shares of oil revenues. Since 1999 they have been pushing for an increase in revenue to the Niger Delta from the 13 percent of resources derived from each State to 50 percent.[[23]](#footnote-23) In response to their demands, resource control antagonists led by the Presidency initially sought to seize all revenues from offshore oil production by excluding such revenues from the calculation of the 13 percent derivation. This move led to the reduction of the revenue of some oil-producing States by as much as 80 percent, and so focused the resource control struggle even more sharply.

On April 9, 2001, the Federal Government went to the Supreme Court asking for clarification of section 162, subsection 2 of the 1999 Constitution. In the suit, the Federal Government asked the Court to declare that petroleum resources in Nigeria’s territorial waters belong to the Federal Government and not to States, and so should not be used to calculate the 13 percent derivation. In April 2002, the Supreme Court ruled in favour of the Federal Government, drastically cutting revenues to oil-producing States like Akwa-Ibom and Ondo. However, in what appeared like forgiveness of the Niger Delta States by the Federal Government, and a rare act of statesmanship by the country’s leadership, President Obasanjo sent a bill to the National Assembly to abolish the distinction between onshore and offshore petroleum revenues in applying the 13 percent derivation principle in revenue sharing. Although the Assembly passed the bill in October 2002, the controversy did not end there. In a sudden twist, the President vetoed the bill by withholding accent to it in December 2002 over the issue of definition of Nigeria’s offshore by the bill. Is it “contiguous zone” used in the President’s draft bill or “continental shelf” inserted by the National Assembly? Soon, Northern elders led by the Emir of Kano joined the fray, warning Northern members of the National Assembly not to override the President’s veto because abolition of the onshore-offshore dichotomy by the bill meant that fewer resources would go the North. This brought into clear relief the centrality of petro-politics to the survival of the Nigerian ruling class, notwithstanding the rhetoric of equity and justice consistently mouthed by both sides in the resource control struggle. The issue was resolved, though temporarily, when the Act was modified to provide that “200-metre water depth isobath” contiguous to a State will be used for purposes of calculating derivation. But in the latest turn of events, 22 State Governments (19 from the North and 3 from the South West) in August 2004 went to the Supreme Court asking it to nullify the Act.[[24]](#footnote-24)

It is in this stormy petroleum political economy (*petropolec*) that the allocation of funds to the Niger Delta is rooted. A summary of that petropolec is that it has been one characterised by proliferation of agencies, corruption, as well as poor planning and coordination. There are no better epitomes of these than four Federal agencies namely, Ministry of Niger Delta Affairs, Niger Delta Development Commission, Presidential Amnesty Programme, and the Hydrocarbon Pollution Restoration Programme.

# Interventionist Agencies and Development Response in the Niger Delta

This chapter focuses on four of the interventionist agencies set up by the Federal Government of Nigeria to drive development in the region. These agencies include the Niger Delta Development Commission, Ministry of Niger Delta Affairs, Presidential Amnesty Programme, and the Hydrocarbon Pollution Restoration Programme. It presents an argument that some form of community-based trust funds is required to improve governance and transparency in the management of the funds for the region.

## Niger Delta Development Commission

Act No. 6 of 2000 established the Niger Delta Development Commission (NDDC) and the Commission formally came into being in January 2001. Section 7 of the NDDC Act provides that the functions of the Commission shall be the following:

* Formulate policies and guidelines for the development of the Niger-Delta, area;
* Conceive, plan and implement, in accordance with set rules and regulations, projects and programmes for the sustainable development of the Niger-Delta area in the field of transportation including roads, jetties and waterways, health, education, employment, industrialisation, agriculture and fisheries, housing and urban development, water supply, electricity and telecommunications;
* Cause the Niger-Delta area to be surveyed in order to ascertain measures which are necessary to promote its physical and socio-economic development;
* Prepare master plans and schemes designed to promote the physical development of the Niger-Delta area and the estimates of the costs of implementing such master plans and schemes;
* Implement all the measures approved for the development of the Niger- Delta area by the Federal Government and the member States of the Commission;
* Identify factors inhibiting the development of the Niger-Delta area and assist the member States in the formulation and implementation of policies to ensure sound and efficient management of the resources of the Niger-Delta area;
* Assess and report on any project being funded or carried out in the Niger-Delta area by oil and gas producing companies and any other company including non-governmental organisations and ensure that funds released for such projects are properly utilised;
* Tackle ecological and environmental problems that arise from the exploration of oil mineral in the Niger-Delta area and advise the Federal Government and the member States on the prevention and control of oil spillages gas flaring and environmental pollution;
* Liaise with the various oil mineral and gas prospecting and producing companies on all matters of pollution prevention and control; and
* Execute such other works and perform such other functions, which in the opinion of the Commission are required for the sustainable development of the Niger- Delta area and its peoples.

From the law establishing the Commission, these functions are to be funded from the following major sources:

1. From the Federal Government, the equivalent of 15 percent of the total monthly statutory allocations due to member States of the Commission from the Federation Account; this being the contribution of the Federal Government to the Commission.
2. 3 percent of the total annual budget of any oil producing company operating onshore and offshore in the Niger-Delta Area, including gas processing companies;
3. 50 percent of moneys due to member States of the Commission from the Ecological Fund,
4. Such moneys as may, from time to time, be granted or lent to or deposited with the Commission by the Federal Government or a State Government, any other body, or institution whether local or foreign;
5. All moneys raised for the purposes of the Commission by way of gifts, loan, grants-in-aid, testamentary disposition or otherwise; and
6. Proceeds from all other assets that may, from time to time, accrue to the Commission.

In 2004, the NDDC completed a Master Plan for the development of the Niger Delta. The Plan, which is expected to cost trillions of Naira to implement, was developed by the German agency, GTZ. Many observers have praised the Plan, though there are concerns from start as to whether it will be implemented, considering the experiences of previous interventions such as the Oil Minerals Producing Areas Development Commission (OMPADEC). Several observers of the Niger Delta expressed unease that the Commission could be another patronage system and an avenue for enriching political loyalists. They point to the fact that within months of its existence a director in the Commission was removed from office for financial malpractices.

As a matter of fact, the NDDC was nearly stillborn. Soon after his inauguration in May 1999, President Obasanjo toured the Niger Delta and promised a major government intervention in the region. The President followed this with consultations with representatives of communities and other stakeholders in the petroleum industry; consultations that did not always end on an amicable note. Later that year, he finally sent a bill to the National Assembly to create the NDDC. However, from start, the bill was mired in controversies involving the people of the Niger Delta, the National Assembly and the Presidency over the definition of the Niger Delta, the funding of the Commission, location of its headquarters and staffing.[[25]](#footnote-25) These controversies have continued to dog the Commission. Other observers think that the structures of decision-making in the NDDC are not participatory enough and that direct consultations with communities are either not conducted or, where they are conducted, are farcical. Also, the oil companies have in the past expressed reservations about NDDC. In fact, at one point they threatened to withhold their remittances until the Commission showed evidence of working with the moneys already paid to it.

This image of underhandedness has rightly or wrongly followed the NDDC to date. In December 2013, President Goodluck Jonathan, who is usually circumspect about criticisms of government agencies, expressed dissatisfaction with the way the Commission was applying the enormous resources at its disposal. The President, while receiving the new Board of the Commission, noted that in spite of the enormous funds disbursed to the NDDC by the Federal Government, “I don’t believe that we have something on ground to show”. [[26]](#footnote-26) The President had dissolved the previous Board because according to him “instead of the Board to work with the management to make sure that people from the area benefit from the NDDC, they were busy quarrelling over money”. To underscore the lingering question mark over the running of the affairs of the NDDC, its Boards have now been dissolved three times before serving out their terms – in 2011, 2013 and 2015.

To appreciate the amount of funds received by the NDDC, one needs only to look at accruals from the 3 percent of the total annual budget of oil producing companies operating, onshore and offshore, in the Niger Delta area, including gas-processing companies, as provided by the law establishing it. According to NEITI Oil and Gas Industry Audit Reports, accruals to NDDC from this source in 2010 stood at $561,390,000, rising to $703,292,000 in 2011, but declined to $558,808,000 in 2012. These figures mean that between 2010 and 2012, accruals to NDDC from this source alone amounted to over $1.8 billion dollars.

## Ministry of Niger Delta Affairs

There were two major policy decisions taken by President Umaru Yar’Adua in 2009 to resolve the problem of insurgency in the Niger Delta, which at that time had all but crippled the petroleum sector in Nigeria. The first was the Presidential Amnesty Programme and the other was the establishment of a Ministry of Niger Delta Affairs (MNDA). For some observers, MNDA was part of a genuine attempt by the federal government at the time to finally resolve the Niger Delta question, having come in the wake of the Presidential Technical Committee on the Niger Delta established in 2008 and the proclamation of the Presidential Amnesty Programme in 2009. For other observers, however, the establishment of MNDA was at best a political gimmick designed to restart the crippled export of petroleum or worse still, just another vehicle for political patronage.

Between its establishment in 2009 and 2014, budget allocations to the Ministry exceeded N0.39 trillion. Although it is not clear whether all these funds were released to the Ministry, going by the attitude of government to budget without releasing funds, yet even less clear is what the Ministry did with the budget allocation it received. There are two important observations about the Ministry. First, it is an insertion of yet another layer of bureaucracy in funding the Niger Delta, which could hardly have helped matters. In fact, successive budgets of the Ministry show that it plans to build, equip, and staff offices in all the States of the Niger Delta. In the 2009 budget of the Ministry, N50 million was projected to design and cost the prototype of the buildings, while N1.35 billion was budgeted for the construction. Yet, this layer of bureaucracy is by no means different from existing ones in the NDDC, Federal and State Government MDAs, and Local Government councils. All these moneys could have been consolidated and applied to existing projects in the region.

The second important observation is that the Ministry seemed to duplicate the work that other MDAs, including the NDDC, is doing. These projects include road construction and rehabilitation, establishment of skills acquisition centres, land reclamation, housing and mortgage schemes, among others. This duplication has led to insinuations that the Ministry serves to help the diversion of funds into private pockets. Take the case of the East-West highway, which had been under construction before the Ministry of Niger Delta Affairs was created. The Ministry took over its construction and in spite of repeated inclusion of the road in its budget, the project remains uncompleted.

## Hydrocarbons Pollution Remediation Project (HYPREP)

Pollution arising from oil spillage in the Niger Delta destroys marine life and crops, makes water unsuitable for fishing and renders farmland unusable. Brine from oilfields contaminates water formations and streams, making them unfit as sources of drinking water. At the same time, gas flaring in the vicinity of human dwellings creates acid rains that result in deforestation and destruction of wildlife. In addition, dumping of toxic, non-biodegradable by-products of oil refining is dangerous to both flora and fauna, including man. Metals that at high concentrations are known to cause metabolic malfunctions in human beings, such as cadmium, chromium, mercury and lead, are contained in refinery effluents constantly discharged into fresh water and farmland. They enter the food chain both by direct intake, for example, through drinking water or indirectly through the consumption of seafood. Fish, for instance, is known to retain mercury in its brain without metabolising it, and man runs the risk of eating such contaminated fish. The feeling in communities of the Niger Delta is that oil companies building a few roads and hospitals, or organising football matches cannot be alternatives to sound environmental remediation and guarantees of sustainable livelihoods. Corporate social responsibility must therefore go well beyond current dominant interpretations by oil companies. Indeed, the experiences of communities in the Niger Delta, particularly under military rule, abundantly shows that oil companies operating in the region have not been particularly sensitive to the impact of their activities on the communities and surrounding environment. Between 1985 and 1993, there were 2,500 major and minor oil spills in Ogoniland, a confined area inhabited by about 400,000 people. These included major incident in which Shell dallied for forty days before patching a ruptured pipe.[[27]](#footnote-27) At Aleibiri in Ekeremor Council of Bayelsa State, a major oil spill on 18 March 1997 was left uncleaned by Shell for six months, prompting a demonstration by over 10,000 youths in August 1997 demanding an end to Shell activities in the Niger Delta. In January 1998, a massive oil spill from Mobil installations attracted over one million claims for compensation from individuals and communities. Out of these, Mobil accepted only 106,000 claims.

