

Oil Production and the Socio-Economic Development of the Niger Delta Region,1999 - 2017

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Abstract

This study on oil production and the socio-economic development of the Niger Delta region of Nigeria is aimed at evaluating how oil production has affected the socio-economic and political well-being of the inhabitants in the Niger Delta. It posits that the discovery and production of oil in any society is expected to spur development and positively impact the socio-economic lives of the communities. However, this study contends that the socio-economic and political well-being of the inhabitants of the Niger Delta has not been fully and positively impacted upon due to the issues of environmental degradation, poverty, unemployment, systemic corruption, poor leadership, etc, and has led to years of intractable conflict. It is the view of this study that the Niger Delta needs meaningful development commensurate to the revenue generated from the region in the over six decades of oil production. It is against this backdrop that this study evaluates how oil production has affected the socio-economic and political well-being of the Niger Delta communities in the last two decades. The study adopted descriptive research method using primary source of data collection and the structural conflict theory in its analysis. It recommends that the government should have a policy that reserves certain percent of employment opportunities in the oil sector to the people of the region so as to improve their socio-economic status.

Keywords: Oil production, Socio-economic, Impacts, Conflicts, Development.

Introduction

The possession of natural resources and the revenues that accrues from it to the federal government had made a decisive impact on the social, economic and political stability of Nigeria in particular and Africa in general. This phenomenon is very prevalent among countries with considerable quantity of crude and gas reserves (e.g. Nigeria, Angola, Democratic Republic of Congo). Conversely, conflicts in resource endowed countries are often precipitated by the central role of the state in the ownership and management of natural resources (Korikiye, 2009). The discovery and production of oil comes with many positive expectations from both governments and citizens alike, as it's abundance suggests socio-economic blessings for all. Thus, the judicious use of such natural resources is key to the socio-economic and political development of such nations and its citizenry. Most times, the revenues generated from these resources do not contribute handsomely to national socio-economic and political development of the citizenry but end up in personal bank accounts of state officials for personal aggrandizement; to this, Nigeria is not an exception.

Nigeria is Africa's largest crude oil exporter, and like other African countries, the ownership and management of these resources are under the control of the federal government. Revenues generated from oil and gas production over the years has resulted in decades of corruption and conflicts that undermines the steady development of the country. The Niger Delta which is home to these resources where oil exploration and production takes

place have had to suffer more due to decades of environmental degradation. The resultant effect is the erosion of the inhabitant's source of livelihood, massive poverty, unemployment among others, which provoked consistent conflict. Though conflicts in the Niger Delta is not a thing of recent past, the return to democratic dispensation in 1999 brought it to the front burner as it coincided with the emergence of ethnic militias who engaged the federal government and multinational oil corporations in armed violence thereby adding a new dimension to the already existing conflict. Thus, the study posits that the socio-economic conditions of the inhabitants of the Niger Delta is also one of the triggers of the conflict, and it is against this background that the study evaluates the impact of oil production on the lives of the people of the Niger Delta oil rich region.

Conceptual Clarification

Oil production

Oil production refers to the quantities of crude that is extracted from the ground after the removal of inert matters or impurities (www.data.oecd.org). Similarly, oil production can be defined as the process of extracting the hydrocarbons and separating the mixture of liquid hydrocarbons, gas, water, and solids, removing the constituents that are non-soluble, and selling the liquid hydrocarbons and gas. Production sites often handle crude oil from more than one well, as oil is almost always processed at the refinery; and natural gas may be processed to remove impurities either in the field or at a natural gas processing plant (www.oilandgasbmps.org).

Oil extraction involves the finding and removal of hydrocarbons by drilling deep into the earth, as it is a key aspect of the transformation (production) of a natural resource; oil and gas. The downstream operations in the oil industry include: the refining processing, distribution and sales of petroleum products largely fuel, lubricants, gas and petrochemicals. Thus, oil production is about the commodification of an energy resource sold at the market for profit.

So far, oil production in Nigeria has been a mixed bag of fortune and misfortune, of blessings and curses depending on who is feeling the effect (Duru, 2010). Corroborating this, Etekpe (2007) posits that the story of oil production is a contrast, while massive oil rents goes into government coffers and has kept the three tiers running for decades. Conversely, oil exploration and production activities has impacted negatively on the socio-economic structures and environment of the Niger Delta region leading to massive loss of the inhabitant's livelihood resulting in excruciating poverty. Thus, oil production from the Nigerian perspective has produced combustible politics marked by continuous conflict. Oil as the main source of Nigeria's wealth accounts for over 90% of her foreign exchange earnings. In addition, it is the source from which the federal, state and local governments fund all developmental projects in the country (Tell, 2008). In 2000, Nigeria received 99.6 percent of her income from oil making it the world's most oil-dependent country (Ross cited in Tarabinah and Okolo, 2015). According to Ekpo, (2004), the fact that Nigeria is a force to reckon with in the international system, is also attributable to her being an oil producing country.

