

THE SWAMPS OF INSURGENCY: NIGERIA'S DELTA UNREST

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THE SWAMPS OF INSURGENCY: NIGERIA'S DELTA UNREST

EXECUTIVE SUMMARY AND RECOMMENDATIONS

A potent cocktail of poverty, crime and corruption is fuelling a militant threat to Nigeria's reliability as a major oil producer. Since January 2006, fighters from a new group, the Movement for the Emancipation of the Niger Delta (MEND), have fought with government forces, sabotaged oil installations, taken foreign oil workers hostage and carried out two lethal car bombings. MEND demands the government withdraw troops, release imprisoned ethnic leaders and grant oil revenue concessions to Delta groups. The Nigerian government needs to forge far-reaching reforms to administration and its approach to revenue sharing, the oil companies to involve credible, community-based organisations in their development efforts and Western governments to pay immediate attention to improving their own development aid.

The root causes of the Delta insurgency are well known. Violence, underdevelopment, environmental damage and failure to establish credible state and local government institutions have contributed to mounting public frustration at the slow pace of change under the country's nascent democracy, which is dogged by endemic corruption and misadministration inherited from its military predecessors. Nigeria had estimated oil export revenues of \$45 billion in 2005 but the slow pace of systemic reforms and the lack of jobs, electricity, water, schools and clinics in large parts of the Delta have boosted support to insurgents such as MEND. Militants appeal to the kind of public disaffection that prompted ethnic Ogoni leader Ken Saro-Wiwa to protest the military-led government and Royal Dutch/Shell before his execution in November 1995.

A decade later, the potential consequences of this conflict have escalated in both human and economic terms across a swathe of territory 30 times the size of Ogoniland. Nigerian and international military experts have recognised that the crisis requires a negotiated political resolution. Any attempt at a military solution would be disastrous for residents and risky for the oil industry. Most facilities are in the maze of creeks and rivers that are particularly vulnerable to raids by well-armed militants with intimate knowledge of the terrain. But inaction risks escalating and entrenching the conflict at a time when tensions are already rising in advance of the 2007 national elections.

MEND increasingly serves as an umbrella organisation for a loose affiliation of rebel groups in the Delta. It has not revealed the identity of its leaders or the source of its funds but its actions demonstrate that it is better armed and organised than previous militant groups. Observers warn that a worst-case scenario could lead to a one to two-year shutdown of the oil industry in the Delta, where most of Nigeria's 2.3 million daily barrels of crude oil originate.

Illegal oil "bunkering" – theft – has accelerated the conflict and provided militant and criminal groups with funds to purchase arms. Another source of funding are the discreet payments oil companies make to militant leaders in return for "surveillance" and protection of pipelines and other infrastructure. This practice, frequently cloaked as community development, has fueled conflict through competition for contracts and by providing income to groups with violent agendas. Oil companies also pay allowances, perks – and sometimes salaries – to "supernumerary police", as well as regular duty police and soldiers deployed to protect oil installations. Security forces consider these plum postings and are alleged to use excessive force to protect company facilities and their jobs.

President Olusegun Obasanjo's government has begun important reforms but these must be deepened if peace is to succeed. Yet, his government has downplayed the seriousness of the insurgency. Senior officials have dismissed the militants as "mere" criminals and defended security crackdowns that have embittered locals, making it easier for armed groups such as MEND to gain new recruits. In an effort to deflect growing public impatience, government officials have demanded oil companies spend ever larger amounts on community projects. Oil industry officials counter that, after taxes and royalties, the federal government collects the vast majority of earnings on a sliding scale – 90 per cent of industry profits when oil prices are above \$60. The companies rightly place the primary responsibility for political solutions to the crisis – including increased development – on the government but they also chafe at the suggestion that their own development strategies have failed.

Transparent and participatory development schemes can foster hope and accountability in Delta communities.

Development efforts led by the European Commission and Pro-Natura International provide models for an approach that could reverse the cycle of poverty and violence – but only if their scale is significantly broadened to include a wide range of groups in oil producing areas. Government must also tackle corruption by making development initiatives more transparent. Otherwise, even dramatic increases in spending will be wasted.

RECOMMENDATIONS

To Nigeria's Federal Government:

1. Initiate a credible, sustained dialogue on control of resources with Niger Delta civil society groups, including militants, activist leaders, religious leaders, women and youth drawn from nominees submitted by councils of ethnic groups in the Niger Delta states.
2. Institute while this dialogue is proceeding a derivation formula of between 25 and 50 per cent of mineral resources, including oil and gas, to all Nigerian states, and phase this in over five years in order to avoid budgetary shock to non-oil producing states and to encourage exploration and production of other mineral resources throughout Nigeria.
3. Amend or repeal the 1978 Land Use Act to expand the opportunity for communities to seek compensation for land through legal means and to allow a more transparent adjudication process of potential land seizures.
4. Seek in parallel with the dialogue on control of resources an agreement with militants that includes a phased withdrawal of troops from Delta towns, concurrent with a weapons-return amnesty program that pays militants and gang members market rates for guns and enrolls them in skills and job training and that pays attention as well to the needs of girls and women who may not carry guns but have roles within those bodies (such as forced wives or cooks).
5. Bring the increasing number of quasi-independent local government institutions formally into federal structures as part of an effort to rationalise local governments in Niger Delta states, particularly in areas where these are unworkably large or combine substantively distinct ethnicities or communities.
6. Ensure that security force personnel are paid on time and in full in order to help prevent dependency on oil company payments and illicit and corrupt practices; increase enforcement of penalties for corruption and consider raising salaries; clarify the chain of command; and change the uniform of the "supernumerary police" that provide security services for the energy companies.

7. Refashion the government/transnational oil company joint ventures that control production to offer residents a substantial ownership stake along the lines of what corporate majors including Royal/Dutch Shell, ExxonMobil and Conoco have done in Canada's Arctic.

To the State Governments:

8. Engage more fully with professional, non-governmental organisations that demonstrate a capability and willingness to assist communities to take responsibility for their own development.
9. Accelerate steps to implement poverty reduction strategies outlined in State Economic Empowerment and Development Strategies (SEEDS) that have been developed in conjunction with Nigeria's national umbrella anti-poverty strategy, NEEDS.
10. Make budget details publicly available and respond to queries about specific spending patterns and projects.

To the Energy Companies:

11. Improve measures to ensure transparency of contracts and other community payments, including for surveillance, development projects and compensation for land use and pollution, and in particular:
 - (a) honour company commitments and ensure that payments are made in full, by bank transfer – not in cash – to the intended recipients;
 - (b) conclude agreements wherever possible that provide for individuals and local communities to be compensated for land use and pollution; and
 - (c) seek independent mediation or arbitration when agreements are in dispute.
12. Prioritise long-term ability to operate in Nigeria over short-term production goals and seek community assent before proceeding with production-related projects.
13. Develop partnerships with non-governmental, community-based bodies with a demonstrated ability to provide skills training and capacity building for development projects, including women's and religious groups that have played significant roles in mediating among various ethnic groups and actors in the past decade.

To the U.S., the EU and EU Member States with major oil interests in Nigeria (the UK, France and Italy):

14. Press the Nigerian government to institute resource-control reforms and negotiate in good faith with Niger Delta groups, and encourage oil companies headquartered in their countries to be transparent about revenue and payments.
15. Condition assistance to the government upon greater transparency in federal and state budgets, particularly with regard to energy revenues.
16. Lobby China and India to sign the Extractive Industries Transparency Initiative.

To the United Nations and the wider International Community:

17. Offer the good offices of a neutral country without oil interests in Nigeria to mediate between the federal government and Delta groups, an idea already accepted in principle by MEND.
18. Consider delaying or postponing cooperation with state governments that have a poor record for delivering public services or controlling graft, and do not work with government or party officials who provide weapons or funding to armed groups for political purposes.

Dakar/Brussels, 3 August 2006

THE SWAMPS OF INSURGENCY: NIGERIA'S DELTA UNREST

I. INTRODUCTION

Nigeria's southern Delta region has long been an uncomfortable place for outsiders. For four centuries, slavers and palm oil traders, colonial rulers and post-independence governments have used a combination of diplomacy, deception, bribery and threats to coax commodities from this Scotland-sized region of tropical swamps and rivers, unaware or unconcerned that their commercial activities were stoking violence.¹

Over the past quarter century, unrest in the Niger Delta has slowly graduated into a guerrilla-style conflict that leaves hundreds dead each year. The battle lines are drawn over the crude oil and gas that make Nigeria the number one oil producer in Africa, the world's tenth largest crude oil producer and the fifth biggest supplier of U.S. crude imports. The vast majority is produced in the Niger Delta, with nearly all the rest offshore. Impoverished residents, many of whom live practically on the doorstep of multimillion-dollar oil installations, complain of being excluded. Militancy and criminality are the convergent streams of the popular resistance that has emerged: oil theft, known as "illegal bunkering", is both symptom and cause of the resulting violence. So, too, is the secretive and semi-illicit system of government and oil company payments to militants, who have learned the unfortunate lesson that violence, extortion and kidnapping are a way – sometimes the only way – to be taken seriously.

Attacks on the oil industry in recent months – kidnappings of employees, sabotage of remote riverine installations and two "symbolic" car-bombings in regional cities – mark a turning point in the conflict. Whereas unrest in the 1990s and earlier this decade mainly involved groups organised at the village and clan level, sometimes with limited short-term aims including winning – or extorting – promises of cash or sorely-needed municipal development projects, today's militants are increasingly connected in a loose network. While they may not even speak the same language, they share an increasingly

common goal: "resource control" for a region whose residents perceive history to have deprived them of their fair share.

Among the latest rebel groups to emerge is the Movement for the Emancipation of the Niger Delta (MEND). Apart from resource control, the group threatens to immobilise the oil industry unless demands for government and corporate compensation for decades of environmental damage and the release of two imprisoned ethnic Ijaw leaders are met. Attacks since December 2005 have cut production by 500,000 barrels of oil per day.² Two car bombings in April 2006 were designed, a spokesman suggested, to send the message the group has increased its capabilities and can and will use more violent tactics if forced to do so.³

MEND has destroyed pipelines and claimed responsibility for attacks that have killed at least 29 security force members, including a 15 January 2006 strike against Shell's Benisede flow station that badly damaged the facility and left fourteen soldiers and two civilian contractors dead. A militant close to MEND asserted the flow station was chosen as a target in part as retaliation for the shooting of civilian protesters in 2004.⁴ The group has also claimed responsibility for a majority of the 25 foreign oil workers taken hostage since January. All have been released, apparently after their propaganda value waned or, in some cases, ransom was paid. MEND's spokesman conceded that holding hostages was a drain on the movement's resources and a security risk for host villages. In April, he said the movement would concentrate on attacking facilities and damaging its enemies rather than taking prisoners.

MEND is attempting to become an umbrella organisation for other rebel groups in the region. Its numbers, while difficult to estimate, likely range from the high hundreds to the low thousands. Its various elements have a great deal of operational latitude but the sophistication and communication capabilities among and between them is

¹ For a broader review of history, see Crisis Group Africa Report N°113, *Nigeria: Want in the Midst of Plenty*, 19 July 2006.

² "Nigeria oil shortfall still at 500,000 bpd – Daukoru", Reuters, 19 July 2006.

³ Crisis Group interviews, June 2006.

⁴ Crisis Group interview, April 2006.

increasing. Some of these elements alternate between identifying themselves as MEND and operating under other names.

The Nigerian government is trying to plug holes in what is an increasingly leaky dam. Apart from reinforcing troops in the Delta, President Olusegun Obasanjo promised at a one-day “stakeholder’s conference” in April 2006 a massive development effort, including a \$1.6 billion trans-Delta road.⁵ In May, the government announced that a collection of Niger Delta “youths” – allegedly headed by members of a militant group from Delta state – had been given right of first refusal to an onshore oil block. The MEND spokesman rejected these moves as “cheap bribes” and vowed stepped-up attacks against the government. Activists and militants complain there have been many previous offers of development, but always from above and rarely with the consent or involvement of the broader Delta population. Not surprisingly, each is considered to have failed.

Although it would not be easy, local control could be accomplished in various ways. Medium-term development efforts, including the Deep Offshore Community Affairs Group, a loose collective of oil industry giants dedicated to assisting coastal communities that could be affected by future offshore oil spills, should be given the corporate funding necessary to partner with locally-controlled foundations and provide the water, health projects and schools that residents demand and badly need. More immediately, efforts should be made to increase local access to oil revenues by increasing the “derivation” amount given to groups of residents at the village or clan level. Subsequently, the government/transnational oil company joint ventures that control production should be refashioned to give residents a substantial ownership stake. This is what corporate majors including Royal/Dutch Shell, ExxonMobil and Conoco have done in Canada’s Arctic, where after two decades of opposition to oil and gas industry development, Aboriginal groups have been given the opportunity to be one-third owners of the region’s first mega-project.⁶

II. COMMODITIES, COMMUNITIES AND CONFLICT

A. A LEGACY OF MILITANCY AND UNDERDEVELOPMENT

1. Slavery, palm oil and colonial control

The word “slavery” infuses the vocabulary of the Niger Delta conflict and the struggle of rival groups for economic and political supremacy. For more than 300 years, beginning in the late fifteenth century, the trans-Atlantic slave trade was a prominent part of Niger Delta life. Between 1650 and 1800, 24 per cent of West African slaves exported to the Americas were believed to have been sent from Delta ports.⁷ Portuguese, and later Dutch, French, Swedish and British slavers traded with local elites. The price of slaves was often calculated in iron or copper bars, cowrie shells or “manilla” bracelet currency; trade goods included rifles and cannons, gunpowder, gin and luxury items for Delta chiefs. Slaves were often local criminals and social undesirables, domestic slaves, debtors and prisoners of war, as well as free Africans captured in slave raids. Disputes over payment occasionally resulted in pitched gun battles between Africans and European traders.⁸

The Escravos River, a tributary on the western edge of the Delta, was once a main conduit of slaves to the Americas.⁹ Today it is an important shipping channel linking the oil city of Warri to the Gulf of Guinea. Chevron has its largest Nigerian production facility, also named Escravos, at the river’s mouth. Several of the Delta’s oldest cities, including Bonny and Brass, are believed to be the phonetically Anglicised names given by English and Scottish slavers who traded with the cities’ kings and chiefs. Some groups incorporated elements of seventeenth to nineteenth century European clothing into their cultural heritage. Though European slave traders and American plantation owners were the primary economic beneficiaries of the trans-Atlantic slave trade, it also made some Niger Delta coastal chiefs and kings wealthy – a few prominent slave traders even sent their sons to schools in Europe – while other groups, particularly in the hinterland,

⁵ Figures denoted in dollars (\$) in this report refer to U.S. dollars.

⁶ The Aboriginal Pipeline Group (APG), which holds an option for 33.3 per cent of the Mackenzie Gas Project, has won support of the Sahtu, Gwich’in and Inuvialuit groups. Another group, the Dah Cho, has delayed its approval, saying it will debate joining in December 2006. “Arctic pipeline hearings extended by five months”, *The Toronto Star*, 21 July 2006, and <http://www.mackenziegasproject.com/whoWeAre/index>.

⁷ Between 1690 and 1807, English traders shipped 1,069,100 slaves – 40 per cent of their total trade – from port cities in the Bights of Benin and Biafra, according to estimates of the National Museum at the Old Residency, Calabar. Paul E. Lovejoy, *Transformations in Slavery* (Cambridge, 2000), p. 81, cites estimates that 1,010,000 slaves (24.1 per cent of the West African total) left Bight of Biafra ports c.1650-1800. Most were exported through Bonny and Old Calabar.

⁸ National Museum at the Old Residency, Calabar.

⁹ “Escravos” is Portuguese for slaves.

were victimised. Vibrant and prosperous Delta city states arose in Bonny, Brass, Warri, Akassa and Elem Kalabari. A modern-day Niger Delta rebel leader, Alhaji Mujahid Dokubo Asari, has expressed pride in being the descendent of a prosperous Kalabari Ijaw slave trader.¹⁰

After Britain banned its own slave trade in 1807 and sought to suppress the international trade by other nations in 1815, the human traffic from West Africa dropped sharply. This temporary collapse of the market¹¹ forced firms from Liverpool that had previously dominated the slave trade to turn their attention to other Niger Delta exports, including palm oil, increasingly used as a raw ingredient in European soap, candles and the lubricants required – literally – to grease the wheels of the Industrial Revolution.¹² During this period Christian missionaries made their first serious inroads into Delta society.

Within a few years, palm oil had supplanted slaves as the region's main economic export, though some historians have argued that the labour-intensive work of collecting and processing the palm oil so sought after in Europe was sustained by the subsequent growth in local demand for slaves: "It may well have seemed as profitable to African slave-holders [in the Bights of Biafra and Benin to] "put slaves to work producing and transporting oil as to export them".¹³ The area encompassing the Niger Delta and the Cameroons River produced half of Africa's palm oil, and the region became known as the Oil Rivers.