Apart from oil spills, there have been other far-reaching environmental damages. To illustrate, Ledum Mitee, an environmental activist, reports that in the Ogoni town of Dere, Shell constructed a narrow road through the town to link its oil wells, and this construction completely destroyed the drainage system of the town leading to severe flooding. In Gbaran, Shell also constructed a road to link its installations with a major road from Yenagoa to Mbiama. As a result, water flow to a large section of timberland was cut off and 1,000 acres of forest simply atrophied and died. In addition, gas flaring by major oil companies like Shell, Agip, Mobil and Elf is said to release 35 million tonnes of carbon dioxide and 12 million tonnes of methane into the atmosphere annually. In November 1983 alone, Shell flared over 483 million cubic metres of gas from its oil wells at temperatures up to 1,400C.[[28]](#footnote-28) Ironically, oil companies pay a paltry surcharge for the huge environmental and human damages that result from gas flaring. In 2003 and 2004, for instance, oil companies paid $16 million and $15 million respectively as gas flaring penalty.[[29]](#footnote-29) Consequently, there is no real incentive for them to terminate gas flaring as they have repeatedly promised but failed to keep. Situations like this create doubts in the minds of local communities about the commitment of oil companies to corporate social responsibility beyond image making and political correctness.

It was in the context of this ecological and socio-economic devastation that the United Nations Environmental Programme (UNEP), at the request of the Federal Government of Nigeria, conducted an independent assessment of the environment and public health impacts of oil contamination in Ogoniland and offered options for remediation. The assessment was commissioned in 2009 and the report was published in 2011. It took a full year before the government announced that it planned to implement the Report, and even at that the announcement was to “calm frayed nerves in Ogoniland”.[[30]](#footnote-30) According to Nnimmo Bassey of the Environmental Rights Action/Friends of the Earth Nigeria (ERA/FoEN), the government dallied for one year and came up with an “aligned” and “harmonized” report for implementation.[[31]](#footnote-31) Under the auspices of the Ministry of Petroleum Resources, the Hydrocarbons Pollution Remediation Project (HYPREP) was established in 2012 to implement the so-called harmonized report. The entire process has been widely criticised for the seeming lack of commitment of the government to clean up Ogoniland. HYPREP has been variously described as ”hype” and a “mere gimmick”.[[32]](#footnote-32) In August 2015, the Federal Government approved a $10 million take-off grant for HYPREP.

The functioning of HYPREP has been far removed from public eyes, which has fuelled speculations that it is yet another conduit for syphoning public funds. It is widely believed that contracts have already been awarded that were not in line with the recommendations of the UNEP Report. Moreover, the Ogoni communities have not been involved in the workings of HYPREP, raising concerns of another rift between the communities and government over the remediation scheme.

## Presidential Amnesty Programme

On June 25, 2009, President Umaru Yar’Adua granted amnesty to all agitators in the Niger Delta who were willing to denounce violence and reintegrate into civil society. The Presidential Amnesty Programme was set up to design and coordinate the disarmament, demobilisation, and reintegration of these ex-agitators. From inception until today, government has allocated about N0.27 trillion to the programme to train beneficiaries from the Niger Delta region. The beneficiaries of the programme include leaders (“Generals”) of the various militants groups, 30,000 ex-agitators and 5,000 youths from violence-impacted communities. The programme is widely regarded to have been successful in its core mandate of stabilising the security situation in the Niger Delta as a pre-condition for development of the region.

Detailed analysis on this programme is provided in Chapter 6 as a case study given the availability of greater access to information on the programme, which was obtained while working on a project, *Transition Strategy for the Presidential Amnesty Programme*.

## Preliminary Conclusions and Way Forward

The high stake contestation over how to return oil revenues to Niger Delta communities is what frames the longstanding disputes and debates on resource control in Nigeria. In all the disputes, however, one thing on which all sides seem to agree is that there is need for more resources from the sale of the crude oil and gas to return to local communities from which they are derived, not only for the sake of equity, but also because of the need to redress the negative social and environmental consequences of oil and gas extraction for those communities. In recent times, government has established several agencies to achieve this objective, particularly NDDC, Presidential Amnesty Programme, Ministry of Niger Delta Affairs, and HYPREP.

A number of issues standout while analysing existing frameworks for allocating funds to the Niger Delta region. First, the workings of these agencies are too top-down, whereby their projects are either handed down or arrived at without meaningful consultations with the communities. A more-participatory framework is required for all these agencies, particularly the NDDC, which remains the main specialised agency for developing the Niger Delta. Second, the intervention agencies seem to be more oriented towards achieving political purposes, rather than ensuring real development of the region. Third, there are too many overlaps in their activities and the public hardly gets value for money. Fourth, these agencies are highly bureaucratised, characterised by delays, waste and excessive overhead expenditures. Fifth, it is widely agreed that corruption in many of these organisations mean that huge funds allocated to them only end up in private pockets. Sixth, they bypass the wealth of traditional knowledge and institutions for social provisioning, which could provide more reliable and democratic means of funding project in communities. The continued dependence on major contractors even for projects that local communities can execute alienates the latter and does not foster transparency and accountability. Seventh, the approach of these agencies tends to throw money at problems, rather than create contexts for sustained engagement among stakeholders as a means of reaching workable solutions that fully involve the communities. Finally, existing frameworks of funding the Niger Delta sometimes work at cross-purposes and there is inadequate harmonisation of work. Instead, each agency pursues its own activities, leading to duplication, inappropriate and often poorly executed projects, and waste.

These gaps in existing frameworks could be filled through community-based trust funds that refer to funds that are held in trust for all community members. They are built around local institutions and are managed by local people, who are directly selected by communities, but in close consultation with or oversight of government, oil companies or civil society organisations, depending on the agreed model. Expenditures are planned collectively using existing local structures and accounts are also rendered directly to stakeholders through these structures. The appeal of community trust funds lies in the fact that they are bottom-up in organisation, participatory in decision making and goal-setting, transparent and accountable, as well as very reflexive in terms of the rapidity of response to local needs. Also, community trust funds do not preclude the existence of other tracks of revenue allocation. Instead, it could be integrated into the governmental and corporate (oil companies) mechanisms as the primary structure. For instance, the budgeting process of a local government council could begin by requesting community trust funds to make inputs on the needs of communities. The NDDC and oil companies could execute local projects through trust fund mechanisms and state governments could give matching grants to effective community trust funds.

Community trust funds are by no means recent inventions in local communities in Nigeria. Historically in the coastal zones of Nigeria, monetisation of the economy via trade between pre-colonial Nigerian communities and European traders led to economic instabilities and dysfunctions in these communities. Of particular note is the instability associated with pre-colonial stores of value such as livestock, which resulted from their rapid devaluation due to the introduction of modern money and a non-barter system of exchange. One response to this widespread economic instability was the development of traditional trust funds to cushion the impact of devaluation and massive loss of exchange entitlements.

Among early mechanisms developed was the periodic contribution of money into a centrally held fund, particularly by women and young men’s groups. The funds were used either for specific collective purposes such as investment in farming implements, or to support individuals, for instance by providing them soft loans. A later version of traditional trust fund, which has survived till today and is widely practiced even among the educated urban population, is the *Esusu*. In its simplest form, the Esusu involves monthly or weekly contributions by members of a specified amount of money. The pooled contributions are then awarded to one member and this is done for every member based on a pre-agreed rotational formula. Its more advanced form entails a complex system of calculation of weighted benefits paid out according to each member’s net contribution over a period of time.

Perhaps the most extensive use of community trust fund in Nigeria is to be found during colonial rule. Characterised by scarcity, poor welfare conditions, exclusion of the ‘native’ population, colonialism catalysed a culture of self-help across many communities in Nigeria. In the face of pervasive neglect by the colonial regime, community trust funds became the basis for providing education, water, housing, and loans for businesses in communities defined variously as the village, the town, and clan or ethnic group. In fact, it is not surprising that many of the early nationalists in Nigeria were educated through one community trust fund or another. Endowment of trust funds became a central function of town and ethnic unions in Nigeria, and through such funds they played a pivotal role in the politics and economy of both the colonial and immediate post-independence history of Nigeria.

Apart from traditional, community based trust funds, there are at least two other types namely, private trust funds and government trust funds. As the name implies, individuals and private enterprises establish private trust funds for various charitable purposes. On the other hand, government has in recent times tended to create trust funds for special developmental purposes. Usually, resources for government trust funds come from special funds set aside by government, levies imposed on the private sector or other forms of public contributions. For instance, in 1994 following the removal of subsidies from petroleum products, government established the Petroleum Trust Fund (PTF) to use moneys accruing to government from this source for special projects such as construction of roads, building and equipping schools and hospitals and other sundry purposes. Again in 1999, in the aftermath of public outcry over the poor state of education, especially the universities, government established an Education Tax Fund to serve as a trust fund for education. This fund draws resources from government and private enterprises.

At the community level, practically all communities in Nigeria have had at one time or another functioning trust funds. In the immediate post-independence era, government recognised and encouraged these community funds by giving them matching grants and interest-free loans. The period of military rule and particularly the windfall of petrodollars, discouraged the development of community trust funds. For one thing, government suddenly had enough money to embark on massive development projects down to the grassroots. For another thing, the nouveaux riche, especially those who have had close relationships with government, took on the task of providing the needs of their communities such as drinking water, scholarships, and construction of roads. In the Niger Delta, the added involvement of oil companies in community projects further made community trust funds superfluous. However, following the recent economic crisis in Nigeria, the weak performance of government as an agent of development and the continuing dispute between communities, oil companies and government over resource allocation in the Niger Delta, there have been attempts to re-invent community trust fund in a more formal way.

In the present incarnation of community trust funds in the Niger Delta, the Akassa model stands out. Akassa is a coastal community in Bayelsa State and its development trust fund was established in 1997 at the height of military repression and community restiveness in the Niger Delta. Statoil-BP a joint venture of the Norwegian and British petroleum companies was prospecting for offshore oil around Akassa and decided to set up a model community development project in Akassa. Among the partner organizations that set up the Akassa model was Niger Delta Wetlands Centre, a grantee of the Foundation. What became the Akassa development project is based on a trust fund administered by the Akassa Community Development Council. It gets its resources principally from Statoil-BP, but also from a traditional institution in Akassa known as the *Ogbo*, which is the centrepiece of the project. The Ogbo is a traditional federation of organised interest groups. The members of each Ogbo put their savings in a common fund and collectively decide what to do with it. This system was adopted by the Akassa development project. By October 1998, the capital in the system was about $15,000, which was in excess of N1.5 million with 196 outstanding loans to members of the community each valued at about $35.[[33]](#footnote-33) To date, the Fund has been used to support numerous projects in Akassa determined by the community in close consultation with Statoil-BP and project advisors.

A trust fund, by definition and function, is inherently a revenue governance mechanism.[[34]](#footnote-34) It is an institutional construct, operated by stakeholders (donors and recipients can both be part of the governance structure) that can monitor resource flows, identify key flows for incorporation into the Fund and/or solicit funds to “flow through” the fund mechanism to local projects. Since it is locally administered, a trust fund lends itself to immediate scrutiny by members of the community. The benefits of such an institutional arrangement that can identify and harness at least a portion of the resource flows into Niger Delta communities are its ability to identify, account for, and monitor the success of allocations of resources to local groups/projects. The trust fund mechanism represents only one approach to monitoring resource flows and does not present itself as a comprehensive monitoring mechanism for the entire Niger Delta region. In the absence of strong public policies favouring freedom of information, tracking resources flow through government and oil companies is an arduous task. To the contrary, community trust funds lend themselves to easy scrutiny. The trust fund framework can build on present examples of such institutional arrangements, where allocation, management and monitoring of resources are fused, though tailored to the economic, social and cultural needs of the Niger Delta Communities.

