

# Militancy and Its Socio-Economic Implications For Nigeria's Economic Recession: An Appraisal of Niger Delta Avengers Machination

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## Abstract

This paper examines the socio-economic implications of militancy and its effects on Nigeria's economic recession. It bothers to unravel the underpinnings surrounding the formation of the Niger Delta Avengers. The study specified objectives include; (i) to find out how vandalisation of Nigeria's energy infrastructure by NDA affects oil production and revenue (ii) to assess the implications of vandalisation of fuel and gas pipelines on power supply (iii) to identify the effects of NDA notoriety on investment potentials. Relevant secondary data have been used in the analysis and discussion of findings which show that the deadly militant group is famous for the litany of high profile attacks on Nigeria's energy infrastructure which have hobbled Nigeria's oil production to a 22 year low. This has led to plethora of socio-economic ills ranging from declining oil revenue to large scale power outage in Nigeria thereby compounding the recession. Nigeria's oil production that was about 2.2 million bpd has been slashed to 1.5 million bpd thereabout. This accounts for a dramatic decline in revenue accruing to government coffers. Offensive militarization approaches have failed to record zero militancy. Adequate security is needed on Nigeria's energy infrastructure. Genuine dialogue between Niger Delta communities and multinational oil companies is needed along with realistic economic policies of the Nigerian government to boost infrastructural development. These should include enhancing ownership of oil wells by natives in the region.

## Introduction

For obvious economic reasons, the security situation in the Nigeria's oil rich region is of striking importance to the Nigerian Government. The Niger Delta region hosts an estimated 37.2 billion barrels of proven oil reserves and 188 standard cubic feet of natural gas (Onuoha, 2016; Roseline, 2015). This is comparatively the largest hydrocarbon deposit in Africa. Oil exploration has made Nigeria a mono-economy with high expectations and reliance on the proceeds appropriated from it. This is among the salient reasons why every degree of peace enjoyed in the region is implicitly appreciated.

Thus, the heightening perpetuation of militancy in the Delta is worrisome and perilous to the overall survival of the country. The oil economy outweighs other productive ventures because of its preponderance contribution to Nigeria's public revenue. Historical episodes of militancy have never been analyzed devoid of quantum decline in oil output. This justifies the suffocation of Nigeria's economy when oil production is truncated by restiveness. In spite of the current mantra of diversification championed by the All Progressive Congress (APC) led administration, the nation cannot at the moment survive without piping into the oil purse.

The glorious return of democratic governance rekindles tension across the Niger Delta regarding the management of oil exploration and the distribution of oil wealth. This tension was the brain child of violence by militants over the alleged marginalization of the region from enjoying the natural wealth that abounds

in their locality. At the height of nascent militancy the defunct Movement for the Emancipation of Niger Delta (MEND), was hardened in bombing critical oil installations and kidnapping of expatriate oil workers. The scars left by MEND were devastating as it slashed Nigeria's output by 50 percent and cost the government \$19 million in daily defense outlays (Elena, 2016). A consummate integration of this untold misery with those executed by other sister insurgent groups would depict colossal loss of lives and crippling of Nigeria's oil production and export capacity.

In the quest to silence militancy, late president Umaru Musa Yar'adua initiated the amnesty programme in 2009 in the quest to salvage the region through the introduction of vocational training and monthly stipends to nearly 30,000 militants at a yearly cost of about \$500 million. The programme restored relative peace in the region and created the enabling environment for favourable petroleum exports. Nigeria's petroleum exports appreciated from 700,000 barrels per day (bpd) in mid-2009 to about 2.4 million (6pd), in 2011 (Onuoha, 2016, P.4). Scores of militants laid their arms and a selected number were rewarded with lucrative contracts to guard pipelines.