The quest for ever larger and cheaper sources of palm oil fuelled the next phase of Delta history. George Dashwood Taubman Goldie, from a wealthy Isle of Man family of tea, wine and spirit smugglers, persuaded the four main British commercial interests on the Niger to combine into a single enterprise under his leadership, the United African Company, later renamed the National African Company. Over the objections of some British legislators, he sought a royal charter in the mold of the British East India Company and the Hudson's Bay Company. He drew up several hundred treaties with kings and chiefs of the lower Niger and the Hausa states upstream, convincing the Berlin

Conference in 1885 that the British flag was supreme. In 1886, London granted a royal charter to what was renamed again as the Royal Niger Company.¹⁴ The company set up its own secret service, customs, courts, prisons and territorial administration and police, the successors to which are the "supernumerary" police who protect multinational oil companies in the Delta today. The company became the template for Cecil Rhodes' British South Africa Company and other chartered enterprises in Africa.

The company's quest for a total monopoly of the palm oil trade in the Niger Delta provoked the ire of British shipping interests and Liverpool merchants with trading bases – called "factories" – in coastal towns. The Royal Niger Company bought out its African Association competitors in 1893. The deal did little to assuage the Delta middlemen, who had been deprived of their livelihood by a prohibitive system of tariffs and licenses imposed by the company. Delta residents who tried to circumvent the restrictive rules through smuggling risked being shot by company officials.¹⁵ Punitive missions were variously led by the Royal Niger Company and the neighbouring Niger Coast Protectorate against dissident leaders, including Jaja of Opobo and Nana of Ebrohimi, who were themselves accused of trying to build commercial monopolies.¹⁶

In January 1895, warriors from Nembe and Brass raided Akassa, where the Royal Niger Company had its headquarters. Twenty-four people were killed and their heads taken as trophies; 68 others were taken prisoner, of whom 43 were killed and the rest released. Most who died were company employees from Liberia.¹⁷ The British Navy, the Royal Niger Company's constabulary and other "company's men" responded with an armed expedition against Nembe and a battle that left five British officers killed. The Nembe kingdom's losses were described by the British thus:

The chiefs who took part in the atrocities fined; towns are destroyed, trade almost ruined, women and children starving in the bush; hundreds have been killed; smallpox has been raging.¹⁸

¹⁰ Interview with Crisis Group researcher in a former capacity, Port Harcourt, 17 March 2005. Asari has been imprisoned on treason charges since September 2005.

¹¹ The trans-Atlantic slave trade recovered to some extent in the 1820s as the result of continued demand for slaves in the Americas and was only completely abolished in the Niger Delta in the second half of the nineteenth century.

¹² Martin Lynn, "The West African palm oil trade", in Robin Law (ed.), *From Slave Trade to Legitimate Commerce* (Cambridge, 1995).

¹³ Paul E. Lovejoy and David Richardson, "The initial 'crisis of adaptation': the impact of British abolition on the Atlantic slave trade in West Africa, 1808-1820", in *From Slave Trade to Legitimate Commerce*, op. cit.

¹⁴ J.E. Flint, *Sir George Goldie and the Making of Nigeria* (London, 1960).

¹⁵ Sir J. Kirk to Marquess of Salisbury, 30 August 1895, National Archives, F.O.881/6668.

¹⁶ The Niger Coast Protectorate, headquartered at Old Calabar, was administered by High Commissioner Sir Claude MacDonald, who in 1891 introduced duties on spirits, gunpowder, guns, tobacco and salt to establish and finance a Niger Coast Protectorate Force, which from 1901 onwards spearheaded the colonial conquest of the hinterland.

¹⁷ Sir J. Kirk to Marquess of Salisbury, op. cit.

¹⁸ Macdonald to F.O., tel., 9.4.95, 2/86, National Archives, as cited in J.E. Flint, *Sir George Goldie and the Making of Nigeria* (London, 1960).

The incident prompted a British government inquiry into the trading conditions that led to it. Sir John Kirk, who chaired the inquiry, gave credence to the complaints of both the company and its critics.¹⁹ The Royal Niger Company, however, was losing favour with the government and was on borrowed time. On 1 January 1900, the company sold its territory to the government. Its commercial interests were eventually purchased by Lever Brothers, before another merger led it to be renamed again as the United Africa Company Ltd.

British punitive missions aimed at pacifying the population continued well after Southern and Northern Nigeria were amalgamated by Frederick Lugard in 1914. In 1929, frustration over growing colonial intervention in village life boiled over, when women in the Niger Delta and other eastern communities rioted over rumours of a new tax on their incomes. More than 50 women were killed and others injured when police fired on crowds at Opobo, Utu Etim Akpo and Abak. The incident provoked two government inquiries, and during the 1930s, officials restructured the Native Court and Native Authority system with the aim of eliminating corruption among the warrant chiefs chosen by the colonial administration. Although the system retained serious flaws, governance and living standards improved gradually; the final two colonial decades are now seen in the Delta as the calm before the storm.²⁰

2. Isaac Boro's twelve-day revolt

Isaac Jasper Adaka Boro was the Delta's first post-colonial rebel. An Ijaw and former police officer born in Oloibiri (the town that hosted Nigeria's first oil well), he led a handful of barefoot, machete-wielding peasants in rebellion in February 1966, six years after independence. Although the rebels began with just four rifles, they stole more from a police station and symbolically declared all oil contracts null and void. Boro ordered oil companies to negotiate directly with his new administration. To emphasise their seriousness, one of the rebels' two units dynamited Nigeria's first oil well and raised the flag of an independent "Niger Delta People's Republic".²¹

Government troops, who according to Boro used pontoon boats provided by Shell, forced the rebel leader's surrender after just twelve days and subsequently tortured him and his men "mercilessly".²² Boro escaped execution by joining federal government forces at the start of the Nigerian civil war in June 1967. He was shot dead on 16 May 1968 in what many Ijaws believe was a government-backed assassination.

In the decades since, the tale of the rebellion has become known as the "Twelve Day Revolution": the title of Boro's out-of-print and posthumously published autobiography. Boro is portrayed by establishment Ijaws and radicals respectively as a champion of Nigerian federalism and a Niger Delta separatist hero. A statue at a park bearing his name in the city of Port Harcourt shows him wearing a Nigerian military uniform. Yet Delta warlords such as Alhaji Dokubo-Asari and other Ijaw militant leaders have invoked his memory to stir populist anger against the Nigerian federal government. "The Niger Delta struggle is unstoppable", was the rhetorical message on a twenty-foot banner at a rally held by Asari's supporters on 16 May 2005, the anniversary of Boro's death. Those words were flanked by pictures of Boro and another delta icon, activist Ken Saro-Wiwa.

3. Ken Saro-Wiwa and the Ogoni struggle

In 1990, an eloquent writer, orator and businessman, Ken Saro-Wiwa, helped found the Movement for the Survival of the Ogoni People (MOSOP).²³ The Ogoni, numbering just 500,000, are among the smaller of Nigeria's approximately 250 ethnic groups. Yet, the 404 square-miles they inhabit produced 634 million barrels of oil²⁴ between 1958 and 1995, estimated by company officials to be worth \$5.2 billion and by Ogoni activists much more.²⁵ Saro-Wiwa and MOSOP drew international attention to Ogoni demands for political and economic empowerment at the beginning of the modern Niger Delta struggle for resource control.

In August 1990, MOSOP adopted an "Ogoni Bill of Rights", which demanded Nigeria's then-ruling military regime grant "political autonomy to participate in the affairs of the Republic as a distinct and separate unit" and the "right to the control and use of a fair proportion of

¹⁹ Sir J. Kirk to the Marquess of Salisbury, op. cit.

²⁰ An elderly resident of Port Harcourt, recalling that before independence street lights functioned and city streets were clean, joked that the nickname "Garden City" had become "Garbage City". This is by no means a unique view. E.J. Alagoa, a respected Delta historian, said in an 18 April 2005 interview that the final two decades of colonial rule could, with hindsight, be considered as a period "when the British made mistakes but tried conspicuously to correct them".

²¹ Interview by Crisis Group researcher in a former capacity with Koli Finikumo, a 65-year-old Kaiama resident who fought alongside Boro, 16 May 2005.

²² Isaac Boro, *The Twelve Day Revolution* (Benin City, 1982).

²³ Otherwise known as MOSOP.

²⁴ 1995 estimate of Shell Petroleum Development Corporation.

²⁵ For the estimate of Shell officials, see Alan Detheridge and Noble Pepple (Shell), "A response to Frynas", *Third World Quarterly*, vol. 19, no. 3 (1998), pp. 479-486. Ogoni activists have claimed a worth between \$30 billion and \$100 billion, the latter figure cited by Saro-Wiwa. See also Ken Saro-Wiwa, *Genocide in Nigeria; The Ogoni Tragedy* (Port Harcourt, 1992).

economic resources for Ogoni development".²⁶ On 4 January 1993, MOSOP held a rally attended by close to one-half of the entire Ogoni population.

Shell, which operated nearly all the 96 wells in Ogoni, withdrew its staff and later in 1993 ceased production in Ogoni, which accounted for 3 per cent of the company's total Nigeria output.²⁷ Shell cited intimidation of its staff as the reason for the pullout, although MOSOP consistently claimed to use only non-violent means. Active Shell pipelines continued to cross Ogoni, carrying oil from other fields, but Shell production facilities in Ogoni remain closed to this day. Although MOSOP's primary target was the Nigerian government, the group has consistently accused Shell of colluding with officials to deprive Ogonis of oil revenue and compensation for environmental damage due to oil spills and gas flaring.²⁸

Nigeria's military government responded to MOSOP agitation with a crackdown, creating the Rivers State Internal Security Task Force Unit to deal with the Ogoni crisis. Saro-Wiwa and several other Ogoni activists were arrested in May 1994 following the mob killings of four Ogoni leaders from a MOSOP faction that had opposed Saro-Wiwa's tactics and been accused by some of being government collaborators.²⁹ Sixteen MOSOP members were tried for the murders and nine, including Saro-Wiwa, were convicted and sentenced to death by a special military tribunal whose procedures, Human Rights Watch charged, "blatantly violated international standards of due process".³⁰ They were executed on 10 November 1995.

Hundreds of Ogoni activists have been detained in the years since, and although MOSOP has experienced internal divisions and never recovered its former strength, it continues to press for political and economic reforms. For non-Ogoni groups in the Delta, MOSOP's legacy has been to show how a well-organised civil society group can press for change.³¹ But a noticeable difference between MOSOP and successive Delta activist movements, with the exception

of several women's organisations,³² has been the increasing levels of violence used to counter what local groups view as the military's repressive tactics.

B. THE SECURITY FORCES

Nigeria's security forces, which have played a leading role in regional peacekeeping missions in Sierra Leone and Liberia, are widely feared and reviled in the Niger Delta. Residents almost universally perceive the army, navy and police as the henchmen of a distant government concerned primarily with securing the oil and gas industry that is the engine of the national economy.³³ Civilian protection is seen to be a secondary concern at best.

In the Delta's remote rivers and swamps – particularly in the core states of Rivers, Bayelsa and Delta – many towns and villages do not have permanent police detachments. Security forces, however, are deployed to protect the oil installations that dot the region. Civilian interaction with them is dominated by shakedowns and mandatory bribes at checkpoints on major rivers and roads. Disputes, particularly those involving oil companies, frequently lead to violent confrontations between residents and troops, who have repeatedly used coercion to suppress dissent.

Extrajudicial killings by security forces are frequent – by their own figures, the police killed 3,100 suspected "armed robbers"³⁴ in "action" in 2003.³⁵ It would be impossible to give a complete account of all such occurrences³⁶ but three events are examples of what militants cite as provocations contributing to an escalation of tensions and have become

²⁶ "Ogoni Bill of Rights; Presented to the Government and People of Nigeria with an Appeal to the International Community", MOSOP, Port Harcourt, December 1991.

²⁷ Shell Petroleum Development Corporation (SPDC) is a joint venture, owned 55 per cent by the state oil company, Nigerian National Petroleum Corporation (NNPC), 30 per cent by Shell, 10 per cent by Elf and 5 per cent by Agip. Shell is the operating partner of SPDC, the largest component of SCiN (Shell Companies in Nigeria).

²⁸ Interviews by Crisis Group researcher in a former capacity with MOSOP officials, 2001-2005.

²⁹ "The Price of Oil", Human Rights Watch, 1999.

³⁰ Ibid.

³¹ Interviews conducted by Crisis Group researcher in a former capacity and Crisis Group interviews of Ijaw, Urhobo, Itsekiri, Oron and Ibibio activists, 2001-2006.

³² In addition to the *escravos* women's protest discussed below, women's organisations working across various communities and ethnic divides, such as the Niger Delta Women for Justice, Arogo Ijo Women's Development Association and the Ogbakiri Women's Peace Forum, have gained international attention through non-violent demonstrations, campaigns and negotiations. "Conflict Prevention and Transformation: Women's Vital Contributions", Initiative for Inclusive Security: Women Waging Peace and UN Foundation, February 2003.

³³ The *CIA World Factbook* estimated in 2006 that oil provides 20 per cent of Nigeria's GDP, 95 per cent of its foreign exchange earnings and 65 per cent of its budgetary revenues.

³⁴ "Armed robber" is a catch-all term in Nigeria commonly used by police to "justify the jailing and/or extrajudicial execution of innocent individuals who have come to the attention of the police...". "Report of the Special Rapporteur, Mr. Philip Alston", United Nations Commission on Human Rights, 7 January 2006.

³⁵ "Rest In Pieces: Police Torture And Deaths In Custody In Nigeria", Human Rights Watch, July 2005.

³⁶ Lax "rules for guidance in use of firearms by the police... practically provide the police with *carte blanche* to shoot and kill at will", according to the "Report of the Special Rapporteur", op. cit.

part of the oral history of an increasingly violent and radicalised Niger Delta “struggle”.

1. Umuechem, Odi and Odioma

In October 1990, a protest that turned deadly in the town of Umuechem, Rivers state, was the first major documented case of military repression to draw international attention to the Delta and serve as a catalyst for subsequent protests. There are at least two accounts of what happened. The community version is that youths³⁷ held a peaceful protest to demand electricity, water, roads and other necessities.³⁸ Shell claims that on 30 October its Umuechem flow station was “invaded by an armed group with guns and machetes that drove our staff away and demanded a number of things including the equivalent in naira of [\$160,000]”.³⁹

On 31 October 1990, community members say a contingent of Nigeria’s Mobile Police attacked the protesters and began shooting indiscriminately.⁴⁰ Around 80 were killed and 495 houses burned, according to human rights groups.⁴¹ Shell said it “very much regrets the suffering and loss of life that occurred. The company has gone on record many times calling for restraint from all sides in disputes”.⁴² A judicial commission of inquiry found no evidence that the villages posed a threat and concluded the police had displayed a “reckless disregard for lives and property”. However, the victims did not receive compensation, and members of the security forces were not reprimanded.

Human rights groups have claimed that prior to the incident, a Shell official had written to the Rivers state police commissioner requesting protection from an impending attack.⁴³ Umuechem involved the greatest

loss of life related to the activities of an energy company to that point.⁴⁴ The incident was also a major contributor in the growth of Nigerian pressure groups pushing for an end to military dictatorship.

Nearly a decade later, another large-scale killing by security troops escalated Delta tensions after Nigeria’s government had returned to civilian leadership. The 1999 election of Olusegun Obasanjo opened a Pandora’s Box of tensions that had been kept under wraps by successive military rulers.⁴⁵ In late 1999, several young men described as “hoodlums” by community leaders in the Bayelsa state town of Odi kidnapped and killed several Yoruba police officers in alleged retaliation for the earlier deaths of Ijaws at the hands of Yoruba militants in Lagos. They then took refuge in Odi.

After a government deadline for handing over the killers lapsed, the security forces responded brutally.⁴⁶ No effort was made to arrest the killers; instead, troops entered the town with armoured vehicles and tanks and razed nearly all structures. As with many Nigerian calamities, there has been disagreement on the death toll.⁴⁷ Estimates have ranged from the government’s 23 dead to a list of 2,483 dead and missing reportedly compiled by local activist groups.⁴⁸ Most independent observers agree that at least hundreds were killed. President Obasanjo spoke of a tragedy but refused to blame soldiers or apologise. Presidential spokesman Femi Fani-Kayode suggested the massacre was a successful model of intervention:

When we need to be hard, we have been very hard. We were very tough when it came to a place called Odi town where our policemen and our people were killed by these ethnic militants. And the federal government went in and literally levelled the whole place. And the proof of the pudding is in the eating.

³⁷ In the Niger Delta, the term “youth” applies to unmarried, unemployed boys and men between the ages of fourteen and 40, and sometimes older. It is also used to refer to community activists and militants.

³⁸ Interview by Crisis Group researcher in a former capacity with youth representative, Umuechem, 20 October 2005.

³⁹ “The Ogoni Crisis: A Case Study Of Military Repression In Southeastern Nigeria”, Human Rights Watch, July 1995.

⁴⁰ Interview by Crisis Group researcher in a former capacity with youth leader at Umuechem, 20 October 2005.

⁴¹ Human Rights Watch concluded in 1999 that “some 80 unarmed demonstrators” were killed and 495 houses damaged. “The Price of Oil”, op. cit. Christian Aid, in its 2004 report, “Sustained Misery: Shell in the Niger Delta”, stated that three people were killed on 30 October, 45 the following day. In subsequent days, 32 others were killed or died of their injuries, Christian Aid said, including demonstrators pulled by officers from hospital beds and others pursued through forests.

⁴² Shell email to Christian Aid, 18 December 2003, quoted in “Sustained Misery”, op. cit.

⁴³ “The Price of Oil”, op. cit., citing a copy of a 29 October 1990 letter from J.R. Udofia, SPDC Divisional Manager (East), to the Commissioner of Police, Rivers State.