For example, under the Trust Fund established as a part of the Chad-Cameroon Pipeline Project, some part of the oil revenues are placed in an escrow account dedicated, among other things, to the provision of social services. In addition, as part of the overall arrangement, there is an Oil Revenue Control and Monitoring Board charged with the responsibility for authorising and monitoring disbursements from the escrow account. There is also an International Advisory Group, responsible for advising the World Bank and the government of Chad on the misallocation and misuse of public funds, involvement of civil society, institution building, and governance in a more general sense. Similar ideas have been suggested in the case of Caspian oil in Azerbaijan.[[35]](#footnote-35) The community trust fund mechanism has similar goals, though the specific operating features are likely to be different given the smaller size needed for operationalizing the mechanism within local communities of the Niger Delta.

Specifically, a trust fund can be a tool for ensuring effective corporate social responsibility and efficient use of revenues in the following ways:

* By establishing an advisory board and governance structure comprised of a cross-section of local stakeholders, private/public donors, domestic NGOs, and technical experts, the Fund can work with public and private agencies and local community groups to more comprehensively identify resource flows and evaluate the effectiveness of programs currently funded by those flows. One task of the Fund can be to develop more flexible and effective management approaches for allocating and monitoring resource flows.
* A trust fund mechanism could serve as a more transparent alternative or complement to existing approaches to resource allocation, and by that accomplish the primary objective of monitoring, which is transparency.
* Communities need to set better goals and target resources at those goals. A carefully designed trust fund arrangements could facilitate this, as communities are enabled to play a greater role in the organisation and management of the Fund and revenues that are channelled into it.
* A key function of the Fund is to establish a credible internal accounting procedure that keeps track of all revenues received and how they are spent to ensure that flows into the Fund are monitored fully.
* The Fund can also create, as some funds have done, a monitoring team to track disbursements from the Fund’s accounts and evaluate the results of projects funded.
* Through the incorporation of an oversight mechanism involving domestic and international civil society organisations and international financial and development institutions, the Fund can further ensure effective evaluation of potential, existing and future resource flows into the community, as well as to ensure the monitoring of resources that are eventually managed by the Fund.
* By emphasizing community participation under which community members will be empowered to choose their representatives to the advisory board, the Fund can ensure greater transparency and accountability to the community through this advisory board, some of whose members would be elected by (and, therefore, more accountable to) the community.

# Fund Analysis and Impact Assessment

For the purposes of this report, eleven (11) funds were selected, analysed and reviewed using two selection criteria. The analysis shows that a sum total of N**7.35 trillion** was allocated to the Niger Delta region between 2010 and 2014. However, the quality of life of the people in the region is not commensurate with the amount of funds allocated to the region. Governance challenges, and not the quantum of funds, is the principal problem affecting development of the Niger Delta region.

## Fund Selection Criteria

The following criteria were used in selecting the funds to be analysed

* **Fiscal federalism and derivative principles:** These include funds that were created in response to persistent agitation for resource control and an increased share of petroleum revenue.
* **Availability of data:** The funds included in this selection are those for which there are readily available data.

## Funding Levels, Mechanisms and Channels

The schematic below shows the funds that are statuorily allocated to the Niger Delta region. The funds include the 13 percent derivation, allocation from the Federation Account to the States and Local Governments in the region, allocations from the pool of Value Added Tax (VAT) to the States and Local Governments in the region, allocation from the Special Funds to the Natural Resources Funds, Ecological Fund, the portion of the allocations from the Federal Budget to the Ministries, Departments and Agencies to the States in the Niger Delta region, and, finally, statutory transfers to the Niger Delta Development Commission.

1.  Schematic showing formula for sharing FGN revenue

Based on the above-mentioned criteria, eleven (11) funds are selected and reviewed. The table below presents a list of the funds, estimated amount (in trillions of naira) allocated to the region, purpose of the fund, target beneficiaries, funding channels and the focus areas for development.

1. Fund Flows into the Niger Delta from (2010-2014)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S/N | List of Funds | Est. Amount  N’Trillion | Purpose of Fund | Target Beneficiaries | Funding Channels | Focus Areas |
| 1 | **Ministry of Niger Delta Affairs (MNDA):** Set up in 2008 to formulate and coordinate policies for the development and security of the Niger Delta region  (*See Table 4 in Annexes*) | **N0.39 trillion** | * Formulate and coordinate policy initiatives for the **development** and **security** of the region. * Serve as the primary vehicle for the execution of government’s plans and programmes for socio-economic development of region | Indigenes of the Niger Delta States | * Federation account of the Federal Government of Nigeria * Subsidy Reinvestment and Empowerment Programme (SURE-P) infrastructure projects (2012-2014) | All development areas |
| 2 | **Niger Delta Development Commission (NDDC):** Set up in 2000 to facilitate the rapid, even and sustainable development of the Niger Delta into a region that is economically prosperous, socially stable, ecologically regenerative and politically peaceful  (*See Table 5 in Annexes*) | **N0.92 trillion** | Facilitate development and tackle ecological problems arising from exploration | Local communities with emphasis on vulnerable populations | * 15 percent of monthly allocations to Niger Delta states * 3 percent of annual budget of oil production companies in the region * 50 percent of Ecological Fund due to Niger Delta states Support from development agencies, donations, grants, etc. | All development areas |
| 3 | **Presidential Amnesty Programme (PAP):** Set up in 2009 to stabilise the security conditions in the region as a precondition for promoting economic development  (*See Table 6 in Annexes*) | **N0.27 trillion** | Achieve security stabilisation as a perquisite for intensive development and socio economic activities in the region | 30,000 ex-militants and members of violence-impacted communities | * Initial funding for disarmament and demobilisation came from the Security Vote in the Office of the President * Statutory allocation to the OSAPND for reintegration programme | Security stabilisation |
| 4 | **State Budgets:** The 9 States in the Niger Delta region receive 13 percent of all the sales below the benchmark crude oil price used in the budget in addition to other statutory allocations  (*See Table 7 in Annexes*) | **N5.22 trillion** | * General purpose of developing the states. * Special 13 percent mineral derivation is intended to augment the statutory allocations vis-à-vis the adverse effects of oil drilling in the region. | Indigenes and residents of the Niger Delta States | Federation Account Allocation Committee distributes the allocations to the individual states in the region | All development areas |
| 5 | **Value Added Tax (VAT) to Local Government Areas:** VAT has been allocated to Local Government Areas in the Niger Delta region.  (*See Table 8 in Annexes*) | **N0.24 trillion** | For general development of the states and local government areas | Citizens and residents of the States in the Niger Delta region | Allocation through the Federation Account Allocation Committee | All development areas |
| 6 | **Hydrocarbon Pollution Restoration Project:** Set up in 2008 to formulate and coordinate policies for the development and security of the Niger Delta region | **N0.002 trillion** | Implementation of the recommendations of UNEP environmental assessment of Ogoniland | Indigenes and residents of Ogoniland in Rivers State, Nigeria | Federal Government of Nigeria and the oil companies through the HYPREP Trust Fund | Environmental remediation |
| 7 | **Oil Companies (GMoUs):** Oil Companies in Nigeria signed a Global Memorandum of Understanding (GMoU) to promote community engagement and improve local participation in the Niger Delta region.  (*See Table 9 in Annexes*) | **N0.07 trillion** | Economic empowerment, capacity building, and improving the lives of the people in the host communities | Members of the host communities | Oil companies and their joint venture partners | All development areas |
| 8 | **Development Agencies:** Development agencies have partnered with both the State and Local government in setting up projects targeted at enhancing employment opportunities and socio-economic services in the Niger Delta region.  (*See Table 10 in Annexes*) | **N0.05 trillion** | * Address socio-economic challenges in the Niger Delta * Increase employment opportunities/ income of the people in the region | Indigenes and residents of the Niger Delta States | Development agencies through state government, community based organisations, civil society organisations, etc. | All development areas |
| 9 | **Millennium Development Goals:** Office of the Special Adviser to the President on Millennium Development Goals has funded a number of projects in the Niger Delta region.  (*See Table 11 in Annexes*) | **N0.0975 trillion[[36]](#footnote-36)** | Targeted at the fulfilment of the Millennium Development Goals | Citizens and residents of Nigeria | Conditional Grant Scheme Office (under the Office of the Special Adviser to the President on Millennium Development Goals) | All areas |
| 10 | **Ecological Fund:** Ecological Fund is an Intervention Fund established by the FGN to address serious ecological problems facing the nation holistically and in a consistent manner.  (*See Table 12 in Annexes*) | **N0.0475 trillion** | Intervention fund to address ecological problems (erosion, flood, drought, desertification, oil spillage, pollution, storm, bush fire, crop pest, landslide, etc. | * National Emergency Management Agency (NEMA) * National Committee on Ecological Problems * State Governments (on the approval of the President) | Ecological Fund Office (Office of the Secretary to the Government of Federation) | Environmental remediation |
| 11 | **NNPC Security Pipeline Contracts & Global West Vessel Specialists Limited (GWVSL):** In 2012, NNPC was reported to have awarded a total of about US$38.6 million (N0.023 trillion[[37]](#footnote-37)) annually to some ex-militant leaders as pipeline security contracts.[[38]](#footnote-38) (Tompolo- US$22 million, Asari Dokubo- US$9 million, Tom Ateke- US$3.8 million, Boyloaf- US$3.8 million). Also in 2012, Nigerian Maritime Administration and Safety Agency (NIMASA) awarded US$103 million (N16.8 billion) to GWVSL to procure 20 vessels and gather intelligence for fighting maritime crime[[39]](#footnote-39) | **N0.0398 trillion** | * Security of NNPC pipelines in the region * Procurement of 20 vessels and gather intelligence for fighting maritime crime | * Federal Government (NNPC) * Community | * NNPC * NIMASA | * Pipeline security * Maritime security |
|  | **Total (2010-2014)** | N**7.35 trillion[[40]](#footnote-40)** |  |  |  |  |

## Governance Challenges with Fund Management

Poor governance structures and processes are the major challenge with managing the funds allocated to the Niger Delta region.

There is a general lack of transparency and accountability in the processes for managing the funds allocated to the region. This is reinforced by opaque governance systems for funds management. For instance, the newly appointed Auditor General of the Federation Samuel Ukura stated that the Niger Delta Development Commission (NDDC) diverted N183 billion meant for the development of the region. The Executive Director, Finance and Administration of NDDC, however, denied such claims[[41]](#footnote-41). The arguments surrounding the missing or diverted funds is a clear case of poor accountability and transparency in the management of development funds by the Commission.

A perennial problem with programming in the region is the lack of a coherent development plan shared by the various institutions and agencies involved in the development of the region. As a result, there is a lot of duplication of development projects in the region while some other projects are starved for resources. For instance, the National Bureau of Statistics reports on the Medium-Term Implementation Plan (2010-2013) shows that both the NDDC and MNDA both have similar projects in their high priority projects.[[42]](#footnote-42) Similarly, a report by the Nigeria Extractive Industry Transparency Initiative (NEITI) showed that 22 projects were duplicated on NDDC’s projects schedule resulting in a total contract sum of N1.18 billion.[[43]](#footnote-43)

There is poor participation of the community in programme design and implementation. A study carried out in 2014 on NDDC development projects in Abia state showed poor involvement of the community members in the planning and implementation of the projects.[[44]](#footnote-44) Critics of the Niger Delta Master Plan developed by NDDC also pointed to a lack of local participation and failure to understand local priorities as some of the challenges to implementing the Master Plan.[[45]](#footnote-45) A citizen’s report[[46]](#footnote-46) on states and local government budgets in the Niger Delta indicated that the public was not carried along in determining the infrastructural development preferences in the states. The report also revealed that the Rivers State local government town hall meetings were designed as report sessions where the government updates the people on what it had done, rather than enquire from the citizens what they need most to be done.