Socio-economic Development

Development is seen as a state in which things are generally improving. It can be defined in various ways in different contexts, such as social, political, biological science and

technology etc. In socio-economic context, development means the improvement of people's lifestyles through improved education, incomes, skills development and employment. It is the process of economic and social transformation based on cultural and environmental factors.

Socio-economic development is a process which results in the transformation of social institutions in a manner which improves the capacity of the society to fulfil its aspirations (www.jatinverma.org/n). In other words, this implies a qualitative change in the way the society shapes itself and carries out its activities through a more progressive attitudes and behavior by the population through the adoption of a more advanced technology. Therefore, socio-economic development refers to the process by which nations improves the economic, political and social well-being of its citizens in a variety of ways so as to positively influence all aspects of human live in the country.

Therefore, despite its immense oil wealth, the Niger Delta presents an example of extreme poverty, as vast oil revenues have barely touched pervasive local poverty (United Nations Development Program, 2006). This condition has incensed the people, leading to conflicts that have taken different forms; like community-state conflict, conflict between the communities and oil companies, inter-community or intra-community conflict as well as inter-ethnic conflicts thus making conflict to be almost a permanent feature of the oil producing region (Azaiki, 2009). The conflict has become intractable over the years, highly pervasive, and encompasses many dimensions as it is rooted in imbalance in socio-economic, political, ethical and psychological aspects that encompass disparity in the distribution of wealth, legislative and administrative power. Disparity among ethnic groups, environmental neglect and marginalization, unequal resource distribution and discontent stemming from decades of social injustice and growing inequity in social mobilization which demands changes in the status quo and the enhancement of quality of life of the people of the Niger Delta is also manifest.

The Niger Delta

Extant literature is replete with different definitions of what constitute the Niger Delta. Geographically, the Niger Delta encompasses those areas covered by the creeks, estuaries, swamps and natural alluvial deposition of the River Niger as it enters the Atlantic Ocean. The Willink Commission Report (1958) defines the Niger Delta to include the then Rivers Province without Ahoada or Port Harcourt in the former Eastern Region, plus the Western Ijaw Division in the former Western Region of Nigeria. This corresponds to the present Bayelsa, Delta and Rivers states what Adeyemo (2008) refers to as the core geographical Niger Delta.

Conversely, the UNDP (2006) human development report gives a much broader view of the Niger Delta as all the oil producing areas and other contiguous areas that are considered relevant for political, administrative convenience and development rationality. Based on this definition, the Niger Delta Development Commission (NDDC) in its regional master plan covers all the nine oil producing states of Akwa Ibom, Abia, Bayelsa, Cross-Rivers, Delta, Edo, Imo, Ondo and Rivers (NDDC, 2006). As regards this definition, the Niger Delta today cuts across all the three geo-political zones of southern Nigeria and measures a total of 70,000 square kilometres and lies within the geographical coordinates of latitudes 4° and 6° North, and longitudes 3° and 9° East (NDES, 1999). It is said to be the world's third largest wetlands after the Mekong and Mississippi deltas. Despite its fragile nature, the all-important mangrove

and rainforest supports a rich biodiversity on which a large number of the region's population depend for their livelihood and sustenance (Agbogidi and Ofuoku, 2006).

Theoretical Framework

The study adopts the Structural Conflict theory with focus on the radical aspect as expressed by the Marxist dialectical school shared by Marx, Engels and Lenin. Marxism historical materialism posits conflicts as mostly to do with economic structures and social institutions. According to Collier (2000), the theory views incompatible interests based on competition for resources, which is believed to be scarce as responsible for conflicts. The main argument of the structural conflict theory is that conflict is built into the particular ways that societies are structured and organized. It further views social problems like political and economic exclusion, injustice, poverty, disease, exploitation, inequality etc. as sources of conflict.