⁴⁴ Ibid.

⁴⁵ Interviews by Crisis Group researcher in a former capacity with Nigerian government officials, 2001-2004.

⁴⁶ Vice President Atiku Abubakar was quoted by Agence France-Presse on 10 November 1999 as responding to the killing of the police officers by warning that “the fact that we have to run a constitutional and democratic government does not diminish the capacity of the government to deal decisively with hoodlums, arsonists and terrorists wherever they are found”. He added: “Anyone who breaks the law will be made to face the consequences”.

⁴⁷ Nigeria’s government is frequently accused of dramatically understating death tolls. Officials have on several occasions admitted privately to a Crisis Group researcher in a former capacity that casualty figures are reduced in an effort to calm tensions and forestall retaliation.

⁴⁸ “Group to take Odi killings to international court”, IRIN, 22 November 2002.

It has never happened again since that time. So I think that policy works.⁴⁹

A later example of the government's heavy-handed approach came on 19 February 2005, when troops attacked the town of Odioma, Bayelsa. The military said it had come under fire from militants in the village. Residents spoke of soldiers shooting randomly, dousing scores of houses with petrol, setting them alight and raping women. At least seventeen were killed, including a two-year old child and an elderly woman, both burned to death.⁵⁰ The army claimed the fire started when stray bullets hit barrels of petrol. The raid occurred after a warlord from Odioma was accused of killing a dozen members of a government delegation sent to mediate a dispute between Odioma and the nearby village of Obioku over ownership of an area that had been recently visited by a survey boat contracted to Shell.

2. Oil company surveillance and security force payments

Residents of the Niger Delta have long accused the oil industry of underwriting the violence that periodically rocks the region. Oil companies argue they are innocent bystanders – victims, in some cases – of volatile disputes that are beyond their control. There is little question the primary responsibility for the over 1,000 yearly, conflict-related deaths in the Delta rests with the state and non-state actors who commit or directly order killings. However, the web of financial relationships linking oil companies with security forces, militant groups and armed gangs or “cults” deserves examination.⁵¹ An oil industry observer has compared the relationship of violent parties in the Delta to a chronic, parasitic disease that saps strength from its victim but not enough to kill it. Militants dispute this analysis, saying their goal is to win resource control for area residents or shut down Nigeria's oil industry.⁵²

For decades, that oil industry has relied upon the police, army and navy to provide security for its human and business interests in Nigeria.⁵³ Many state security personnel are underpaid, improperly trained and poorly equipped and may lack basic equipment such as weapons,

ammunition and uniforms.⁵⁴ Morale is low, and officers routinely extort bribes⁵⁵ or take second jobs to supplement their wages.⁵⁶

To overcome these shortcomings, oil companies provide monthly pay and perks, including housing, transport, meals and medical services, to police, army and navy personnel deployed to protect their installations. Allowances vary but often match or exceed official monthly salaries, which average between \$70 and \$140⁵⁷ Companies also reimburse the police and military for the cost of ammunition – and in some cases weapons, according to oil industry security specialists.⁵⁸ In 1996, at a time when Nigeria's military regime was internationally isolated, Shell admitted importing firearms for their police guards.⁵⁹ The acknowledgement came after a Lagos-based arms dealer sued the company for breach of contract in allegedly cancelling an order for weapons, including Beretta pistols and pump action shotguns.⁶⁰

Companies appear to be the primary employers in all but name of the supernumerary police – widely known as “spy” police – the units dedicated to protecting oil companies, banks and other firms. Under existing laws, supernumerary police are officially the responsibility of the Nigerian police force.⁶¹ But members posted to Shell and ExxonMobil's

⁴⁹ Steve Inskeep, “Race to share in Nigeria's oil bounty”, National Public Radio, 22 August 2005.

⁵⁰ “Ten Years On: Injustice And Violence Haunt The Oil Delta”, Amnesty International, 3 November 2005.

⁵¹ Other sources of funding for these groups, including illegal “bunkering” and government payoffs, will be examined in a subsequent Crisis Group report.

⁵² Crisis Group interview, oil industry observer, Port Harcourt, April 2006.

⁵³ It is illegal for individuals or companies in Nigeria to employ armed civilian guards.

⁵⁴ In his 7 January 2006 report to the UN Commission on Human Rights, op. cit., Special Rapporteur Philip Alston concluded that police were “seriously under-resourced and under-funded”.

⁵⁵ In 2004-2006 interviews with a Crisis Group researcher in a former capacity and Crisis Group interviews, police officers in Lagos, Port Harcourt and Calabar said they were required to pay a part of the bribe money they earned to senior officers.

⁵⁶ In July 2005, a member of the Mobile Police told a Crisis Group researcher in a former capacity that because he didn't like “taking money from civilians”, he had been forced to take a second job as a taxi driver ferrying passengers between Port Harcourt and Calabar. He said his commanding officer took part of his taxi earnings in return for allowing him to be absent from his police duties for long periods.

⁵⁷ Interviews conducted by Crisis Group researcher in a former capacity with police officers and oil industry security contractors, Lagos and Port Harcourt, 2003-2005.

⁵⁸ Interviews conducted by Crisis Group researcher in a former capacity with two oil industry security contractors, 2004-2005.

⁵⁹ Cameron Duodu, “Shell admits importing guns for Nigerian police”, *Guardian*, 28 January 1996.

⁶⁰ Documents including the statement of claim are from Lagos High Court, Suit No. FHC/L/CS/849/95.

⁶¹ The Nigeria Police Act of 1943 was republished by Decree no. 41 of 1967, providing for the appointment of supernumerary police by the police inspector-general on the application of “any person...who desires to avail himself of the services of one or more police officers for the protection of property owned or controlled by him”. Supernumerary officers “shall be employed exclusively on duties connected with the protection of that

Nigerian subsidiaries⁶² have filed lawsuits against the firms arguing they should be considered company employees.⁶³ The website of Total, another oil multinational operating in Nigeria, specifies that it uses the term employee “to refer to any and all persons engaged in some form of paid service with the company including...supernumerary police and commissionaires...”.⁶⁴

Interviews with spy police posted to Shell and ExxonMobil paint a complicated picture of how they are hired, commanded, armed and paid.⁶⁵ Officers at both companies said they were informed of their hiring by officials of the firms after responding to company advertisements.⁶⁶ Some were given appointment letters on company letterhead.⁶⁷ All said their only association with the Nigeria Police Force had been several weeks at a police college shortly after recruitment.⁶⁸

Documents submitted to a federal high court as part of a case launched by twelve spy police posted to Shell in Port Harcourt include copies of salary slips, appointment, reprimands and dismissal letters that the officers argue

property” and “shall be a member of the Force for all purposes” and are subject to the act’s provisions on discipline.

⁶² ExxonMobil’s subsidiary is Mobil Nigeria Producing Limited. Shell’s primary onshore subsidiary is Shell Petroleum Development Company (SPDC).

⁶³ Shell and Mobil assert that under Nigerian law, “spy” police are employees of the Nigeria Police Force. Email from Susan Reeves, ExxonMobil public affairs media adviser, to Crisis Group researcher in a former capacity, 1 September 2004. Email from Andy Corrigan, Shell group media relations officer, to Crisis Group researcher in a former capacity, 4 November 2005. The case, FHC/PH/1027/2004, between twelve supernumerary officers and SPDC was ongoing in a Port Harcourt Federal High Court as of 15 June 2006. In early May 2006, a high court judge reportedly ruled against fifteen spy police suing to be considered employees of Mobil Producing Nigeria Ltd. The litigants say they have filed an appeal.

⁶⁴ www.ng.total.com/03_total_nigeria_commitments/030202_policies.html.

⁶⁵ Interviews by Crisis Group researcher working in a former capacity with five spy policemen posted to Mobil in July 2004 and five Shell policemen in March and November of 2005.

⁶⁶ Interviews by Crisis Group researcher in a former capacity, 20 March and 28 November 2005.

⁶⁷ A Crisis Group researcher has copies of two Shell appointment letters dated 10 August 1988 and 22 May 1992 and copies of the Shell pay stubs for two spy police officers in March and September 2004.

⁶⁸ Shell Petroleum Development Corporation’s 1999 “SPY Administrative Manual” stipulates that spy police are “sourced from the open market”, after which they “undergo training” at Nigeria Police Force training colleges. Spy officers “possess all the powers and authority of the NPF” but “operate primarily within SPDC boundary fence and facilities”, the manual says. Termination or dismissals of spy members are “at the instance of the company”.

constitute evidence that Shell is their de facto employer.⁶⁹ Security officers at ExxonMobil made similar assertions. As part of a court case involving ExxonMobil, they submitted copies of a company examination paper for prospective recruits and the company’s “Status Agreement” that some officers have refused to sign because it states they are members of the Nigeria Police Force.⁷⁰ Rivers state police commissioner Samuel Adetuyi said “spy police have nothing to do with us. They are the responsibility of the companies”.⁷¹

Until recently Shell publicly asserted its spy police were unarmed, though a 1999 company document states that “officers serving in SPDC [Shell Petroleum Development Company] will only be allowed to carry firearms on the authorisation of the Inspector-General of Police”.⁷² In March 2005, a letter from the commanding officer of spy police in Shell’s eastern division asked the Nigeria Police Force commissioner of Rivers state to conduct a shooting range “training/refresher course” for twenty spy police. “We would undertake to reimburse the cost of training and ammunition”, the commander said.⁷³ In November 2005, a Shell spokesman explained that “supernumerary police do not routinely carry arms. However, a few on escort duties and duly trained by the Nigeria Police Force do carry arms”.⁷⁴

Crisis Group is not aware of any verifiable cases in which spy police bear responsibility for serious human rights abuses. Nevertheless, three supernumerary officers told Crisis Group that they understood their job was to instil enough fear in people that they would not harm company property or personnel. Numerous cases of abuse have been attributed to regular-duty Nigeria Police Force officers, who wear nearly identical uniforms to their supernumerary counterparts (the main noticeable difference being the shoulder patches and that spy police usually have two

⁶⁹ A Crisis Group researcher has obtained copies of two appointment letters written on Shell letterhead and two pay slips that appear to be issued by SPDC. A dismissal letter written 4 January 2005 by Dr E.U. Ekanem, Commanding Officer of Nigeria Police (Shell) Eastern Division, informs an officer that “SPDC Management has informed the Commissioner of Police ... that your services [are] No Longer Required”.

⁷⁰ Federal High Court, Uyo, suit no. FHC/UY/CS/568/04, exhibit ‘q’, “Mobil Producing Agreement for Supernumerary Police”, Mobil Producing Nigeria.

⁷¹ Interview by Crisis Group researcher in a former capacity, 8 November 2005.

⁷² SPY Administrative Manual, op. cit.

⁷³ “Shooting Range Practice for Selected Members of Our Spy Police Unit”, letter from Dr E.U. Ekanem, commanding officer SPDC Spy East, to the Rivers state Commissioner of Police, Port Harcourt, 24 March 2005.

⁷⁴ Email from Shell spokesman to Crisis Group researcher in a former capacity, 4 November 2005.

fewer digits on their chest identification badge).⁷⁵ Many Nigerians are unable to tell them apart. In 1999, the United Nations rapporteur for the Niger Delta made reference to this, recommending: “the SPDCs [Shell Petroleum Development Company] practice of providing for their security personnel the same uniforms as that of the Nigerian police should be given up”.⁷⁶

Companies also often provide allowances and perks to soldiers and regular-duty police officers, including Mobile Police (MOPOL).⁷⁷ When deployed to remote oil facilities in the Delta's coastal and inland waterways, these security personnel may be transported to and from the site in company vessels and are provided accommodation in moveable houseboats or barracks.⁷⁸ Partly as a result of these perks, internal competition for security force postings to the Delta can be fierce. Police and soldiers have been accused of overzealously protecting their positions, on occasion using force to avoid redeployment. Postings to remote Delta creeks can also give unscrupulous officers the opportunity to take part in, or extort payments from, those who engage in oil theft.

Overzealous policing may have been a factor in a shooting incident during a community protest near Ojobo (Ozobo), Delta state on 20 November 2004. Protesters invaded a drilling rig owned by Parker Drilling and contracted to Shell. Eighteen mobile police were on a houseboat provided by New Genesis Executive Security, which was “facilitating the secondment of MOPOL to protect oil installations from criminal activity”.⁷⁹ After protesters

boarded a water barge, New Genesis's security superintendent contacted the rig requesting further security. The message was relayed to the nearest available unit of the Joint Task Force (JTF) based adjacent to a nearby Shell facility, the Beniside flow station. The JTF was formed in 2003 as a combined team of several thousand army, navy and police to combat Delta unrest. Also known as “Operation Restore Hope”, it is headquartered in Warri, Delta state but also operates in Bayelsa and Rivers states.⁸⁰ Detachments are frequently deployed to oil companies through relationships “facilitated” by security firms.

Shell's initial report concluded that JTF members arrived, and a “firearm discharge incident occurred. This allegedly resulted from a struggle between the JTF commander and one community member. A total of seventeen people sustained injuries to the legs”. Community members maintained that between one and seven protesters were killed, although this has not been independently confirmed.⁸¹ Shell's investigators deemed it “far fetched” that the discharge was the result of a struggle, since the weapon would have to have been cocked, with its safety disengaged and fire selector set on automatic. However, they deemed it unlikely that the firing was a deliberate attempt to cause injury.⁸²

Several community members alleged this JTF unit was widely known for criminal dealings with oil thieves, extorting protection money from local traders and harassing young women. They claimed the platoon leader publicly boasted that his position as commander of forces in charge of security at a Shell flow station meant he had enough influence to ignore community criticism. Following the Shell investigation, the commander was reportedly redeployed in the Delta, but he was not believed to have been otherwise disciplined. JTF officers declined to discuss the matter.⁸³

Oil companies and their contractors maintain financial relationships with the ethnic militant groups, some of which are disguised either as oil servicing or community development contracts or as customary payments to

⁷⁵ In a 30 January 1991 letter to Mobil Producing Nigeria Ltd., the Nigeria Police Force Quartermaster, Lagos, wrote on behalf of the Inspector-General of Police to warn that “any SPY found without wearing the shoulder patches will be arrested and treated as [im]personating [a] Police Officer”.

⁷⁶ Report submitted by the Special Rapporteur of the Commission on Human Rights, Mr Soli Jehangir Sorabjee, pursuant to Commission resolution 1997/53, United Nations Commission on Human Rights, 14 January 1999, at www.unhcr.ch/Huridocda/Huridoca.nsf/0/6e56e4aeeb9d9f.

⁷⁷ Many people are unaware there is a difference between spy and regular duty police. The distinctions between regular duty police and Mobile Police (MOPOL) are more widely recognised, although both units fall under the authority of the Nigeria Police Force. MOPOL is generally regarded to be better armed and equipped and more ruthless.

⁷⁸ Oil companies often pay spy police directly, while payments to regular duty police and military troops are more frequently routed through the security force chain of command, sometimes via a contracting firm, before reaching the individual officer, according to various security force and oil company official accounts.

⁷⁹ “Invasion of Parker Rig 75 by the Ojobo Community at Beniside Well 16 on 20th November 2004, Report Version: Final”, Shell Exploration and Production Africa (EPG)/The

Shell Petroleum Development Company of Nigeria Limited, 14 February 2005.

⁷⁷ Some members of the force and the public have ruefully nicknamed the military effort “Operation Destroy Hope”.

⁸¹ Interviews conducted by Crisis Group researcher in a former capacity with community members in Ojobo, March 2005. The researcher was shown a photo of a dead man, said to be one of the casualties, floating in water between two metal vessels. The Crisis Group researcher saw one of what community members said were seven fresh graves dug for the victims.

⁸² “Invasion of Parker Rig 75”, op. cit.

⁸³ Interviews conducted by Crisis Group researcher in a former capacity with Joint Task Force officers in Warri and community members in Ojobo, March 2005.

communities.⁸⁴ Militant groups sometimes demand ransom for hostages or for not sabotaging oil installations. As a Nigeria-based official of Shell told Crisis Group, "it is much less expensive to pay what the militants demand than to go in and repair damaged pipelines or flow stations".⁸⁵ Shell and several other major oil companies in Nigeria have rules forbidding payments in cash or for anything other than "legitimate business reasons",⁸⁶ so payments are often routed through third-party contractors in order to disguise them, according to two Shell officials as well as an official of another firm contracted to make payments on Shell's behalf.⁸⁷

One avenue of interaction between companies and militants is through "surveillance contracts", a term used to describe contracts given to local residents to protect pipelines, flow stations, wells and other facilities. Although the intention is ostensibly laudable – putting security into the hands of local residents – some contracts end up with those who threaten the companies' security (or boast of their capability to do so).⁸⁸ A typical surveillance contract pays \$110 per person to as many as several hundred youths in a village.⁸⁹ However, some are concluded with the leaders themselves.