There are weak financial management and reporting systems within implementing agencies. For instance, according to the 2013 NEITI report, as at July 2013, NDDC had not prepared audited accounts for the four preceding years: 2009-2012. The report also highlighted various discrepancies including upward variation of contract amounts, over payments of contracts, payment for non-existing expenses, etc.[[47]](#footnote-47) The audit found that there were general allocation of about N7.44 billion to the nine state offices of NDDC for the completion of small ticket projects which were neither identifiable nor scheduled for monitoring and proper management[[48]](#footnote-48).

There is also system-wide failure in monitoring and evaluation of projects and in conducting beneficiary impact assessment. As a result, there are many instances where government agencies paid for projects that were not identifiable.[[49]](#footnote-49) There are also incidents where the payment details do not reconcile with the figures included in the agency’s financial statement with a lot of un-reconciled differences.

There is weak capacity for project implementation and indications of corruption. According to Hanson (2015)[[50]](#footnote-50), a contract originally awarded at N3.39 billion to Roudo Nigeria Ltd for sand filling and shore protection of Ogu Town ended up costing N8.13 billion. Also, the construction of Isielu-Okaigbene Idungboko road awarded to JID Construction Company Ltd for N2.35 billion ended up at N3.73 billion. Since inception NDDC has had a budget of about N2.2 trillion of which about N1.4 trillion has been received. As of 2008, NDDC had awarded just over 2,500 projects which rose sharply to 6,000 projects by 2013 and now 8,000 projects in 2015, which is worth N1 trillion and about N800 billion is needed to clear outstanding liabilities

Too much emphasis is placed on infrastructure development and less on social investments. Prior to 2007 up until 2011, the contract allocation rate for roads and bridges is an average of 59.46 percent, while that of jetties/erosion/land reclamation is 17.16 percent, leaving a low allocation rate of 23.38 percent of the contract for the period under review to be shared amongst environment/waste management, electrification, water projects, education infrastructure and others[[51]](#footnote-51).

# Case Study: Presidential Amnesty Programme

On June 25, 2009, President Umaru Yar’Adua granted amnesty to all agitators in the Niger Delta who were willing to denounce violence and reintegrate into civil society. The Presidential Amnesty Programme was set up to design and coordinate the disarmament, demobilisation, and reintegration of these ex-agitators. From inception until today, government has allocated about N0.275 trillion to the programme to train beneficiaries from the Niger Delta region. The beneficiaries of the programme include former leaders (“Generals”) of the various militants groups, 30,000 ex-agitators and 5,000 youths from violence-impacted communities. The programme is widely regarded to have been successful in its core mandate of stabilising the security situation in the Niger Delta as a pre-condition for development of the region.

## About the Presidential Amnesty Programme

The conflict in the Niger Delta region arose mainly from inadequacies of the attempts by previous government to meet the requests of the people for sustainable development of their region. After months of negotiations with the agitators in the Niger Delta, Federal Government of Nigeria acknowledged that certain elements in the region had resorted to unlawful means for agitation for the development of the region, including militancy that threatened the peace, security, order, and good governance of the region and nation.

Consequent on the authority of Section 175 of the Constitution of the Federal Republic of Nigeria, on June 25, 2009, President Umaru Yar’Adua granted amnesty and unconditional pardon to all persons who were directly or indirectly involved in the militancy activities in the Niger Delta. The pardon took effect for each agitator upon the surrender of all arms, ammunition, and equipment, and the formal signing of an undertaking renouncing militancy and violence.

The period for signing up for the amnesty was from June 25, 2009 to October 04, 2009. However, a number of agitators who initially did not trust the commitment of the government to the amnesty programme joined after the deadline. A total number of 30,000 delegates accepted the amnesty. This number includes ex-militant agitators and beneficiaries from violence-impacted communities.

With the acceptance of the amnesty offer by the agitators, Federal Government of Nigeria pledged its commitment to institute programmes to assist in the disarmament, demobilisation, and provision of reintegration assistance to ex-agitators. The Presidential Amnesty Programme was established by the Federal Government of Nigeria to design and implement activities that would transition the ex-agitators back into civilian society.

The overarching goal of the amnesty programme is to stabilise the security situation in the region as a precondition to facilitating intensive socio-economic development. This goal would be achieved through the effective implementation of a disarmament, demobilisation, and reintegration (DDR) programme.

## Fund Allocations to the Presidential Amnesty Programme

There is no clarity as to how much has been spent on the Presidential Amnesty Programme to date. Based on reports from the Budget Office of the Federation, N0.275 trillion was spent on the programme from 2011 to 2014. The data does not include the amount spent in 2010 on disarmament and demobilisation which was sourced from the “Security Vote” of the Office of the President and allocations to the Office of the Special Adviser to the President on Niger Delta Affairs. However, the purpose of the fund is to achieve security stabilisation as a precondition for intensive development and socio economic activities in the region. Table 2 below shows the funds allocated to the programme from the Federal Government of Nigeria.

1. Funds Allocation to Presidential Amnesty Programme

|  |  |
| --- | --- |
| Year | Total Allocation (N'million) |
| 2010 | - |
| 2011 | 78,695 |
| 2012 | 66,176 |
| 2013 | 66,781 |
| 2014 | 63,281 |
| TOTAL | 274,933 |

Source: Budget Office of the Federation

## Achievements of the Programme

Presidential Amnesty Programme has achieved considerable successes in the following areas:

Security stabilisation: The programme achieved its immediate objective of stabilising security conditions in the Niger Delta. Since the commencement of the programme, normalcy has returned to the region and the violent incidences attributable to the militant struggle have ceased. With the exception of politically motivated clashes, the Niger Delta region has remained stable and criminal abductions and kidnappings that were prevalent during the insurgency have greatly reduced. Security conditions still remain fragile due to clashes between government security agents and operators of illegal refineries. Persistent oil theft and pillage of oil installations reinforces the practice adopted by the ex-agitators in financing their activities and earning rent-income.

Resumption of oil sector economic activities: At the peak of the insurgency, most oil facilities and companies shut down their operation for fear of violent attacks and kidnapping. This resulted in a drop of oil production from 2.6 million barrels per day (bpd) to roughly 0.7 million bpd[[52]](#footnote-52) significantly impacting the revenue accruing to Nigeria. The Presidential Amnesty Programme helped restore oil production to pre-conflict levels although the general decline in international crude oil demand has reduced oil production to around 2 million bpd.

## Real Beneficiaries

The beneficiaries from the Presidential Amnesty Programme include the following:

Ex-generals for the various militant groups: Many observers have questioned the validity of the purported number of beneficiaries in the Presidential Amnesty Programme. Most informed observers have alleged that there could not have been up to 30,000 ex-militants in the Niger Delta insurgency. For evidence, they posit that the Nigerian Army, which is the largest in Africa, has only 130,000 active frontline personnel. There was no process for validating that the names on the list were indeed real human beings and that they were involved in the insurgency. There are no biometric records of the beneficiaries.

Each of the programme beneficiaries has received a monthly transitional safety net allowance (TSA) of N65,000 for the duration of the programme. This is a fundamental flaw in the design of the Presidential Amnesty Programme. In similar programmes, the norm is to pay the Safety Net Allowance once or twice in the period between the disarmament and the demobilisation, hence the “transitional” nature of the payment. The Presidential Amnesty Programme has continued to make these monthly payments since the inception of the programme to date.

Furthermore, the norm is to benchmark the TSA to the prevailing minimum wage in the country and reference it to the estimated monthly expenditure covering the basket of needs for an average family in the country. Instead of benchmarking the TSA to N18,000 (which is the prevailing minimum wage in Nigeria), the Presidential Amnesty Programme set the TSA amount at an arbitrary N65,000 per month and has continued to effect this payment for the past five years.

Unsubstantiated but popular myth is that the former “Generals” provided names of people who were not part of the insurgency as beneficiaries of the amnesty programme and the Transitional Safety net Allowance. In response to these allegations, Presidential Amnesty Programme attempted to prevent abuse of the system by insisting that all the beneficiaries should have personal bank accounts where the monthly payments would be made. It is believed that those whose bank accounts were used to collect the TSA payment in turn made monthly payments to the Generals.

Beyond the potential abuse of funds, the more fundamental challenge with extant structure is that it inadvertently reinforced the command structure of the militant groups thereby defeating the strategic objective of demobilisation. It is clear to each of the programme delegates that they are beneficiaries at the mercy of their militant leader and not necessarily the government of Nigeria. As a result, the allegiances are still in place as they were during the days of the insurgency.

Also, analysts have argued that the political influence of the former generals and high-ranking militants have grown given the resources they now control.[[53]](#footnote-53) The leaders of the ex-agitators have become wealthy from various government contracts between 2010 and 2015. For instance, according to newspaper reports, in 2012, Nigeria’s Federal Executive Council approved for the Nigerian Maritime Administration and Safety Agency (NIMASA) to award a N16.8 billion (US$103 million) contract to Global West Vessel Specialists Limited (GWVSL), a company reportedly owned by prominent ex-militant leader, Tompolo. According to Patrick Akpobolokemi, then NIMASA’s director general, the contract was for GWVSL to procure twenty vessels and gather intelligence for fighting maritime crime.[[54]](#footnote-54) This excludes the pipeline security contracts awarded by NNPC to some ex-generals worth millions of dollars.

Ex-militants: As mentioned above, ex-agitators have been paid monthly stipends of N65,000 as Transitional Safety Net Allowances (TSAs), which is almost four times the minimum wage in Nigeria (N18,000). Some of these ex-agitators have been placed in various reintegration programmes such as formal education and vocational training programmes, enterprise development, apprenticeship schemes, job placement initiatives etc. In addition to the TSA, a monthly subsistence allowance is paid to the ex-militants who have signed up for the various academic or vocational training programmes. Beneficiaries who are in academic institutions in Nigeria receive an additional N25,000 while those in the United Kingdom receive GBP500, and the ones in the United States receive US$700. This means that a beneficiary in a Nigerian university receives about N90,000 every month. This is six times the minimum wage in Nigeria.

Youths from impacted communities: One of the early criticisms of the Presidential Amnesty Programme was that it appeared to reward those who choose violence to express their displeasure with the government to the exclusion of those who, though suffering from the same deprivations, chose not to join the insurgency. In response, the Presidential Amnesty Programme selected and included, in the reintegration programme, 5,000 youths from violence-impacted communities. Most of the delegates in the academic programmes outside Nigeria are from this group.

## Long-Term Political and Economic Implications

Studies and assessments of the Presidential Amnesty Programme have focused on describing the programme and emphasising its short-term outcomes.[[55]](#footnote-55). Far less attention has been paid to the medium to long-term political and economic implications of the Presidential Amnesty Programme. Therefore, the political economy analysis of the Programme must take cognisance of three things: first, perception that the programme is a political solution to increase oil production; second, concerns that the reintegration programme may not lead to employment; and third, what would happen to the Programme with the defeat of President Jonathan in the 2015 general elections.