The radical structuralists believe that conflicts occur where exploitative and unjust nature of human societies holds sway, domination of one class by another etc. (Faleticited in Best 2006). Thus, Marx and Engels put the blame on capitalism which they see as an exploitative system based on the relations of production and the division of the society in to the proletariat and the bourgeoisie, and that it is this exploitation of the proletariat and the lower class under capitalism that brews conflict which can only be resolved by overthrowing the capitalist class in a socialist revolution led by the working class. The emphasis of the structural theory is based on how all the competing groups tie conflict directly into social, economic and political organization of society as well as the nature, strengths of social networks within the community groups. This means that when a particular group controls and calls the shot on social, political economic and cultural processes in a society, it creates room for conflict to ensue. This is evident in the Land Use Decree and other obnoxious laws employed by the government to take over and control the entire resources in the Niger Delta as well as the revenues that accrues from it.

The structural conflict theory has shown how immediate and underlying factors in a society can lead to conflict. For instance, decades of domination of the Niger Delta resources and revenues that accrues from it by the majority ethnic nationalities, neglect and marginalization of the region by successive governments, the pauperization and subsequent militarization of the region by both the federal government and multinational oil companies are the main triggers of the conflict. The study therefore concludes that the theory has advanced reason for conflict as impunity, systemic corruption, and underdevelopment of the region are all contributory factors to the conflict. Thus, it will be correct to posit that the control and use of the resources, and revenues generated from the Niger Delta is at the heart of the conflict. Corroborating this, Llenre (2000), posits that all the geo-political zones have important mineral deposits across the country but wondered why the federal government has continued to corner the resources in the Niger Delta region, while leaving untouched the resources in other zone.

Methodology

Study Area

The study area comprised four states out of the Niger Delta region namely; Akwaibom, Bayelsa, Delta and Rivers that witnessed intense conflict. The states have a population of **14,611,357** based on the 2006 National Population Census. Purposive sampling

was adopted to select one local government council from each Senatorial district making a total of three local government council per state.

Data Collection

Primary data was used for this research. The data was collected through questionnaire, interviews and focus group discussion. Participants for the in-depth interviews, focus groups discussion were purposively selected based on their professional knowledge, involvement and practical experiences in the area under study and were Eighteen (18) years and above. In addition, they had resided in the region for at least three years and has witnessed at least one episode of conflict. These include scholars, workers of oil industry, traditional rulers, business and private individuals, civil servants, ex-militants, women and youth group leaders, traders, farmers, fishermen.

Krejcie and Morgan (1970) sampling technique was adopted to arrive at a size of 384 per state for questionnaire which was administered randomly across the three local government councils in each state (see table 1 below). The questionnaire was structured with multiple optional responses for respondents to tick any one that represent their feelings.

Table 1: Population of Sampled Areas Covered

STATE	LOCAL GOVERNMENT	TOTAL POPULATION	PERCENTAGE	NO QUESTIONNAIRE	OF QUESTIONNAIRE RETRIEVED	QUESTIONNAIRE NOT RETRIEVED
Akwa-Ibom	Eket	172,856	27.9%	107	92	15
	Uyo	305,961	49.3%	189	145	44
	Ikot Ekpene	141,408	22.8%	88	81	07
		620,225	100%	384	318	66
Bayelsa	Yenagoa	352,285	43.7%	168	133	35
	Brass	184,127	22.8%	88	75	13
	Ekeremor	269,588	33.5%	128	117	11
		806,000	100%	384	325	59
Delta	Warri-South	311,970	49.7%	191	152	39
	Sapele	174,273	27.7%	106	88	18
	Aniocha-South	142,045	22.6%	87	75	12
		628,288	100%	384	315	69
Rivers	Ogba/EGB/ND	283,294	29%	111	97	14
	Port Harcourt	538,558	55.3%	212	175	37
	Opobo/Nkoro	152,833	15.7%	61	54	7
		974,685	100%	384	326	58

*Population figures are from the 2006 population census

Total Questionnaire – 1536
 Total Questionnaire received – 1284 =84%
 Total Questionnaire not received – 252 =16%

Results

The Socioeconomic and Political Well-being of Niger-Delta People Since Oil Production

To examine the relationship between oil production and socio-economic well-being of people in the Niger-Delta region, figure 1 below provides the percentages of respondents across the study area.