Militant leaders formerly associated with Alhaji Dokubo Asari's Niger Delta [People's] Volunteer Force have publicly bragged of holding lucrative surveillance and other contracts with Shell.⁹⁰ In March 2005, Asari claimed he was financially sustained by providing security to the Niger Delta Development Commission, a parastatal body funded by oil companies and the government. A spokesman said he was unable to confirm whether Asari's companies were

employed by the Commission.⁹¹ In some cases, financial relationships are forged in hotel room meetings called by the oil companies to discuss company-community disputes. A Western oil security contractor described his negotiation strategy with a group from Bayelsa state in a meeting in a Lagos hotel in 2004: "I told them to take it or leave it. They tried to argue...but I told them I would walk out of the room with the money – and I would have. They took it".⁹²

Two Nigerians separately contracted to an oil major suggested in April 2006 that officials of the company they worked for had put pressure on them to break the company's rules on paying militant groups. One said:

The engineers who are responsible to ensure production don't want to hear reasons why they have to shut [production]. They are paid big salaries to keep the oil going. So what do you do? You pay whomever you have to pay. That's just the way it is. They are in charge.⁹³

Yet another oil company official described his company's payments to militants as a "measure of our desperation".⁹⁴ On 28 June 2004, at a time when government forces were regularly skirmishing with Asari's fighters and publicly trying to arrest him, a group of journalists visited the village of Okorota, where Asari and some of his men were camped. While the journalists were interviewing Asari near the riverbank, an individual who identified himself as an official of the oil service company Saipem arrived and requested "permission" to conduct seismic surveys in the area.⁹⁵ With the journalists present, Asari asked him to return another day.⁹⁶

In March 2005, several months after Asari and his group had signed an amnesty with Nigerian authorities, his deputy, Alali Horsefall, told a Crisis Group researcher he had earned upward of \$7,000 a month from Shell contracts held by his company, Dukoaye Security Services, for security, surveillance and community development – as well as oil

⁸⁴ Interviews by a Crisis Group researcher in a former capacity and Crisis Group interviews with militant group members and oil company staff and contractors.

⁸⁵ Crisis Group interview, Shell official, April 2006.

⁸⁶ SPDC's thirteen "Big Rules", listed in its 2004 "People and Environment Annual Report", include rule eight: "There shall be NO payments to communities other than those specified for legitimate business reasons". Rule thirteen states the managing director of SPDC must approve "any deviation" from the other twelve rules.

⁸⁷ Interviews with Crisis Group researcher in a former capacity, March to November 2005.

⁸⁸ Oil company officials insist they make every effort to ensure that such contractors are not militant groups, although some are easily traced to known militants.

⁸⁹ Crisis Group interviews, youths in Rivers, Bayelsa and Delta state, March-May, 2006. A 3 May 2005 letter from a solicitor representing youths in Umuechem, Rivers state requests SPDC to pay arrears worth 4,635,000 naira (approximately \$37,350) to 104 youths from the town. The amount is the equivalent of 15,000 naira per person for three months.

⁹⁰ Asari and his group threatened "all out war" against the Nigerian government in 2004. The group will be discussed in detail in a subsequent Crisis Group report.

⁹¹ Telephone interview conducted by Crisis Group researcher in a former capacity with NDDC spokesman. Asari's companies included Boro Security and Telecommunications, Sylvia Security and Riverbend Security.

⁹² Interview conducted by Crisis Group researcher in a former capacity, July 2004.

⁹³ Crisis Group interview, April 2006.

⁹⁴ Crisis Group interview, March 2006.

⁹⁵ A division of the Italian oil firm ENI.

⁹⁶ The visit to the camp in the village of Okorota, Rivers state, occurred at a time when tensions were high and Nigerian officials were appealing for information about the group's whereabouts. The oil company employee, escorted by several uniformed police officers, approached Asari's camp by boat with arms raised, as Asari's men trained their automatic rifles on the visitors.

well services such as generator repair which, he admitted, it had no capability to supply. He also said he had contracts with oil service contractors Daewoo, Nissco, Willbros and others. When asked how a leader of what was then the Delta's most feared militant group had acquired contracts with foreign oil companies, he replied: "If they don't want to, then I will fight them".⁹⁷ A Shell spokeswoman in London said, "as far as Shell Petroleum Development Company...is aware there is no company known as 'Dukoaye' that is registered with them".⁹⁸

However, in May 2006, Shell admitted that two companies owned by known militant leaders "are on the list of approved contractors from the Shell Petroleum Development Company" to carry out pipeline surveillance and waste disposal.⁹⁹ The companies – Shad-Ro Services and IPPS – were owned by two leaders of another well-known militant group, the Federated Niger Delta Izon Communities,¹⁰⁰ which led Ijaw militants during ethno-political violence against rival Itsekiri and government forces in 2003 and 2004. The conflict resulted in hundreds killed and more than \$500 million in infrastructure damage,¹⁰¹ including sabotage to ChevronTexaco facilities.¹⁰² The violence also forced the shutdown of 40 per cent of Nigeria's oil industry for several weeks. Some facilities still have not returned to full production.¹⁰³

Following a June-July 2004 field visit to the operations of the Nigerian subsidiary of Total,¹⁰⁴ a team from the Corporate Engagement Project¹⁰⁵ concluded that "only those groups that obstruct operations (or threaten to) are 'compensated.' Communities observe that vocal or violent behaviour, not peaceful behaviour, is rewarded".¹⁰⁶

⁹⁷ Interview with Crisis Group researcher in a former capacity, Port Harcourt, 11 April 2005.

⁹⁸ Email from Shell International spokeswoman to Crisis Group, 23 June 2006.

⁹⁹ Email to Crisis Group from Shell International media relations officer Caroline Wittgen, explaining that, "in line with our policy of increasing Nigerian content, SPDC actively looks to the local communities for the provision of basic services to its operations in the Delta, i.e. pipe surveillance, spill clean up, waste disposal. Companies providing these services will be owned and managed by individuals drawn from the large number of Nigeria's ethnic groups and communities. We negotiate contracts in good faith and on a commercial basis".

¹⁰⁰ Also often referred to by its acronym, FNDIC.

¹⁰¹ From a Chevron statement, "Listening, Learning and Evolving: New Direction in Community Engagement and Sustainable Development", published in Nigerian newspapers on 3 May 2005. It said of the 2003 violence: "...many of the facilities were vandalised and in some cases the destruction was extreme and beyond belief. The most conservative estimate for repairing the destruction to company property is over half a billion United States dollars. This is not to mention the business activities that will have been [deferred] for more than three years by the time they are restored".

¹⁰² ChevronTexaco has since been renamed Chevron.

¹⁰³ On 21 June 2006, Fred Nelson, the new managing director of Chevron's Nigerian subsidiary, said the company had restored about 70,000 barrels a day lost due to violence, although a similar amount remained out of production. See "Chevron hopes to raise

oil production in Nigeria by at least 50 pct", AFX News, 21 June 2006.

¹⁰⁴ Elf Petroleum Nigeria Limited (EPNL).

¹⁰⁵ The Corporate Engagement Project (CEP) is directed by the Collaborative for Development Action (CDA) in Cambridge, Massachusetts. Its stated objective is to "provide managers with clear ideas about how their work with communities relates to the broader socio-political environment and to develop practical management tools for supporting stable and productive relations in the societies where corporations work".

¹⁰⁶ Luc Zandvliet and Akachukwu Nwankpo, "Corporate Engagement Project; Elf Petroleum Nigeria Limited (EPNL) Field Visit to Nigeria: 30 June-13 July 2004", August 2004.

III. ADMINISTRATION, TRANSPARENCY AND RESPONSIBILITY

A. OIL COMPANY DEVELOPMENT EFFORTS

Since the early 1990s, when Delta protests began attracting international attention, oil companies have embarked on costly corporate development programs in an effort to repair community relations and sustain what industry officials have described as their “social licence to operate”.¹⁰⁷ With the end of military rule in 1999, the bar was raised, and expectations of impoverished communities rose faster than the development efforts of the fledgling civilian government.¹⁰⁸ Since 1999, oil companies have spent hundreds of millions of dollars on health units, wells and other privately funded public infrastructure projects in an effort to maintain their onshore operations.¹⁰⁹ Shell alone says it spent \$107 million on “sustainable community development” in 2005.¹¹⁰

What oil industry executives proudly point to as collectively one of the world’s largest corporate social development efforts¹¹¹ is widely perceived by Delta residents as a failure.¹¹² As a recent critique noted, “despite the significant efforts of the oil companies, their corporate-community relations (CCR) in the Niger Delta are still riddled by conflict and the oil companies still remain the popular culprits, rightly or wrongly”.¹¹³ Debate has unfortunately often been polemical, and energy companies rightly maintain that corporate social responsibility cannot

replace effective governance. Further, they argue they have little influence over whether Nigerians are given local control of resources.

Another factor is the scale of poverty. Recent, reliable demographic data on the Delta is difficult to find. A World Bank study in 1995 determined that GNP there was below the national average of \$280.¹¹⁴ Since then federal government allocations to Niger Delta states have grown several fold, although the bulk of this money is believed to have benefited a small elite, mainly in the larger cities.¹¹⁵ Swamps and mangroves present costly challenges to efforts to improve transportation and other infrastructure.¹¹⁶ Corporate development work has had some good results but failed, incomplete and unsustainable projects have become Delta landmarks. White elephants – empty clinics and schools lacking staff or equipment, hulking, empty water towers with broken or missing pumps and pipes – are visible throughout the region. Community groups frequently charge that projects are derailed by bad management, compounded by corruption at local, contractor and company levels. These accusations are often difficult to judge, although several oil company officials have privately acknowledged that internal corruption is a serious problem they are trying to address. Broken promises and charges of favouritism have further soured relations between oil companies and communities.

Although oil companies are often loath to acknowledge publicly the extent of these problems, some officials express frustration with emphasis by senior staff on short-term production deadlines at the expense of community relations. The result, these insiders say, is increased risk of serious conflict – and hence serious production setbacks –

¹⁰⁷“Peace and Security in the Niger Delta: Conflict Expert Group Baseline Report, Working Paper for SPDC”, WAC Global Services, December 2003.

¹⁰⁸See Crisis Group Report, *Nigeria: Want in the Midst of Plenty*, op. cit.

¹⁰⁹ Interviews conducted by Crisis Group researcher in a former capacity and Crisis Group interviews, multinational oil company staff, 2001 to 2006.

¹¹⁰ In a 18 May 2006 email to Crisis Group, a Shell International public relations officer confirmed that in 2005 Shell Companies in Nigeria (SCiN) contributed \$75 million to the Niger Delta Development Commission (NDDC) and spent \$32 million on social community development projects.

¹¹¹ Interviews conducted by Crisis Group researcher in a former capacity and Crisis Group interviews, officials of Shell, Chevron, Total and Agip, 2002-2006.

¹¹² Interviews conducted by Crisis Group researcher in a former capacity and Crisis Group interviews, Delta residents, 2001-2006.

¹¹³ Uwafiokun Idemudia and Uwem E. Ite, Lancaster University, UK, “Corporate-Community Relations in Nigeria’s Oil Industry: Challenges and Imperatives”, in *Corporate Social Responsibility and Environmental Management*, published May 2006 online in Wiley Interscience, www.interscience.wiley.com.

¹¹⁴ For years after the colonial era, the Delta was perceived to be below the national average for income and economic means, as mentioned by the Willink Commission, the World Bank and others. See also “Defining an Environmental Development Strategy for the Niger Delta, 25 May 1995, Volume I”, Industry and Energy Operations Division, West Central Africa Department, World Bank, p. 2.

¹¹⁵ Some have argued that, since 1999, the development gap between Niger Delta states and the rest of Nigeria has gradually lessened or even disappeared, although the degree is difficult to confirm. In July 2006, the United Nations Development Programme (UNDP) reported that Niger Delta states appear “with few exceptions” to be better off than other parts of Nigeria apart from the capital Abuja and regional centres Lagos and Kaduna. It noted, however, “it has not been easy to come up with consistently accurate and valid data to analyse poverty trends in the Niger Delta. Available data from different sources are sometimes contradictory. The accuracy of most is in doubt”. The report concluded that “vast oil wealth has barely touched people’s lives”. “Niger Delta Human Development Report”, UNDP, July 2006.

¹¹⁶ A subsequent Crisis Group report will examine the Niger Delta’s environmental problems in more depth.

in the medium to long-term.¹¹⁷ Shell, Chevron and Total have engaged conflict resolution specialists and social scientists to analyse their operations and criticise their development programs. This has elicited useful observations about the failings of corporate community development that, while sometimes disputed by the companies, have in several cases led to reforms.

In 2002, Shell hired WAC Global Services to assess the impact of its activities on conflict in the Delta. The December 2003 report, which was leaked to the international press, concluded that Shell's "social license to operate is fast eroding".¹¹⁸ It further warned that "if current conflict trends continue uninterrupted, it would be surprising" if Shell in Nigeria "is able to continue onshore resource extraction in the Niger Delta beyond 2008, whilst complying with Shell business principles". Shell indicated disagreement with many of the conclusions but has incorporated some recommendations into internal codes of conduct, including thirteen "Big Rules" aimed at ensuring relations with communities are ethically maintained.

In an assessment of Total's community development projects, the Corporate Engagement Project (CEP) warned in 2004 that its "engagement strategy that worked in the past is no longer adequate to meet increasingly coordinated and coherent community demands".¹¹⁹ It commented on the lack of community ownership in Total's development efforts, which had yielded neither the credit nor the social license to operate that the company had anticipated. Total's financial support for a community-based project facilitated by the international development group Pro-Natura International, however, received a generally positive assessment. CEP recommended Total "acknowledge that sustainable development in the Niger Delta context is a 'profession' much like drilling or seismic activities, rather than a philanthropic effort or an 'add-on' to the technical aspects of the operation". Community concerns could be addressed by leaving development to "professionals...on a proactive, community based, transparent and multi-year approach".

Chevron announced in a paid advertisement in Nigerian newspapers in May 2005 that it was radically reshaping its community development efforts after determining that its system of designating aid to select "host communities" had left others feeling "alienated and underprivileged,

inadvertently leading to or adding to the causes of conflicts among communities".¹²⁰ The host community system, in which communities deemed by the government and companies to be "owners" of land on which oil infrastructure is based are considered eligible for oil company benefits, has been in existence in Nigeria for decades and is still practiced by most oil majors, including Shell, which is believed to have first developed it. It recognises individuals or communities which own land on which companies have terminals, flow stations, pipelines and other physical assets but not those who live above oil and gas reservoirs.

Shell distinguishes between landowners, who are compensated for "loss of land", and land users, who are compensated for "surface rights". Although the policy recognises both, analysts note that "it can pit these groups against each other. In some cases it has resulted in the most powerful group chasing out the other and claiming all the benefits".¹²¹ The system also sometimes stresses individual over traditional community ownership which still has sway in the Niger Delta.

As the operating partner of Nigeria's largest joint venture, accounting for 40 per cent of national oil production, Shell is by far the biggest spender on community development.¹²² An independent assessment of 81 community development projects completed by it during 2000 rated 36 per cent unsuccessful, 33 per cent partially successful and 31 per cent fully successful.¹²³ Since then, Shell says it has strengthened its social programs and tried to ensure they are sustainable.¹²⁴ In 2004, Shell says an "External Stakeholder Review" rated 74 per cent of the 73 projects it reviewed the previous year successful and 80 per cent "to be beneficiary owned". The overall rating of the company's performance was "commendable". The team, however, recommended that Shell review older projects, many of which remained dependent on the company for sustainability. It also advised the company to "match investments against the quality of work of implementers. SPDC [Shell Petroleum Development Company] should endeavour to use credible NGOs (partners) with experience in the areas to facilitate and implement projects".¹²⁵

¹¹⁷ Interviews conducted by Crisis Group researcher in a former capacity and Crisis Group interviews, community development officials employed by four of the six largest oil companies in Nigeria, July 2005-March 2006.

¹¹⁸ "Peace and Security in the Niger Delta: Conflict Expert Group Baseline Report, Working Paper for SPDC", WAC Global Services, December 2003.

¹¹⁹ Zandvliet and Nwankpo, op. cit.

¹²⁰ Chevron statement, op. cit.

¹²¹ "Peace and Security in the Niger Delta", op. cit.

¹²² "Shell Sustainability Report 2005: Meeting the energy challenge", April 2006, www.annualreview.shell.com/.

¹²³ "Report of the Stakeholder Review of SPDC Community Development Projects Completed in the Year 2000", 12 March 2001.

¹²⁴ Email from Shell International public relations official, 9 August 2004.

¹²⁵ "2004 People and the Environment Annual Report", Shell Petroleum Development Company of Nigeria Limited.

Reasons given by community members for their lack of acceptance or ownership of company-driven projects include allegations that projects have been started without broad community consultation or coordination.¹²⁶ “It is common to hear community members refer to development projects undertaken by oil companies as ‘Shell’s borehole’ or ‘Mobil’s hospitals’”, a recent critique noted.¹²⁷

Even more frequent is the lament that companies do not keep commitments, including those in memorandums of understanding signed with communities. Activists and non-government development experts have alleged that oil companies make unrealistic or unsustainable development promises to win short-term community support for production projects or to calm tensions and resolve protests that threaten staff or facilities or result in “shut-ins” (production shutdowns). Once production priorities have been met and the threat of imminent protest has subsided, promised development may be delayed for reasons communities consider excuses.¹²⁸ The study of Total’s projects noted:

the role of the oil companies in fuelling inequitable distribution of revenue and infrastructure is largely related to the non-fulfilment of obligations.¹²⁹

Historically, oil company decisions to focus development aid on host communities have impeded, not enhanced, development. Host communities that have access to company aid jealously protect their position relative to their neighbours. Those without privileged access, including members of unrecognised communities near oil facilities, have discovered that one way to gain recognition is through violence, either between communities or against the company.¹³⁰ A militant leader in Warri, Delta state described the attitudes of his people:

Our people do not run away from violence any more. They run toward it. It has become normal for us. People know that they will not be allowed to enjoy the benefits of our oil unless they fight.¹³¹

1. Chevron, women’s protests and ethnic violence

Perceptions of oil company favouritism and broken promises played a role in a serious outbreak of inter-ethnic violence in 2003, when clashes involving Ijaw, Itsekiri, Urhobos and Nigerian security forces left hundreds dead and thousands displaced from their homes in Delta state.¹³² A number of villages were partially or completely destroyed, including Ugborodo, one of several a short distance from the heavily guarded, barbed wire gates of Escravos, Chevron’s main export terminal. Chevron Nigeria closed its operations for several weeks before resuming production at a reduced level.¹³³ The company airlifted several thousand internally displaced people (IDPs) – mainly Itsekiri – to safe areas, and the U.S. State Department gave the parent company, then named ChevronTexaco, a corporate excellence award.