There is the perception in communities in the Niger Delta that the Presidential Amnesty Programme is focused on ending attacks on oil production facilities to the neglect of communities and the underlying development problems they face. In other words, the success of the programme will not necessarily depend on the sheer numbers of ex-militants trained, but to the extent to which the vast majority of people in the communities, many of whom were not combatants, perceive that the programme is addressing the underlying development problems that led to the insurgency in the first place. Many communities still feel that many of the problems still persist and that the entire programme has essentially benefited leaders of the militancy who have won contracts and now live well in Abuja, London, and other major cities around the world. Unfortunately the programme was not designed to address the underlying development challenges in the region. Its focus was immediate stabilisation of security condition as precondition for the development of the region

Another problem concerns whether the Presidential Amnesty Programme provides adequate re-integration opportunities for ex-militants after their demobilisation and training. If the programme is not able to address the underlying structural problems of the character and the consequences of the political economy of petroleum in the Niger Delta, there will be inadequate opportunities, particularly gainful employment for the trained militants. Therefore the availability of opportunities to properly integrate the ex-militants into society, particularly providing employment for those who have been trained by the Presidential Amnesty Programme will be central to peace building in the region in the post-amnesty period. This is absolutely crucial considering that the Presidential Amnesty Programme claims that by the end of 2014, only 13,000 ex-militants had completed their training and are seeking new opportunities of making a living. A great deal therefore depends on a workable plan of reintegration, with a special focus on achieving gainful employment especially for a region where the unemployment rate is as high as 30 percent.[[56]](#footnote-56)

There is need for analysis of what could happens with the Presidential Amnesty Programme following the defeat of President Goodluck Jonathan in the 2015 general elections and the announcement by the new administration suggesting closure of the programme in December 2015. Already, the Economic and Financial Crimes Commission (EFCC) is investigating the Presidential Amnesty Programme and its former Chairman, Mr. Kingsley Kuku, who has been summoned to appear for interrogation. Many ex-militants from the Niger Delta perceive that this is the first step in the new government’s plans to disband the programme and replace it with a new programme that would include amnesty for Boko Haram fighters. One possible reaction to the defeat of President Jonathan is that ex-militants and new ones in the Niger Delta may begin to demand more funding and opportunities beyond what the present government can cope with, which could ultimately end up in the renewal of hostilities to hurt the government.

Instructively one immediate impact of the amnesty was a marked reduction in attacks on oil installations and the return of oil operations to full capacity. Consequently, the government and oil companies seem to feel that the cost of the peace in the Niger Delta is well worth it. Crude oil production and sales had risen from an all-time low of 700,000 barrels per day in 2009 to about 2.6 million barrels per day and an average price of US$120 per barrel in 2013. However, in response to a decline in international demand for crude oil, prices have dropped to below US$40 and production dropped to an average of 2 million barrels per day.

# Stakeholder Analysis

This chapter describes the critical stakeholders in the Niger Delta region and their power and interest ratings with regards to security stabilisation and development of the Niger Delta region.

## Description of Critical Stakeholders in the Niger Delta

Table 4 below shows the power and interest rating of the critical stakeholders in the Niger Delta region towards security stabilisation and development of the region. The rating is on a scale of 0 to 10. (0-4= Low, 5-6=Medium, 7-10= High). The scores are based on the authors understanding of the principal actors and the region.

1. Power and Interest Rating of Stakeholders in the Niger Delta

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S/N** | **Critical Stakeholders in the Niger Delta** | **Power (0-10)** | **Interest (0-10)** | **Comments** |
| 1 | Federal Government of Nigeria | 8 | 9 | The Federal Government of Nigeria (FGN) possesses ample power to influence decisions and allocate resources in the Niger Delta region. Resources are allocated through taxes, royalties, and equity income it receives from the oil companies and decides on their distribution among Federal, State, and Local Governments. The FGN has a high interest in the security stabilisation and development of the Niger Delta region as a stable Niger Delta region provides the resources required for national development and required to effectively respond to specific challenges, for instance, the crisis in the North East region. |
| 1a | The President |  |  | President Mohammadu Buhari came to power in the May 2015 general elections with a clear mandate from Nigerians desiring a change to the way the country was being managed. He promised to fight corruption and there are lots of expectations that this fight would include the management of the funds allocated to the Niger Delta region.  President Buhari is considered to be highly principled and could be inflexible in his convictions. Nigerians expect that he would bring the power of his will to resolve a number of the challenges with fund management across Nigeria.  However, he has made some negative comments about the Niger Delta region. In response to a question during a recent visit the United States, he indicated that he would focus his programme more in the regions that gave him most of his votes. Many in the Niger Delta region interpreted the statement to mean that he would not prioritise their issues.  Contrary to this belief, President Buhari has shown commitment to the region by keeping to his campaign promises of instituting a clean up of the environmental degradation in the Niger Delta region. He has made a public proclamation that the Hydrocarbon Pollution Restoration Project (HYPREP) will be implemented as recommended by the United Nations Environment Programme (UNEP). He appointed a new Chairman for the Presidential Amnesty Programme and the government has continued to pay the various allowances to the beneficiaries of the programme.  The President’s position on the Niger Delta is likely to remain positive to the development of the region considering the strategic importance of the region and the need to avoid multi-regional insurgency and instability. The Buhari administration needs a stable Niger Delta in the face of the intransigent insurgency in North East, Nigeria. |
| 1b | The Vice President |  |  | Traditionally, the Vice President provides leadership on economic issues as Chairman of the Economic Management Team. Prof. Yemi Osinbajo is already playing this role that will also encompass development issues in the Niger Delta. However, it is insinuated that overtime there could be a dwindling of his profile as President Buhari could increasingly rely on his trusted circle of advisers. President Buhari is said to be instinctively more trusting of people he has had a long history with. If the Vice President suffers a decline in responsibility and clout, issues of Niger Delta development and security could be moved to one of the more-trusted aides of the President. However, given Prof. Osinbajo’s reported integrity, it is likely that he could build a relationship of trust with President Buhari that could see him retaining his leadership on economic matters.  Furthermore, some of the newly appointed Ministers with big national stature may wish to exert their authority as chief executives of their Ministries without being subservient to any authorities other than the President. This could be a source of friction especially if they Ministers feel that the Vice President may not enjoy full alignment with the President. |
| 1c | The Chief of Staff to the President |  |  | Alhaji Abba Kyari has a strong administrative and managerial background with a stellar career in both the private and public sectors. He would understand the issues of development in the Niger Delta region and the need to ensure a stable and well-developed region in the interest of the Nigeria state. However, being an ethnic minority with limited political clout, he may not have the power to advance the development of the Niger Delta region. However, it is said that he has a strong relationship based on trust with the president and is well positioned to influence policy direction from his office. |
| 1d | The Secretary to the Government of the Federation |  |  | Babachir David Lawal is a minority Christian from the North with high administrative and management skills. His focus towards the development of the Niger Delta region will be balanced because he understands minority issues and would have a competitive interest in the development of the Niger Delta region given his Northern background. His Freudian slip on owing his appointment to the influence of Alhaji Bola Tinubu as against the influence of the core Northern political class could be indicative of his feelings as a minority from the North. This is quite relevant given that his office supervises the Niger Delta Development Commission and he could be inclined to ensuring the effectiveness of the Commission in developing the region. |
| 1e | Honourable Minister of Niger Delta Affairs |  |  | Usani Uguru Usani has a strong political background that saw him play an effective opposition politics that culminated in a role as Chairman of the All Progressives Congress in Cross River State. He has a broad knowledge base on the issues in the Niger Delta region. As a pastor, he is well connected to the people and should understand their pains and the need for development. He is expected to have significant interest in the development of the Niger Delta region as an indigene and also the head of the Ministry of Niger Delta Affairs with a mandate is to formulate and coordinate the Federal Government’s development policy for the region. However, he would need to build a broad based political platform to manage relationships with the Niger Delta Development Commission (NDDC), Presidential Amnesty Programme (PAP), and other key stakeholders in the region. |
| 1f | Honourable Minister of Environment |  |  | Ms. Amina Mohammed is a very strong political player and well connected to the Presidency. She has a close relationship with the President having work from Afri-Projects – the main consulting firm that provide services to the Petroleum Trust Fund under the chairmanship of General Mohammadu Buhari (ret.). She is said to enjoy the trust of the president on technical matters.  Ms. Mohammed has vast experience in national administration having served as Special Adviser to President Obasanjo on Millennium Development Goals. The fact that she served in such a well-resourced agency without major allegations of financial misappropriation is said to further establish her relationship of trust with President Buhari.  Until recently, she was a Special Adviser to the United Nations Secretary-General Ban Ki-Moon. It is expected that she would bring to bear her expertise on development issues to address the development challenges related to the environment especially in the Niger Delta region. She is said to be a passionate advocate on the issues of environment and development; however, her ability to advocate on the issues of the Niger Delta could be significantly whittled down if confronted with political counter forces from the north. Her ability to navigate the political issues in the Niger Delta would also be put to test. |
| 1g | Honourable Minister of Transport |  |  | Chibuike Rotimi Amaechi is a strong political player in the Niger Delta. He has a vast knowledge of the issues in the region having built a strong political career in the region before emerging on the national scene. He was one of the longest serving Speakers of the Rivers State Assembly before becoming a two-term Governor of the State.  With his recent overt political support for the All Progressives Congress against his former party, Peoples Democratic Party, and against the presidential candidacy of President Jonathan (who is also from the Niger Delta), Mr. Amaechi has shown that he is comfortable being independent minded and swimming against the tide.  Mr. Amaechi is a strong force in the Niger Delta and committed to development issues in the region, although his political actions can become divisive. However, considering that transportation and road infrastructure are essential prerequisites for development of the region. Mr. Amaechi is expected to have a strong leverage to influence the development process in the region. |
| 1h | Minister of Petroleum Resources |  |  | President Mohammadu Buhari is the Minister of Petroleum Resources. (See comments above). He has vast knowledge of the petroleum industry and consequently should have a strong interest in stabilised security conditions and development of the Niger Delta region. |
| 1i | Minister of State, Federal Ministry of Petroleum Resources |  |  | Kachukwu Ibe is very technically competent and knowledgeable about the petroleum industry. His expertise would be critical in driving policies for the development of the oil sector.  Being from the Niger Delta, he is expected to have an interest in the development of the region. However, he may lack a credible political base in the region for navigating issues of regional development.  In addition to being the Minister of State at the Federal Ministry of Petroleum Resources, he is also the Group Managing Director (GMD) of Nigeria National Petroleum Corporation (NNPC). At the time of his appointment as Minister of State, there was an insinuation that he was likely to be relieved of his position as GMD of NNPC that is considered to be a more politically attractive position. The insinuation is that the post of GMD may be given to someone from the Northern part of the country. |
| 2 | Nigeria National Petroleum Corporation | 4 | 9 | The NNPC and Federal Ministry of Petroleum Resources have high interest in the development of the Niger Delta region mainly because of the productive assets and investments it has in the region and the need to protect these assets and investment to support its operations. For instance in 2012, NNPC was reported to have awarded a total of about US$38.6 million dollars to some ex-militant leaders as pipeline security contracts. |
| 2a | Group Managing Director, Nigeria National Petroleum Corporation |  |  | See 1i above |
| 3 | State and Local Governments | 9 | 3 | The State and Local Governments represent the most powerful and critical stakeholders in the Niger Delta. They receive about 70 percent of the funds allocated to the region. Furthermore, they are the government authorities closest to the people and should have the highest level of influence on development outcomes in the region.  Judging by their antecedents, there is no validation that these government authorities have any real interest in security stabilisation and development of the Niger Delta region. There has not been any commensurate increase in the quality of life of the people relative to the amount of resources that have been committed to the region.  The power blocs in this stakeholder group include the Governors of the nine (9) Niger Delta states, Federal and State Legislators in the region, and the Chairmen of the various local government areas in the region. The low level of proven interest in development from the state governments may be attributed to their self-serving political interests while that of the local governments could be attributable to low capacity or competence in engaging development issues. |
| 3a | Bayelsa |  |  | Bayelsa state is in a fragile political state with the inconclusive December 2015 elections. The state represents a potent force for destabilisation of the region, with potential spill over effect in Rivers state.  Bayelsa State is a fertile ground for illegal oil theft, bunkering and vandalism with a very strong frame for violence as a means of resolving political conflict. It was one of the states that had the highest number of militants prior to the Presidential Amnesty Programme. There are a number of potential triggers for a return to violence including the outcome of the current political process, closure of the Presidential Amnesty Programme, continued prosecution of some of the militant leaders, etc. |
| 3b | Rivers |  |  | Rivers state is politically fragile and mimics Bayelsa’s profile of instability. The state has significant proportion of the ex-militants in the region that makes the prospect of remobilisation highly possible. The inconclusive elections in the state could be a trigger for violence. |
| 3c | Akwa Ibom |  |  | Akwa Ibom is relatively stable with sustained interest in development. The immediate past administration of Godswill Akpabio embarked on a number of high profile infrastructure projects. It is hoped that the new governor will continue on the same trajectory with more emphasis on social investments, and how the infrastructure investments can be used to trigger development. |
| 3d | Cross River |  |  | Although there has been increasing incidences of cultism and kidnappings, Cross River State is relatively stable with sustained interest in development. |
| 3e | Edo |  |  | Edo State is fairly stable with focus on development. The governor, Adams Oshiohmole, is seen as connected to the concerns of the common citizens. He is also building a growing national profile with All Progressives Congress. |
| 3f | Delta |  |  | Delta state is moderately stable. Although having considerable number of ex-militants, most of them have shown significant interest in accessing reintegration assistance. Relative stability of the State makes it amenable to development interest. The new governor, Senator Okowa, is said to be connected to the common citizens and has shown that he has the ability to create initiatives that can drive real growth and development in the state. |
| 3g | Abia |  |  | Abia State is fragile with the nascent agitations for the sovereign state of Biafra, and ingrained perception of marginalisation amongst the people. These agitations can trigger violence and instability across the state. The agitations for Biafra could easily merge with the frustrations with the state government. The immediate past administration in the state are seen to have been very ineffectual in driving development. There is, however, hope that the new administration could deliver development. |
| 3h | Imo |  |  | Imo State has similar conditions as Abia State with the reverberations of the agitations for Biafra. The Governor of the State, Rochas Okorocha, is seen to be more political than driving any active development agenda. |
| 3i | Ondo |  |  | Ondo State is relatively stable with a strong focus on development. |
| 4 | Resistance and Armed Groups | 8 | 3 | This category includes groups that have emerged overtime to pursue a dual agenda, on the one hand, a political struggle against grievances of resource control and development neglect, and on the other hand, use of violence to profit from oil theft and bunkering. Groups that fall under this category include ex-leaders and ex-combatants in the defunct militant groups. These groups possess a high level of power and influence in the region as they have readily available resources to cause widespread violence and chaos. They thrive and profit from violence and chaos to perpetrate their various nefarious activities for personal profit, hence, their low level of interest towards development and stability of the region. |
| 5 | Criminal Elements | 7 | 0 | These include oil bunkerers, kidnappers, pirates in the Gulf of Guinea, etc. The primary interest of this group is to perpetuate their criminal activities. Their primary interest is not in the development of the region or in a stable security situation. Rather, an unstable security situation in the region provides an effective cover for their nefarious activities. The major players in this group have relatively high power to cause instability in the region and have been acclaimed to possess some sort of support from politicians and militants operating in the region. |
| 6 | International Oil Companies | 5 | 8 | About two-dozen international oil companies operate in the Niger Delta region. Nearly all of these companies actively contribute to the Niger Delta Development Commission and directly fund development projects in their local communities as a way of acquiring a social license to operate within the region.[[57]](#footnote-57) They possess medium power mainly because of their financial strength but have high levels of interest in development of the region, attributable to the fact that a stable region increases the ease of doing business and increases efficiency in carrying out their operations. In the past, there has been failure in corporate social responsibility to environmental challenges in the region. The alleged payoffs to local chiefs and traditional rulers weakened their legitimacy with the community especially amongst the youths. |
| 7 | Political Elites | 7 | 3 | There are a few people associated with the Niger Delta region that control a disproportionate amount of political power and can influence happenings in the region positively or negatively. Some of these politically influential individuals sponsor criminal activities, thuggery and fund bunkering activities for financial gains. They possess a relatively high level of power and influence and a low level of interest in development. |
| 7a | Chief E. K. Clark |  |  | Chief E.K Clarke has a strong influence in the Niger Delta, as he is an indigene and also an elder statesman. He has connections with the ex-militants and can influence them either positively or negatively. Although the development of the region is of interest to him, the power to influence things in the region was lost during the last elections. |
| 7b | Chief A. J. Turner |  |  | Chief A. J. Turner had a strong influence in the Niger Delta during the administration of President Goodluck Jonathan. Being the traditional ruler of President Jonathan’s community and his long time friend and associate, Chief Turner had a lot of influence on the decisions in the region. Chief Turner may not have much influence in the region following the defeat of President Jonathan at the 2015 general elections. |
| 8 | Traditional rulers & Community leaders | 6 | 8 | This group consists of various individuals with different levels of power and interest. They include traditional rulers, community leaders, ordinary citizens and other high-risk population. The traditional rulers and community leaders possess medium level of power and influence with a high interest in development of the region. They are closest to the people and feel the impact of the development challenges in their community. However, some of these traditional rulers and community leaders have not always placed the interest of the community over their own pecuniary interests. |
| 8a | Ordinary citizens | 3 | 10 | The ordinary citizens of the region have considerable interest in the development of the region and seek active involvement in citizenship participation for development. However, fragmented along ethnic lines and manipulated by local politicians, the citizens have developed ingrained frame of reference for violence in resolving conflict. |
| 8b | High risk population | 5 | 4 | Most youths in the Niger Delta region feel politically disenfranchised and disadvantaged in comparison to the rest of Nigeria. They are surrounded by the activities that create wealth for Nigeria, yet, they are young, unemployed, and with no hope for a brighter future. Frustrated and excluded from the benefits derived from the oil resources, they could be drawn to the path of violence.  A high-risk population is evolving from agitations for the sovereign state of Biafra. Although the level of power is average for the high-risk population, special attention needs to be paid to this group of people. There is a possibility that other violent groups or sponsors could elevate the power level of this group to cause chaos. |
| 9 | Regional Development Institutions | 6 | 3 | This group consists of institutions mandated to implement socio economic development projects and programmes in the Niger Delta region. They include the Niger Delta Development Commission, Federal Ministry of Niger Delta Affairs, various development commissions in the oil producing areas, etc.  While the proclaimed mandate of these organisations is to develop the region, in practice, they have not achieved a lot of success in this regard. While their power (mandate) for development in the region may be medium, their interest in development (measured by the success achieved so far) is quite low given the poor state of development of the region. |
| 10 | International Development Partners | 6 | 7 | This category includes international organisations and development agencies that fund programmes aimed at improving the quality of life of the people in the region. Typically, they integrate the development objectives of the local communities to address socio-economic challenges in the Niger Delta. These groups possess a medium level of power (given their mandate) and a relatively high interest in development of the region (given the successes they have been able to record). |
| 11 | Civil Society Organisations | 3 | 8 | These groups include the labour unions, local community groups, non-governmental organizations, philanthropic foundations, and think tanks operating in the Niger Delta region. Civil Society Organisations possess a relatively low power and influence but have a high interest in development of the region, as a stable Niger Delta region would enable them to effectively carry out their operations. |
| 12 | Security Stabilisation Institutions | 6 | 4 | This group includes the Nigeria Military, Joint Task Force, Presidential Amnesty Programme, and all other security and intelligence agencies. The mandate of the military and national security organizations includes peace maintenance and security stabilisation.  The Presidential Amnesty Programme (PAP) was instituted to coordinate the amnesty process between the Federal Government of Nigeria and the ex-agitators in the Niger Delta for attainment of immediate security stabilisation in the region. PAP was created to achieve security stabilisation as a precondition for intensive development and socio-economic activities in the region.  Although these institutions are mandated to ensure security stabilisation, their results to date betray a relatively low interest in the development of the region. This could be because of their self-serving interests. |

