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## A political economy perspective on oil and conflict in Nigeria's Niger Delta

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The fragile peace achieved since 2009 in Nigeria's oil-bearing delta region may soon be undermined if the government proceeds to discontinue the Presidential Amnesty Program, a measure adopted to provide support, education and training to repentant former insurgents. Despite the programme's institutional shortcomings, Dr Uche Igwe argues an abrupt termination may plunge one of Africa's biggest oil producers back into another avoidable conflict and economic crisis.

Since oil was discovered in commercial quantities in Oloibiri, Bayelsa State in 1956, it continues to be the mainstay of the Nigerian economy. According to data from Oil Producing and Exporting Countries (OPEC), the country is Africa's top oil producer (1.989 million barrels per day), deriving 95% of its export earnings, 70% of government revenue and 5.15% of real Gross

Domestic Product (GDP) from the oil sector. Yet many of the communities from where this oil is produced remain marginalised, polluted and desolate and continue to suffer protracted infrastructural deficit. These prevalent deplorable conditions partly contributed to the eruption of a pro-violence stance against the multi-national corporations, which gradually snowballed into full blown militancy that led to severe destruction of oil installations which peaked between 2007 and 2009.

It is no longer a rumour that the Nigerian government is contemplating a **decision to discontinue** the Presidential Amnesty Programme (PAP) for the ex-agitators of the oil-producing Niger Delta region. Although the conflict was perceived to result from a mixture of greed and grievance, as part of the PAP the Nigerian government decided to grant unconditional amnesty to the combatants in 2009 in order to end the hostilities, which was taking a heavy toll on the economy. These ex-agitators were made to surrender their weapons and accept amnesty in exchange for payment of monthly stipends and training in what was proposed to be a comprehensive disarmament, demobilization and re-integration (DDR) programme.

It is now more than ten years since the programme started, and the Niger Delta region has witnessed relative peace that allowed for uninterrupted oil production. But many complain that the programme has been marred by corruption and has produced unintended negative results ostensibly due to a pattern of scandal and mismanagement, with which the office appears to be often associated.

As the negative economic effects of the ongoing COVID-19 pandemic continue to deepen, there is merit in the argument that government should cut down on any avoidable cost in its operations. Through such a lens, the move to scrap the amnesty programme can be situated as thoughtful. Yet the conversation about whether the Presidential Amnesty Programme is a cost or an investment remains a valid and ongoing one. Perhaps the pragmatic thing to consider is to take a deeper look at the economics of the programme.

## The PAP as value for money

Prior to the declaration of the Amnesty programme by the Yar'Adua administration in 2009, it was reported that the volume of production of crude oil in Nigeria came down to about 700,000 barrels per day from a production level of potential 2.2 million barrels per day as a result of militancy. This meant that the country was losing about 1.5 million barrels per day. At an inflation adjusted annual oil price of USD64.16 per barrel (2009) this amounted to USD96.24 million per day (\$1.00 = N148.9), which amounted to 14.33 billion naira per day at that time. In the unlikely event of a reversal to such an era at the current oil price, such a loss will amount to USD63 million which will be 24 billion naira daily (\$1.00 = N381.0) and approximately 8.761 trillion naira per annum. The current annual budget of the amnesty programme is about 65 billion naira, and it is estimated that the PAP has cost federal government about 715 billion naira since its inception. How then can anyone attempt to save 65 billion naira and risk a potential loss of 8.761 trillion? That will be voodoo economics!

It is probably true that the PAP programme counts as one of the most expensive of such programmes anywhere in the world. But such an argument also falls flat before the benefits, even if it has perhaps been run in a manner that is both ineffective and grossly inefficient. These findings re-echo the observations by an **assessment report** recently released by Nextier Advisory, a firm based in Nigeria's capital Abuja. Yet some commentators may want to argue that whereas the whole idea of 'buying' peace with money may appear offensive to some, and unsustainable in the context of our poverty dynamics, one may find justification in its benefits to the nation and social gains to the region.

One could argue it has given rise to some inexplicable entitlement mentality which has led to the perception that government is quick to reward criminality. May be. Such a dangerous trend could potentially affect the morale of law-abiding citizens who might begin to consider delinquency as a survival option. It might also have contributed to providing some justification for young people from other parts of the country to take up arms against the state, hoping to be compensated one way or another. However, I am prepared to argue that the conflict in the Niger Delta is in

many ways unique with both complex security and economic implications. It differs significantly from what we have seen elsewhere. It will therefore be necessary for the federal government to fully recognise the probable consequences of any decision to tinker with the PAP before going ahead to do so.

## Corruption and reform

Besides, it is pertinent to put out the full picture of underlying causes behind the protracted history of infractions in the PAP to the court of public opinion. Accusing fingers point at coordinators of the programme as CEOs. Fair enough. Nevertheless, there are those who argue vehemently that the situation in the Presidential Amnesty Programme mirrors the abhorrent contradictions in the Buhari administration, especially about what they describe as a skin-deep commitment to the fight against corruption. To many observers, close associates of the President might have been willy-nilly submerged in the swamp of corruption that his administration once promised to drain.