Sequel to the inauguration of President Muhammadu Buhari's administration, militancy assumed a new dimension with the emergence of the Niger Delta Avengers (NDA). This group proclaimed its formation on 3<sup>rd</sup> February 2016. The birth of NDA with sophisticated weaponry and tactical operation has never been a good omen for Nigeria's oil exploration. It

is unfortunate that, their emergence unfairly coincided with a period when the economy was under a recession. The group has been responsible for high profile attacks on Nigeria's energy infrastructure. Whopping barrels of crude oil were lost to the emergence of NDA. Nigeria's oil production plummeted from 2.2 million barrels per day to 1.4 million thereabout (Onouha, 2016, P.17). This unwanted phenomenon relegated Nigeria as the second largest oil producer in Africa. The Angolan oil exploration benefited from Nigeria's decline to become the continents number one oil producer.

The Nigerian government had lost significant amount of revenue due to the decline in oil production. A handful of trained security personnel and brainy civilians who constituted a fraction of the militant population lost their precious lives at the battle front. These citizens would have been more useful to development. Investment opportunities were grossly affected since the Niger Delta terrain is precarious to potential investors. The rationale behind the formation of the deadly NDA is here examined with a view to identify the effects of the Avengers' attacks on Nigeria's economy.

#### **Rationale for the Study**

The study takes as its motif, the underlying wave of militancy perpetuated by Niger Delta Avengers. The Nigerian Government no doubt, lost a significant proportion of revenue in the aftermaths of attacks on energy infrastructure. This is quiet devastating to the economy that was crawling under a recession. The unfortunate formation of NDA unarguably generated the most devastating effects on Nigeria's economy. The Niger Delta crises have been a perennial scourge that is often precipitated by poor socio-economic, political and topographical problems. Despite the enormous wealth generated, the region suffers from environmental degradation and magnitude of socio-economic hardship. Pegg (1999) pointed out that enormous money had been derived from oil exports but the area has been subjected to severe land degradation, socio-economic disorganization, increasing poverty, misery, military occupation and bloody violence. When all these are missed with the adverse effects of oil exploration such as land deprivation, destruction of aquatic ecosystem and air pollution would portray pitiable conditions to the natives (Nwogwugwu et al, 2012). This owes much to the reoccurring spates of militancy in the Niger Delta.

Thus, the vandalisation of fuel and gas pipelines was the focal targets of NDA. The Nigerian Government and private oil companies therefore

suffered from the machination of Niger Delta Avengers. Empirical investigation shows abysmal reduction in oil production and revenue accruing to the government coffers. The indiscriminate attacks on energy infrastructure further led to large scale power outage and shortage in water supply. This in the long run affected the business environment in Nigeria. Large and small scale business outfits suffocated against the backdrop of rising cost of production.

#### **Research Objectives**

1. To find out how vandalisation of Nigeria's energy infrastructure by Niger Delta Avengers affect oil production and revenue.
2. To assess the implications of vandalisation of fuel and gas pipelines on power supply.
3. To investigate the effects of Niger Delta Avengers notoriety on investment potentials.

#### **Methodology**

The study prioritised the collection of relevant data through exploration of the secondary sources. Secondary sources consist of information that has been gathered by other researchers and recorded in books, articles and other publications (Richard, 2017). Concerted effort is demonstrated to source information available in published journals, official records and bulletins. The findings are reduced into headings to address the objectives of the study.

#### **The Birth of Niger Delta Avengers**

Several militant groups had existed in the Niger Delta with different tactics of operations and demands on the Nigerian government. Even though some of these groups are extinct or eclipsed, the birth of new ones is natural. The robust Niger Delta Avengers officially proclaimed its formation on 3 February 2016 (Amaize and Perez, 2016). In the March towards ascendancy, the NDA launched its website and social media page to publish statements on its planned and executed attacks. The group's devastation was brought to the fore with the attack on Forcados 48-inch Export pipeline at the Forcados export terminal.