## Stakeholder Mapping and Analysis

The stakeholders are grouped under four quadrants on the interplay between power and interest to drive development in the Niger Delta region.

### Quadrant 1 (Q1): High Power, High Interest

The groups in Quadrant 1 (high power and high interest) are the key stakeholders in the region. They are mostly involved in governance and decision making processes and should be consulted regularly before decisions are made. The Federal Government (Presidency) possesses the highest level of power and interest in this quadrant. The traditional rulers and community leaders, international development partners and international oil companies all have medium levels of power but high interest in security stabilisation and development of the Niger Delta region. This group includes the Federal Government (Presidency), traditional rules and community leaders, international development partners, and international oil companies.

1. Schematic showing stakeholder mapping in the Niger Delta towards security stabilisation and development.



### Quadrant 2 (Q2): High Power, Low Interest

This group of stakeholders have high power to drive development in the Niger Delta region but demonstrated low interest in the issue. They are critical stakeholders due to their position on the power-interest chart. They must be engaged and consulted on critical issues and must be kept informed. Attention should be paid to them because they possess the power to cause chaos and instability in the region. Efforts should be made to reorient their interest and realign their power towards security stabilisation and development of the region. This group includes state and local governments, political elite, regional development institutions, security stabilisation agencies, resistance and armed groups, criminal elements, and other high-risk groups.

### Quadrant 3 (Q3): Low Power, Low Interest

These are the least important stakeholders. They can neither cause chaos nor instability. For the purposes of this report, no stakeholders fall under this quadrant. However considerable number of Nigerians outside the Niger Delta may fall into this quadrant. This would include those who are fighting for more resource allocation to their regions. The insurgency in the North East as well as the agitations for Biafra may reflect such phenomenon.

### Quadrant 4 (Q4): Low Power, High Interest

These stakeholders have low power and influence to cause chaos in the region. Their interest lies in the stability and development of the Niger Delta. They are potential supporters and should be shown consideration and kept informed on interest areas. Their interests should be channelled through involvement in low risk areas. This group includes ordinary citizens civil society organisations, NNPC and Ministry of Petroleum Resources.

# Recommendations and Conclusion

## Recommendations

The government should consider implementing the strategies outlined below to ensure stability and development of the Niger Delta region. These recommendations include but are not limited to security stabilisation, comprehensive regional development, and accountability mechanisms.

Security Stabilisation

* Effectively transition and complete the Presidential Amnesty Programme
* Enhance security and intelligence gathering to forestall renewed militancy

Comprehensive Regional Development

* Establish a representative stakeholder working group to articulate and communicate key regional development and security issues and concerns with the government
* Provide irrevocable commitment to development that can be independently verified
* Sign a Development Compact that outlines in detail the commitments of both the government and the region to a fundamental development of the Niger Delta region

Accountability Mechanisms

* Rationalise institutional mechanisms (MNDA, NDDC, etc.) for delivering development in the region and make them accountable to the people
* Set up a multi-stakeholder trust fund management and programme implementation structure
* Develop community-sensitive accountability process
* Demand corporate social responsibility (CSR) from the petroleum sector
* Draw development expertise from the oil and gas sector through private-public sector partnership framework

## Conclusion

Governance challenge, and not the quantum of funds, is the bane of development of the Niger Delta region.

Except for criminal elements in the Niger Delta region and individuals who profit politically or financially from instability of the region, most stakeholders in the region will support programmes for lasting stability.

The Federal Government of Nigeria should consider implementing the strategies outlined above to ensure stability and development in the region.