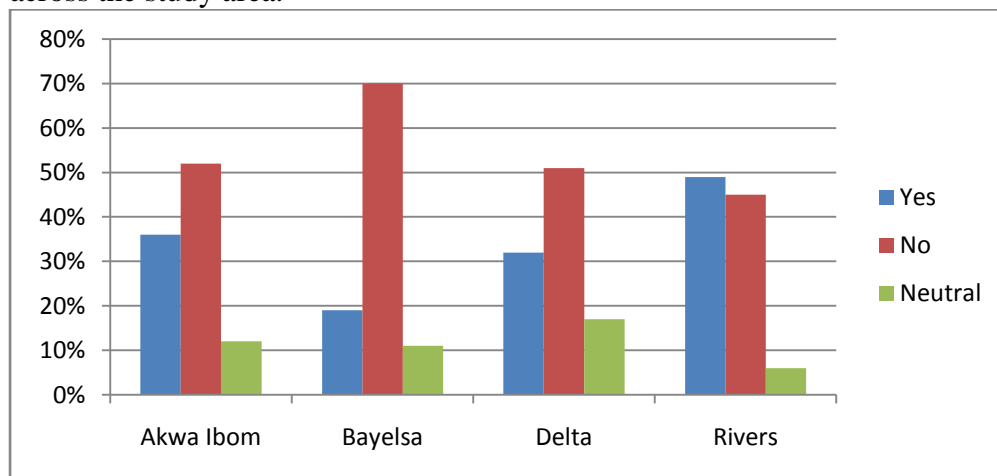


Fig. 1 The Socio-economic and Political Well-being of the People in the Niger Delta Region since Oil Production.

Figure 1 presents the responses on the improved socio-economic and political well-being of the people in the Niger Delta region since oil production. The responses show that 36%, 19%, 32% and 49% of the respondents from Akwa Ibom, Bayelsa, Delta and Rivers states respectively which averaged 34.02% admitted that the production of crude oil has improved the socio-economic condition and well-being of people in the region in certain areas such as; construction of roads and bridges, constant supply of electricity, pipe borne water supply, building of primary and secondary schools, free health care services like eye testing, free mosquito nets ones in a year among others, employment opportunities though mainly casual, skill acquisitions and other trading business, scholarship programs, payments of compensation, government presence and circulation of money in the economy of the region as well as the amnesty program.

On the other hand, 52%, 70%, 51% and 45% of the respondents from the same states respectively which averaged 54.53% of the respondents in the study area admitted that the discovery and production of oil in the Niger Delta has not improved the socio-economic condition as well as political well-being of the region.

4.2 Provision of Socioeconomic Services by Multi-national Oil Corporations

In other to identify the roles played by the multi-national oil companies to improve the socioeconomic well-being of people in the Niger Delta, the figure 2 shows the percentages of the respondents across the study area.

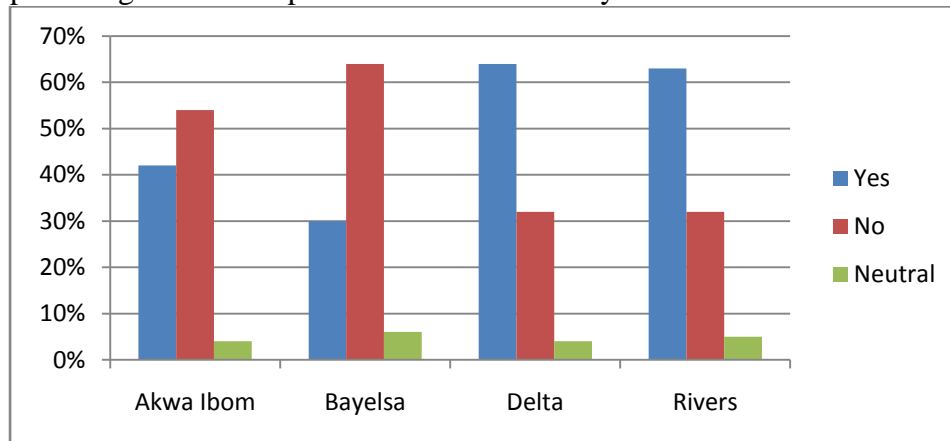


Fig 2: Provision of Socioeconomic services for the Improvement of the welfare of the people of the Niger Delta by Multi-national Oil Companies

Figure 2 presents responses on the provision of socio-economic services for the improvement of the welfare of the people of Niger Delta by multinational oil companies. The responses shows that 42%, 30%, 64% and 63% of the respondents from Akwa Ibom, Bayelsa, Delta and Rivers states respectively which averaged 49.69% of the population under study admitted that oil companies did provide some socio-economic services in order to improve the welfare of people in the region although these were not enough and includes; construction of roads, water supply, electricity, free medical treatment/ drugs, mosquito nets, employment of both skilled and unskilled indigenes, payment of compensation, scholarship and youth empowerment program, building of schools, hospitals, water supply, construction of roads, bridges, schools, orphanage home, home for the old and special kids, and village council halls, empowerment of women and youth, scholarship to the students in host communities, casual work for youth in the oil companies, encouraging agricultural development particularly through program like green area project as well as awarding of contracts to some indigene in the area among others.