Although the conflict largely originated from a dispute over electoral ward boundaries in the state’s Warri South West local government area during the lead up to the 2003 elections, other grievances also came into play, including Ijaw demands that more communities be recognised by Shell and Chevron as “host communities”. Ijaws complained that Itsekiri groups had unfairly used influence accumulated over centuries of acting as middlemen for Europeans involved in the slave and palm oil trades to win colonial-era land claims.¹³⁴ In the post-independence era, the more numerous Ijaw had subsequently lost “host community” status and the resulting oil company benefits.¹³⁵

Itsekiri groups have since cited court judgements, including from the Privy Council, a British appeals court under colonial rule, to support their claims of ownership over Warri, the largest oil city in the state.¹³⁶ In 1958, a British commission described the Itsekiri, then estimated to number just 33,000, as former “overlords and aristocracy of the area” and a “people whose importance is greater than might be expected from their numbers”.¹³⁷ After suffering the brunt of the 2003 conflict, however, the tables had turned and by 2005 Chevron and Shell, the two largest

¹²⁶ Interviews conducted by Crisis Group researcher in a former capacity and Crisis Group interviews, residents of the Niger Delta, 2001-2006.

¹²⁷ Idemudia and Ite, op. cit.

¹²⁸ Interviews conducted by Crisis Group researcher in a former capacity and Crisis Group interviews, residents of the Niger Delta and non-governmental development experts, 2001-2006.

¹²⁹ Zandvliet and Nwankpo, op. cit.

¹³⁰ Interviews conducted by Crisis Group researcher in a former capacity with ethnic militants and youth leaders in Lagos, Warri, Okerekokoko and Ogbe-Ijo, March-April 2003.

¹³¹ Crisis Group interview, March 2006.

¹³² “Human Rights Overview: Nigeria, 2004”, Human Rights Watch, at <http://hrw.org/>.

¹³³ Chevron Nigeria email statements to the media, March and April 2003.

¹³⁴ Obaro Ikime, *Nana of the Niger Delta* (London, 1972), p. 3.

¹³⁵ Interviews conducted by Crisis Group researcher in a former capacity with ethnic militants and youth leaders in Lagos, Warri, Okerekokoko and Ogbe-Ijo, March-April 2003.

¹³⁶ J.O.S. Ayomike, *A History of Warri* (Benin City, 1988, London, 1972), pp. 22-89. Ijaw and Urhobo groups complained that some court judgements were obtained fraudulently and that their populations have as much claim to the area as Itsekiris.

¹³⁷ “Report of the Commission appointed to enquire into fears of Minorities and the means of allaying them”, C.O.957/4, Colonial Office, July 1958, p. 8.

companies in the area, were being accused by some Itsekiri leaders of having shifted development resources heavily in favour of Ijaw groups.¹³⁸ Officials have consistently denied any favouritism and say they do their best to determine and reward the rightful owners of land used by their companies. Ijaw leaders say any shift in oil company benefits is the start of a long overdue correction and that their people still have not received what they deserve.¹³⁹ Ijaw and Itsekiri community leaders have separately complained of the lack of an accessible forum in which to air complaints and peacefully resolve disputes.

A precursor to the 2003 crisis was a peaceful but illegal occupation of Chevron's Escravos export terminal by Itsekiri women between 8 and 18 July 2002. The women, seeking jobs for their sons and husbands and benefits for their communities, occupied the company airstrip and refused to leave until the company agreed to their demands. Soldiers and police initially refused to eject them, citing the threat of some of the older women to strip naked as a shaming gesture. As a result of the losses during the ten-day shutdown (Escravos accounted for production of 500,000 barrels a day, about a quarter of the country's entire production at the time),¹⁴⁰ Chevron signed a five-year memorandum of understanding with the Ugborodo and other Itsekiri and Ijaw communities, whose female residents had launched similar protests at its flow stations in the area.¹⁴¹

The terms of the memorandum of understanding included an undertaking by Chevron to sandfill a new town site for Ugborodo, which had faced near constant flooding as a result of water erosion. Among Chevron's other pledges were jobs, scholarships, a community centre, a water supply system, a fish/poultry farm, a micro-credit scheme and speedboats and palaces for the

traditional Itsekiri and Ijaw rulers of the Egbema and Gbaramatu kingdoms.

In 2003, Chevron Nigeria's press and community relations manager, Sola Omole, said that the company had completed sand-filling to enable construction of a new Ugborodo town but was suspending uncompleted parts of the agreement. He claimed the company had signed "under duress" and so "would commence new negotiations with communities when true peace has returned".¹⁴² Villagers considered this another example of broken promises, pointing out that four months prior to the start of the fighting, Omole had called on residents to "understand that this kind of thing takes time to be actualised. We have to conceptualise, design, award the contract before implementing".¹⁴³

Accumulated anger over what Itsekiri residents of Ugborodo perceived to be a history of broken promises and favouritism by Chevron led to a protest in early 2005 at near-by Escravos. Several hundred residents of Ugborodo and other communities converged on the chain-link and barbed-wire fence encircling the terminal on the morning of 4 February. According to company and JTF accounts, they cut the fence and entered by force.¹⁴⁴ A Chevron Nigeria official cited by Amnesty International said standard operating procedures subsequently came into force, and the 1,200 workers employed by the company and its subcontractors returned to their residential units while the 600 security personnel based at the terminal – army, navy, mobile police, regular police and supernumerary police – took charge. Security officials say their officers fired tear gas to disperse the crowd, while demonstrators claim they also shot live rounds.

At least one person, a fisherman named Bawo Ajebokguku, was allegedly killed and 31 were injured. Security forces assembled those arrested and, with a video camera rolling, told them they were lucky not to have been shot dead.¹⁴⁵

¹³⁸ Interview conducted by Crisis Group researcher in a former capacity, Ugborodo, April 2005.

¹³⁹ Interviews conducted by Crisis Group researcher in a former capacity, with Chevron official and Itsekiri community leaders, Ugborodo and Warri, April 2005. Crisis Group interviews, Ijaw community leaders, April 2006.

¹⁴⁰ D'Arcy Doran, "Women protests, fire prevent ChevronTexaco from meeting Nigeria oil targets", Associated Press, 22 July, 2002; Interviews conducted by Crisis Group researcher in a former capacity with Chevron official and Itsekiri community leaders, Ugborodo and Warri, April 2005. Crisis Group interviews, Ijaw community leaders, April 2006.

¹⁴¹ "Memorandum of Understanding between Chevron Nigeria Limited and Ugborodo Community and the Delta State Government of Nigeria", 17 July 2002; "Memorandum of Understanding between Chevron Nigeria Limited and Kokodiagbene, Makaraba, Benikrukru, Kenyagbene, Okoyitoru Communities of the Gbaramatu Kingdom & the Opuama, Tskelewu, Ikenyan/Opia, Ogbimbiri/Ogbudugbudu and the Dumok Communities of the Egbema Kingdom", 24 August 2002.

¹⁴² Telephone interview conducted by Crisis Group researcher in a former capacity, October 2003.

¹⁴³ Joel Alatunde Agoi, "Nigerian Oil Community feels betrayed by Chevron Texaco", Agence France-Presse, 26 November 2002.

¹⁴⁴ Interview with JTF officer conducted by Crisis Group researcher in a former capacity, Warri, April 2005. Chevron Texaco official's account of protest in "Nigeria Ten years on: Injustice and violence haunt the oil Delta", Amnesty International, 3 November 2005.

¹⁴⁵ "A Fence Too High", Centre for Social and Corporate Responsibility, Port Harcourt, 2005.

2. The European Commission, Pro-Natura and the “participatory approach”

Despite distrust between communities and companies, there are development efforts that have provided badly needed services and won a level of community support. Projects that allow communities to control the planning, management and evaluation stages with the assistance of professional advisers who help ensure transparency and accountability have been particularly successful.

Some of the most successful have received oil company support, though officials from three majors have told Crisis Group they were “too expensive” to be replicated on a wide scale. Defenders of the community participation approach, however, have argued that adoption of their methods – if accompanied by meaningful political and economic reforms – could reduce tensions and allow oil companies to lower security budgets. Although the companies decline to say what they spend on security, officials from one major company told Crisis Group that annual security expenditures run in the hundreds of millions of dollars – multiple times higher than the company’s community development budget.¹⁴⁶

Pro-Natura International (Nigeria), a small non-government organisation with both Delta and foreign staff, pioneered its “participatory approach” in the Bayelsa state kingdom of Akassa in 1997. The projects initiated by its community-based partner, the Akassa Development Foundation (ADF), have been broadly accepted by the kingdom’s nineteen communities. Since 2001, Pro-Natura has extended the “Akassa model” to the Delta kingdoms of Eastern Obolo, Opobo-Nkoro and Oron. Programs have received long-term financial support in various forms and at various levels from oil companies, Western governments, foundations and the European Union (EU).¹⁴⁷ In 2005, Pro-Natura created the “living university” of Akassa and the Institute for Sustainable Development in Port Harcourt to give on-the-ground training to non-governmental community groups interested in replicating the successes of Akassa’s rural, participatory system.

The methodology targets micro-projects identified by communities as priorities. The average cost in 2004 was \$1,800, including a 25 per cent local contribution through “provision of labour, materials and when necessary, land”.

Projects costing above \$7,150 must be approved by the entire clan.¹⁴⁸ According to staff, traditional cultural protocol is respected. Although the effort has not been perfect, allegations of mismanagement or graft are dealt with seriously and transparently, and the organisation stresses it has little tolerance for bribe-taking or giving.

The Akassa Development Foundation, which has received technical and professional support from Pro Natura and funding from foreign donors including the World Bank, European Commission and oil companies, has rehabilitated several abandoned government projects in Akassa including schools and a health centre. It has created skills-training units and offers micro-credit projects that use peer pressure to enforce repayment of loans. These are followed up with efforts to ensure that staff and equipment are supplied and the projects receive the support needed to remain functional. The process, it says, begins with a participatory rural appraisal that gets broad feedback from residents on priorities and needs. Quarterly reports detailing budgets and actual amounts spent are made available to kingdom residents. Pro-Natura points to the fact that several community groups that visited Akassa have recently initiated similar processes on their own.

The European Commission’s Micro Project Program 3 (MPP3) and Micro Project Program 6 (MPP6) have also tried to use the community-driven approach to rehabilitate and build health units, schools and other infrastructure.¹⁴⁹ The micro-projects are implemented with local knowledge, manpower and expertise “wherever possible”, while the Commission provides “initial financial and technical support”. MPP3 and MPP6 have a combined budget of €78 million, roughly 80 per cent of which comes from the Commission, the rest from local communities and partner organisations. The programs’ projected life spans run until late 2006.

Both government and non-governmental development experts say efforts have been hampered by security problems in the wake of attacks by MEND and other groups since December 2005. However, Delta militants and radicals, including MEND, say they welcome community projects provided they accompany rather than replace resource control. MEND’s spokesman told Crisis Group:

Any and all efforts to develop the Niger Delta and its people are welcome. We will not allow these so-called developmental projects [to] act as a diversionary measure to the people of the Niger Delta taking centre stage over the injustices being perpetrated by the Nigerian government and oil

¹⁴⁶ Crisis Group interview, oil company official, Port Harcourt, April 2006.

¹⁴⁷ The largest single long-term funder of Pro-Natura and its community partners has been Statoil (Nigeria) Ltd., which has rights to an offshore oil block but has not begun production. Others include TOTAL Nigeria, Chevron Texaco Nigeria, the French government, the British High Commission in Nigeria, Shell International Ltd., the MacArthur Foundation and the EU, through its MPP3 and MPP6 programs.

¹⁴⁸ www.pronatura-nigeria.org/adf.htm.

¹⁴⁹ MPP3 operates in the three “core” Niger delta states of Delta, Bayelsa and Rivers, MPP6 in Abia, Akwa Ibom, Cross River, Edo, Imo and Ondo states.

companies. Our resources must first be left to our care; only then can we freely choose what we want and do not want.¹⁵⁰

B. AUTHORITY IN THE ABSENCE OF GOVERNMENT

When asked why oil companies should be expected to provide for communities when it is the government's job to collect taxes and offer services and an equitable regulatory framework, many Delta residents reply: government officials are inaccessible, live far away and do not care.

Like many towns in the Niger Delta state of Rivers, Edeoha lacks basic services like electricity, water, education and health care. Jobs are hard to come by. Most residents eke out a living from subsistence farming of cassava and corn, and many live in mud and zinc shacks. Richer peasants build cement-block houses. The biggest building is the luxurious residence of the wealthiest resident, a 53-year-old, American-educated oil industry contractor, Pedro Egbe. What is unique is the self-proclaimed "mayoralty" he has created and bankrolled in defiance of local government authorities (LGA) in nearby Ahoada, whom residents accuse of squandering a monthly budget upwards of \$500,000. Egbe said LGA officials were "enriching themselves", and other residents accused several of buying expensive cars and homes in Port Harcourt.¹⁵¹ An official reached at home in Ahoada said councillors were hamstrung because funds had to be spread around more than 30 villages.¹⁵² Residents gave a range of opinions on the effectiveness of the system Egbe said he approved "with community input". Some chiefs and tribal elders vocally opposed it, and LGA representatives accused him of trying to usurp their authority. But most residents agreed that the absence of government required an alternative.

"Government is invisible apart from the air we breathe, and they can not take credit for that", Egbe said.¹⁵³ There is no local government office in the town, and the nearest hospital, which lacks medicine and equipment, is in Ahoada some twenty kilometres away. The Edeoha primary and secondary schools lack desks and chairs.¹⁵⁴

Across the Delta, the absence of a tangible government presence, particularly in villages and small towns, has opened the way for other power structures ranging from non-profit civil society groups and churches to militias and armed gangs – "cults" as they are frequently known in Nigeria. The Rivers state towns of Tombia, Buguma and Abonnema have largely been occupied, and variously controlled, by youth groups and the military since violence between rival cults and militant groups erupted in 2004. In the isolated, poverty-stricken and conflict-prone area of the mangrove swamps and rivers surrounding Shell's Forcados terminal, an insurgent named Government Ekpemupolo¹⁵⁵ has emerged as a prominent militant leader of the Federated Niger Delta Izon Communities. Perhaps fittingly given his position in the area, he is often referred to simply by his first name.

In the absence of public services, residents have pinned their civic aspirations on the locally-led Akassa Development Foundation, which some, including several local chiefs, have publicly declared their de facto "government".¹⁵⁶

1. From Willink to the Niger Delta Development Commission

Since Nigeria gained independence in 1960, successive military and civilian governments have been accused of neglecting the Niger Delta. This is not for lack of studying the problem. Over 46 years, more than a dozen federally-appointed panels have queried, proposed and sometimes tried to implement development solutions for the oil-rich but impoverished region. President Obasanjo alone has appointed six panels.

Each effort has been derided by residents and eventually incorporated into the militants' anti-government rhetoric. Disillusioned Delta activists and politicians have increasingly demanded greater control over natural resources. In 2002 a report by the presidential "Special Security Committee" chaired by Lt. Gen. A.O. Ogomudia, proposed that states control 50 per cent of their natural resources.¹⁵⁷ The proposal was not implemented and indeed was only leaked to the public in 2006. A conference of Nigerian delegates in July 2005 rejected Delta representatives' demands that states control between 25 and 50 per cent of their resources. A proposed constitutional

¹⁵⁰ Email to Crisis Group researcher from "Jomo Gbomo", the pen name of MEND's anonymous spokesman, 8 June 2006.

¹⁵¹ Interviews with seven residents, conducted by Crisis Group researcher in a former capacity, Edeoha, 21 April 2005.

¹⁵² Interview by Crisis Group researcher in a former capacity with local government official, Ahoada, 21 April 2005.

¹⁵³ Crisis Group telephone interview, 6 May 2006.

¹⁵⁴ "Recurrent Expenditure, 2006", Rivers state government.

¹⁵⁵ Ekpemupolo is also sometimes referred to as "Government Tompolo".

¹⁵⁶ Crisis Group interviews, residents of Akassa, 28, 29 April 2006.