# Annexes

1. Funds Allocation to Ministry of Niger Delta Affairs

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | Total Recurrent (N’million) | Total Capital (N'million) | TOTAL (N'million) | SURE-P  (N’million) | Estimated Inflow (N’million) |
| 2010 | 3,131 | 61,289 | 64,419 | - | 64,419 |
| 2011 | 3,230 | 53,400 | 56,630 | - | 56,630 |
| 2012 | 2,225 | 59,222 | 61,447 | 21,700 | 83,147 |
| 2013 | 2,375 | 62,331 | 64,706 | 42,270 | 106,976 |
| 2014 | 2,290 | 46,904 | 49,193 | 30,000 | 79,193 |
|  |  |  |  | TOTAL | 390,366 |

Source: Budget Office of the Federation

1. Fund Allocation to Niger Delta Development Commission

|  |  |  |
| --- | --- | --- |
| Year | Federal Government (N'million) | Oil Companies (N'million) |
| 2007 | 24,000 | 40,531 |
| 2008 | 40,570 | 43,942 |
| 2009 | 51,318 | 89,928 |
| 2010 | 44,938 | 89,773 |
| 2011 | 56,077 | 111,576 |
| 2012 | 48,673 | 131,526 |
| 2013 | 61,347 | 152,394 |
| 2014 | 61,940 | 165,045 |
| TOTAL | 272,975 | 650,315 |
|  | Grand Total | 923,291[[58]](#footnote-58) |

Source:

1. NEITI Report (2007-2011). Available at: <http://neiti.org.ng/sites/default/files/pdf_uploads/NEITI-FASD-Audit-Report-2007-2011/Beneficiary-Agencies-Reports/NDDC-300614.pdf>
2. Federal Government figures (2012-2014), Budget Office of the Federation
3. Fund Allocation to Presidential Amnesty Programme

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Total Recurrent (N'million) | Total Capital (N'million) | Estimated Inflow (N'million) |
| 2010 | - | - | - |
| 2011 | 78,695 | - | 78,695 |
| 2012 | 66,176 | - | 66,176 |
| 2013 | 66,781 | - | 66,781 |
| 2014 | 63,281 | - | 63,281 |
| TOTAL |  |  | 274,933 |

Source:

1. Budget Office of the Federation
2. Lack of data exists for 2010. However, according to a report[[59]](#footnote-59) from the Office of the Special Adviser to the President on Niger Delta, a total of N234,133,917,560 has been spent from (March 2010-June 2014)
3. Federal Government Allocations[[60]](#footnote-60)to Nine (9) Niger Delta States

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Abia | | Akwa Ibom | | Bayelsa | |
| Year | Net Allocation  (N’million) | Mineral Derivation  (N’million) | Net Allocation  (N’million) | Mineral Derivation  (N’million) | Net Allocation  (N’million) | Mineral Derivation  (N’million) |
| 2010 | 38,527 | 5,441 | 199,067 | 107,125 | 105,147 | 65,528 |
| 2011 | 48,169 | 4,737 | 240,383 | 129,615 | 161,633 | 101,537 |
| 2012 | 53,463 | 4,227 | 254,215 | 142,761 | 158,361 | 105,073 |
| 2013 | 61,088 | 6,727 | 294,692 | 180,787 | 187,991 | 121,741 |
| 2014 | 41,634 | 4,974 | 196,917 | 141,747 | 116,067 | 90,667 |
| Total | 242,882 | 26,107 | 1,185,274 | 702,035 | 729,199 | 484,546 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Cross River | | Delta | | Edo | |
| Year | Net Allocation  (N’million) | Mineral Derivation  (N’million) | Net Allocation  (N’million) | Mineral Derivation  (N’million) | Net Allocation  (N’million) | Mineral Derivation  (N’million) |
| 2010 | 35,746 | 1,242 | 156,016 | 83,261 | 42,883 | 4,932 |
| 2011 | 52,507 | 4,535 | 211,717 | 112,670 | 58,175 | 9,984 |
| 2012 | 47,875 | 2,481 | 203,647 | 119,079 | 58,440 | 10,877 |
| 2013 | 52,018 | n/a[[61]](#footnote-61) | 217,921 | 129,394 | 65,204 | 13,972 |
| 2014 | 37,780 | n/a | 141,190 | 100,278 | 44,118 | 12,020 |
| Total | 225,926 | 8,258 | 930,490 | 544,682 | 268,820 | 51,786 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Imo | | Ondo | | Rivers | |
| Year | Net Allocation  (N’million) | Mineral Derivation  (N’million) | Net Allocation  (N’million) | Mineral Derivation  (N’million) | Net Allocation  (N’million) | Mineral Derivation  (N’million) |
| 2010 | 42,471 | 5,327 | 64,958 | 18,892 | 190,319 | 98,568 |
| 2011 | 53,713 | 6,222 | 73,399 | 18,666 | 244,848 | 131,313 |
| 2012 | 57,332 | 5,890 | 70,907 | 20,010 | 226,526 | 127,507 |
| 2013 | 62,820 | 6,486 | 81,190 | 24,251 | 246,387 | 131,669 |
| 2014 | 42,402 | 4,721 | 50,494 | 18,799 | 140,574 | 94,318 |
| Total | 258,737 | 28,646 | 340,948 | 100,618 | 1,048,655 | 583,375 |

|  |  |  |  |
| --- | --- | --- | --- |
| Grand Total of Net Allocations and Mineral Derivation | | | |
|  | Net Allocation (N'million) | Mineral Derivation (N'million) | Mineral Derivative as percentage of net allocation% |
| Grand Total | 5,230,932 | 2,530,053 | 48 |

Source: Office of Accountant General of the Federation

1. Value Added Tax to States[[62]](#footnote-62) and Local Government Areas

VAT TO STATES

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Abia | Akwa Ibom | Bayelsa | Cross River | Delta | Edo | Imo | Ondo | Rivers |
|  | Estimated funds (N’billion) | | | | | | | | |
| 2010 | 5.57 | 7.97 | 5.03 | 5.65 | 7.32 | 6.28 | 6.25 | 6.25 | 10.56 |
| 2011 | 6.46 | 8.33 | 6.01 | 6.57 | 8.79 | 7.27 | 7.33 | 7.10 | 11.20 |
| 2012 | 7.04 | 9.45 | 6.62 | 7.19 | 9.40 | 7.92 | 7.93 | 7.64 | 11.97 |
| 2013 | 7.94 | 9.89 | 7.72 | 8.20 | 10.22 | 8.55 | 9.09 | 8.51 | 14.60 |
| 2014 | 6.07 | 6.62 | 5.75 | 6.21 | 7.36 | 6.57 | 6.74 | 6.40 | 10.00 |
|  |  |  |  |  |  |  |  | Grand Total | 351.54 |

VAT TO LOCAL GOVERNMENTS

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Abia | Akwa Ibom | Bayelsa | Cross River | Delta | Edo | Imo | Ondo | Rivers |
|  | Estimated funds (N’billion) | | | | | | | | |
| 2010 | 3.32 | 6.53 | 1.83 | 3.49 | 5.42 | 3.89 | 5.02 | 3.79 | 7.17 |
| 2011 | 3.85 | 7.02 | 2.21 | 4.06 | 6.42 | 4.48 | 5.87 | 4.41 | 7.59 |
| 2012 | 4.19 | 7.83 | 2.46 | 4.34 | 6.89 | 4.88 | 6.34 | 4.74 | 8.13 |
| 2013 | 4.73 | 8.39 | 2.91 | 5.01 | 7.54 | 5.28 | 7.24 | 5.29 | 9.77 |
| 2014 | 4.35 | 7.26 | 2.58 | 4.64 | 6.65 | 4.88 | 6.52 | 4.80 | 8.25 |
|  |  |  |  |  |  |  |  | Grand Total | 242.26 |

Source:

1. Office of the Accountant General of the Federation
2. Analysis by Nextier (2015)
3. Oil Companies (GMoU)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Oil Companies | Type of Fund | Estimated Funds (US$'million) | Estimated Funds (N'million) |
| 1 | Chevron | GMoU | $83.00 | 16,351 |
| NDPI 1 | $25.00 | 4,925 |
| NDPI 2 | $40.00 | 7,880 |
| 2 | Shell | GMoU | $117.00 | 23,049 |
| CSR | $31.40 | 6,186 |
| 3 | Seplat | GMoU | $33.30 | 6,560 |
| 4 | Nigerian Agip Oil Company (NAOC), Addax Petroleum, Oando Group, Chevron, ExxonMobil, Shell, Total, Pan-Ocean, Nigerian Petroleum Development Company (NPDC), Niger Delta Petroleum Resources Limited (NDPRL), Nigerian Liquefied Natural Gas (NLNG) and Schlumberger | Oil and Gas Industry Foundation (OGIF) | $30.30 | 5,969 |
|  | Total |  | $360.00 | N70,920 |

Source:

1. <http://www.chevron.com/countries/nigeria/inthecommunity/>
2. <http://s06.static-shell.com/content/dam/shell-new/local/country/nga/downloads/pdf/2013bnotes/improving-lives1.pdf>
3. <http://seplatpetroleum.com/wp-content/uploads/2015/05/Seplat_webPDF_2014.pdf>
4. <http://opts-ng.com/corporate_social.php>

Note:

1. CSR- Corporate Social Responsibility
2. NDPI- Niger Delta Partnership Initiative
3. Conversion was done using CBN exchange rates. Available at: <http://www.cenbank.org/rates/ExchRateByCurrency.asp>
4. No specific period was stated for each of the contributions
5. Development Agencies

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Development Agencies | Projects | Estimated Funds ($' millions) | Estimated Funds (N’million) | Year |
| 1 | DFID |  | $6.12 | 1,205.64 | 2014-2018 |
| 2 | USAID | (NDPI 1) | $25.00 | 4,925.00 | 2011-2015 |
| 3 | UNDP & GEF | Niger Delta Biodiversity Project | $4.61 | 908.17 | 2013-2016 |
| 4 | World Bank | State Employment and Expenditure for Results Project | $200.00 | 39,400.00 | 2012-2017 |
|  | Total |  | $235.73 | 46,438.81 |  |

Source:

1. <http://devtracker.dfid.gov.uk/projects/GB-1-202585/>
2. <http://www.vanguardngr.com/2011/02/niger-delta-development-chevron-usaid-strike-50m-partnership/>
3. <http://www.ng.undp.org/content/nigeria/en/home/operations/projects/environment_and_energy/niger-delta-biodiversity-project.html>
4. <http://www.worldbank.org/projects/P121455/state-employment-expenditure-results-project?lang=en>
5. Millennium Development Goals

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Source (N'million) | 2014 | 2013 | 2012 | 2011 | 2010 |
| Conditional Grants and Social Safety Nets | 67,730 | 67,000 | 75,990 | 45,591 | 35,027 |
| MDG Special Projects | 3,300 | 10,000 | 11,600 | 0 | 4,000 |
| Special Intervention MDGs 1 | 17,155 | 13,455 | 0 | 0 | 0 |
| Special Intervention MDGs 2 | 5,300 | 10,500 | 0 | 0 | 0 |
| MDG Monitoring and Evaluation | 3,240 | 3,450 | 3,000 | 2,000 | 4,509 |
| Communication and Advocacy (MDG) | 610 | 860 | 1,000 | 0 | 1,500 |
| Support to UNDP Millennium Campaign Programme | 360 | 400 | 500 | 750 | 0 |
| Total (2010-2014) | 97,695 | 105,665 | 92,090 | 48,341 | 45,036 |
|  |  |  |  | Grand Total | 388,827 |

Source: Budget office of the Federation

1. Ecological Funds

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Source (N'million) | 2014 | 2013 | 2012 | 2011 | 2010 | Total |
| Federation Account | 4,695,190 | 4,987,220 | 4,877,209 | 4,484,737 | 4,427,185 |  |
| 1% Share of Ecology | 46,952 | 49,872 | 48,772 | 44,847 | 44,272 | 234,715 |
| 80% (Intervention Fund) | 37,562 | 39,898 | 39,018 | 35,878 | 35,417 | 187,772 |