They further asserted that in some instances, the social responsibility projects serve as a divide and rule tactics aimed at pitting one community against another or a means of buying loyalty of the people. Corroborating this in a telephone interview in Lagos, a 45 years old male respondent opined that oil companies pick and enhance one or two people from the host communities as a way of having supporters/ sympathizers in times of crisis, and in most cases, the youth will pick a fight with such people whenever there is conflict thus dividing the inhabitants of the region further (personal communication). He also added that multinational oil companies have a deliberate ploy not to employ people from the host communities /region into management cadre and that explains the high concentration of Niger Deltans in junior cadre positions or as casual workers; so, whenever there is pressure of employment mounted

on the companies, they will present a case of ‘unemployability’ of people from the host communities. Still on the socioeconomic improvement, a male and female respondent in their mid-thirties in an FGD session in Yenagoa on June 20th, 2017 attest to having 24hour electricity in their community more than the state capital can offer, and that in addition, they also have good quality water supply all being provided by an oil company for free.

However, 54%, 64%, 32% and 32% of the respondents from the study area respectively which averaged 45.55% of the study area confirmed that multi-national oil companies have not improved in any way the socio-economic well-being of the people in the

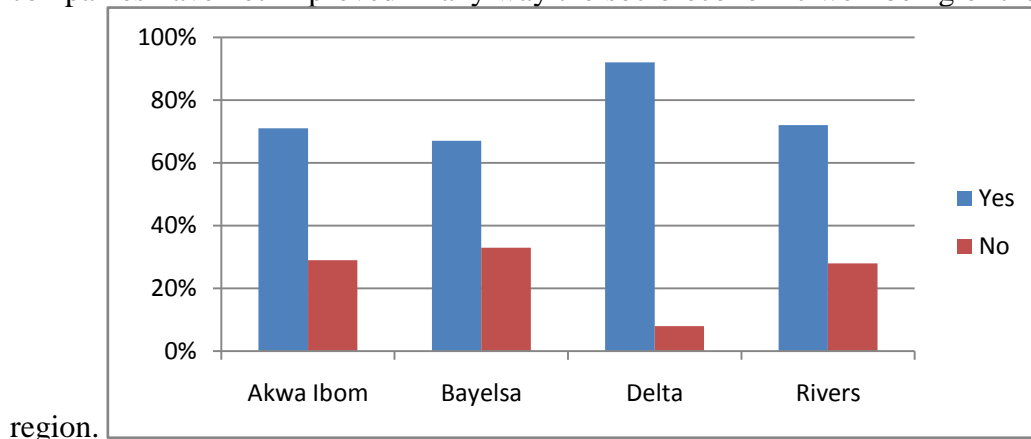


Fig 3: The nature and types of the socioeconomic welfare services provided by the State Governments generally in the Niger Delta

Figure 3 presents the responses on the nature and types of socio-economic welfare services provided by the state governments generally in the region. The responses indicate that 71%, 67%, 92% and 72% of the respondents from Akwa Ibom, Bayelsa, Delta and Rivers states respectively which averaged 75.3% of the respondents admitted that the state governments have been playing a major role in the provision and improvement of socioeconomic welfare services to the people in the Niger Delta; especially the provision of health care facilities, electricity and water supply, community roads and bridges, building of primary and secondary schools, scholarship awards, empowerment/programs, provision of houses for widows, reduction in cost of living, improvement in housing standard of people, transportation boards, construction of boreholes, markets and town halls, skill acquisition and employment, free medical treatment for children under five years, training of employed teachers and soft loans to entrepreneurs and farmers, provision of fertilizers, housing scheme as well as ensuring security of lives and properties across the state. This confirms the position of most respondents during the FGD session, where they generally spoke in favour of their various states under study.

However, 29%, 33%, 8% and 28% of the respondents from the same states respectively which averaged 24.61% of the study area argued that the state governments in the Niger Delta region are not doing enough to improve the socioeconomic condition and welfare of people. This view is also shared by many who feel that the infrastructural development in the region is not commensurate to the amount of money claimed to have been

expended by the governors. In addition, this explains the high level of poverty and underdevelopment in the Niger Delta.