However, it could be recalled that, sequel to the Forcados Terminal attack; the NDA launched an obnoxious agenda titled "operation Red economy". The operation was consolidated by a 14-day ultimatum to the Federal Government to meet back log of demands. These demands according to Amaize and Perez (2016), were the immediate implementation of the 2014 political conference which was thought to provide instructive solutions to the problems associated with Nigerian federalism. An apology from

uhari, the DSS and Timpre Silva to the people of the Niger Delta and family of the late Chief DSP Alamiyesegeha over his death and harassment because of his party affiliation. Other series of demands were 60 percent of ownership of oil blocks for people of Niger Delta and 40 percent for those from non-oil producing regions; immediate commencement of the 2015/2016 academic session at the Nigerian Maritime University, Okerenkoko, an apology from minister of transportation Rt. Hon. Rotimi Amaechi over his comments on the location of the institution and immediate clean-up of the region with compensation to the host communities.

The group further demanded the immediate and unconditional release of the leader of the indigenous people of Biafra (IPOB) Mr. Nnamdi Kanu and the trial of all indicted members of the All Progressive Congress (Amaize and Perez, 2016). The aforementioned demands were central to the NDA amid a litany of high profile attacks on Nigeria's energy infrastructure. These attacks led to the shutdown of oil terminals and a fall in Nigeria's oil production to its lowest level that was recorded for over twenty years. Consequent upon this, Nigeria is trailing behind Angola as Africa's largest oil producer. The degree and direction of devastation on Nigeria's energy infrastructures are illustrated in appendix one.

Nevertheless, the NDA agenda seem to provide a reminder to that of the defunct MEND back in the days of restiveness to the Nigerian Government. At the time, the latter proclaimed itself as a political organization that wanted a greater share of Nigeria's oil revenue to go to the impoverished region that sits atop of crude oil deposits.

## Analysis and Discussion of Findings

### i. Declining oil production

The most devastating effects of NDA notoriety is a dramatic decline in Nigeria's oil production to a 22-year low. Production has already fallen to about 1.5 million barrels a day, down from 2.2 million last year as attacks gather pace. This has helped pushed the global oil price back up to almost \$50 a barrel. And it could spell disaster to President Muhammadu Buhari who is trying to stave off recession (The Economist, 2016). This has hobbled Nigeria economy and gutted the budget petrodollars account for nearly all of the country's exports and the vast bulk of government revenues. Nigeria's position in Africa's echelon of oil producers is relegated on grounds of declining output. According to Elena (2016), Nigeria has been dethroned as Africa's largest oil producer. Nigeria's oil production is now below that of Angola after various attacks on energy infrastructure by a new militant group called

the Niger Delta Avengers. In a finding cited by RBC capital markets commodities in an early May 2016, research note shows that Angola's oil production held steady in April at 1.8 million barrels per day while Nigeria slipped to 1.69 million barrels per day. And Nigeria has fallen further since production is down to about 1.4 million per barrels in a day (Elena, 2016). This was a staggering blow to the Nigerian economy. Thus, if the incidence of Vandalisation was not curbed Nigeria will continue to suffer from the production outages that may have been worse than the ones recorded at the peak of the MEND insurgency.

It suffices to say that militancy in the Niger Delta has been hitting hard on Nigeria's energy infrastructure for too long. Even though the attacks on fuel and gas pipelines predate the NDA, they have been indicted for reducing oil production to a 22-year low. This adversely affected revenue generation and therefore compounded the recession. Before the unfortunate birth of the NDA, there were incidences of decline in oil production due to militancy. Findings show a gloomy picture of oil production though seemingly not as devastating as that of the Avengers. Harper (2009), reveals that Nigeria is already suffering from production slow down due to militancy, the Niger Delta is only exporting 1.8 million bpd compared with targeted 2.2 million. The marriage of these figures show that the Avengers' attacks were more devastating since it slashed production from 2.2 million bpd to 1.5 million thereabouts (The Economist, 2016). In a related finding, Alaibe (2010), opines that, the Royal Dutch company by early 2009, saw its production drop from one million barrels bpd to about 250,000. He attributed this incidence to sabotage, oil siphoning rackets and kidnappings of oil workers by suspected militants.