Many things are wrong with the PAP. The quiet but tenacious grip of Buhari's National Security Adviser, Babagana Monguno, have been repeatedly mentioned as a core part of it. Apparently under his watch, the PAP somewhat reportedly became transformed into a jealously guarded fiefdom in what is believed to be a highly polarised administration where an ongoing ruthless powerplay might have alienated allies who worked to bring them to power. The sudden exit of the former Chief of Staff, Mallam Abba Kyari – considered by many as defacto President due to complications from the coronavirus – created a leg room for the National Security Adviser and other players within Buhari's innermost caucus to thrive. A secret memo once leaked from Nigeria's seat of power, in which the NSA Monguno accused the late Chief of Staff of undue interference on matters bordering on national security.

The role of bureaucrats and secondees posted from civil service to the PAP is another issue. They are the institutional custodians and implementers of

policy. That most of them come from other parts of the country suggests that they could be disconnected with the complicated context of the Niger Delta. Multiple media reports point to how these civil servants operate through different sophisticated proxies who serve as conduits through whom they draw resources from the PAP to their private pockets.

Strangely but curiously, those who are insisting on reforms of that office have deliberately or inadvertently remained silent about the role of some less visible actors whose fingerprints appear everywhere on the pie. Until those names are mentioned, every attempt to sanitise the PAP will come across as either deliberate and diversionary witch-hunting or, at best, a hypocritical face-saving mission which will be counterproductive. The office of the National Security Adviser plays (or should play) a visible oversight role over the Presidential Amnesty Programme. After all, most of the coordinators of the programme have been reportedly nominated by that office. If successive appointees to the PAP have failed in their duties then it becomes very difficult to completely exonerate their appointer, in this case the National Security Adviser, from any blame. He must share in taking some responsibility.

## Playing the ostrich

There are those who argue that if indeed the intention of the current administration is to curb waste, there could be so many other agencies of government that should come into focus alongside those in the Niger Delta. These commentators argue that whatever institutional failings these agencies manifest can be seen as a nationwide malaise. Should we be satisfied in describing these shortcomings as mere extensions of the resource curse, a plague on those whose communities bear the so-called devil's excrement? One may as well rely on what scholars observed long ago as moral dualism, inherited from the historical residue of colonialism, to appreciate fully the legitimisation of corruption and institutional blight in one of Africa's largest economies. However, it will be helpful for the federal government of Nigeria to challenge and counter the prevalent perception in some quarters that a deliberate attempt is going on to demonise



perpetrators of corruption from a particular part of the country while looking for every explanation to exonerate or turn a blind eye towards similar wrong doers from other regions.

For instance, the issue of crude oil theft has been ongoing in the Niger Delta almost unchallenged for many decades. This is despite the fact that the government still spends billions of naira on pipeline surveillance contracts every year. The findings of the Nigerian Extractive Industries Transparency Initiative (NEITI) and the remedial action proposed on appropriate security and metering infrastructure deserve urgent government attention.

According to a **recent report by NEITI**, daily crude oil loss in Nigeria is estimated at 250,000 to 400,000 barrels per day to oil thieves and pipeline vandals. This is slightly higher than the total daily oil production figure of countries like Vietnam and the Republic of Congo. This amounts to about USD14.6 million (using an average value at USD45.00 per barrel) daily and 2.39 trillion naira annually. A policy brief recently published in 2019 by the Civil Society Legislative Advocacy Centre (CISLAC), based in Abuja, revealed that Nigerian security agencies especially the Joint Task Force (JTF) deployed in the Niger Delta are complicit in and benefit from oil theft – a criminal enterprise that they were deployed to curb. This probably explains why investigative agencies have not yet considered it a priority to delve into such area although it will obviously bring more badly needed resources to the table.

Rightly or wrongly, there are those who consider the North East Development Commission (NEDC) established under the Buhari administration a direct form of pacification of those who have taken arms against the state, like Boko Haram insurgents. Such overtures have been reportedly extended to a group of bandits causing havoc in the northern part of the country. If Boko Haram insurgents, whose basis for taking arms against the state are merely religious and superficial, are being openly placated, what about those whose action and inaction have direct implication on the economic lifeline of Africa's most populous country? Yet the situation in the (Niger Delta) should be seen from the peculiar contextual lens it deserves.

Commentators will almost take it for granted that the government will appreciate the delicate security in their decision-making. It is therefore imperative to note that fiddling with the PAP in any form will generate a lot of curiosity from stakeholders in the Niger Delta and beyond. This could worsen the deep suspicion, distrust and discontent among some sections of the citizenry. It could even be seen as an act of provocation. Beyond the obvious economic consequences, it remains a matter of debate if the Nigerian government can actually cope with an eruption of conflict in another part of the country.

Rather than terminate the amnesty programme, it may then be useful to comprehensively review and align it properly to stakeholder needs to ensure that the benefits get to the right people. At the end the PAP may begin to witness a gradual but systematic purging of centrifugal forces within and without whose actions have continued to sabotage the well-intended government efforts to maintain peace and foster development. There cannot be a better time to tread with caution than when an ongoing pandemic has triggered one of the worst and quickest price fluctuations ever witnessed in the oil and gas sector history.

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