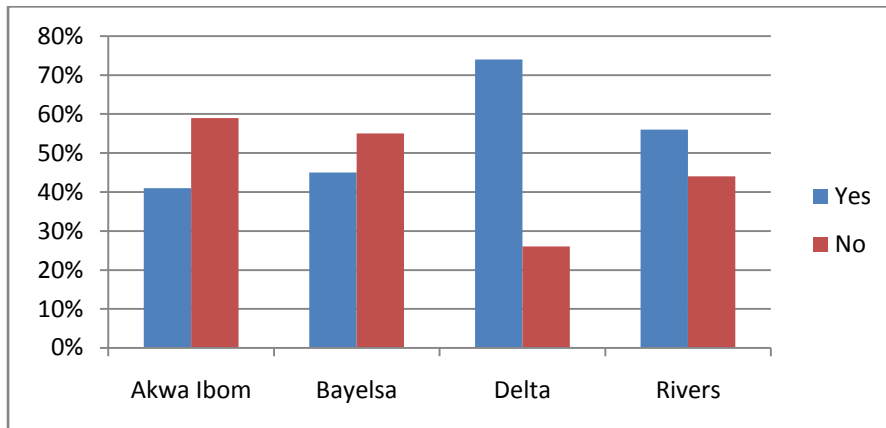


Fig. 4: The Nature and Types of Socio-economic Welfare Services Provided by the Federal Government in the Niger Delta

Figure 4 presents responses on the nature and type of socio-economic welfare services provided by the federal government to the people of the region. The responses indicates that 41%, 45%, 74% and 56% of the respondents from Akwa Ibom, Bayelsa, Delta and Rivers states respectively which averaged 53.12% of the study area mentioned Amnesty program training of the past administration, incomplete construction and renovation of federal roads and bridges like East-West road, security, hospitals, electricity, education and scholarship, NNPC mega stations, federal universities and secretariats, provision of loans and fertilizers to farmers, monthly allocation of federal workers salaries, water project by NDDC, human empowerment, allowances to the workers, pension and gratuity, deep sea port but not functioning and maritime academy as all the contribution of the federal government for the improvement of socio-economic welfare services of the people in the region.

While, 59%, 55%, 26% and 44% of the respondents from the same states respectively, which averaged 46.08% of the study area did not share the opinion of the former. They strongly believe that the federal government presence is not commensurate to the amount of money generated from the region, thus the federal government is seen as being hypocritical in the region or to be showing double standard. This was pointed out by a male respondent in his late twenties in Ikot Abasi during a FGD session and a female respondent in her early forties in Opobo/Nkoro local government council respectively during the FGD session when they both argued that the federal government is not committed to the development of the region as it took it lesser time to develop the Federal Capital Territory to a world class city and has failed to provide similar development in the Niger Delta in almost six decades of oil production despite the fact that the Delta is the goose that lays the golden egg. This view is generally shared by most of the participants.

Discussion of Findings

Based on the objective of the study, findings revealed that the reckless exploration and production of oil by the multinational oil companies resulted in terrible environmental degradation that impacted negatively on the livelihoods of the inhabitants. It also reveals the prevalence of high level of poverty and harsh economic conditions that pervade the region as responsible for underdevelopment status that triggered conflicts. Furthermore, there is duplication of policy/effort and lack of political will by both the federal and state governments hence their inability to impact positively on the socio-economic well-being of the citizens and development of the region in general. The multinational oil companies on their part give so little in its social corporate responsibilities since its more interested in profit maximization. On the whole, the study found that 54.53% of the respondents said that their living condition has not improved significantly since the discovery and production of oil in the region.

Conclusion and Recommendations

Nigeria and indeed the Niger Delta region is one of the richest part of Africa, as oil production is supposed to be a blessing hence we have no business being poor. For these natural resources to fully benefit all, there is need for improvement in the management of revenues generated from it by effective policy measures to mitigate incidences of rampant corruption in the country. The three tiers of government should sincerely engage in massive infrastructural and human capacity development in the region so as to bridge the socio-economic gaps between the citizens, as the more pronounced the gap between the privilege few and the masses are, the more resentment and disenchantment and thus more conflict.

The federal government should fashion out a policy that reserves certain percent of employment opportunities in the oil sector for the people of the region since all previous efforts (OMPADEC, NDDC) never yielded any major positive impact on their socio-economic well-being. The federal government should repeal all the obnoxious laws in the oil industry that deprives the citizens access to their land and resources.

The multinational oil companies should sincerely carry out their corporate social responsibilities to the host communities by providing quality developmental projects as against the poorly funded, low quality projects that litter the region.

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