### ii. Reduction in oil Revenue

Reduction in oil production is inextricably linked with reduction in oil revenue. Favourable oil production accounts for 80% of Nigeria's revenue. A veritable panacea has not been discovered for low appropriation of public revenue caused by a trajectory oil production in the Niger Delta. Even in the face of diversification championed by the present administration when non-oil sectors contributed meaningfully to Nigeria's revenue; this may fail to sustain as time proceeds. The renewed attacks by militants have cut oil output and compounded government revenue losses caused by the global slump in oil prices since mid-2014, which weakened the naira currency and led to a shortage in foreign exchange (AFP, 2016).

The shutdown of the Forcados Terminal through which the nation's largest crude oil grades is

exported adversely affected crude oil export and cost Nigeria billions of naira. In another related example, Nigeria has lost about N2.79 billion (\$14 billion) daily to the closure of the Exxon Mobil operated Qua Iboe terminal, following the evacuation of Exxon-Mobil's workers (Onouha, 2016, P.7). Losing such mouthwatering amount left big financial vacuum to fill. The International Centre for Investigative Reporting (ICIR), (2016) reveals that, a report released by Nigerian National Petroleum Corporation (NNPC) shows a loss of #127.73 billion between January and August 2016. The International Centre for Investigative Reporting further unveiled that, in August, the loss incurred by the NNPC reduced to #11.22 billion as against the N24.18 billion recorded in July. This was because of declining incidences of pipeline vandalism in the country as government continued to engage stakeholders from the Niger Delta region on how to bring militancy in the zone to an end.

However, the largest single loss of #76.33 billion came from the corporation's headquarters during the eight month period and the total loss by the country's refineries during the period under review was #48.69 billion (International Centre for Investigative Reporting, 2016). This colossal amount of money would have profited in fixing some of the socio-economic ills that sabotage Nigeria's effort from getting out of recession. It can be tacitly agreed that, a persistent fall in oil production owing to the perennial challenges of vandalism if not checked would impinge negatively on the implementation of the current budget. Nevertheless, the Niger Delta Avengers cease fire has led to a considerable increase in oil production. This has helped tremendously since crude oil production has dramatically increased to around 2.2 million barrels per day (Nwafor, 2017).

### iii. Large scale power outage

The disastrous wave of the NDA contributed immensely to the decline in electricity and water supply in Nigeria. Militant attacks in Nigeria's oil producing South have caused water supplies to be turned off in some of the country's commercial hubs and cities (AFP, 2016). Meanwhile, Choked supply of gas to local plants affected electricity generation with a decline from about 4,800 megawatts in August 2015 to 1,000 megawatts in May 2016 (Onouha, 2016). The nation suffered from the ills of prolonged darkness and rising cost of production. This is unequivocally outrageous to a nation that yearns for industrialization and relies extensively on efficient and regular power supply for cheap production. A considerable number of manufacturing firms found it uneconomical to run production with acute power supply. This inertia in the

power sector negatively affected production because of inflated cost of energy (gas and fuel), used for operating plants. Small and medium scale business outfits suffered the severest brunt of intermittent power supply. In the long run, it deprived them of favourable profit margin that would have been ploughed into the business for expansion. The relative peace in the region has led to an appreciated generation of power supply in Nigeria. Based on this note, the Nigeria's Power, Works and Housing minister Babatunde Fashola has revealed that the country's power generation rose to 7001 megawatts in September. This, he said was coupled with transmission of up to 6,700 megawatts and distribution rising to 4,600 megawatts (Akinyemi, 2017).

### iv. Capital Flight

Inclinations to invest are also affected since potential investors are scared of investing in an economy prone to insurgency. Even those plying their trade in the region i.e. local and expatriate oil workers, industrialists and shareholders are preoccupied with persistent fears for colossal loss. For instance the NDA in a statement quoted by Amaize and Perez (2016), stated; we want to pass this message to all international oil companies operating in the Niger Delta that the Nigerian military can't protect their facilities. They should talk to the federal government to meet our demands else more mishaps will befall their installations. It stated until our demands are met, no repair work should be done at the blast site. However, this poses serious threat to owners of oil companies and those envisaging to invest in the zone. This had affected capital flight. It is not off the mark to say that capital flight has been a reoccurring phenomenon since the pervasion of militant groups in the Niger Delta. There is couple of findings showing unprecedented capital flight. There were instances when foreign direct investment was getting leaner and international investors were diverting to cheaper and safer environments, thereby denying the Niger Delta the chance for more investment. In recent past, foreign direct investment mostly in petroleum sector fell to \$5.85 billion last year from \$13.96 billion in 2006, according to United Nations report (Swartz and Connors, 2010). Meanwhile, the inflow of foreign direct investment into the Nigerian economy in 2009 was \$8.286bn. This figure was \$4.72bn lower than the \$13bn generated by Angola within the same period (Ezekiel, 2010).