Source: Budget Office of the Federation



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1. The 9 oil producing states in the Niger Delta include; Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo, and Rivers. [↑](#footnote-ref-1)
2. Paul Francis, Deirdre Lapin & Paula Rossiasco, (2011) “Securing Development and Peace in the Niger Delta”, A Social and Conflict Analysis for Change, [Online] pp.11. Available from:<http://www.wilsoncenter.org/sites/default/files/AFR_110929_Niger%20Delta_0113.pdf> [Accessed: 22nd October 2015] [↑](#footnote-ref-2)
3. SAHARA REPORTERS (2015). “President Buhari would be Right if He Said 250,000 Barrels of Crude Oil is Stolen per Day in Nigeria.” [Online] Available at: <http://saharareporters.com/2015/09/10/president-buhari-would-be-right-if-he-said-250000-barrels-crude-oil-stolen-day-nigeria> [Accessed on: December 7th 2015] [↑](#footnote-ref-3)
4. International Crisis Group (2015). Curbing Violence in Nigeria (III): Revisiting the Niger Delta. Africa Report No. 231, September 29, 2015 [↑](#footnote-ref-4)
5. THISDAY LIVE (2015). “NEITI: IOC Report Shows Nigeria Lost $13.7 bn to Oil Theft in Four Year” [Online] Available at: <http://www.thisdaylive.com/articles/neiti-ioc-reports-show-nigeria-lost-13-7bn-to-oil-theft-in-four-years/216405/>[Accessed on: October 22nd 2015] [↑](#footnote-ref-5)
6. United Nations Development Programme (2006).“Niger Delta Human Development Report” [Online] Available at:<http://www.bebor.org/wp-content/uploads/2012/09/UNDP-Niger-Delta-Human-Development-Report.pdf>. [Accessed on: September 20th2015]. [↑](#footnote-ref-6)
7. Oboreh J. Snapps & Donald I. Hamilton, “Youth Restiveness and Industrial Disruption in the Niger Delta”, American Review of Political Economy, June 2011, pp. 18-32. [↑](#footnote-ref-7)
8. Nextier analysis. (2015) [↑](#footnote-ref-8)
9. The N7.35 trillion is almost equivalent to the sum of Nigeria’s national budget for 2013 and 2014. [↑](#footnote-ref-9)
10. Primary school completion rate decreased from 107.5 percent in 2011 to about 83.11 percent in 2014. Infant mortality rate increased from 51.9 percent in 2011 to about 57.7 percent in 2014, access to improved sources of drinking water decreased from 68.71 percent in 2011 to about 28.4 percent in 2014. In 2013, poverty rate for the South-South region (6 out of the 9 states in the Niger Delta) was 24.4 percent. In the same year, 11.2 percent of the population in the South-South reported food inadequacy. [↑](#footnote-ref-10)
11. http://www.eni.it/english/mondo/pdf/naoc\_eng.pdf [↑](#footnote-ref-11)
12. Organization of Petroleum Exporting Countries (OPEC) 2015 OPEC Annual Statistical Bulletin, Vienna: OPEC, 2015. [↑](#footnote-ref-12)
13. International Institute for Democracy and Electoral Assistance (IDEA) Democracy in Nigeria: Continuing Dialogue(s) for Nation-Building, Stockholm: International Institute for Democracy and Electoral Assistance, 2000. [↑](#footnote-ref-13)
14. [http://www.wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2000/11/10/000094946\_00082605382641/ Rendered/INDEX/multi\_page.txt](http://www.wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2000/11/10/000094946_00082605382641/%20Rendered/INDEX/multi_page.txt) [↑](#footnote-ref-14)
15. John D. and Catherine T. MacArthur Foundation ‘A framework for confidence building and change in the Niger Delta’, Chicago, 2003 (mimeo). [↑](#footnote-ref-15)
16. On April 9, 2001 the federal government went to the Supreme Court asking for clarification of section 162 (2) of the 1999 constitution requesting among other things a declaration that petroleum resources in Nigeria’s territorial waters are federally derived. In April 2002, the Supreme Court agreed with the federal government, thus further reducing the revenues of littoral oil producing states. A bill sponsored by the President and passed by the National Assembly in October 2002 abolished the onshore-offshore distinction. However, the President vetoed the bill over disagreement with the National Assembly on what constitutes “offshore”. In December 2002, Northern elders led by the Emir of Kano joined the fray, warning Northern members of the National Assembly not to override the President’s veto because the abolition of the onshore-offshore dichotomy is not in the interest of the North. All these point to the complex and intractable nature of the political economy of oil revenues in Nigeria. [↑](#footnote-ref-16)
17. Robin Luckham and Okechukwu Ibeanu ‘Nigeria: Military rule, democratization, conflict and corporate responsibility in a petro-state’, discussion paper for the meeting on ‘Oil and Conflict’, Bellagio, Italy, November 18-22 2002 [↑](#footnote-ref-17)
18. See Terry Karl Paradox of Plenty, Berkeley, California: University of California Press, 1997. [↑](#footnote-ref-18)
19. The NNPC is the sole government agency overseeing the petroleum sector. It currently has the following wholly-owned subsidiaries: National Petroleum Investment Management Services (NAPIMS), Duke Oil Limited, Eleme Petrochemicals Company Limited, Integrated Data Services Limited, Kaduna Refining and Petrochemicals Limited, National Engineering and Technical Company, Nigerian Gas Company Limited, Nigerian Petroleum Development Company Limited, Pipelines and Products Marketing Company Limited, Port Harcourt Refining and Petrochemicals Company Limited, Warri Refining and Petrochemicals Company Limited. It also has two partly owned subsidiaries – Calson (Bermuda) Limited and Hydrocarbon Services of Nigeria Limited. In terms of control of oil revenues, the NNPC works with the Central Bank of Nigeria (CBN) and the Federal Inland Revenue Service (FIRS) [↑](#footnote-ref-19)
20. Nigeria Liquefied Natural Gas Limited, LNG from Nigeria, London: Nigeria LNG Limited, 1997. [↑](#footnote-ref-20)
21. Nigeria at independence in 1960 started as a federation of three Regions. In 1964 a fourth region was created. Since then, the component units of the federation, called States since 1967, have increased from twelve to thirty-six. At the same time, the thirty-six States are composed of 774 constitutionally recognized Local Government Areas. The States and Local Governments are the basis of sharing revenue. [↑](#footnote-ref-21)
22. See Okechukwu Ibeanu ‘Ogoni – oil, resource flow and conflict’ in Granfelt, T. (ed) Managing the Globalized Environment, London: Intermediate Technology Publications, 1999, and ‘Oiling the friction: environmental conflict management in the Niger Delta, Nigeria’, Environmental Change and Security Project Report, The Woodrow Wilson International Centre for Scholars, Washington, D.C., Issue 6, Summer, 2000 [↑](#footnote-ref-22)
23. Section 162(2) of the 1999 Constitution provides for a minimum of 13% of revenue to return to oil producing states by derivation. The resource control question came to a head at the National Political Reform Conference (NPRC) that held in 2005. The conference was as a compromise between the longstanding demand for a Sovereign National Conference and the resistance of the Obasanjo government to any conference at all. The NPRC disbanded before it concluded its assignment over disagreement between the demand of 25% derivation by the Niger Delta States and the offer of 17% by the other States. [↑](#footnote-ref-23)
24. The Supreme Court finally dismissed the case in 2005. [↑](#footnote-ref-24)
25. After the Assembly passed the bill, President Obasanjo withheld accent leading to threats that the Assembly would override his veto and force the bill to become operational. [↑](#footnote-ref-25)
26. Olalekan Adetayo ‘NDDC can’t justify its huge allocations – Jonathan’ Punch Newspaper, December 17, 2013. [↑](#footnote-ref-26)
27. Earthaction ‘Defend the Ogoni people in Nigeria’, Alert, No. 3, 1994. [↑](#footnote-ref-27)
28. Batom Mitee ‘The social-cultural impact of oil exploration on an indigenous people: the Ogoni case’, paper presented at the international symposium on Economic, Social and Cultural Rights among the Sami, the Maasai and the Ogoni, University of Lapland, Rovaniemi, Finland, 12 - 14 September, 1997, pp. 6 - 9. [↑](#footnote-ref-28)
29. NEITI ‘Nigeria Extractive Industry Transparency Initiative: Financial Audit – Interim Report on Financial Flows 2003 and 2004’, (Hart Report) 8th January 2006. [www.neiti.org/](http://www.neiti.org/). p.26. [↑](#footnote-ref-29)
30. Nnimmo Bassey ‘The Hydro Carbons Pollution Restoration Project hype’, <http://nnimmo.blogspot.com.ng/2012/08/the-hyprep-hype.html> [Accessed 25th September 2015]. [↑](#footnote-ref-30)
31. Ibid. [↑](#footnote-ref-31)
32. Ibid [↑](#footnote-ref-32)
33. See Karl Maier, This House Has Fallen: Nigeria in Crisis, London: Penguin Books (2000), p. 135. [↑](#footnote-ref-33)
34. I am particularly grateful to Michelle Leighton and Emeka Durigbo of the Natural Heritage Institute, Berkeley, California for their insights on community trust funds and for some of the materials used in this section. [↑](#footnote-ref-34)
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36. The figures represented above for the MDG and Ecological funds are prorated on equal basis given the inability to secure the breakdown that is attributed to each state. [↑](#footnote-ref-36)
37. Total is for 3 years from 2012-2014. It is assumed that NNPC paid these moneys (US$38.6 million (N7.6 billion)) annually [↑](#footnote-ref-37)
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47. NEITI (2013). Revenues, Deductions, Analysis of Disbursement and Application of Funds by Niger Delta Development Commission. Available at: <http://www.neiti.org.ng/sites/default/files/pdf_uploads/NEITI-FASD-Audit-Report-2007-2011/Beneficiary-Agencies-Reports/NDDC-300614.pdf>. (Updated August 2013; accessed December 9, 2015) [↑](#footnote-ref-47)
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55. See for instance Kuku, ibid; Joab-Peterside Sofiri et al Documenting the Amnesty Process in the Niger Delta Region of Nigeria, Port Harcourt: Centre for Advanced Social Science, 2011; [Davidheiser](http://www.tandfonline.com/action/doSearch?action=runSearch&type=advanced&result=true&prevSearch=%2Bauthorsfield%3A(Davidheiser%2C+Mark)), M. and [Nyiayaana](http://www.tandfonline.com/action/doSearch?action=runSearch&type=advanced&result=true&prevSearch=%2Bauthorsfield%3A(Nyiayaana%2C+Kialee)), K. (2011) ‘Demobilization or Remobilization? The Amnesty Program and the Search for Peace in the Niger Delta’, African Security 4(1): 44-64, 2011; Newsom, Chris Conflict in the Niger Delta: More than a Local Affair, Special Report 271, Washington, DC: United States Institute of Peace, 2011; Obi, Cyril ‘Oil Extraction, Dispossession, Resistance, and Conflict in Nigeria’s Oil-Rich Niger Delta’, Canadian Journal of Development Studies 30(1–2): 219–236, 2010; Smock, David Crisis in the Niger Delta, USIP Peace Briefing. Washington, DC: United States Institute of Peace, 2009. [↑](#footnote-ref-55)
56. According to the National Bureau of Statistics, unemployment rate in Imo State in 2010 was 29.9%, Delta State, 27.2% and Akwa Ibom State, 25.8%. See National Bureau of Statistics ‘National Manpower Stock and Employment Generation Survey 2010’ [www.nigeriastat.gov.ng/uploads/latestRelease/2b1f54acea7189e402bc1d2b9d 240305edd96c1.pdf](http://www.nigeriastat.gov.ng/uploads/latestRelease/2b1f54acea7189e402bc1d2b9d%20240305edd96c1.pdf) [Accessed 14th May 2012]. [↑](#footnote-ref-56)
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60. Mineral Derivation figure is included in the Net allocations. Mineral Derivation is 13% of the oil revenues derived from each of the nine oil producing states [↑](#footnote-ref-60)
61. ‘n/a’ indicates that data was unavailable (Oil production in Cross River has not been consistent) [↑](#footnote-ref-61)
62. VAT to the states is already included in the State Allocations [↑](#footnote-ref-62)