¹⁵⁷ See: "Volume I, Report of the Special Security Committee on Oil Producing Areas Submitted to the President of the Federal Republic of Nigeria, Chief Olusegun Obasanjo, GCFR on Tuesday 19th February 2002".

amendment in April 2006 reportedly linked the extension of term limits for the president and governors with a proposal for raising the states' share from 13 to 18 per cent. The proposal was rejected by a majority of senators, with debate centering on the third term bid.¹⁵⁸

Some resource control advocates have argued that the template for subsequent federal government development failures may have inadvertently been cast by a colonial government panel, the Willink Commission. Established to study the fears of minorities prior to independence, it identified in its 1958 report the challenges of poverty, complex ethnic rivalries and geographic barriers posed by the swamps and rivers that crisscross the delta. It cited Ijaw areas as "poor, backward and neglected" and recommended designation of a "Special Area" with a federal board to "consider" its problems for ten to twelve years.¹⁵⁹ The panellists, led by Sir Henry Willink, a former British health minister, judged themselves unqualified to "form conclusions on any legal or moral obligation of Her Majesty's Government" to revoke colonial-era treaties, which chiefs from some clans hoped would open an opportunity for a form of independence. The panel also rejected creation of new states, noting that "it is seldom possible to draw a clean boundary which does not create a fresh minority".¹⁶⁰

As the Willink Commission was carrying out its work, the first Delta oil well began producing commercial quantities of crude near Oloibiri. The recommendations made only a cursory reference to this, noting the potential for "change" if "the oilfield on which development is now beginning proves to be rich, but we understand that for some years to come there will be uncertainty as to its value or extent".¹⁶¹

Nigeria's post-independence government followed up the report by establishing the Niger Delta Development Board (NDDDB) in 1960, a body derided by a later Delta panel as "at best moribund"¹⁶² And whose work was disrupted by the 1967-1970 civil war. In 1976, Obasanjo, then the military leader, promulgated the River Basin and Development Authorities Decree, creating eleven basin

authorities to assist agriculture, irrigation and fishing and control pollution.¹⁶³ "This was a negation of the developmental ideas for the Niger Delta as contained in the Willink Commission's report", the successor body wrote, a possible reference to the commission's broad national responsibilities, which some felt diluted its ability to achieve change in the Delta.¹⁶⁴ In 1993, the Oil Mineral Producing Area Development Commission (OMPADEC) was established following a report by the Belgore Commission, appointed by the military regime of Ibrahim Babangida. It suffered from a lack of planning and, according to the government, met with "an untimely demise, with a lot of unfinished projects in its wake".¹⁶⁵

In 2000, a year after national elections restored civilian rule, a law created the Niger Delta Development Commission (NDDC) despite the opposition of some Delta activists who felt its design would make it unaccountable to the communities and susceptible to corruption and mismanagement.¹⁶⁶ NDDC has acknowledged the failures of its predecessors yet ambitiously expressed hopes to break the cycle and "deal urgently and fundamentally with the development needs of the Niger Delta". In 2004 it produced a multi-sectoral, fifteen-year draft master plan, which it estimated would cost \$2.9 billion. Opposition to the plan, which has yet to be widely circulated, has emerged within the three core Niger Delta states – Delta, Bayelsa and Rivers – over extending NDDC responsibilities to the six states on the Delta's periphery – Abia, Akwa Ibom, Cross River, Edo, Imo and Ondo.¹⁶⁷

Objectively gauging the NDDC record is difficult. Some Delta residents have expressed a mixture of disappointment at performance and complaints about funding. Under the 2000 law, the panel receives 3 per cent of oil company budgets, 15 per cent of member states' statutory federal allocations and 50 per cent of

¹⁵⁸ "PDP meets, lawmakers move to bury third term", *ThisDay*, 15 May 2006.

¹⁵⁹ The report recommended that the board consist of a chairman and vice-chair appointed by the federal government, a representative from each of the then-Eastern and Western Region governments, "preferably Ijaws", and four representatives of "the people of the areas". "Report of the Commission appointed to enquire into the fears of Minorities", op. cit., p. 94.

¹⁶⁰ Ibid, pp. 87, 94.

¹⁶¹ Ibid, pp. 49,50.

¹⁶² Niger Delta Development Commission website, www.nddconline.org/history.shtml, as monitored in May 2006. When a researcher checked again on 1 August 2006, the website and most of its cached pages had been removed

¹⁶³ The decree was modified in 1979 and replaced with a more limited mandate in 1987. S.T. Akindele and A. Adebo, "The Political Economy of River Basin and Rural Development Authority", in *Nigeria: A Retrospective Case Study of Owena-River Basin and Rural Development Authority* (krepublishers.com, 2004). See also the websites of the World Bank-Netherlands Water Partnership Program, http://www-esd.worldbank.org/bnwpp/index.cfm?display=display_activity&AID=22&Item=10, and Nigeria's Bureau of Public Enterprises, <http://www.bpeng.org/10/0317731656532b.asp?DocID=181&MenuID=45>.

¹⁶⁴ Niger Delta Development Commission website, www.nddconline.org/history.shtml.

¹⁶⁵ Ibid.

¹⁶⁶ The Sierra Club outlined the position of the Movement for the Survival of the Ogoni People (MOSOP), expressing concern over the creation of NDDC on 24 July 1999, at www.sierraclub.org/humna-rights/nigeria/mosop/position.asp.

¹⁶⁷ Crisis Group interviews, Niger Delta residents and NDDC staff members, April-May, 2006.

their ecological fund allocations.¹⁶⁸ Between 2001 and 2004, the federal government gave it an average of \$64 million, about 77 per cent of what was budgeted,¹⁶⁹ in addition to \$130 million a year received from oil companies.¹⁷⁰ In his 2006 budget, President Obasanjo proposed to raise NDDC spending to \$150 million,¹⁷¹ a figure legislators have requested be increased to \$185 million.¹⁷² In May 2006, however, staff members were complaining that the federal government had not paid anything to the commission since October 2005.¹⁷³

In 2003, the Independent Corrupt Practices Commission opened an investigation into allegations of fraud.¹⁷⁴ Further accusations were levelled that lawmakers were bribed to cover up a missing \$68.5 million. Mba Ajah, deputy chairman of the federal House of Representatives' committee on the NDDC, rejected the accusations as "frivolous".¹⁷⁵ Local journalists and activists have complained, however, of being denied information about NDCC finances at both the project level and in terms of overall income and expenditures.¹⁷⁶ In June 2006, sections of its website devoted to "receipts" and "funding challenges" were empty.

The NDDC has received a mixture of criticism and praise from militants. Its offices in the city of Warri, Delta state, were vandalised in January 2004, allegedly by ethnic Ijaw youths protesting the perceived marginalisation of their communities.¹⁷⁷ The Port Harcourt headquarters was

evacuated in March 2006 after a suspected bomb was found in a toilet.¹⁷⁸ Some staff members have complained that militancy has impeded its development efforts, while others have commented that the escalating violence has reinforced its arguments for more federal funding.¹⁷⁹ At least one Delta pressure group has called on the federal government to pay a "12 billion naira [\$85.7 million] shortfall" owed to the commission, insisting such a "sincere commitment to the development of the Niger Delta" would assuage the militants.¹⁸⁰ But the spokesman of the main militant group, MEND, said:

NDDC is a channel for further looting of the meagre sums allocated to developing the Niger delta. Most of the contracts go [to] outsiders and even more amusing, they...execute projects outside of the Niger Delta. The so-called representatives in these bodies are toothless stooges whose duties are to append signatures to agreements made in their absence.¹⁸¹

With unrest on the rise and MEND rejecting the NDDC, President Obasanjo called a one-day "Stakeholder's Forum" in the capital, Abuja, in April 2006. It was attended by the governors of the Niger Delta states, national security force officers and international oil company representatives, as well as politicians and some militant groups. MEND boycotted and threatened the militants who attended, leading to counter threats from allies of some participants.¹⁸² Obasanjo announced the \$1.6 billion plan to build a double-lane road across the Delta, provide electricity, boost military recruitment and hire civil servants from the region¹⁸³ but warned that violence could scuttle these efforts. "Social and economic development and weapons of mass destruction are strange bedfellows. You cannot carry weapons on the one hand and expect a warm handshake on the other hand", he said.¹⁸⁴

In what some Delta residents viewed as a throwback to failed military government development efforts, Obasanjo subsequently appointed A.K. Horsfall, a former secret

¹⁶⁸ A proposed amendment calls for the federal government share to be reduced to 10 per cent of statutory allocations.

¹⁶⁹ "Detailed Breakdown of Allocations to Federal, State and Local Governments, June 1999 – July 2004 plus NDDC", Federal Ministry of Finance.

¹⁷⁰ "NNPC, Joint Venture Partners Paid \$398m – Kupolokun", *ThisDay*, 24 June 2004.

¹⁷¹ The text of President Obasanjo's address to the joint session of the National Assembly in Abuja was reprinted by *ThisDay*, 6 December 2005.

¹⁷² "N/Assembly passes 2006 budget", *ThisDay*, 17 February 2006.

¹⁷³ Crisis Group interviews, Port Harcourt, April and May 2006. On 1 August, 2006, a source close to the commission told Crisis Group in a telephone interview that commission officials continued to complain of funding shortfalls. However, it was difficult to confirm independently how much, if any, was being withheld.

¹⁷⁴ Lillian Okenwa, "Petition against NDDC not withdrawn", *ThisDay*, 14 August 2004. Contacted by Crisis Group in April 2004, an ICPC official declined to comment on the investigation.

¹⁷⁵ "Mbah Ajah on the NDDC", *Daily Champion*, 3 August 2004.

¹⁷⁶ Crisis Group interviews, journalists, Port Harcourt, April and May 2006. An NDDC spokesman expressed regret at being unavailable for a Crisis Group interview due to conflicting travel schedules. Crisis Group was, however, able to interview four NDDC staff members who asked to remain anonymous.

¹⁷⁷ "Ijaw youths attack NDDC", *ThisDay*, 5 January 2004.

¹⁷⁸ "Bomb scare at NDDC Hq", *Vanguard*, 15 March 2006.

¹⁷⁹ See Section III B (2) below.

¹⁸⁰ The Niger Delta Coalition for the Advancement of Peace and Progress statement was cited in "Group warns against military action in N/Delta", *ThisDay*, 13 March 2006.

¹⁸¹ Email from MEND spokesman to Crisis Group, 8 June 2006.

¹⁸² Confirmation of the initial threats was conveyed in a Crisis Group interview with an ethnic Ijaw militant, Port Harcourt, 16 April 2006. Responses were included in a newspaper story the following day: "Ijaw groups threaten militants", *Vanguard*, 17 April 2006.

¹⁸³ "Nigeria to spend 230B Naira on major road project in Niger delta", Pan African News Agency, 18 April 2006.

¹⁸⁴ "Obasanjo lists plans to cut tension in Nigeria's oil delta", Agence France-Presse, 18 April 2006.

service chief and one-time head of the military-backed Oil Mineral Producing Area Development Commission, as chairman of the new, provisionally-named, Consolidated Council on Socio-Economic Development of the Coastal States of the Niger Delta.¹⁸⁵ MEND dismissed Horsfall as having “done nothing to alleviate the sufferings of his people”. The Port Harcourt-based member of another militant group warned it would not be enough to end the violence. “If the president thinks he can purchase our silence, then he should wait and see”, a militant leader said. “Our boys have guns, they’re frustrated and they’re ready”.¹⁸⁶

In May 2006, ahead of a bidding round, the federal government reserved an oil block for Niger Delta United, a company linked to some militant activists, reportedly in return for its promise to invest in local development. “This is resource control”, said Tony Chukwueke, director of the department of petroleum resources. “It is for economic emancipation and development to overcome this long outstanding complaint of neglect coming from the Delta”.¹⁸⁷ MEND’s spokesman, however, was sharply critical:

Question is, will it help? The answer is obvious: “no”. In this land of hunger we have an abundant supply of cheap labour, people who are willing to fight on account of their convictions and others for food. There will be no rest for the Nigerian government and collaborating oil companies until the stolen oil is returned to its rightful owners with compensation for all the years of theft and slavery.¹⁸⁸

2. Traditional elites, youth and civil society

From the end of the slave trade, through the period of Royal Niger Company control and until the final years of British colonial rule, the Niger Delta was ruled largely by proxy through the chiefs and kings who signed treaties in return for “comey” (customs duties) similar to what had been demanded of European slave and palm oil traders. Rulers seen by the British as uncooperative were frequently replaced by “warrant chiefs” they approved. The “comey” system was rooted in Delta tradition, and many residents agree that, when practiced transparently, it was a legitimate cultural exercise in paying homage and respect to traditional rulers. When the colonial-era government of Eastern Nigeria proposed abolishing “comey” subsidies in 1955,

the bill was blocked by the Ijaw leader, Harold Dappa-Birye.¹⁸⁹

After independence, many colonial-era traditional power structures remained, albeit less clearly defined. Chiefs and kings have continued to receive statutory government allocations – “comey” in a new form – and, with the growth of the oil industry, have demanded that companies make customary payments for land use.

Nigeria’s 1963 republican constitution in effect made traditional rulers an upper legislative chamber by giving constitutional status to Houses of Chiefs in the northern and western regions and creating another, similar house in the east. A fourth House of Chiefs was added with creation of the Mid-Western Region in 1964.¹⁹⁰

Under military rule, traditional rulers lost some of their formal political power but their counsel was frequently sought by military leaders, and some chiefs were appointed to senior positions in parastatals and other public institutions. Local government reforms and the Land Use Act, a decree introduced by President Obasanjo’s military administration in 1978, further reduced the influence of the chiefs. While the decree was ostensibly aimed at streamlining management and ownership of land and preventing conflicts by vesting ownership in the government, critics have argued that it reduced the interests of individuals and communities to “mere rights of occupancy”, which could be summarily revoked for “over-riding public interest”, including for development of oil installations and pipelines.¹⁹¹ The act should either be repealed or amended to allow communities greater legal recourse to compensation and adjudication.

Traditional rulers in the Delta today are chosen in different ways – whether by inheritance, for a specific term or for life – and operate in parallel with elected local, state and federal government structures with varying degrees of responsibility and accountability. Some residents have argued the declining influence of traditional leaders, combined with waning cultural institutions such as secret societies, has made the system more open to corruption and that chiefs in communities where violence is endemic sometimes work with oil companies and the government to exploit them.¹⁹²

¹⁸⁵ Louis Achi and Oke Epia, “Obasanjo tips Horsfall as head of 50-man council to send bill on new body to N/Assembly”, *ThisDay*, 18 April 2006.

¹⁸⁶ Crisis Group interview, 18 April 2006.

¹⁸⁷ Dino Mahtani, “Nigerian militants win oil drilling licence”, *Financial Times*, 20 May 2006.

¹⁸⁸ Email to Crisis Group, 19 May 2006.

¹⁸⁹ Dagogo M.J. Fubara, “Legendary legacies of Dappa-Birye”, *Tide*, 5 March 2006.

¹⁹⁰ Pita Ogaba Agbese, “Chiefs, Constitutions, and Policies in Nigeria”, *West Africa Review*, no. 6, 2004, at www.westafrica.com/issue6/Agbese.html

¹⁹¹ Sofo C.A. Ali-Akpajiak, Toni Pike, “Measuring Poverty in Nigeria”, Oxfam, February 2003, at www.oxfam.org.uk/.

¹⁹² Interviews conducted by Crisis Group researcher in a former capacity and Crisis Group interviews, Niger Delta residents, 2001-2006.

Oil money has intensified competition for traditional power positions and sometimes resulted in open violence euphemistically referred to by residents as “chieftaincy scuffles”. It has also accelerated creation of alternative power structures, many of them led by young people.¹⁹³ Such power struggles can make it difficult for oil companies and governments to find legitimate avenues of collaboration. In some communities, companies still negotiate directly with chiefs. In others, the agreements are struck with youths or, more recently, community development committees which include representatives of chiefs, youth, local government and other groups such as women. Protocol in an Ijaw town in Delta state regarded by many as a militant stronghold requires foreign visitors to call separately on chiefs and youth representatives. Voting did not take place in Okerenkoko during 2003 and 2004 elections, and residents do not recognise any officials as having been elected to represent them.¹⁹⁴ Residents of many other rural Delta state communities where voting did take place – however nominally – consider that the victors abandoned the communities and moved to the city after being fraudulently “selected” by outsiders.

High unemployment and lack of opportunities have made youths the backbone of a growing number of “cult groups”, a term first used after Wole Soyinka and other students founded the “Pyrates” fraternity in the 1950s.¹⁹⁵ These groups have spread widely and are no longer confined to educational institutions and fraternal and scholastic pursuits. Although members say they are dedicated to providing security and economic activities, some are violent.¹⁹⁶ A few allegedly practice human sacrifice; officials link others to organised oil theft. Several of the 97 Rivers state “cults” identified in the June 2004 “Secret Cult and Similar Activities Prohibition Law” have made pacts with political

and ethnic militant groups, while others are said by some cult group members to serve politicians as guns for hire. In 2003 strong evidence emerged that politicians of the ruling Peoples Democratic Party (PDP) at the local, state and federal levels hired youth organisations to provide armed support for their campaigns. In May 2004, Rivers state government spokesman Magnus Abe accused Alhaji Dokubo-Asari of having “worked with us” prior to the 2003 elections that Asari later said Governor Peter Odili had fraudulently won.¹⁹⁷ Asari, then in armed conflict with the state and federal governments, denied this.¹⁹⁸

Some observers fear another convergence of militancy and politics around the 2007 elections and warn politicians are already promising youth leaders money and guns.¹⁹⁹ Fear and distrust impede civil society groups on one side and governments and companies on the other from cooperating to combat violence’s root causes. A long-time activist from a Rivers state community said he considered working with an oil company on promising security and development initiatives but declined for fear he would be perceived to have “been settled” (accepted bribes). The government and oil companies branded him a trouble-maker, he said, and security forces threatened his life.²⁰⁰

Some youth and chieftaincy groups have mediated between militants and government, although this process has also been seen as prone to abuse by third parties seeking money. Mediators during hostage cases between January and March 2006 were later accused by MEND of illegitimately accepting such payments on its behalf:

In previous hostage situations...state governments eagerly doled out huge sums to bounty hunters...to facilitate the safe delivery of hostages. Government officials in these states made considerable kickbacks from this. We will do nothing to stop such occurrences as far as the lives of the ordinary Niger Delta citizen is not affected by such criminality.²⁰¹

An uneasy relationship exists between state governments and militant groups. State officials say they sympathise with the militants’ grievances, and several of the region’s governors are on record as referring to armed groups as “our boys”. As with the oil companies, government officials cannot afford to make too many enemies and would rather

¹⁹³ See Crisis Group Report, *Nigeria: Want in the Midst of Plenty*, op. cit.