### Militarization Approaches

Since the emergence of the NDA, Nigerian government has demonstrated concerted efforts to contain the notoriety of the militant group. A number of offensive approaches have been intensified given the degree of devastation on Nigeria's energy infrastructure. The NDA's machination is arguably the worst ever recorded in the annals of militancy in Nigeria.

The Nigerian Army launched series of operations to rid off militancy in the Niger Delta region. "Operation Delta safe" was the pioneering militarization approach that was geared towards the restoration of order in the region. The perpetual spate of attacks necessitated the birth of another offensive approach with the slogan "operation crocodile smile" by the Nigerian army. This new offensive approach was intensified as criminal activities reached its crescendo. Meanwhile on 30<sup>th</sup> August, Ogor-Oteri oil pipeline was blown; afterwards the militants declared the launching of "operation crocodile tears" as a response to the new military approach.

The Nigerian Air force launched operation "Pulo shield" against militancy, economic sabotage and all forms of criminalities in the southern part of the country. The operation was characterized with reinforcement in the deployment of additional aircraft. This development was recorded because of the increasing spate of attacks on Nigeria's oil and gas installations by the NDA. The Nigerian Air force procured fighter aircraft, helicopter gunship and surveillance aircraft in the crusade against militancy and other acts of criminality.

The Nigerian Navy introduced "operation safe strike" in her quest to fight militancy and crimes. In the wake of intensified operation, 75 people suspected of a host of charges including illegal oil bunkering, kidnapping, impersonation and militant activities were arrested (Lincoln, 2016).

However, offensive militarization approaches have not been able to eradicate militancy in Nigeria. What seems to be noticeable is the reoccurrence of militant notoriety after suppression by the military. The demise of the defunct MEND or its eclipse was not the resultant interplay of militarisation rather the Amnesty programme of late Umar Musa Yar'adua was instrumental to the pacification of militancy in the Niger Delta. It is convincing to accept that the military crackdown in the Niger Delta will not end the agitation by aggrieved youths and protagonists of resource control. It will have the opposite effects of provoking the youth into violence which will further hike their cravings to acquire sophisticated weapons to defend themselves and their communities.

#### Recommendation

Adequate and sustainable security is needed on Nigeria's energy infrastructure

Government should explore alternative source of electric power. This would provide cover in the event of rampage on fuel and gas pipelines.

- Initiate genuine dialogue between Niger Delta communities and multinational oil companies to create enabling environment for ideal resolution of disputes.
- Entrench a realistic social and economic development packages that seek to achieve infrastructural development and job creation in the region.
- Artificially create opportunities for the natives to have a considerable ownership of oil wells in the region.

#### Conclusion

The perpetual unleashing of violence in the Nigeria's oil rich region is inimical to the survival of the nation. The new wave of militancy in the outrageous birth of NDA reduced Nigeria's oil production to a 22 year low. Militancy is an economic sabotage and a crime against the sovereign state. This phenomenon is outrightly grievous to the Nigerian State given the global depreciation in oil prices and the over reliance on crude oil as a source of foreign exchange. With the challenges of recession, the economy would not have recovered if the wanton spates of attacks on Nigeria's energy infrastructure were not urgently suppressed. The offensive militarisation approach can only fan the embers of violence. It would suffice to the Nigerian Government and multinational oil companies to dialogue with the Niger Delta communities in the hope of resolving the perennial scourge of militancy in the region.

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