¹⁹⁴ A Crisis Group researcher visited Okerenkoko on three occasions from 2003 to 2006, including twice in a former capacity. Disputes between Ijaw and Itsekiri areas prevented voting in the town and many others during presidential, gubernatorial, legislative and state elections in 1999 and 2003 and again in local government elections in 2004. Even in many other parts of Delta state where elections went ahead in 2003 and 2004, it is widely acknowledged that little actual voting occurred.

¹⁹⁵ Wole Soyinka and other founders of the “Pyrates” intended the group roughly to resemble a university fraternity that would encourage anti-tribalism, anti-elitism, non-conformism and chivalry. Soyinka has compared modern cults to “rapists.” See <http://www.saharareporters.com/di001.php?diid=17>.

¹⁹⁶ Shadrack Gaya Best and Dimieari Von Kemedi, “Armed Groups and Conflict in Rivers and Plateau States, Nigeria”, in Nicolas Florquin and Eric G. Berman (eds.), *Armed and Aimless: Armed Groups, Guns and Human Security in the ECOWAS region* (2005).

¹⁹⁷ Interview with Crisis Group researcher in a former capacity, May 2004.

¹⁹⁸ Interview with Crisis Group researcher in a former capacity, May 2004.

¹⁹⁹ Crisis Group interviews, Delta, Bayelsa and Rivers state, March-May, 2006.

²⁰⁰ Ibid. A subsequent Crisis Group paper will address oil company payments in further depth.

²⁰¹ Email from MEND spokesman to Crisis Group researcher, 2 June 2006.

have the “boys” choose another target for their violence. Following the 2003-2004 Ijaw-Itsekiri ethnic violence, Delta state gave jobs to several members of FNDIC.²⁰² Although some oil industry critics have accused these officials of covertly aiding militants in order to apply pressure on companies and the federal government to accede to tax and resource control demands, a senior state official responded with a defence similar to that offered by the oil companies: ultimate blame rests with the federal government for failing to address the legitimate grievances that led to militancy.²⁰³

IV. THE BLAME GAME

Oil companies, government officials and militants spend much time directing and deflecting criticism. Cooperative efforts are undermined by distrust and, above all, competition for revenues. Although players in the Delta conflict do collaborate, particularly on peace efforts by several non-governmental groups, the credibility of some initiatives has been undermined by a lack of oil company and government transparency. Out of fear of having their position publicly undermined by activists, criminals or corporate competitors, companies hesitate to disclose information, particularly on funding and security but also on the environmental impact assessments they are legally obliged to make. In the past, senior company officials often insisted their firms would be happy to disclose information if competitors were equally open.²⁰⁴ The recent entry of China and India into Nigeria following bidding for oil blocks in 2005 and 2006 has produced new timidity regarding transparency, particularly as neither Asian giant has signed on to the Extractive Industries Transparency Initiative (EITI).²⁰⁵

Despite well-deserved criticism, several oil companies, including Shell, have released annual reports on their Nigeria operations. They argue that they display greater transparency than their critics. The same cannot be said about state government officials who have accumulated wealth while claiming to represent the Delta's people. Western donors should consider conditioning assistance to the Nigerian government upon greater transparency in federal and state budgets, particularly with regard to energy revenues.

Lack of transparency makes it difficult to carry out a thorough, objective assessment of federal and state government performance. State governments are defensive and grant limited access to important financial information. In Rivers state, a leak to local journalists of the 2006 budget was cause for excitement in NGO and activist circles in March 2006.²⁰⁶ While visitors to the capital, Port Harcourt, are greeted by billboards proclaiming the state's

²⁰² Interviews conducted by Crisis Group researcher in a former capacity with Delta state officials and militants, 2003 and 2004.

²⁰³ Interview conducted by Crisis Group researcher in a former capacity with senior state government official, November 2005.

²⁰⁴ Interviews conducted by Crisis Group researcher in a former capacity with senior oil company officials, 2001-2004.

²⁰⁵ Interviews conducted by Crisis Group researcher in a former capacity and Crisis Group interviews, senior oil company officials, June 2005-April 2006. The Extractive Industries Transparency Initiative (EITI) has been spearheaded by British Prime Minister Tony Blair to encourage oil and mining companies to disclose payments to governments in the developing world and ensure transparent spending. Twenty-two oil and mineral producing countries in the developing world have joined the initiative, which has received support from several G8 nations.

²⁰⁶ Crisis Group interview, March 2006.

development efforts, its budget has been regarded, an activist said, as a “tightly guarded secret”.

A. ROLES AND RESPONSIBILITIES: OIL COMPANIES VS. GOVERNMENT

1. The trail of broken promises

Militant rhetoric has tried to justify the “armed struggle” with the argument that the federal government has not proven itself trustworthy, so cooperation and negotiation have been futile. Although more money has gone to the Delta since 1999, there is truth to the notion that government promises have been repeatedly broken.

Since 1999, large “stakeholder” workshops have been sponsored on a semi-regular basis by oil companies and attended by representatives of youth, company, government and activist groups. These are valuable opportunities to air grievances and exchange views, yet community groups have complained of seeing few tangible results. “People come because of the allowances and hotel accommodation. They don’t expect anything to change”, said a youth leader who attended a stakeholders’ meeting in Port Harcourt in 2004.²⁰⁷ Another youth with militant group links admitted he and others used these meetings to make contacts and forge alliances with fellow militants.²⁰⁸

In a prepared speech to the April 2004 stakeholders’ meeting, President Obasanjo bluntly acknowledged the lack of sincerity that has led to – and is fed by – by this kind of cynicism:

I hasten to admit, in truth, that as a result of insincerity, lack of foresight and commitment of all stakeholders –government at all levels, the youth themselves, oil and gas companies, traditional leaderships, etc – in the past, not much of the desired transformation was evident. Rather, what we had was the harvest of failed policies typified by absence of basic infrastructure like roads, electricity, health services, capacity deficiencies arising from a failing school system, [an] army of unemployed and unemployable youths, environmental degradation, etc. The cumulative effects of these are anger in the land and easy pre-

disposition of the population, especially the youths, to violence.²⁰⁹

Militants and activists have good reason to request a sustained and open debate involving delegates chosen by civil society. In April 2006 MEND named the well-known Delta activist lawyer Oronto Douglas to mediate for it with government. He pointed out that since 1999, the federal government had tried seven major policy initiatives to solve the Delta crisis and proposed a new approach: “The federal government should set up a dialogue team [made up of three persons chosen by each ethnic nationality in the region and] with an undiluted mandate to discuss with representatives of the Niger Delta”.²¹⁰ He called for observers from the international, labour and human rights communities to help ensure the legitimacy of the process and urged the federal government to implement recommendations of the 2002 (Ogomudia) report that oil-producing states control 50 per cent of their resources.²¹¹

Reconciling Delta divisions will require serious concessions by the federal government that put residents in the position of primary “stakeholders” in the oil industry. The current system reduces them to secondary beneficiaries who, in the words of one activist, are “begging outsiders for handouts”. At worst, Delta residents see themselves as victims of a government that does not represent them. Although possibly still in its early stages, support for an armed separatist insurgency has grown in the past seven years. Some militants – many of whom say they are too young to have memories of the death and destruction of the 1967-1970 Biafra war – talk openly of the need for the Niger Delta to leave Nigeria by violent means.²¹²

2. Federal, state and local divisions

Some Nigerians see Abuja as the model for the country’s aspirations. The international airport is modern, and paved roads lead through quiet, manicured suburbs. The city boasts gleaming government buildings, office towers and the impressive, federally-built national mosque, cathedral and stadium. Government officials and diplomats attend conferences in international hotels to debate reform efforts and accomplishments. Delta residents evoke other emotions

²⁰⁷ Interview conducted by Crisis Group researcher in a former capacity with youth leader who attended Niger Delta Youths Stakeholders Workshop in Port Harcourt, 15-17 April 2004.

²⁰⁸ Interview conducted by Crisis Group researcher in a former capacity with Rivers state militant, 16 June 2005.

²⁰⁹ A transcript of Obasanjo’s speech is in “Report of the Niger Delta Youths Stakeholders Workshop, Port Harcourt, April 15-17, 2004”.

²¹⁰ Oronto Douglas, “Niger Delta: A Guide to a Politically Mediated Settlement”, sent by email to Crisis Group, 4 April 2006.

²¹¹ See “Volume I Report of the Special Security Committee”, op. cit. The report was signed by Nigeria’s security chiefs and senior representatives of four oil majors and of Nigeria’s state oil company.

²¹² Crisis Group interviews, Ijaw militants, June-November 2005 and March-May 2006.

to describe the capital. "I felt angry and sick the first time I went. I wanted to leave. It was obvious that I was looking at the place where our oil money has been going and is still going", said a young community activist from Port Harcourt.²¹³

A trigger point still frequently cited by such activists was the "two-million-man march" in March 1998, when the late military dictator, Gen. Sani Abacha, bussed people from around the country to Abuja and paid them to rally for a continuation of his rule. For thousands of young Niger Delta residents, the sight of highway overpasses in a city with no rivers was a revelation. On 11 December 1998, Ijaws signed the "Kaiama Declaration", which demanded a military withdrawal from the Delta, rejected the Petroleum Act and Land Use Decree and unilaterally reclaimed ownership to all Ijaw lands and resources.²¹⁴

The federal government argues that historical grievances have overshadowed the fact that the Niger Delta states have been the largest recipients of monthly federal government allocations since military rule ended in 1999 – equivalent to 13 per cent of funds derived from mineral resources.²¹⁵ Between June 1999 and July 2004, Akwa Ibom received \$979 million, Bayelsa \$900 million, Delta \$1.5 billion and Rivers \$1.04 billion. During the same period, Lagos, Nigeria's most populous state and the biggest beneficiary among those that do not produce oil, got \$614 million.

The recent rise in oil prices has widened the gap between oil-producing and non-oil producing states, according to official figures. The four biggest recipients of the federal funds disbursed to Nigeria's 36 states in April 2006 were those Delta states, each with more than three times the amount collected by Lagos. Bayelsa, the top recipient, got \$69 million compared to \$16 million for Lagos.²¹⁶

State government corruption and mismanagement is perceived to have reduced the effect of this money, however. Although some benefits have trickled down to ordinary residents, much leaks into corrupt channels and stays in the region's main cities. Yenagoa was little more than a shantytown surrounded by swamp when it became capital of the newly formed state of Bayelsa in 1996. It has exploded in size, spreading tentacle-like along the sole road linking it with the rest of Nigeria. Several large

state construction projects, including roads, a hospital and new state government offices, are underway.

Another community to experience a development boom is Amassoma, the hometown of former Bayelsa governor Diepreye Alamieyeseigha, where Niger Delta University has been built. Nigeria's Independent Corrupt Practices Commission (ICPC) has accused him of fraudulently awarding contracts for university construction worth \$12 million.²¹⁷ He was arrested on 15 September 2005 in London on what Nigerian anti-corruption officials said were charges related to money laundering. He skipped bail and returned to Nigeria, where he was re-arrested on 10 December after legislators removed his official immunity.

Controversy surrounded local government in Bayelsa under Alamieyeseigha. Residents have long complained that the state's local government areas (LGAs) are impractically large, especially in remote riverine areas where there are ethnic or communal divisions, and transport between villages is possible only by boat. Bayelsa, a state covering 12,000 square kilometres,²¹⁸ much of it a maze of rivers, creeks and mangroves, had more than 1.1 million people in the 1991 census but was allocated only eight of the country's 774 LGAs under the 1999 constitution. Calls for more local representation prompted the state government in 2000 to create another 24,²¹⁹ which have not been recognised by the federal government and have received payments from the state that critics say are open to abuse.²²⁰ Governor Goodluck Jonathan has vowed to crack down on corruption following Alamieyeseigha's impeachment. But if his administration proceeds with plans to create a further eight LGAs,²²¹ it is likely to result in more problems unless these receive federal recognition and come under regular scrutiny. Proliferation of local government units is a serious national problem.

Abuja is perceived by some activists and militants to wield significant influence over the composition and behaviour of state governments. Federal leaders are accused of backing politicians who are loyal to the centre and of selectively targeting others like Alamieyeseigha, who was increasingly vocal in his criticism of Abuja following his re-election in 2003. Nuhu Ribadu, executive chairman of the Economic and Financial Crimes Commission (EFCC), denies his

²¹³ Crisis Group interview, Port Harcourt, 20 March 2006.

²¹⁴ "Detailed Breakdown of Allocations to Federal, State and Local Governments", op. cit.

²¹⁵ Offshore revenues are currently exempt from the derivation formula. A subsequent Crisis Group report will analyse arguments about the derivation formula.

²¹⁶ Recent monthly breakdowns on state and local government allocations are on the Federal Ministry of Finance website, at www.fmf.gov.ng/.

²¹⁷ "Alamieyeseigha: uneasy calm everywhere in Ijawland", *Vanguard*, 25 September 2005.

²¹⁸ Ebiegbere Joe Alagoa, *The Land and People of Bayelsa State: Central Niger Delta* (Port Harcourt, 1999), p. 5.

²¹⁹ These LGAs are sometimes called development councils or development areas.

²²⁰ The federal government's allocations to Nigeria's 774 recognised local governments are on the public record.

²²¹ Okon Bassey, "Government proposes more councils", *ThisDay*, 27 January 2006.

agency has been selective in whom it prosecutes. "We're not political. We do not get involved in political matters. We will not allow ourselves to be used".²²²

When it comes to corruption, Rivers state has not received as much negative attention as Bayelsa and Delta, possibly due to Governor Peter Odili's reportedly close relationship with President Obasanjo. However, critics have called for closer examination of its spending practices. The 2005 budget provides \$11 million to buy an "executive aircraft", though state officials later said it was an air ambulance. Subsequently they acknowledged purchase of an Embraer Legacy (executive jet), and the state's website shows a picture of what it calls the "new Rivers jet for emergency transportation overseas, which can be rented from the Rivers State government".²²³ Activists have questioned why the 2006 budget does not specify an amount for aircraft maintenance, and it remains unclear how the aircraft has been used. The budget does specify \$21.4 million for "purchase of helicopter" and another \$14.2 million for "construction of airport runway and hangar", thought to be a helicopter pad at the governor's office. Line items for Government House entitled "Grants, Contributions, Subv. & Donations" and "Gifts and Souvenirs to Visitors" are for \$21.4 million and \$3.6 million respectively.²²⁴

The federal government has repeatedly pointed to questionable state government spending as a reason why the Delta does not deserve more revenue but while it publishes details of its payments to state and local governments, information about payments to its own ministries is less accessible. In a 2004 interview with foreign journalists, Delta state Governor James Ibori made this point when he challenged the federal government to "be transparent before you ask me to be transparent".²²⁵

Niger Delta state governments argue that as monthly federal allocations to oil producing states have risen to 13 per cent of oil revenues,²²⁶ the federal government has abandoned

some of its statutory responsibilities: major roads, hospitals and universities. Delta traditional leaders, activists and militants have vowed to continue fighting the federal government to win greater resource control, regardless of how much state and local corruption there is. An Ijaw activist described the strategy:

We know that some of our [local and state] leaders are corrupt. But there is broad agreement among the Ijaw to target the federal government until we have achieved resource control. After we have done this, we will be able to deal with our own leaders. They and their families are our neighbours... we know how to handle them.²²⁷

There are signs of growing public awareness of the failures of local and state governments, although it has not yet brought about a greater sense of accountability.²²⁸ Conceding more resource control to the states would inevitably create new corruption within the Delta. However, proponents, including prominent Nigerians from other regions, believe it would lessen political pressure within the federal system and help defuse anti-government militancy. It could also provide valuable incentives to diversify Nigeria's economy and develop mineral resources, agriculture and industries that have been allowed to wither since the oil industry expanded in the 1970s.²²⁹

3. Restoring faith in government

Although freedom of speech has improved, and Delta residents can now criticise their leaders openly in a way that was impossible under military rule, many say they feel they do not live in a democracy. Activists complain that international support that was forthcoming during the military era has gone silent about abuses committed under a civilian government. People repeatedly express feelings of hopelessness about government and say they are under a "civilian dictatorship". Officials are perceived as distant, venal and uncaring. Militants frequently observe that the government is more willing to negotiate after an embarrassing crisis that has an international component, such as the kidnapping of foreign oil workers. It should be no surprise then that such scenarios have become common.

During a conference on national political reform in Abuja, May-July 2005, Delta activists reported finding unexpected common ground with representatives of disenfranchised minorities from the Middle Belt and even a few ethnic nationalists from the Yoruba southwest, Hausa/Fulani north

²²² David White, "More dangerous than Baghdad; Fraud-buster Nuhu Ribadu is not short of enemies", *Financial Times*, 16 May 2006.

²²³ Rivers state official website, www.riversstatenigeria.net.

²²⁴ "Recurrent Expenditure, 2006", Rivers State.

²²⁵ A Crisis Group researcher, then in another capacity, was present at the interview with Delta state Governor James Ibori, 2 June 2004.

²²⁶ Although Nigeria's 1999 constitution allocated 13 per cent of onshore resource revenues to the states from which they were derived, Niger delta state governments have argued that the federal government paid less than that until after Obasanjo was re-elected in 2003. In February 2004 Obasanjo signed an act extending payment to the states of 13 per cent of revenues derived from offshore wells within the 200 metre water depth

isobath. Wells beyond that depth remain the preserve of the federal government.

²²⁷ Interview conducted by Crisis Group researcher in a former capacity, November 2005.

²²⁸ Crisis Group interviews, March 2006.

²²⁹ Crisis Group interviews, April 2006.

and Igbo southeast.²³⁰ What they shared was a growing dissatisfaction with the functioning of a federalist system perceived to be dominated by a cartel of political elites, who have led Nigeria for more than three decades, many of them former officials in the military dictatorships.

Although separatist sentiment is growing, many Delta residents say they would prefer to remain in a Nigeria that grants them rights to the resources in their backyards. President Obasanjo has consistently rejected calls for a national conference to renegotiate the terms of the federation. Indeed, an open-ended conference with vague terms of reference could be a recipe for disaster. However, minority concerns need a democratic outlet. The powers and responsibilities of state and local governments are poorly defined, and government, security forces and judiciary require more thorough monitoring.

Following the 2005 political reform conference, a prominent Delta human rights activist remarked that since the return of civilian rule, government corruption has replaced military firmness as the single factor holding the federation together. It binds politicians to each other in secret pacts and has prevented ethnic, religious and political differences from pulling the country apart. However, corruption also has the potential to pull the country apart; nowhere more than in the Niger Delta.

Nigeria's 2004 National Economic Empowerment Development Strategy (NEEDS)²³¹ has won deserved praise for identifying corruption and other constraints to good governance and giving notice of intent to embark on reforms. Yet, the cautiously optimistic outlook of some international finance partners²³² should be tempered with analysis of serious perceived weaknesses. Particularly in Niger Delta states, some analysts have raised questions²³³ about the implementation of the related State Economic Development Strategies (SEEDS) program.²³⁴ The

grassroots-level version – the Local Economic Empowerment Development Strategies (LEEDS) – has yet to begin.²³⁵

B. A TANGLE OF ETHNIC, COMMUNAL AND REGIONAL ENMITIES

Ethnic, communal and regional divisions add further complexity to militancy and violence in the Delta. The region is home to more than 40 ethnicities, 250 dialects and 3,000 communities.²³⁶ The Ijaw, its largest ethnic group and arguably the fourth largest in Nigeria, speak seven languages and many dialects. Inter-group disputes periodically erupt into violence.²³⁷

This is a topic of considerable sensitivity. While residents talk openly about disputes that involve outside parties, including the government or oil companies, many are uncomfortable discussing what an activist called “in-house affairs”. These local conflicts may have prevented the Delta from competing with Nigeria's three largest ethnic groups – Hausa/Fulani, Igbo and Yoruba – for political and economic power on the federal stage. Some activists spread conspiracy theories that the federal government and its oil company joint venture partners intentionally exacerbate or even foment Delta divisions. While there is no evidence of conspiracy, the “host community” system is a clear example of policies that have inadvertently exacerbated divisions. Yet, other factors have also come into play. In the absence of a stable, reliable, regulatory framework, even rumours about oil exploration prospects have on occasions been enough to spark deadly conflict.

²³⁰ Crisis Group interview, July 2005.

²³¹ “Meeting Everyone's Needs; National Economic Empowerment and Development Strategy”, Nigerian National Planning Commission, 2004.

²³² In its 2005 “Country Partnership Strategy”, the World Bank pointedly praised Nigeria for de-linking its budget from fluctuating oil prices and cited its “strong resolve”, adding “reform implementation is generally on the right track”. The Bank identified “risks”, including the possibility that “the commitment to reform may shift, particularly after the 2007 elections”. “World Bank and Department for International Development (UK) Country Partnership Strategy for the Federal Republic of Nigeria (2005-2009)”, 2 June, 2005, <http://www-wds.worldbank.org>.

²³³ Crisis Group interviews, Port Harcourt and Abuja, April-May 2006.

²³⁴ See also “How have your governors performed?”, *Vanguard*, 9 November, 2005.

²³⁵ In a 2005 assessment comparing 35 states and the federal capital territory on the basis of performance in policy, budget and fiscal management, the Niger Delta states ranked sixth (Ondo), tenth (Cross River), fifteenth (Delta), seventeenth (Edo), nineteenth (Rivers) and 21st (Imo). Bayelsa – at the time led by Gov. Diepreye Alamieyeseigha – declined to participate. Alamieyeseigha's successor, Gov. Goodluck Jonathan, has since expressed willingness to implement reforms. See also “How have your governors performed?” op. cit. In Crisis Group interviews, several long-time Nigeria observers have queried whether the analysis, conducted by Nigeria's National Planning Commission with the assistance of the World Bank, UNDP and the development agencies of the U.S., U.K. and Canada, went far enough to reveal the true extent of challenges to governance and willingness to reform.

²³⁶ Niger Delta Development Commission (NDDC). website, www.nddconline.org.

²³⁷ There is no official ethnic data in Nigeria, although Ijaw groups have plausibly claimed to number between 12 million and 14 million. The 1991 census excluded questions about ethnicity and religion in order to forestall controversy. The same policy was done during the March 2006 census, results of which have yet to be released.

An example is a border dispute between Cross River and Akwa Ibom, both states on the eastern coastal edge of the Niger Delta. After Akwa Ibom state was created from Cross River in 1987, bloody communal clashes have repeatedly erupted between Efik-speaking communities from Cross River and Ibibio people from Akwa Ibom. These have “left many houses destroyed, lives lost”, according to a 2003 report to the Nigerian presidency.²³⁸ Thousands of people from the border area have been displaced to communities within Cross River.

By most accounts, fighting centred on land adjoining a bridge between Oku-Iboku in Itu local government area, Akwa Ibom state and Ikot Offiong/Mbiabo Edere in Odukpani local government area, Cross River. According to community leaders, unsubstantiated rumours that oil company seismic workers had surveyed a nearby waterway fuelled speculation of oil riches.²³⁹ A Cross River official, however, insisted he was unaware of any exploration.²⁴⁰ According to the report to the presidency, the land “is believed to have oil reserves (although no exploration has yet been carried out)”. Akwa Ibom politicians, it added, had been accused of using “restless, unemployed youth” to sponsor violence. The politicians in Akwa Ibom, a state with much offshore revenue, were said to seek more land-based oil revenue after Abuja announced that the federal government owned all offshore oil reserves. According to a strategic conflict assessment by the government, “the struggle by Akwa Ibom (where most of the oil is offshore) to control the land that is believed to have oil is all the more urgent now that...states will no longer receive the 13 per cent derivation for the oil produced off their shores”.²⁴¹

Although the exact sequence is unclear, violence broke out after Akwa Ibom officials placed a concrete boundary marker at Okpokong River.²⁴² Efik-speaking community groups and Cross River state groups destroyed it, arguing the border was further east at the Cross River. According to several eyewitnesses, Ibibio ethnic militants from Akwa Ibom retaliated in March 2000 by destroying the town of Ikorofiong (sometimes called Ikot Offiong) on the nearby Calabar River. At least 35 other villages were also said to have been attacked, resulting in deaths, destruction of

property and displacement of residents.²⁴³ In December 2001, the town of Usung Esuk was invaded by armed ethnic Ibibio militants apparently seeking out Ikorofiong people who had taken refuge. A 2003 report said the area “remains dangerously tense and periodically erupts into violence”.²⁴⁴ On 24 June 2005, the Supreme Court awarded Cross River state the disputed land and \$17.1 million in revenue arrears. When a Crisis Group researcher visited in April 2006, community members from Ikorofiong, now staying in suburbs of the Cross River capital of Calabar, said it was still unsafe to return home.

²³⁸ “Strategic Conflict Assessment, Consolidated and Zonal Reports, Nigeria”, Institute for Peace and Conflict Resolution, The Presidency, Abuja, March 2003, p. 191.

²³⁹ Local residents insisted on showing a Crisis Group analyst greasy, colour-streaked water of the nearby Okpokong River that they believed was evidence of the presence of crude reserves. Crisis Group interviews, former residents of Ikorofiong and Esung Usuk, 12 and 14 April 2006.

²⁴⁰ Crisis Group interview, Cross Rivers government official, Calabar, 13 April 2006.

²⁴¹ “Strategic Conflict Assessment”, op. cit., p. 191.

²⁴² Ibid.

²⁴³ Crisis Group interviews, former residents of Ikorofiong and Esung Usuk, 12 and 14 April 2006.

²⁴⁴ Strategic Conflict Assessment”, op. cit.

V. CONCLUSION

Governments and corporations must change direction if they are to lessen the likelihood of violent meltdown in the Niger Delta. Attempts to secure energy production have too often been heavy handed, alienating large segments of the population and boosting support for militants. While laudable attempts have been made to initiate development, many have been poorly executed or hijacked by outsiders and local elites.

Although Delta militants are responsible for their own share of the brutality, it is a symptom of a wider problem that has created a reservoir of anger against the government. Care should be taken not to reward violence or encourage copycat attacks, by merely co-opting individual militant leaders into the Nigerian elite. The militants' demands for devolved resource control is legitimate, however, and steps should be taken to bring this about transparently, increasing oversight of elections and elected officials and allowing broad-based community structures to play a leading role in their own development.

Defusing the militant time bomb requires a commitment to negotiate with residents that goes beyond the commissions and committees of the past. There has never been a better opportunity to increase state and local resource control. With oil prices over \$70 a barrel and expected to remain high for the foreseeable future, an increase in the formula of derivation payments to states that produce oil could be achieved without weakening the federal government budget, which in 2006 was based upon oil revenue projections at a \$35 barrel price. Delta residents have argued that while they are legally entitled to receive 13 per cent of budgeted revenues, that percentage drops significantly when earnings above the government's annual budget estimates are taken into account.²⁴⁵

Urgent measures are needed to promote transparency and stiffen penalties for corruption. While the Obasanjo Government does a better job than its predecessors at opening its financial activities to scrutiny, it is not enough merely to reveal financial allocations to the states and localities. Equally important is how that money is used and what is done with the estimated 45 per cent of national revenue spent by federal departments.

The necessary reform process started by President Obasanjo following his 2003 re-election is still widely seen in the

Delta as window dressing on systemic corruption. To refute perceptions that the federal government's anti-corruption measures are being used as a political tool, the process must begin to be seen as fair and beneficial to ordinary people.

It is also not enough for oil companies to say they spend generously on development aid when there are unresolved questions about where much of that money goes and how effectively it is spent. Communities frequently allege that funds are embezzled by either their own leaders or contractors. Community liaison officer positions are highly sought after within oil companies, according to an industry insider.²⁴⁶ These gatekeepers wield significant influence within companies and communities and act as conduits for company spending in oil-producing communities. Firms say they have made important efforts to address concerns about corruption within their community liaison offices but much more remains to be done. Oil companies should partner with professional NGOs with demonstrated records of building community development capacity. Partnerships with groups without such records should be avoided or allowed to expire.

Security reforms are essential to restore community confidence and trust. Although the conviction of a former inspector-general of police on corruption charges in 2004 was an important precedent, officers still routinely extort money from ordinary citizens. Some claim they are required to pay a cut of these illegal earnings to their superiors.²⁴⁷ Companies have legitimate concerns about the safety of their staff and facilities but they expose themselves to allegations of complicity in security-force human rights abuses by the very fact that supernumerary police at their installations wear the same uniforms as the regular police. Other officers – police and military – receive allowances and further benefits from the oil companies they protect, while many communities get little if any protection.

Inaction would worsen the crisis. MEND and other militant groups show acute awareness of the impact violence has on Nigeria's oil earnings and the international market. They have geared their actions toward sustaining the threat against the industry in the hope this will lead

²⁴⁵ In 2006, the federal government based its budget on a \$35/barrel oil price, although the price has mostly hovered between \$60 and \$72, January to June 2006. The federal government has deserved praise for using some of the excess to pay off foreign debts and increase its reserves.

²⁴⁶ Crisis Group interview, oil industry official, Port Harcourt, April 2006.

²⁴⁷ Former Police Inspector-General Tafa Balogun pleaded guilty to embezzling \$128 million and was sentenced on 22 November 2005 to six months in prison. Although some critics complained the sentence was too lenient, government supporters pointed out it was the first conviction of a senior official as the result of an investigation by Obasanjo's anti-corruption body, the Economic and Financial Crimes Commission. Balogun was released in February. See "Balogun: the super cop falls", *Vanguard*, 27 November 2005.

to international pressure and force government concessions. As this puts Nigeria's daily 2.3 million barrel production at risk, pragmatic if not philanthropic considerations should come into play. Militants boast – and have displayed evidence – of being better armed than ever before. Proposals under consideration by some companies to deploy foreign security personnel would provoke strong reactions from Delta residents.

Despite its history of brutality, the Nigerian military has recently shown a measure of restraint against the rebels, whom it acknowledges have a far superior knowledge of the geography. Apart from a few limited engagements earlier this year, the armed forces have not initiated the operations that could inflame the conflict further. It would be wise to extend what is still a brief lull. Even if a sustained effort to defeat MEND militarily were to succeed, it would likely result in a shutdown of most oil production for up to two years, analysts warn. The human cost of a confrontation would undoubtedly be high, and most observers believe it would spawn spin-off groups employing even more violent tactics for the achievement of more radical ends. The day after the release of five kidnapped Korean oil workers, MEND's spokesman warned that the Delta was becoming Nigeria's "Vietnam":

This insurgency is like a malignant growth spreading violently across the Niger delta, [the] only cure [for] which is a total excision which can only be achieved by a restoration of our wealth and rights.²⁴⁸

Such threats have led companies in recent years to focus exploration and production in the offshore waters of the Gulf of Guinea. While more expensive, open-water activity is perceived to be easier to secure. But offshore projects have experienced costly and lengthy technical setbacks, and land-based production remains crucial. Militants scoff at the notion the offshore facilities would deprive them of targets. "By the way, do they plan to accommodate the staff and families offshore? Maybe they also have plans to move their offices as well", a MEND spokesman said.

One of MEND's first operations, in mid-January 2006, was the kidnapping of four foreign oil workers from Shell's EA oilfield offshore. On 26 May, armed men acting on behalf of a Niger Delta community raided a semi-submersible rig 60 kilometres from the coast, in a zone until then considered safe. Eight expatriate oil workers – an American, a Canadian and six Britons – were kidnapped and released two days later after the Nigerian government promised to initiate more development in the community. A spokesman said MEND was not involved but had the capability to do similar things. However, he

implied the group may no longer be interested in taking hostages, warning companies chillingly that they would be responsible should their employees be killed. If this kind of violent agenda is to be defused, Nigerians, the international community and the oil companies will each need to do their share to make governance more transparent and local stakeholders in the industry more expansive.

Dakar/Brussels, 3 August 2006

²⁴⁸ Email to Crisis Group researcher, 9 June 2006.

APPENDIX B

MAP OF THE DELTA



APPENDIX C

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

| | |
|----------------|--|
| ADF | Akassa Development Foundation |
| APG | Aboriginal Pipeline Group |
| CCR | Corporate-community relations |
| CEP | Corporate Engagement Project |
| EFCC | Economic and Financial Crimes Commission |
| EITI | Extractive Industries Transparency Initiative |
| EPNL | Elf Petroleum Nigeria Limited |
| FNDIC | Federated Niger Delta Ijaw Communities |
| ICPC | Independent Corrupt Practices Commission |
| JTF | Joint Task Force |
| LEEDS | Local Economic Empowerment Development Strategies |
| LGA | local government authorities |
| MEND | Movement for the Emancipation of the Niger Delta |
| MOPOL | Mobile Police |
| MOSOP | Movement for the Survival of the Ogoni People |
| MPP3 | European Commission's Micro Project Program 3 |
| MPP6 | European Commission's Micro Project Program 6 |
| NDDB | Niger Delta Development Board |
| NDDC | Niger Delta Development Commission |
| NEEDS | National Economic Empowerment Development Strategy |
| OMPADEC | Oil Mineral Producing Area Development Commission |
| PDP | Peoples Democratic Party, Nigeria's current ruling party |
| SCiN | Shell Companies in Nigeria |
| SEEDS | State Economic Empowerment and Development Strategies |
| SPDC | Shell Petroleum Development Company |
| UNDP | United Nations Development Programme |

APPENDIX D

ABOUT THE INTERNATIONAL CRISIS GROUP

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Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is co-chaired by the former European Commissioner for External Relations Christopher Patten and former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since January 2000 has been former Australian Foreign Minister Gareth Evans.

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August 2006

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